

NC STATE UNIVERSITY
PARTNERSHIP CORPORATION
AND AFFILIATES

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2020 and 2019

NC State University Partnership Corporation and Affiliates
Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019

Contents

Independent Auditors' Report	1 – 3
------------------------------	-------

Management's Discussion and Analysis (Unaudited)	4 - 7
--	-------

Consolidated Financial Statements	
Consolidated Statements of Net Position	8
Consolidated Statements of Revenues, Expenses, and Changes in Net Position	9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	11 - 17

Supplementary Information	
Consolidating Statements of Net Position	18 – 21
Consolidating Statements of Revenues, Expenses, and Changes in Net Position	22 – 25

Internal Control and Compliance Matters	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26 – 27



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NC State University Partnership Corporation and Affiliates
Raleigh, North Carolina

We have audited the accompanying consolidated financial statements of NC State University Partnership Corporation and Affiliates (the "Corporation"), a nonprofit organization and a component unit of North Carolina State University, which comprise the consolidated statements of net position as of June 30, 2020 and 2019, and the related consolidated statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of



significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NC State University Partnership Corporation and Affiliates, as of June 30, 2020 and 2019, and the respective changes in net position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise NC State University Partnership Corporation and Affiliates basic consolidated financial statements. The supplementary information on pages 18 through 25 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements.



The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2020 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Williams Overman Pierce, LLP

Greensboro, North Carolina
August 14, 2020

**NC STATE UNIVERSITY PARTNERSHIP CORPORATION AND AFFILIATES
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

INTRODUCTION

Management's discussion and analysis provides an overview of the accompanying basic consolidated financial statements of the NC State University Partnership Corporation (the "Corporation") and the nine single member limited liability corporations created by the Corporation. It includes comparative financial analysis with discussion of significant changes from the prior year as well as information on currently known facts, decisions, or conditions affecting the Corporation's financial affairs.

FINANCIAL HIGHLIGHTS

The Corporation's net position increased by 9.57% to \$19.79 million in fiscal year 2020. Net position represents the Corporation's equity, the assets less the liabilities. The major driver behind this change was the increased operations of the Leaders in Innovation and Nonwovens Commercialization ("LINC"), LLC, which generated an increase in net position of approximately \$1.47 million during fiscal year 2020.

Revenues represent amounts received or accrued that are either operating or nonoperating in the accompanying consolidated financial statements. Operating revenues increased by approximately \$5.26 million from the prior year primarily due to the increased operations of LINC, LLC during fiscal year 2020.

Operating expenses represent amounts paid or accrued for operating purposes. Operating expenses increased by approximately \$2.76 million from the prior year primarily also due to the increased operations of LINC, LLC during fiscal year 2020.

USING THE FINANCIAL STATEMENTS

The Corporation's consolidated financial statements are used to evaluate the financial position as of June 30, 2020 and June 30, 2019 and the results of operations for the fiscal years then ended. The consolidated financial statements also include Consolidated Statements of Cash Flows, which are used to identify the Corporation's sources and uses of cash. In using the consolidated financial statements, the Notes to Consolidated Financial Statements should be read in conjunction with the consolidated financial statements. The disclosures in the notes provide information to better understand details associated with amounts reported in the consolidated financial statements. For supplementary information, Consolidating Statements of Net Position and Consolidating Statements of Revenues, Expenses, and Changes in Net Position are also presented to show the detail of the balances and activity associated with the Corporation and its nine individual limited liability corporations.

COMPARATIVE CONDENSED FINANCIAL STATEMENT INFORMATION

Consolidated Statements of Net Position

The Consolidated Statements of Net Position provide information regarding the Corporation's assets, liabilities, and net position as of June 30, 2020 and 2019. Asset and liability balances are classified as either current or noncurrent. Assets classified as current are those that are available to pay for current liabilities or current-year expenditures. Liabilities classified as current are those that are due and payable in the next fiscal year. The net position balances are classified as either net investment in capital assets, restricted, or unrestricted.

**NC STATE UNIVERSITY PARTNERSHIP CORPORATION AND AFFILIATES
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Following is a comparative analysis of the condensed balances reported in the Consolidated Statements of Net Position as of June 30, 2020 and 2019:

	2020	2019	Increase/ (Decrease)
Assets			
Current assets	\$ 4,457,100	\$ 1,902,422	\$ 2,554,678
Noncurrent assets	19,941,097	20,073,478	(132,381)
Total Assets	<u>\$ 24,398,197</u>	<u>\$ 21,975,900</u>	<u>\$ 2,422,297</u>
Liabilities			
Current liabilities	\$ 1,759,676	\$ 980,555	\$ 779,121
Long-term liabilities	2,843,743	2,929,528	(85,785)
Total Liabilities	<u>4,603,419</u>	<u>3,910,083</u>	<u>693,336</u>
Net Position			
Net investment in capital assets	16,952,087	16,936,280	15,807
Restricted net position, expendable	381,945	144,480	237,465
Unrestricted net position	2,460,746	985,057	1,475,689
Total Net Position	<u>19,794,778</u>	<u>18,065,817</u>	<u>1,728,961</u>
Total Liabilities and Net Position	<u>\$ 24,398,197</u>	<u>\$ 21,975,900</u>	<u>\$ 2,422,297</u>

Year over year current assets increased by approximately \$2.55 million primarily a result of an approximately \$1.90 million increase in accounts receivable held by LINC, LLC. Noncurrent assets decreased approximately \$132,000 primarily due to disposals of capitalized lease assets. Total liabilities increased by approximately \$693,000 primarily due to an \$828,000 increase in accounts payable owed by LINC, LLC combined with NC State University Centennial Development ("Centennial Development"), LLC's debt activity (see below). In total, net position increased by approximately \$1.73 million from the prior year.

As shown in the following table, the Corporation decreased its debt by approximately \$238,000 in fiscal year 2020 primarily due to Centennial Development, LLC debt activity.

	2020	2019	Decrease
Current installments of capital lease obligations	\$ 138,463	\$ 200,866	\$ (62,403)
Line of credit	46,168	136,334	(90,166)
Total current debt liabilities	<u>\$ 184,631</u>	<u>\$ 337,200</u>	<u>\$ (152,569)</u>
Capital lease obligations, less current installments	\$ 57,993	\$ 143,778	\$ (85,785)
Notes payable	2,785,750	2,785,750	-
Total long-term debt liabilities	<u>\$ 2,843,743</u>	<u>\$ 2,929,528</u>	<u>\$ (85,785)</u>

NC STATE UNIVERSITY PARTNERSHIP CORPORATION AND AFFILIATES
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Consolidated Statements of Revenues, Expenses, and Changes in Net Position

The Consolidated Statements of Revenues, Expenses, and Changes in Net Position provide information regarding the Corporation's activities for the years ending June 30, 2020 and 2019. The activity balances are classified as operating and nonoperating. Activities classified as operating include all revenues and expenses incurred as part of normal operations as defined in Note 1. Activities classified as nonoperating include expenses incurred outside of normal operations such as those related to financing activities. Overall, the Consolidated Statements of Revenues, Expenses, and Changes in Net Position provide information to evaluate the Corporation's operations and financial strength.

Following is a comparative analysis on the condensed activity reported in the Consolidated Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2020 and 2019:

	2020	2019	Increase/ (Decrease)
Operating Revenues and Expenses			
Operating revenues	\$ 8,472,964	\$ 3,209,285	\$ 5,263,679
Operating expenses:			
Cost of sales	711,328	310,756	400,572
General operating expenses	6,908,622	3,428,637	3,479,985
Capital transfers in	(1,408,941)	(286,637)	(1,122,304)
Net operating income (loss) prior to depreciation and amortization	2,261,955	(243,471)	2,505,426
Depreciation and amortization expense	508,564	508,374	190
Net Operating Income (Loss)	1,753,391	(751,845)	2,505,236
Nonoperating Expenses			
Interest and fees on debt	(24,430)	(40,858)	16,428
Net Nonoperating Expenses	(24,430)	(40,858)	16,428
Change in Net Position	1,728,961	(792,703)	2,521,664
Net Position			
Beginning of year	18,065,817	18,858,520	(792,703)
End of year	\$ 19,794,778	\$ 18,065,817	\$ 1,728,961

The Corporation saw a \$5.26 million increase in operating revenues and a \$2.76 million increase in total operating expenses, both due to the increased operations of LINC, LLC during fiscal year 2020.

NC STATE UNIVERSITY PARTNERSHIP CORPORATION AND AFFILIATES
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

There are some factors that may have a significant effect on financial position or results of operations of the Corporation in the future. Centennial Development, LLC's Lonnie Poole Golf Course revenues are dependent on the state of the economy and may fluctuate as economic factors fluctuate. Also, the revenues and expenses of LINC, LLC are highly dependent on the ability to generate new contracts.

Contacting the NC State University Partnership Corporation

An electronic version of this report is available by accessing the Foundations Accounting and Investments home page at <https://foundationsaccounting.ofa.ncsu.edu/partnership-corporations/> or by calling (919) 513-7149.

CONSOLIDATED FINANCIAL STATEMENTS

NC State University Partnership Corporation and Affiliates

Consolidated Statements of Net Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash (Note 1)	\$ 1,911,643	\$ 1,396,570
Accounts receivable (Note 1)	2,033,238	149,975
Taxes receivable	26,872	23,574
Inventory - golf course (Note 1)	166,661	131,679
Prepaid expenses (Note 1)	318,686	167,874
Other assets (Note 1)	-	32,750
Total current assets	<u>4,457,100</u>	<u>1,902,422</u>
Noncurrent assets		
Land (Note 3)	2,792,554	2,792,554
Property and equipment, net (Note 1 & 2)	17,148,543	17,280,924
Total noncurrent assets	<u>19,941,097</u>	<u>20,073,478</u>
Total Assets	<u>\$ 24,398,197</u>	<u>\$ 21,975,900</u>
Liabilities		
Current liabilities		
Accounts payable (Note 1)	\$ 1,050,073	\$ 209,104
Current installments of capital lease obligations (Note 6)	138,463	200,866
Funds held for others (Note 7)	58,878	58,762
Line of credit (Note 8)	46,168	136,334
Unearned revenue (Note 1)	466,094	375,489
Total current liabilities	<u>1,759,676</u>	<u>980,555</u>
Long-term liabilities		
Capital lease obligations, less current installments (Note 6)	57,993	143,778
Notes payable (Note 9)	2,785,750	2,785,750
Total long-term liabilities	<u>2,843,743</u>	<u>2,929,528</u>
Total Liabilities	<u>4,603,419</u>	<u>3,910,083</u>
Net Position		
Net investment in capital assets	16,952,087	16,936,280
Restricted net position, expendable	381,945	144,480
Unrestricted net position	2,460,746	985,057
Total Net Position	<u>19,794,778</u>	<u>18,065,817</u>
Total Liabilities and Net Position	<u>\$ 24,398,197</u>	<u>\$ 21,975,900</u>

See Notes to Consolidated Financial Statements.

NC State University Partnership Corporation and Affiliates

Consolidated Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues and Expenses		
Operating revenues	\$ 8,472,964	\$ 3,209,285
Operating expenses:		
Cost of sales	711,328	310,756
General operating expenses	6,908,622	3,428,637
Capital transfers in (Note 1)	(1,408,941)	(286,637)
Net operating income (loss) prior to depreciation and amortization	<u>2,261,955</u>	<u>(243,471)</u>
Depreciation expense	299,733	299,543
Amortization expense	208,831	208,831
Net Operating Income (Loss)	<u>1,753,391</u>	<u>(751,845)</u>
Nonoperating Expenses		
Interest and fees on debt	(24,430)	(40,858)
Total Nonoperating Expenses	<u>(24,430)</u>	<u>(40,858)</u>
Change in Net Position	1,728,961	(792,703)
Net Position		
Beginning of year	18,065,817	18,858,520
End of year	<u>\$ 19,794,778</u>	<u>\$ 18,065,817</u>

See Notes to Consolidated Financial Statements.

NC State University Partnership Corporation and Affiliates

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Received from customers	\$ 8,336,527	\$ 3,786,821
Payments to vendors and suppliers	(7,182,487)	(4,744,744)
Net Cash Provided by (Used in) Operating Activities	<u>1,154,040</u>	<u>(957,923)</u>
Cash Flows from Capital Financing and Related Financing Activities:		
Purchases of property and equipment - golf course	(323,506)	(25,660)
Payments on lease liabilities - golf course	(200,865)	(211,593)
Proceeds from line of credit - golf course	86,168	161,334
Payments on line of credit - golf course	(176,334)	(155,000)
Interest paid on debt	(24,430)	(40,858)
Net Cash Used in Capital Financing and Related Financing Activities	<u>(638,967)</u>	<u>(271,777)</u>
Net Increase (Decrease) in Cash	515,073	(1,229,700)
Cash		
Beginning of year	1,396,570	2,626,270
End of year	<u>\$ 1,911,643</u>	<u>\$ 1,396,570</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Net operating income (loss)	\$ 1,753,391	\$ (751,845)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	508,564	508,374
(Increase) decrease in:		
Accounts receivable	(1,883,263)	(51,726)
Taxes receivable	(3,298)	1,687
Inventory - golf course	(34,982)	(24,086)
Prepaid expenses	(150,812)	(8,988)
Other assets	32,750	(32,750)
Increase (decrease) in:		
Accounts payable	840,969	(648,570)
Funds held for others	116	1,322
Unearned revenue	90,605	48,659
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,154,040</u>	<u>\$ (957,923)</u>
Supplemental Disclosures of Noncash Activities		
Net capital lease activity	\$ 52,677	\$ -
Capital transfers - materials and services	-	7,017
Net Noncash Capital and Financing Activities	<u>\$ 52,677</u>	<u>\$ 7,017</u>

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Activities

Nature of activities: The NC State University Partnership Corporation (the "Corporation") was organized on December 17, 1984 to support and for the benefit of North Carolina State University (the "University") with the aim of creating new knowledge and improving the lives of the people of North Carolina. It is organized and operated exclusively for charitable, educational, and scientific objectives. The Corporation shall carry on only those activities permitted to be carried on by an organization or entity which is exempt from taxation under the provision of paragraph 501(c)(3) of the Internal Revenue Code.

A summary of the Corporation's significant accounting policies follows:

Basis of accounting: The consolidated financial statements of the Corporation have been prepared on the accrual basis of accounting using the economic resource measurement focus in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

As permitted under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Corporation has elected not to apply Financial Accounting Standards Board (FASB) Statements of Financial Accounting Standards issued after November 30, 1989, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

Principles of consolidation: The consolidated financial statements include the accounts of the Corporation and nine single member limited liability companies (affiliates) created by the Corporation: Leaders in Innovation and Nonwovens Commercialization ("LINC"), LLC; NC State University Centennial Development (Centennial Development"), LLC; NC State Upfit, LLC; Bell Tower Holdings, LLC; NC State CBC Land I, LLC; NC State CC Holdings I, LLC; Wolfpack Investor Network ("WIN"), LLC; C2I, LLC; and NC State Research, LLC. LINC, LLC was formed to foster economic development and creation of new knowledge by facilitating commercialization of technologies developed at the Nonwovens Institute in the College of Textiles at NC State University. Centennial Development, LLC was created to construct, own and operate a golf course located on the North Carolina State University Centennial Campus. NC State Upfit, LLC was formed to develop, construct, own and otherwise upfit facilities located on the Centennial Campus at North Carolina State University. Bell Tower Holdings, LLC was established to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all rights of ownership of real property. NC State CBC Land I, LLC was formed to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all rights of ownership of land and flex lab facilities located on North Carolina State University's Centennial Biomedical Campus. NC State CC Holdings I, LLC was formed to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all rights of ownership of land and facilities located on North Carolina State University's Centennial Campus. WIN, LLC was formed to connect the NC State alumni network with the NC State entrepreneurial community to develop and foster knowledge transfer and extend the University's outreach and engagement. C2I, LLC was formed to act as an intermediary between the University and private parties in connection with certain real estate operations, execute innovation space management agreements, and procure resources for enhanced innovation activation and programming. NC State Research, LLC was formed to manage, operate, host and oversee research related operations, units, activities and initiatives of North Carolina State University faculty, departments, centers and institutes, as well as federal agencies. All significant intercompany balances and transactions have been eliminated in the consolidation.

The Supplementary Information section of this report contains additional details regarding the activities of the Corporation and the nine single member LLCs. The activity of the Partnership Corporation includes managing lease activity for the University's Prague Institute.

Note 1. Nature of Activities (continued)

Cash: At times, the Corporation places deposits with a high-quality financial institution that may be in excess of federal insurance limits, making these excess deposits subject to custodial credit risk. The bank balance for the Partnership Corporation and its subsidiary LLCs' checking and money market accounts was \$1,892,693 and \$1,394,197 at June 30, 2020 and 2019, respectively. The Corporation's uninsured and uncollateralized bank balances that were exposed to custodial credit risk were \$702,375 and \$658,734 as of June 30, 2020 and 2019, respectively.

Accounts receivable: Accounts receivable primarily consists of amounts due in relation to event payments and University dining commissions due to Centennial Development, LLC, revenue and/or expense reimbursements due to LINC, LLC, a ground lease held by NC State CC Holdings I, LLC and net operating revenue due to C2I, LLC from the management company. Management believes substantially all accounts receivable balances are collectible as of June 30, 2020 and 2019; therefore an allowance for doubtful accounts has not been recorded.

Inventory – golf course: Inventory is accounted for using the average cost method and consists of merchandise for the golf shop.

Prepaid expenses: Prepaid expenses consist of deposits and prepaid payments on leases and a deposit on equipment.

Other assets: Other assets includes in-process goods.

Property and equipment: Property and equipment are stated at depreciated value. It is the Corporation's policy to capitalize all assets costing greater than \$5,000. Depreciation is computed using the straight-line method, half-year convention. Equipment and fixtures are depreciated over their estimated useful lives, generally 3 to 7 years beginning in the year of acquisition. Buildings and general infrastructure are depreciated over their estimated useful lives, generally 7 to 39 years beginning in the year that construction is completed. The modern greens and other land improvements are depreciated over 15 years and the cost of constructing the golf course is a nondepreciable capital asset.

Accounts payable: Accounts payable primarily represents trade payables due to vendors and the University at June 30, 2020 and 2019. At June 30, 2020, approximately \$178,000 was owed to vendors and approximately \$868,000 was owed to the University. At June 30, 2019, approximately \$142,000 was owed to vendors and approximately \$59,000 was owed to the University.

Unearned revenue: Centennial Development, LLC records deferred revenue related to dues and fees paid by Lonnie Poole Golf Course Charter Partners in the current year for membership the following year. Centennial Development, LLC also records deferred revenue for annual package plans, handicap fees, event deposits, and gift certificates. WIN, LLC records deferred revenue related to membership dues.

Note 1. Nature of Activities (continued)

Net position: The Corporation's net position is classified as follows:

Net investment in capital assets: This represents the Corporation's total investment in capital assets, net of accumulated depreciation and amortization and outstanding debt obligations related to those capital assets.

Restricted net position, expendable: Expendable restricted net position includes resources for which the Corporation is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted net position: Unrestricted net position includes net resources derived from sales and services.

When both restricted and unrestricted funds are available for expenditures, the Corporation's general policy is to first expense to restricted resources then to unrestricted.

Contributed materials and services: Contributed materials and services are recorded at fair value at the date of donation and are held or used in accordance with donor restrictions.

Capital transfers: Capital transfers included support provided to and from affiliated entities and the University. The Corporation received net support of approximately \$1.41 million and \$287,000 from affiliated entities and the University during the years ended June 30, 2020 and 2019, respectively.

Revenue recognition: Centennial Development, LLC recognizes revenues relating to the sale of merchandise, food and beverages at the time of transfer of goods and income relating to greens fees and golf cart rentals at the time of usage. WIN, LLC recognizes revenue relating to membership dues straight-line over the period of benefit.

Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Income generated by activities that would be considered unrelated to the Corporation's mission would be subject to tax which, if incurred, would be recognized as a current expense. The Corporation had no such taxable unrelated trade or business income for 2020 and 2019. Therefore, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability (or asset) if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Corporation, and has concluded that as of June 30, 2020 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Corporation is no longer subject to income tax examinations for tax years prior to 2016.

NC State University Partnership Corporation and Affiliates

Notes to Consolidated Financial Statements
For the years ended June 30, 2020 and 2019

Note 1. Nature of Activities (continued)

Reclassifications: Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation with no effect on previously presented net assets.

Note 2. Property and Equipment

A summary of changes in property and equipment for the year ended June 30, 2020 and 2019 is presented as follows:

	Balance				Balance
	July 1, 2019	Reclassification	Increases	Decreases	June 30, 2020
Property and equipment, nondepreciable:	\$ 9,762,486	\$ -	\$ -	\$ -	\$ 9,762,486
Property and equipment, depreciable:					
Modern Greens	512,319	-	-	-	512,319
Land improvements	367,385	-	46,745	-	414,130
Buildings and fixtures	8,158,617	-	-	-	8,158,617
Equipment	1,179,483	10,730	276,761	1,071,255	395,719
Leased equipment	978,676	(10,730)	52,677	313,316	707,307
Total property and equipment, depreciable	11,196,480	-	376,183	1,384,571	10,188,092
Less accumulated depreciation/amortization for:					
Modern Greens	358,625	-	34,155	-	392,780
Land improvements	76,271	-	27,609	-	103,880
Buildings and fixtures	1,420,486	-	233,548	-	1,654,034
Equipment	1,145,509	3,756	41,218	1,071,255	119,228
Leased equipment	677,151	(3,756)	172,034	313,316	532,113
Total accumulated depreciation/amortization	3,678,042	-	508,564	1,384,571	2,802,035
Total property and equipment, depreciable, net	7,518,438	-	(132,381)	-	7,386,057
Property and equipment, net	\$ 17,280,924	\$ -	\$ (132,381)	\$ -	\$ 17,148,543

	Balance			Balance
	July 1, 2018	Increases	Decreases	June 30, 2019
Property and equipment, nondepreciable:	\$ 9,762,486	\$ -	\$ -	\$ 9,762,486
Property and equipment, depreciable:				
Modern Greens	512,319	-	-	512,319
Land improvements	367,385	-	-	367,385
Buildings and fixtures	8,158,617	-	-	8,158,617
Equipment	1,166,556	25,660	12,733	1,179,483
Leased equipment	978,676	-	-	978,676
Total property and equipment, depreciable	11,183,553	25,660	12,733	11,196,480
Less accumulated depreciation/amortization for:				
Modern Greens	324,470	34,155	-	358,625
Land improvements	51,779	24,492	-	76,271
Buildings and fixtures	1,185,449	235,037	-	1,420,486
Equipment	1,152,383	5,859	12,733	1,145,509
Leased equipment	468,320	208,831	-	677,151
Total accumulated depreciation/amortization	3,182,401	508,374	12,733	3,678,042
Total property and equipment, depreciable, net	8,001,152	(482,714)	-	7,518,438
Property and equipment, net	\$ 17,763,638	\$ (482,714)	\$ -	\$ 17,280,924

Note 3. Land

Three tracts of land on Hillsborough Street are held by Bell Tower Holdings, LLC. Two tracts were deeded during the fiscal year 2010 by the Endowment Fund of North Carolina State University (the "Endowment Fund") and are reported on the consolidated financial statements at a cost of \$2,737,554. The third tract was deeded during the fiscal year 2014 by the Endowment Fund and is reported on the consolidated financial statements at its original gift value of \$55,000.

On July 12, 2013, Bell Tower Holdings, LLC entered into a 50-year ground lease agreement for its property with a third party, which allows the lessee to develop, construct, improve, finance, manage, operate, maintain, and repair a first-class limited or select service hotel and retail, office, and commercial uses supportive of the hotel. In consideration, the lessee will provide Bell Tower Holdings, LLC with rent according to an escalating rental schedule for the duration of the lease. The future rentals on the non-cancellable operating lease are \$68,640 per year for the years ending June 30, 2021 through 2023, \$80,080 for the year ending June 30, 2024, \$91,520 for the year ended June 30, 2025 and \$6,376,679 in total thereafter, for a total of \$6,754,199. The lease also contains an option to purchase the land, which is \$2.5 million until 2034 when the purchase price begins escalating annually for the remainder of the lease term.

On January 26, 2011, CC Holdings, LLC entered into a 65-year ground lease agreement, for which the rent commencement date was May 1, 2014, for land owned by the state of North Carolina with a third party, which allows the lessee to construct, maintain, operate and lease residential residences. In consideration, the lessee will provide CC Holdings, LLC with rent according to a variable rental schedule for the duration of the lease.

Note 4. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is presented as follows:

	Balance			Balance		Current
	June 30, 2019	Increases	Decreases	June 30, 2020		Portion
Capital lease obligations	\$ 344,644	\$ 52,677	\$ 200,865	\$ 196,456	\$	138,463
Funds held for others	58,762	58,878	58,762	58,878		58,878
Notes payable	2,785,750	-	-	2,785,750		-
Total long-term liabilities	\$ 3,189,156	\$ 111,555	\$ 259,627	\$ 3,041,084	\$	197,341

A summary of changes in long-term liabilities for the year ended June 30, 2019 is presented as follows:

	Balance			Balance		Current
	July 1, 2018	Increases	Decreases	June 30, 2019		Portion
Capital lease obligations	\$ 556,237	\$ -	\$ 211,593	\$ 344,644	\$	200,866
Funds held for others	57,440	58,762	57,440	58,762		58,762
Notes payable	2,785,750	-	-	2,785,750		-
Total long-term liabilities	\$ 3,399,427	\$ 58,762	\$ 269,033	\$ 3,189,156	\$	259,628

Note 5. Operating Leases

During fiscal years 2020 and 2019, Centennial Development, LLC had operating leases for golf carts and maintenance equipment with total payments of approximately \$4,000 and \$5,300, respectively. During fiscal years 2020 and 2019, LINC, LLC had an operating lease for warehouse space with total payments of approximately \$87,000 and \$85,000, respectively. Future minimum lease payments at June 30, 2020 under the noncancelable operating leases are approximately \$165,000 for fiscal year 2021, \$162,000 for fiscal year 2022, \$80,000 for fiscal year 2023, \$74,000 for fiscal year 2024 and \$3,000 for fiscal year 2025.

Note 6. Capital Leases

NC State University Centennial Development, LLC has entered into capital leases of certain equipment. The gross amount of assets recorded under capital leases totaled \$707,307 and \$978,676 as of June 30, 2020 and 2019, respectively, and is included in golf course property and equipment. The assets are amortized over the lesser of their related lease terms or their estimated useful lives. In the event of a bargain purchase price option, the asset is amortized over its useful life. The accumulated amortization on these leased assets was \$532,113 and \$677,151 as of June 30, 2020 and 2019, respectively.

Future minimum lease payments, gross of taxes, under capital leases at June 30, 2020 are as follows:

Years ending June 30:	
2021	\$ 149,469
2022	34,525
2023	14,415
2024	13,213
	<u>211,622</u>
Imputed interest	(15,166)
Present value of net minimum lease payments	<u>\$ 196,456</u>

Note 7. Funds Held for Others

As of June 30, 2020 and 2019, Bell Tower Holdings, LLC had \$58,878 and \$58,762, respectively, in funds held for others, made up of cumulative earnings. These monies are held on behalf of the Endowment Fund.

Note 8. Line of Credit

NC State University Centennial Development, LLC opened a \$300,000 open end revolving line of credit with TowneBank on April 26, 2019. The balance must be paid down to zero for at least one 30 consecutive day period during each consecutive twelve months. The interest rate on the line of credit is PRIME less .25%, with a floor of 4.5%. As of June 30, 2020, the rate was 4.5%. The line is collateralized by all deposits and investments maintained by Centennial Development, LLC with TowneBank. The outstanding balance was \$46,168 and \$136,334 as of June 30, 2020 and 2019, respectively.

Notes to Consolidated Financial Statements
For the years ended June 30, 2020 and 2019

Note 9. Notes Payable

During the fiscal year ended June 30, 2010, Bell Tower Holdings, LLC signed a promissory note agreeing to pay the Endowment Fund \$2,730,750 in exchange for two tracts of land. All principal and any other amounts are due to the Endowment Fund on January 14, 2040. During the fiscal year ended June 30, 2014, a third tract of land was transferred to Bell Tower Holdings, LLC valued at \$55,000 and the note was increased accordingly with the same terms as the original promissory note. At both June 30, 2020 and 2019, Bell Tower Holdings, LLC owed the Endowment Fund \$2,785,750.

Note 10. Risk Management

The Corporation is exposed to various risks of loss related to torts, theft of assets, and errors and omissions. The Corporation's affairs are conducted by employees of North Carolina State University and exposures to loss resulting from this arrangement are handled by the University through a combination of methods, including participation in various risk pools administered by the State of North Carolina, purchase of commercial insurance, and self-retention of certain risks. Additional details on the University's risk management program are disclosed in the financial report of the University.

Note 11. COVID-19:

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

There are factors that may have a significant effect on financial position or results of operations of the Corporation in the future. Centennial Development, LLC's Lonnie Poole Golf Course revenues are dependent on the state of the economy and may fluctuate as economic factors fluctuate. Also, the revenues and expenses of LINC are highly dependent on the ability to generate new contracts. Based on the relevant information available, management believes the Corporation's consolidated financial statements will not be materially impacted by COVID-19. However, the impact of COVID-19 remains uncertain and may vary from management's expectations as of August 14, 2020, and the Corporation will continue to closely monitor any material changes to future economic conditions.

Note 12. Subsequent Events

The Corporation has evaluated subsequent events through August 14, 2020, the date which the consolidated financial statements were available to be issued, and there were no subsequent events to report.

SUPPLEMENTARY INFORMATION

NC State University Partnership Corporation and Affiliates

Consolidating Statement of Net Position
June 30, 2020

	Leaders in Innovation and Nonwovens Commercialization, LLC	NC State University Centennial Development, LLC	NC State Upfit, LLC	Bell Tower Holdings, LLC
Assets				
Current assets				
Cash	\$ 952,375	\$ 187,197	\$ 1,318	\$ 52,074
Accounts receivable	1,949,778	4,260	-	-
Taxes receivable	6,185	18,784	-	-
Inventory - golf course	-	166,661	-	-
Prepaid expenses	94,681	1,019	-	-
Other assets	-	-	-	-
Total current assets	3,003,019	377,921	1,318	52,074
Noncurrent assets				
Land	-	-	-	2,792,554
Property and equipment, net	240,084	16,908,459	-	-
Total noncurrent assets	240,084	16,908,459	-	2,792,554
Total Assets	\$ 3,243,103	\$ 17,286,380	\$ 1,318	\$ 2,844,628
Liabilities				
Current liabilities				
Accounts payable	\$ 891,235	\$ 150,769	\$ -	\$ -
Current installments of capital lease obligations	-	138,463	-	-
Funds held for others	-	-	-	58,878
Line of credit	-	46,168	-	-
Unearned revenue	-	391,469	-	-
Total current liabilities	891,235	726,869	-	58,878
Long-term liabilities				
Capital lease obligations, less current installments	-	57,993	-	-
Notes payable	-	-	-	2,785,750
Total long-term liabilities	-	57,993	-	2,785,750
Total Liabilities	891,235	784,862	-	2,844,628
Net Position				
Net investment in capital assets	240,084	16,712,003	-	-
Restricted net position, expendable	-	-	-	-
Unrestricted net position	2,111,784	(210,485)	1,318	-
Total Net Position	2,351,868	16,501,518	1,318	-
Total Liabilities and Net Position	\$ 3,243,103	\$ 17,286,380	\$ 1,318	\$ 2,844,628

NC State CBC Land I, LLC	NC State CC Holdings I, LLC	Wolfpack Investor Network, LLC	C2I, LLC	NC State Research, LLC	NC State University Partnership Corporation	Consolidated
\$ 24,648	\$ 140,438	\$ 186,167	\$ 146,399	\$ -	\$ 221,027	\$ 1,911,643
-	46,608	-	32,592	-	-	2,033,238
-	-	1,903	-	-	-	26,872
-	-	-	-	-	-	166,661
-	-	-	-	-	222,986	318,686
-	-	-	-	-	-	-
24,648	187,046	188,070	178,991	-	444,013	4,457,100
-	-	-	-	-	-	2,792,554
-	-	-	-	-	-	17,148,543
-	-	-	-	-	-	19,941,097
\$ 24,648	\$ 187,046	\$ 188,070	\$ 178,991	\$ -	\$ 444,013	\$ 24,398,197
\$ -	\$ -	\$ -	\$ -	\$ 7,500	\$ 569	\$ 1,050,073
-	-	-	-	-	-	138,463
-	-	-	-	-	-	58,878
-	-	-	-	-	-	46,168
-	-	74,625	-	-	-	466,094
-	-	74,625	-	7,500	569	1,759,676
-	-	-	-	-	-	57,993
-	-	-	-	-	-	2,785,750
-	-	-	-	-	-	2,843,743
-	-	74,625	-	7,500	569	4,603,419
-	-	-	-	-	-	16,952,087
-	-	-	-	-	381,945	381,945
24,648	187,046	113,445	178,991	(7,500)	61,499	2,460,746
24,648	187,046	113,445	178,991	(7,500)	443,444	19,794,778
\$ 24,648	\$ 187,046	\$ 188,070	\$ 178,991	\$ -	\$ 444,013	\$ 24,398,197

NC State University Partnership Corporation and Affiliates

Consolidating Statement of Net Position
June 30, 2019

	Leaders in Innovation and Nonwovens Commercialization, LLC	NC State University Centennial Development, LLC	NC State Upfit, LLC	Bell Tower Holdings, LLC
Assets				
Current assets				
Cash	\$ 857,024	\$ 83,851	\$ 1,512	\$ 51,958
Accounts receivable	46,806	14,378	-	-
Taxes receivable	2,934	19,269	-	-
Inventory - golf course	-	131,679	-	-
Prepaid expenses	7,081	9,918	-	-
Other assets	32,750	-	-	-
Total current assets	946,595	259,095	1,512	51,958
Noncurrent assets				
Land	-	-	-	2,792,554
Property and equipment, net	-	17,280,924	-	-
Total noncurrent assets	-	17,280,924	-	2,792,554
Total Assets	\$ 946,595	\$ 17,540,019	\$ 1,512	\$ 2,844,512
Liabilities				
Current liabilities				
Accounts payable	\$ 63,340	\$ 130,687	\$ -	\$ -
Current installments of capital lease obligations	-	200,866	-	-
Funds held for others	-	-	-	58,762
Line of credit	-	136,334	-	-
Unearned revenue	-	277,439	-	-
Total current liabilities	63,340	745,326	-	58,762
Long-term liabilities				
Capital lease obligations, less current installments	-	143,778	-	-
Notes payable	-	-	-	2,785,750
Total long-term liabilities	-	143,778	-	2,785,750
Total Liabilities	63,340	889,104	-	2,844,512
Net Position				
Net investment in capital assets	-	16,936,280	-	-
Restricted net position, expendable	-	-	-	-
Unrestricted net position	883,255	(285,365)	1,512	-
Total Net Position	883,255	16,650,915	1,512	-
Total Liabilities and Net Position	\$ 946,595	\$ 17,540,019	\$ 1,512	\$ 2,844,512

NC State CBC Land I, LLC	NC State CC Holdings I, LLC	Wolfpack Investor Network, LLC	C2I, LLC	NC State University Partnership Corporation	Consolidated
\$ 26,561	\$ 48,990	\$ 301,560	\$ 198	\$ 24,916	\$ 1,396,570
-	46,608	-	42,183	-	149,975
-	-	1,371	-	-	23,574
-	-	-	-	-	131,679
-	-	-	-	150,875	167,874
-	-	-	-	-	32,750
26,561	95,598	302,931	42,381	175,791	1,902,422
-	-	-	-	-	2,792,554
-	-	-	-	-	17,280,924
-	-	-	-	-	20,073,478
\$ 26,561	\$ 95,598	\$ 302,931	\$ 42,381	\$ 175,791	\$ 21,975,900
\$ -	\$ -	\$ 450	\$ -	\$ 14,627	\$ 209,104
-	-	-	-	-	200,866
-	-	-	-	-	58,762
-	-	-	-	-	136,334
-	-	98,050	-	-	375,489
-	-	98,500	-	14,627	980,555
-	-	-	-	-	143,778
-	-	-	-	-	2,785,750
-	-	-	-	-	2,929,528
-	-	98,500	-	14,627	3,910,083
-	-	-	-	-	16,936,280
-	-	-	-	144,480	144,480
26,561	95,598	204,431	42,381	16,684	985,057
26,561	95,598	204,431	42,381	161,164	18,065,817
\$ 26,561	\$ 95,598	\$ 302,931	\$ 42,381	\$ 175,791	\$ 21,975,900

NC State University Partnership Corporation and Affiliates

Consolidating Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	Leaders in Innovation and Nonwovens Commercialization, LLC	NC State University Centennial Development, LLC	NC State Upfit, LLC	Bell Tower Holdings, LLC
Operating Revenues and Expenses:				
Operating revenues:				
Contracted services revenue	\$ 5,344,360	\$ -	\$ -	\$ -
Membership fees	-	-	-	-
Merchandise sales	-	353,124	-	-
Greens fees income	-	1,434,486	-	-
Golf cart income	-	217,265	-	-
Food and beverage sales	-	40,038	-	-
Rental income	-	-	-	68,640
Other operating revenue	6,554	301,953	6	348
Total operating revenues	5,350,914	2,346,866	6	68,988
Operating expenses:				
Cost of sales	461,830	249,498	-	-
General operating expenses:				
Marketing expense	-	23,717	-	-
Contracted services expense	2,736,093	482,064	-	-
General and administrative expense	354,286	197,314	-	9,000
Clubhouse expense	-	299,819	-	-
Repairs and maintenance expense	88,787	229,552	-	-
Rental expense	215,605	39,056	-	-
Supplies expense	162,475	-	-	-
Utilities expense	2,291	-	-	-
Insurance expense	9,179	40,683	-	910
Royalties	168,984	-	-	-
Membership expenses	-	-	-	-
Other current services	77,455	643,701	200	200
Total general operating expenses	3,815,155	1,955,906	200	10,110
Capital transfers (in) out	(421,360)	(215,459)	-	58,878
Net operating income (loss) prior to depreciation and amortization	1,495,289	356,921	(194)	-
Depreciation expense	26,676	273,057	-	-
Amortization expense	-	208,831	-	-
Net operating expenses	3,882,301	2,471,833	200	68,988
Net Operating Income (Loss)	1,468,613	(124,967)	(194)	-
Nonoperating Expenses				
Interest and fees on debt	-	(24,430)	-	-
Total Nonoperating Expenses	-	(24,430)	-	-
Change in Net Position	1,468,613	(149,397)	(194)	-
Net Position				
Beginning of year	883,255	16,650,915	1,512	-
End of year	\$ 2,351,868	\$ 16,501,518	\$ 1,318	\$ -

NC State CBC Land I, LLC	NC State CC Holdings I, LLC	Wolfpack Investor Network, LLC	C2I, LLC	NC State Research, LLC	NC State University Partnership Corporation	Consolidated
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,344,360
-	-	198,425	-	-	-	198,425
-	-	-	-	-	-	353,124
-	-	-	-	-	-	1,434,486
-	-	-	-	-	-	217,265
-	-	-	-	-	-	40,038
-	279,650	-	-	-	-	348,290
112	408	1,169	165,420	-	61,006	536,976
112	280,058	199,594	165,420	-	61,006	8,472,964
-	-	-	-	-	-	711,328
-	-	-	-	-	-	23,717
-	-	237,510	-	-	-	3,455,667
1,500	8,500	23,208	15,000	18,584	33,196	660,588
-	-	-	-	-	-	299,819
-	-	-	-	-	-	318,339
-	-	-	-	-	739,013	993,674
-	-	-	-	-	-	162,475
-	-	-	-	-	12,772	15,063
325	910	910	910	-	5,161	58,988
-	-	-	-	-	-	168,984
-	-	24,839	-	-	-	24,839
200	200	4,113	200	200	-	726,469
2,025	9,610	290,580	16,110	18,784	790,142	6,908,622
-	179,000	-	12,700	(11,284)	(1,011,416)	(1,408,941)
(1,913)	91,448	(90,986)	136,610	(7,500)	282,280	2,261,955
-	-	-	-	-	-	299,733
-	-	-	-	-	-	208,831
2,025	188,610	290,580	28,810	7,500	(221,274)	6,719,573
(1,913)	91,448	(90,986)	136,610	(7,500)	282,280	1,753,391
-	-	-	-	-	-	(24,430)
-	-	-	-	-	-	(24,430)
(1,913)	91,448	(90,986)	136,610	(7,500)	282,280	1,728,961
26,561	95,598	204,431	42,381	-	161,164	18,065,817
\$ 24,648	\$ 187,046	\$ 113,445	\$ 178,991	\$ (7,500)	\$ 443,444	\$ 19,794,778

NC State University Partnership Corporation and Affiliates

Consolidating Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	Leaders in Innovation and Nonwovens Commercialization, LLC	NC State University Centennial Development, LLC	NC State Upfit, LLC	Bell Tower Holdings, LLC
Operating Revenues and Expenses:				
Operating revenues:				
Contracted services revenue	\$ 263,460	\$ -	\$ -	\$ -
Membership fees	-	-	-	-
Merchandise sales	-	434,414	-	-
Greens fees income	-	1,336,585	-	-
Golf cart income	-	228,685	-	-
Food and beverage sales	-	51,807	-	-
Rental income	-	-	-	68,640
Other operating revenue	16,248	281,656	1	22
Total operating revenues	279,708	2,333,147	1	68,662
Operating expenses:				
Cost of sales	18,944	291,812	-	-
General operating expenses:				
Marketing expense	-	42,458	-	-
Contracted services expense	308,055	454,810	-	-
General and administrative expense	39,979	180,249	-	9,000
Clubhouse expense	-	349,817	-	-
Repairs and maintenance expense	316,623	196,976	-	-
Rental expense	78,065	32,970	-	-
Supplies expense	197,385	-	-	-
Utilities expense	2,229	-	-	-
Insurance expense	1,651	39,136	-	700
Membership expenses	-	-	-	-
Other current services	15,124	657,201	200	200
Total general operating expenses	959,111	1,953,617	200	9,900
Capital transfers (in) out	-	(207,399)	(200)	58,762
Net operating (loss) income prior to depreciation and amortization	(698,347)	295,117	1	-
Depreciation expense	-	299,543	-	-
Amortization expense	-	208,831	-	-
Net operating expenses	978,055	2,546,404	-	68,662
Net Operating (Loss) Income	(698,347)	(213,257)	1	-
Nonoperating Expenses				
Interest and fees on debt	-	(40,858)	-	-
Total Nonoperating Expenses	-	(40,858)	-	-
Change in Net Position	(698,347)	(254,115)	1	-
Net Position				
Beginning of year	1,581,602	16,905,030	1,511	-
End of year	\$ 883,255	\$ 16,650,915	\$ 1,512	\$ -

NC State CBC Land I, LLC	NC State CC Holdings I, LLC	Wolfpack Investor Network, LLC	C2I, LLC	NC State University Partnership Corporation	Consolidated
\$ -	\$ -	\$ -	\$ -	\$ -	263,460
-	-	201,083	-	-	201,083
-	-	-	-	-	434,414
-	-	-	-	-	1,336,585
-	-	-	-	-	228,685
-	-	-	-	-	51,807
-	279,650	-	-	-	348,290
20	90	1,334	42,183	3,407	344,961
20	279,740	202,417	42,183	3,407	3,209,285
-	-	-	-	-	310,756
-	-	-	-	-	42,458
-	-	57,351	-	-	820,216
1,500	8,500	27,808	12,500	20,307	299,843
-	-	-	-	-	349,817
-	-	27	-	-	513,626
-	-	-	-	308,519	419,554
-	-	-	-	-	197,385
-	-	-	-	31,632	33,861
250	700	700	-	4,851	47,988
-	-	26,972	-	-	26,972
200	200	2,766	327	699	676,917
1,950	9,400	115,624	12,827	366,008	3,428,637
-	226,500	-	(13,025)	(351,275)	(286,637)
(1,930)	43,840	86,793	42,381	(11,326)	(243,471)
-	-	-	-	-	299,543
-	-	-	-	-	208,831
1,950	235,900	115,624	(198)	14,733	3,961,130
(1,930)	43,840	86,793	42,381	(11,326)	(751,845)
-	-	-	-	-	(40,858)
-	-	-	-	-	(40,858)
(1,930)	43,840	86,793	42,381	(11,326)	(792,703)
28,491	51,758	117,638	-	172,490	18,858,520
\$ 26,561	\$ 95,598	\$ 204,431	\$ 42,381	\$ 161,164	\$ 18,065,817

INTERNAL CONTROL AND COMPLIANCE MATTERS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
NC State University Partnership Corporation and Affiliates
Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of NC State University Partnership Corporation and Affiliates (the "Corporation") as of and for the years ended June 30, 2020 and 2019, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audits of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams Overman Pierce, LLP

Greensboro, North Carolina
August 14, 2020