

**NORTH CAROLINA STATE UNIVERSITY
FOUNDATION, INC.**

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2021 and 2020

**North Carolina State University Foundation, Inc.
Consolidated Financial Report
For the Years Ended June 30, 2021 and 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Carolina State University Foundation, Inc.
Raleigh, North Carolina

We have audited the accompanying consolidated financial statements of North Carolina State University Foundation, Inc. (the "Foundation"), a nonprofit organization and a component unit of North Carolina State University, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities 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. 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 North Carolina State University Foundation, Inc., as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Supplementary Information

Our audits were conducted for the purpose of forming opinions on the consolidated financial statements as a whole. The supplementary information on pages 26 through 28, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information marked “unaudited” has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Williams Dyerman Pierce, LLP

Greensboro, North Carolina
September 24, 2021

North Carolina State University Foundation, Inc.

Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents (Note 1)	\$ 43,083,765	\$ 33,560,293
Cash and cash equivalents - NC State Executive Education, LLC (Notes 1 and 14)	396,218	118,319
Intermediate investments (Note 1)	12,496,122	7,255,128
Long-term investments (Notes 1 and 3)	580,744,189	400,874,525
Pledges receivable, net (Notes 1 and 7)	22,675,918	15,226,627
Receivable - charitable lead trusts (Note 1)	1,253,943	1,639,640
Receivable from University-associated entities (Note 1)	-	7,580
Annuity contract (Notes 1 and 4)	952,809	1,207,546
Donated property and land (Note 1)	3,936,654	3,286,350
University Club, net of accumulated depreciation of \$3,167,838 and \$2,957,137 at June 30, 2021 and 2020 respectively (Note 1)	5,856,098	6,066,799
NC State Executive Education, LLC accounts receivable and prepaid expenses (Note 13)	108,625	213,569
Other assets (Note 1)	312,677	268,721
Total Assets	\$ 671,817,018	\$ 469,725,097
Liabilities and Net Assets		
Liabilities		
Accounts payable - North Carolina State University (Note 1)	\$ 151,685	\$ 159,288
Accounts payable (Note 1)	155,186	80,092
Due to others (Note 1)	267,196	216,798
Life income funds payable (Note 6)	4,859,634	4,755,774
Deferred revenue (Note 1)	12,000	2,653
Agency funds held in custody for others (Note 9)	88,075	88,651
NC State Executive Education, LLC payables and deferred revenue (Note 13)	108,966	328,293
Total Liabilities	5,642,742	5,631,549
Net Assets		
Without donor restrictions:		
Undesignated	2,725,260	2,161,886
Undesignated nonexpendable - University Club	5,856,098	6,066,799
Board-designated endowments (Note 2)	13,860,183	7,911,736
Designated - NC State Executive Education, LLC (Note 13)	395,877	3,595
With donor restrictions:		
Perpetual in nature (Note 10)	334,269,101	290,998,443
Purpose restricted (Note 10)	309,067,757	156,951,089
Total Net Assets	666,174,276	464,093,548
Total Liabilities and Net Assets	\$ 671,817,018	\$ 469,725,097

See notes to consolidated financial statements.

North Carolina State University Foundation, Inc.

Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Income			
Contributions	\$ 22,290	\$ 61,412,214	\$ 61,434,504
Change in pledges receivable, net	-	7,449,291	7,449,291
Donated services and salaries (Note 8)	856,000	-	856,000
Donated property and land	-	1,140,304	1,140,304
Loss on disposal of donated property and land	-	(305,434)	(305,434)
Net investment income	6,504,155	147,477,537	153,981,692
Change in value of split interest agreements	-	(815,178)	(815,178)
Change in value of charitable lead trusts	-	(385,697)	(385,697)
Interest and dividends	201,273	1,220,257	1,421,530
NC State Executive Education, LLC income (Note 13)	1,115,191	-	1,115,191
Other income	-	5,883,554	5,883,554
Net assets released from restrictions (Note 11)	27,907,456	(27,907,456)	-
Total Revenues, Gains, and Other Income	36,606,365	195,169,392	231,775,757
Grants to Support the University Program:			
Scholarships and fellowships	8,625,557	-	8,625,557
Faculty support	4,459,061	-	4,459,061
Departmental support	5,910,018	-	5,910,018
Capital support	3,167,497	-	3,167,497
NC State Executive Education, LLC expenses (Note 13)	722,909	-	722,909
Total Program Support	22,885,042	-	22,885,042
Administrative	624,458	-	624,458
Fundraising	6,111,384	-	6,111,384
Total Other Support	6,735,842	-	6,735,842
Total Support	29,620,884	-	29,620,884
Excess of Revenues, Gains, and Other Income Over Total Support	6,985,481	195,169,392	202,154,873
Net Transfers			
To other University-associated entities	(9,630)	(64,515)	(74,145)
Among funds	(282,449)	282,449	-
Total Net Transfers	(292,079)	217,934	(74,145)
Change in Net Assets	6,693,402	195,387,326	202,080,728
Net Assets			
Beginning of year	16,144,016	447,949,532	464,093,548
End of year	\$ 22,837,418	\$ 643,336,858	\$ 666,174,276

See notes to consolidated financial statements.

North Carolina State University Foundation, Inc.

**Consolidated Statement of Activities
Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Income			
Contributions	\$ 2,290	\$ 18,874,093	\$ 18,876,383
Change in pledges receivable, net	-	(1,046,604)	(1,046,604)
Donated services and salaries (Note 8)	1,250,000	-	1,250,000
Donated property and land	-	760,000	760,000
Net investment income	(26,538)	6,917,632	6,891,094
Change in value of split interest agreements	-	(145,592)	(145,592)
Change in value of charitable lead trusts	-	(281,803)	(281,803)
Interest and dividends	633,106	1,229,191	1,862,297
NC State Executive Education, LLC income (Note 13)	2,069,801	-	2,069,801
Other income	-	5,239,676	5,239,676
Net assets released from restrictions (Note 11)	27,862,158	(27,862,158)	-
Total Revenues, Gains, and Other Income	31,790,817	3,684,435	35,475,252
Grants to Support the University			
Program:			
Scholarships and fellowships	10,705,945	-	10,705,945
Faculty support	5,184,658	-	5,184,658
Departmental support	3,920,838	-	3,920,838
Capital support	2,829,745	-	2,829,745
NC State Executive Education, LLC expenses (Note 13)	2,066,452	-	2,066,452
Total Program Support	24,707,638	-	24,707,638
Administrative	599,573	-	599,573
Fundraising	6,235,044	-	6,235,044
Total Other Support	6,834,617	-	6,834,617
Total Support	31,542,255	-	31,542,255
Excess of Revenues, Gains, and Other Income Over Total Support	248,562	3,684,435	3,932,997
Net Transfers			
To other University-associated entities	-	(41,043)	(41,043)
Among funds	(248,734)	248,734	-
Total Net Transfers	(248,734)	207,691	(41,043)
Change in Net Assets	(172)	3,892,126	3,891,954
Net Assets			
Beginning of year	16,144,188	444,057,406	460,201,594
End of year	\$ 16,144,016	\$ 447,949,532	\$ 464,093,548

See notes to consolidated financial statements.

North Carolina State University Foundation, Inc.

Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets:	\$ 202,080,728	\$ 3,891,954
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	211,560	212,986
Donated property and land	(1,140,304)	(760,000)
Loss on disposal of donated property and land	305,434	-
Net investment income	(153,981,692)	(6,891,094)
Investment income restricted for split interest agreements	(191,911)	(136,943)
Change in value of split interest agreements	793,427	168,277
Change in value of split interest agreements due to others	21,751	(22,685)
Contributions restricted for permanent endowment	(39,288,106)	(8,024,848)
Decrease (increase) in:		
Pledges receivable, net	(7,449,291)	1,046,604
Receivable - charitable lead trusts	385,697	281,803
Receivable from University-associated entities	7,580	115,155
Annuity contract	254,737	254,738
Other assets	(44,815)	(1,438)
NC State Executive Education, LLC accounts receivable and prepaid expenses	104,944	262,308
Increase (decrease) in:		
Accounts payable - North Carolina State University	(7,603)	40,169
Accounts payable	75,094	(116,580)
Due to others	28,647	(20,436)
Deferred revenue	9,347	(3,347)
Agency funds held in custody for others	(576)	6
NC State Executive Education, LLC payables and deferred revenue	(219,327)	(169,028)
Net Cash Provided by (Used in) Operating Activities	<u>1,955,321</u>	<u>(9,872,399)</u>
Cash Flows From Investing Activities		
Proceeds from sales of investments	18,545,054	16,824,952
Purchases of investments	(49,674,020)	(11,767,507)
Proceeds from sales of donated property and land	184,566	-
Net Cash (Used in) Provided by Investing Activities	<u>(30,944,400)</u>	<u>5,057,445</u>
Cash Flows From Financing Activities		
Contributions restricted for permanent endowment	39,288,106	8,024,848
Investment income restricted for split interest agreements	191,911	136,943
Payments on life income fund obligations	(689,567)	(690,814)
Proceeds from life income fund obligations	-	(15,772)
Net Cash Provided by Financing Activities	<u>38,790,450</u>	<u>7,455,205</u>
Net Increase in Cash and Cash Equivalents	9,801,371	2,640,251
Cash and Cash Equivalents:		
Beginning of year	33,678,612	31,038,361
End of year	<u>\$ 43,479,983</u>	<u>\$ 33,678,612</u>
Supplemental Disclosure of Noncash Activities:		
Donated services and salaries	<u>\$ 856,000</u>	<u>\$ 1,250,000</u>

See notes to consolidated financial statements.

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2021 and 2020

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: North Carolina State University Foundation, Inc. (the "Foundation") is one of a group of foundations which provides financial support exclusively to one or more of the colleges at North Carolina State University (the "University"). The Foundation, founded in 1942, supports, by financial assistance and otherwise, the various colleges within the University, the libraries, and other University-connected functions. Effective July 1, 2003, North Carolina State University considers the Foundation to be a component unit.

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

Basis of accounting and presentation: The consolidated financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In preparing its consolidated financial statements, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that are either to be maintained permanently by the Foundation or will be released either by actions of the Foundation and/or by the passage of time. Generally, the donors of these assets permit the Foundation to use all or part of the earnings on related investments for the donor-restricted purpose.

Principles of consolidation: The consolidated financial statements include the accounts of the Foundation and NC State Executive Education, LLC (the "LLC"), which was organized to further the purposes of its sole member, the Foundation. All significant intercompany balances and transactions have been eliminated in consolidation. Additional details regarding the financial position and activities of the LLC are contained in Note 13.

Cash and cash equivalents: For purposes of reporting cash flows, the Foundation considers all highly liquid instruments with an original maturity of 90 days or less to be cash equivalents. Cash designated or restricted for long-term purposes is included with long-term investments. At times, the Foundation places deposits with a high-quality financial institution that may be in excess of federal insurance limits.

Cash and cash equivalents consist of accounts with the State Treasurer's Short Term Investment Fund (the "STIF") and TowneBank. The STIF account, maintained by the State Treasurer, has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

Intermediate investments: Intermediate investments consist of taxable municipal bonds and the NC State Investment Fund, Inc. Intermediate Term Fund (the "ITF") for funds that can be invested for longer periods, but which are available in the event of short-term needs. These investments are reported at readily determinable fair values of \$12,496,122 and \$7,255,128 at June 30, 2021 and 2020, respectively. The cost of these investments was \$12,176,410 and \$7,289,484 as of June 30, 2021 and 2020, respectively.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020**

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Long-term investments: Long-term investments are stated at fair value based on readily determinable fair values, when available. Investments for which readily determinable fair values are not available are carried at estimated fair values as provided by the respective fund managers of the investments. The Foundation, in accordance with investment policies promulgated by its Board of Directors (the "Board"), invests with the NC State Investment Fund, Inc. Long Term Investment Pool (the "LTIP"). In addition, the Foundation has planned giving instruments invested with TIAA Kaspick and invests specific endowment assets in the NC State Sustainable Responsible Impact Fund (the "SRI Fund").

Pledges receivable, net: Unconditional pledges receivable are recognized as revenue and assets in the period received. Conditional pledges are recognized when the conditions on which they depend are substantially met.

Receivable – charitable lead trusts: The receivable for the split-interest agreements is carried at fair value, which the Foundation has estimated based on the present value of its expected future cash inflows.

Receivable from University-associated entities: Receivable from University-associated entities consists of the net amounts due to the Foundation from other University-associated entities.

Annuity contract: An annuity contract was purchased to cover the estimated payments on a large charitable gift annuity.

Donated property and land: Donated property and land are stated at cost. Cost for property acquired by gift is defined as fair market value on the date of the gift.

University Club: The value of the North Carolina State University Club (the "Club") and leasehold improvements are stated at depreciated value. It is the Foundation's policy to capitalize all assets costing greater than \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. There were no additional leasehold improvements capitalized for years ended June 30, 2021 and 2020.

Other assets: Other assets include beneficiary interests in life insurance policies contributed to the Foundation and the Foundation is the owner of these policies. These gifts are recorded at current cash surrender values. Cash surrender values of these policies were \$279,097 and \$234,723 at June 30, 2021 and 2020, respectively. Other assets also include leasehold improvements, sales tax receivable and accrued interest on municipal bonds.

Accounts payable - North Carolina State University: Accounts payable to the University include amounts disbursed by the University on behalf of the Foundation for payment of various normal operating expenses.

Accounts payable: Accounts payable represents trade payables due to vendors at June 30, 2021 and 2020.

Due to others: Due to others at June 30, 2021 and 2020 included \$267,196 and \$216,798, respectively, due to remainder beneficiaries of life income funds.

Deferred revenue: Deferred revenue consists of revenue collected for programs not yet held.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020**

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Contributions: Restricted contributions are segregated for income and expense reporting purposes; however, the assets are commingled. When a donor or grantor restriction expires because the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the consolidated statements of activities.

The University has a gift assessment program that supports Central Development and college-level fundraising efforts. For years ended June 30, 2021 and 2020, a one-time fee of 7% was assessed on gifts that support current operations and facilities, with 4% designated for Central Development and 3% designated to the fundraising entity receiving the gift.

Investment income: Investment income is allocated on the basis of average fund balances for net assets with and without donor restrictions. For endowments, investment income is allocated on the "unit value" method of valuing interest in an investment portfolio and the investment earnings are recorded as with or without donor restrictions, as appropriate. Earnings from investments are net of investment fees of approximately \$2,367,000 and \$2,243,000 for the years ended June 30, 2021 and 2020, respectively. Gains and losses on sales of investments are allocated on the unit value method. Investment income on investments owned individually by one fund is directly allocated to the owning fund.

As part of the University's gift assessment program, an annual fee is assessed on the average twenty-quarter market value of assets held in the endowment investment portfolio. For years ended June 30, 2021 and 2020, the annual fee was 1.25%, with 1% designated for University Advancement and 0.25% designated to college-level fundraising efforts.

Revenue recognition: Executive Education, LLC program revenue is reported at the amount that reflects the consideration to which the LLC expects to be entitled in exchange for providing services. The LLC's programs are offered to customers on a standalone basis, and the revenues from these services are recognized at a point in time, upon the completion of the event, which signifies the satisfaction of the performance obligation. The LLC also has membership fees; the revenue from such fees is recognized equally over the period of benefit. The timing of revenue recognition may differ from the timing of invoicing. Amounts for the LLC's programs are billed in accordance with agreed-upon contractual terms, either at periodic intervals, or upon achievement of contractual milestones. Contract assets include unbilled amounts that occur when revenues recognized exceed the amounts invoiced to customers. Such amounts are collectible based upon various measures of performance. No such contract assets were recorded as of June 30, 2021 or 2020. Contract liabilities arise when amounts invoiced exceed revenues recognized, and are presented as deferred revenue in the consolidated statements of financial position and in Note 13.

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

Income taxes and uncertain tax positions: The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. The Foundation had no significant unrelated trade or business income for 2021 and 2020. Therefore, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2021 and 2020

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the organization 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 Foundation, and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the accompanying consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to tax year 2017.

Change in accounting principles: In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers ("Topic 606"), which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The effective date of ASU 2014-09 was amended by ASUs 2015-14 and 2020-05. Further ASUs (ASUs 2016-08, 2016-10) have been issued to clarify ASC Topic 606 for principal and agent considerations and performance obligations and licensing implementation guidance. The Foundation adopted ASU 2014-09 on July 1, 2020. The ASU has been applied retrospectively with no change in previously reported net assets. As part of such adoption, the new standard was applied only to those contracts which were not completed as of the date of adoption.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement ("Topic 820"). The amendments in this ASU modify the disclosure requirements for fair value measurements. Selective disclosure requirements were removed from Topic 820 while other disclosure requirements were modified, and some disclosure requirements were added. Certain disclosures that are required by the amendments in this ASU are not required for nonpublic entities. The provisions of ASU No. 2018-13 became effective for the Foundation on July 1, 2020. The adoption of this standard did not have a material impact on the accompanying consolidated financial statements of the Foundation for the year ended June 30, 2021.

Reclassifications: Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation with no effect on previously reported net assets.

Note 2. Endowment

The Foundation's endowment consists of approximately 800 individual funds established for a variety of purposes related to the mission of the University. The endowment includes both donor-restricted endowments and funds designated by the Foundation Board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The majority of the Foundation's signed endowment gift agreements with donors have donor-imposed restrictions which stipulate that principal shall not be used to fund spending.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 2. Endowment (continued)

Interpretation of relevant law: The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) was adopted in North Carolina as NC General Statute 36E effective March 17, 2009. The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets perpetual in nature (a) the original value of initial and subsequent gifts donated to the endowment and (b) any accumulations to the endowment that are required by the applicable donor gift instrument. The remaining portion of the donor-restricted endowment funds that is not classified in net assets perpetual in nature is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Foundation’s endowment spending policy.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift value (underwater endowments). These deficiencies generally result from either spending of corpus in accordance to the gift agreement or unfavorable market fluctuations which produce unrealized losses to the fund. The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Deficiencies of this nature are reported in net assets with donor restrictions and were (\$1,594) and (\$14,622) as of June 30, 2021 and 2020, respectively.

Investment return objectives and risk parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a stable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods as well as board-designated funds. The endowment assets are invested through the LTIP and the SRI Fund in a manner that is intended to produce results that exceed a 70% MCSI ACWI Index/30% Barclays Aggregate Bond Index benchmark over rolling five and ten year periods while assuming a moderate level of investment risk.

Spending policy: The Foundation has a policy of appropriating for programmatic spending each year 4% of its endowment fund's average market value over the prior twenty quarters through the fiscal year-end proceeding the fiscal year in which the spending is planned. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. However, in declining market conditions endowments may not be able to fund spending at the 4% level. Unless the gift instrument specifies otherwise, it is the Foundation’s policy to allow up to 15% of the corpus of an endowment to be expended if reserves are not sufficient to fund the programmatic spending amount, subject to the guidelines provided by UPMIFA. However, if the gift instrument does not allow spending of corpus, the Foundation does not initiate or renew spending for the individual endowments affected by declining market conditions until their market value has been recovered and exceeds their original gift value. In establishing the spending policy, the Foundation considered the long-term expected return on its endowment. Spending budgets were calculated at \$13,497,535 and \$14,179,000 for fiscal years 2021 and 2022, respectively.

Strategies employed for achieving investment objectives: For the long term, the primary investment objective is to earn a total return (net of investment and custodial fees), within prudent levels of risk, which is sufficient to maintain in real terms the purchasing power of the LTIP and to meet the spending needs of the University. To meet this investment objective, the LTIP invests in various asset classes to offer diversification. The purpose of diversification is to provide reasonable assurance that no single security or class of securities or manager will have a disproportionate impact on the performance of the total fund.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020**

Note 2. Endowment (continued)

The LTIP is diversified both by asset class (e.g. common stocks and fixed income securities) and within asset classes (e.g., within common stocks by economic sector, geographic area, industry, quality, and size). In addition, the LTIP seeks to diversify exposure to all asset classes through the use of multiple managers that use a variety of investment approaches.

The following represents changes in endowment net assets for the fiscal year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 8,003,925	\$ 398,131,529	\$ 406,135,454
Total investment return	6,669,934	147,833,035	154,502,969
Contributions, including change in accrued pledges and other income	25	43,787,774	43,787,799
Appropriations of endowment assets for expenditure	(649,850)	(14,883,120)	(15,532,970)
Change in value of split interest agreements and charitable lead trust	-	(1,200,875)	(1,200,875)
Other changes:			
Transfers	-	1,668,713	1,668,713
Endowment net assets, end of year	<u>\$ 14,024,034</u>	<u>\$ 575,337,056</u>	<u>\$ 589,361,090</u>

The following represents endowment net asset composition by type of fund, as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 13,860,183	\$ -	\$ 13,860,183
Donor-designated endowment funds:			
Corpus	-	334,269,101	334,269,101
Appreciation	163,851	241,069,549	241,233,400
Underwater endowments	-	(1,594)	(1,594)
Total funds	<u>\$ 14,024,034</u>	<u>\$ 575,337,056</u>	<u>\$ 589,361,090</u>

The following represents changes in endowment net assets for the fiscal year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 8,296,647	\$ 396,233,213	\$ 404,529,860
Total investment return	334,443	7,619,095	7,953,538
Contributions, including change in accrued pledges and other income	25	7,990,755	7,990,780
Appropriations of endowment assets for expenditure	(627,190)	(14,387,630)	(15,014,820)
Change in value of split interest agreements and charitable lead trust	-	(427,395)	(427,395)
Other changes:			
Transfers	-	1,103,491	1,103,491
Endowment net assets, end of year	<u>\$ 8,003,925</u>	<u>\$ 398,131,529</u>	<u>\$ 406,135,454</u>

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2021 and 2020

Note 2. Endowment (continued)

The following represents endowment net asset composition by type of fund, as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 7,911,736	\$ -	\$ 7,911,736
Donor-designated endowment funds:			
Corpus	-	290,998,443	290,998,443
Appreciation	92,189	107,147,708	107,239,897
Underwater endowments	-	(14,622)	(14,622)
Total funds	\$ 8,003,925	\$ 398,131,529	\$ 406,135,454

Note 3. Long-Term Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Long-term investments consisted of the following at June 30:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
ST IF	\$ 1,175,956	\$ 1,175,956	\$ 87,107	\$ 87,107
NC State Investment Fund, Inc. Long-Term Investment Pool (LTIP)	250,844,755	501,661,885	218,905,126	339,856,721
SRI Fund	51,533,497	71,929,103	48,246,702	55,469,154
Life Income Funds	4,930,146	5,977,245	5,473,534	5,461,543
	<u>\$308,484,354</u>	<u>\$580,744,189</u>	<u>\$272,712,469</u>	<u>\$400,874,525</u>

Note 4. Fair Value Measurement

The Fair Value Measurements and Disclosures Topic of the FASB ASC 820 provides a framework for measuring fair value under generally accepted accounting principles. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020**

Note 4. Fair Value Measurement (continued)

The fair value hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Valuations based on quoted prices in active markets for identical investments

Level 2 – Valuations based on quoted prices in inactive markets or for which all significant inputs are observable (including quoted prices for similar investments, interest rates, credit risks, etc.)

Level 3 – Valuations based on significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments)

The Foundation's assets itemized below are measured at fair value on a recurring basis at June 30:

	2021			
	Level 1	Level 2	Level 3	Total Fair Value
STIF	\$ 1,175,956	\$ -	\$ -	\$ 1,175,956
Municipal Bonds	-	1,776,315	-	1,776,315
NC State Investment Fund, Inc. Intermediate Term Fund (ITF)	-	-	10,719,807	10,719,807
NC State Investment Fund, Inc. Long-Term Investment Pool (LTIP)	-	-	501,661,885	501,661,885
SRI Fund	-	-	71,929,103	71,929,103
Life Income Funds	-	5,977,245	-	5,977,245
Annuity Contract	-	-	952,809	952,809
Beneficial Interest in Life Insurance Policies	-	-	279,097	279,097
	\$ 1,175,956	\$ 7,753,560	\$ 585,542,701	\$ 594,472,217

	2020			
	Level 1	Level 2	Level 3	Total Fair Value
STIF	\$ 87,107	\$ -	\$ -	\$ 87,107
Municipal Bonds	-	2,149,203	-	2,149,203
commonfund Intermediate Term Fund	-	1,706,566	-	1,706,566
NC State Investment Fund, Inc. Intermediate Term Fund (ITF)	-	3,399,359	-	3,399,359
NC State Investment Fund, Inc. Long-Term Investment Pool (LTIP)	-	-	339,856,721	339,856,721
SRI Fund	-	-	55,469,154	55,469,154
Life Income Funds	-	5,461,543	-	5,461,543
Annuity Contract	-	-	1,207,546	1,207,546
Beneficial Interest in Life Insurance Policies	-	-	234,723	234,723
	\$ 87,107	\$ 12,716,671	\$ 396,768,144	\$ 409,571,922

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 4. Fair Value Measurement (continued)

The following are reconciliations of the assets measured at fair value on a recurring basis in which significant unobservable inputs (Level 3) were used in determining value as of June 30:

	2021				
	NC State Investment Fund, Inc. ITF	NC State Investment Fund, Inc. LTIP	SRI Fund	Annuity Contract	Beneficial Interest in Life Insurance Policies
Beginning balance	\$ -	\$ 339,856,721	\$ 55,469,154	\$ 1,207,546	\$ 234,723
Transfer into Level 3	3,399,359	-	-	-	-
Participant additions	7,000,000	40,307,035	-	-	-
Investment income	177,177	223,885	750,046	-	-
Realized gains	20,458	8,762,297	3,072,755	-	-
Unrealized gain	194,492	129,865,534	13,173,154	-	44,374
Participant withdrawals	(62,748)	(15,532,970)	-	(254,737)	-
Expenses	(8,931)	(1,820,617)	(536,006)	-	-
Ending balance	\$ 10,719,807	\$ 501,661,885	\$ 71,929,103	\$ 952,809	\$ 279,097

	2020				
	NC State Investment Fund, Inc.	SRI Fund	Annuity Contract	Beneficial Interest in Life Insurance Policies	
Beginning balance	\$ 339,013,846	\$ 54,105,065	\$ 1,462,284	\$ 223,696	
Participant additions	9,275,000	-	-	-	-
Investment income	298,634	794,093	-	-	-
Realized gains	7,162,759	481,046	-	-	-
Unrealized gain	750,263	695,783	-	-	11,027
Participant withdrawals	(14,857,380)	(157,440)	(254,738)	-	-
Expenses	(1,786,401)	(449,393)	-	-	-
Ending balance	\$ 339,856,721	\$ 55,469,154	\$ 1,207,546	\$ 234,723	

Following is a description of the valuation methodologies used for assets measured at fair value:

STIF – This investment has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

Municipal Bonds – Valued by the custodian using a computerized pricing service or, for less actively traded issues, using a yield-based matrix system.

commonfund Intermediate Term Fund – Valued using the net asset value (“NAV”) per share of the fund provided by the fund manager. The Foundation considers this the best estimate of fair value for investments that do not have a quoted market price.

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2021 and 2020

Note 4. Fair Value Measurement (continued)

NC State Investment Fund, Inc. Intermediate Term Fund (“ITF”) – This investment is a combination of publicly traded mutual funds valued at quoted market prices and an investment in the LTIP, valued as described below. The fair value classification of the ITF was transferred from Level 2 to Level 3 during the year ended June 30, 2021 due to an investment in the LTIP, which is valued using significant unobservable inputs.

NC State Investment Fund, Inc. Long-Term Investment Pool (“LTIP”) – The LTIP’s investment in UNC Management Company is valued using the net asset value per share of the fund provided by the fund manager. The LTIP’s private equity investments are initially valued based on transaction price with subsequent valuation adjustments based on trading multiples of comparable public companies adjusted for differences in factors such as liquidity. The LTIP’s investment in a Blackrock Liquid Policy Portfolio (“LPP”) is valued at the closing price of the exchange-traded fund’s shares. The LTIP also has an investment in the STIF, valued as described above.

SRI Fund – This investment is a combination of equities and fixed income securities valued using quoted market prices or net asset values per share provided by the fund manager. The SRI Fund also has an investment in the STIF, valued as described above. The SRI Fund’s private equity investments are initially valued based on transaction price with subsequent valuation adjustments based on trading multiples of comparable public companies adjusted for differences in factors such as liquidity.

Life Income Funds – These investments are a combination of exchange-traded equity and fixed income securities valued at quoted market prices.

Annuity Contract – Valued using cash purchase price of contract less payments to date.

Beneficial Interest in Life Insurance Policies – Valued based on the cash surrender value of the policies. Because these values are based on significant unobservable inputs, they are categorized in Level 3 of the fair value hierarchy.

Note 5. Financial Assets and Liquidity Resources

The Foundation endowment funds consist of donor-designated endowments and board-designated endowments. Income from most donor-designated endowments is restricted for specific purposes and, therefore, is not available for general expenditures. As part of the Foundation’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The LTIP is responsible for managing liquidity in a manner that balances the short-term liquidity needs with the Fund’s longer-term return objectives. However, both the board-designated endowments and donor-designated endowments contain investments with redemption provisions that could impact the availability of funds. In addition, the Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020**

Note 5. Financial Assets and Liquidity Resources (continued)

The Foundation has board-designated endowments of approximately \$13.9 million. Although the Foundation does not intend to spend from these board-designated endowments, other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation process, amounts could be made available if necessary. As described in Note 2, the board-designated endowments have a spending rate of 4%. \$606,095 of appropriations from the board-designated endowments and \$7,475 from unrestricted donor-designated endowments will be available within the next 12 months.

As of June 30, 2021, financial assets available within one year for general expenditure, such as administrative and fundraising expenses, were as follows:

Total assets, less nonfinancial assets	\$ 662,007,615
Less those unavailable for general expenditures within one year, due to:	
Donor imposed restrictions:	
Restricted by donor in perpetuity	(333,117,447)
Subject to appropriation and satisfaction of donor restrictions	(305,732,421)
Board-designated endowments	(13,254,088)
Designated - NC State Executive Education, LLC	(395,877)
Total liabilities	<u>(5,642,742)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,865,040</u>

Note 6. Life Income Funds

The consolidated financial statements include assets and liabilities of charitable gift annuities and unitrust agreements for which the Foundation is the trustee. The grantors and/or beneficiaries retain future income interests in these assets until their death. These life income funds are recorded at fair value at the date of gift. Life income funds at June 30, 2021 and 2020 have asset balances of \$5,977,245 and \$5,461,543, respectively.

The liabilities for distributions to grantors and/or beneficiaries are computed using Internal Revenue Code annuity valuation tables, the distribution terms of the agreements, and the life expectancy of the beneficiaries, and totaled \$4,859,634 and \$4,755,774 at June 30, 2021 and 2020, respectively. Payments from these funds were \$689,567 and \$690,814 during the years ended June 30, 2021 and 2020, respectively. An unrestricted reserve account has been established in the Foundation's Charitable Gift Annuity ("CGA") pool to receive 10% from all new CGAs established in order to offset the liabilities for any annuities that reach exhaustion. The goal is to build the unrestricted reserve fund to equal 10% of the total value of the Foundation's CGA pool. As of June 30, 2021 and 2020, the CGA reserve balance was \$5,137 and \$42,049, respectively.

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2021 and 2020

Note 7. Pledges Receivable

Pledges receivable consisted of the following at June 30:

	2021	2020
Receivable in less than one year	\$ 8,276,308	\$ 8,481,673
Receivable in one to five years	14,640,197	7,541,941
Receivable in greater than five years	1,232,611	66,650
Total gross pledges receivable	<u>24,149,116</u>	<u>16,090,264</u>
Less allowance for uncollectible pledges	(1,208,000)	(805,000)
Less unamortized discount (discount rates of 0.07% to 1.23%)	(265,198)	(58,637)
Pledges receivable, net	<u>\$ 22,675,918</u>	<u>\$ 15,226,627</u>

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation's outstanding pledge balance, excluding large pledges for which signed memorandums of understanding exist and therefore the Foundation is reasonably assured of collecting. Active past due pledges receivable are reviewed twice yearly by the Advancement Services office in order to determine if it is appropriate to write off such pledges.

One donor represented approximately \$5.9 million of total undiscounted pledges receivable at June 30, 2021. Three donors represented \$7.9 million of total undiscounted pledges receivable at June 30, 2020.

Note 8. Donated Services and Salaries

Donated services in the amount of \$482,000 and \$455,000 for the years ended June 30, 2021 and 2020, respectively, have been reflected in the accompanying consolidated financial statements for services provided by the University Finance Division. In addition, donated salaries paid by the University for college development personnel in the amount of \$374,000 and \$795,000 for the years ended June 30, 2021 and 2020, respectively, have been reflected in the accompanying consolidated financial statements.

Note 9. Agency Funds

The Foundation acts as funds custodian for the North Carolina State University Greek Court funds. The funds are for the sole benefit for the redevelopment of the Greek Court and totaled \$88,075 at June 30, 2021 and 2020, and are for Kappa Sigma, Sigma Alpha Epsilon, Chi Psi, Delta Gamma, and Lambda Chi Alpha. The Foundation also held debt service and operating surplus funds for the University Club, which totaled \$0 and \$576 at June 30, 2021 and 2020, respectively.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020**

Note 10. Net Assets With Donor Restriction

Net assets with donor restriction were available for the following purposes at June 30:

	2021	2020
Subject to expenditure for specified purpose:		
Scholarships and fellowships	\$ 15,532,114	\$ 15,311,543
Faculty support	5,001,120	984,204
Library support	1,944,929	1,582,946
Research support	1,198,084	1,224,886
Performance and Retention Fund	1,548,219	1,499,889
Student Emergency Fund	861,496	383,522
Pledges receivable	12,618,592	8,451,513
Other	29,159,586	20,254,629
	67,864,140	49,693,132
Subject to passage of time:		
Beneficial interest in life insurance policies	279,097	234,723
Assets held under split-interest agreements, net	2,104,358	2,128,610
Annuity contract	952,809	1,207,546
	3,336,264	3,570,879
Endowments:		
Subject to Foundation endowment spending policy and appropriation:		
Scholarships and fellowships	429,921,722	290,445,097
Faculty support and professorships	1,017,719	576,226
Library support	18,790,321	13,358,037
Research support	1,246,226	927,711
Pledges receivable	10,057,326	6,775,114
Other	111,103,140	82,603,336
	572,136,454	394,685,521
Total Net Assets With Donor Restrictions	\$ 643,336,858	\$ 447,949,532

The "Other" grouping includes amounts designated for general college support, general University support, facility support and funds with multiple purposes.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020**

Note 11. Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions as restrictions were met via the passage of time or by incurring expenses satisfying the restricted purposes specified by donors as follows during the years ended June 30:

	2021	2020
Scholarships and fellowships	\$ 8,625,557	\$ 10,705,945
Faculty support	4,459,061	5,078,659
Departmental support	5,546,239	2,861,887
Capital support	3,167,497	2,829,745
Administrative and fundraising	6,109,102	6,385,922
	\$ 27,907,456	\$ 27,862,158

Note 12. Description of Leasing Arrangements

The Foundation had operating leases with total payments for the years ended June 30, 2021 and 2020 of \$24,828 and \$24,642, respectively. Future minimum rental payments under the non-cancelable operating leases are as follows at June 30, 2021:

Years ending June 30:	
2022	\$ 24,790
2023	20,291
2024	7,146
Minimum lease payments	<u>\$ 52,227</u>

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 13. NC State Executive Education, LLC

NC State Executive Education, LLC (the "LLC") was organized on June 6, 2008 to further the purposes of its sole member, the Foundation, and is consolidated for the purposes of these consolidated financial statements. The purposes of the LLC are exclusively charitable within the meaning of paragraph 501(c)(3) of the Internal Revenue Code of 1986, and more specifically are to support the educational mission of the University by operating an executive education program.

The Statements of Financial Position for NC State Executive Education, LLC were as follows at June 30:

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 396,218	\$ 118,319
Accounts receivable	87,600	161,750
Due from University-associated entity	-	39,923
Prepaid expenses	21,025	11,896
Total Assets	\$ 504,843	\$ 331,888
Liabilities and Net Assets		
Liabilities		
Accounts payable - North Carolina State University	\$ 609	\$ 1,187
Other payables	51,357	141,611
Deferred revenue	57,000	185,495
Total Liabilities	108,966	328,293
Net Assets		
Unrestricted	395,877	3,595
Total Net Assets	395,877	3,595
Total Liabilities and Net Assets	\$ 504,843	\$ 331,888

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 13. NC State Executive Education, LLC (continued)

The Statements of Activities for NC State Executive Education, LLC were as follows for the years ended June 30:

	2021	2020
Revenues, Gains, and Other Income		
Program revenue	\$ 1,115,043	\$ 2,068,920
Interest and dividends	148	881
Total Revenues, Gains, and Other Income	1,115,191	2,069,801
Expenses		
Program:		
Salaries & benefits	178,189	796,650
Contract labor	405,625	760,506
Other program expenses	134,836	427,003
Transfers to University departments	4,259	82,293
Total Expenses	722,909	2,066,452
Change in Net Assets	392,282	3,349
Net Assets		
Beginning of year	3,595	246
End of year	\$ 395,877	\$ 3,595

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020**

Note 14. Functional Expense

The Foundation's primary program is to provide financial support to the various colleges within the University, the libraries, and other University-collected functions at NC State University. Expenses by functional classification for the year ended June 30, 2021 were as follows:

	Total Program Support	Supporting Activities		Total Support
		Administrative Support	Fundraising Support	
Grants	\$ 13,495,964	\$ -	\$ 1,465,429	\$ 14,961,393
Legal	-	18,458	-	18,458
Accounting	129,000	124,000	-	253,000
Advertising	179,488	-	194,222	373,710
Office Expenses	148,051	-	84,570	232,621
Occupancy	29,074	-	2,757	31,831
Travel	60,768	-	14,960	75,728
Conferences and Meetings	28,756	-	34,763	63,519
Depreciation	211,560	-	-	211,560
Insurance	18,558	-	14,853	33,411
Departmental Equipment	183,326	-	260,089	443,415
Equip Rental and Maintenance	303,066	-	108,211	411,277
Contracted Services	687,647	-	783,757	1,471,404
Miscellaneous Services and Fees	3,822,874	482,000	1,670,140	5,975,014
Printing and Binding	139,126	-	663,091	802,217
Dues and Subscriptions	74,089	-	690,656	764,745
Supplies	206,198	-	123,886	330,084
Capital Transfers	3,167,497	-	-	3,167,497
Total	\$ 22,885,042	\$ 624,458	\$ 6,111,384	\$ 29,620,884

Grants include scholarships, fellowships and salary support. Contracted Services include consulting services, media services, and maintenance agreements. Miscellaneous Services and Fees include donated salaries and services as well as annual giving appeals, solutions and campaign strategy work.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020**

Note 14. Functional Expense (continued)

Expenses by functional classification for the year ended June 30, 2020 were as follows:

	Total	Supporting Activities		Total Support	
		Program	Administrative		Fundraising
		Support	Support		Support
Grants	\$ 16,754,702	\$ -	\$ 565,113	\$ 17,319,815	
Legal	(22,713)	6,141	18,552	1,980	
Accounting	115,000	137,000	-	252,000	
Advertising	185,675	-	173,750	359,425	
Office Expenses	71,481	-	62,019	133,500	
Occupancy	177,735	-	1,727	179,462	
Travel	621,646	-	242,573	864,219	
Conferences and Meetings	147,337	-	54,882	202,219	
Depreciation	212,986	-	-	212,986	
Insurance	13,606	-	11,547	25,153	
Departmental Equipment	253,778	-	240,081	493,859	
Equip Rental and Maintenance	190,451	-	131,628	322,079	
Contracted Services	1,047,466	957	925,930	1,974,353	
Miscellaneous Services and Fees	1,252,056	455,000	2,442,873	4,149,929	
Printing and Binding	148,073	-	599,142	747,215	
Dues and Subscriptions	146,681	-	500,140	646,821	
Supplies	561,933	475	265,087	827,495	
Capital Transfers	2,829,745	-	-	2,829,745	
Total	<u>\$ 24,707,638</u>	<u>\$ 599,573</u>	<u>\$ 6,235,044</u>	<u>\$ 31,542,255</u>	

Grants include scholarships, fellowships and salary support. Contracted Services include consulting services, event and media services, maintenance agreements and honorariums. Miscellaneous Services and Fees include donated salaries and services as well as annual giving appeals, solutions and campaign strategy work.

Note 15. COVID-19

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic. The extent of COVID-19's effects on the Foundation's operational performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Foundation's operations. However, the pandemic could have a material adverse effect on the Foundation's results of operations, financial condition and cash flows.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2021 and 2020**

Note 16. Subsequent Events

The Foundation has evaluated subsequent events through September 24, 2021, the date which the consolidated financial statements were available to be issued, and there were none to report.

SUPPLEMENTARY INFORMATION

North Carolina State University Foundation, Inc.

Fund for Excellence Budget vs. Actual - Unaudited
Year Ended June 30, 2021

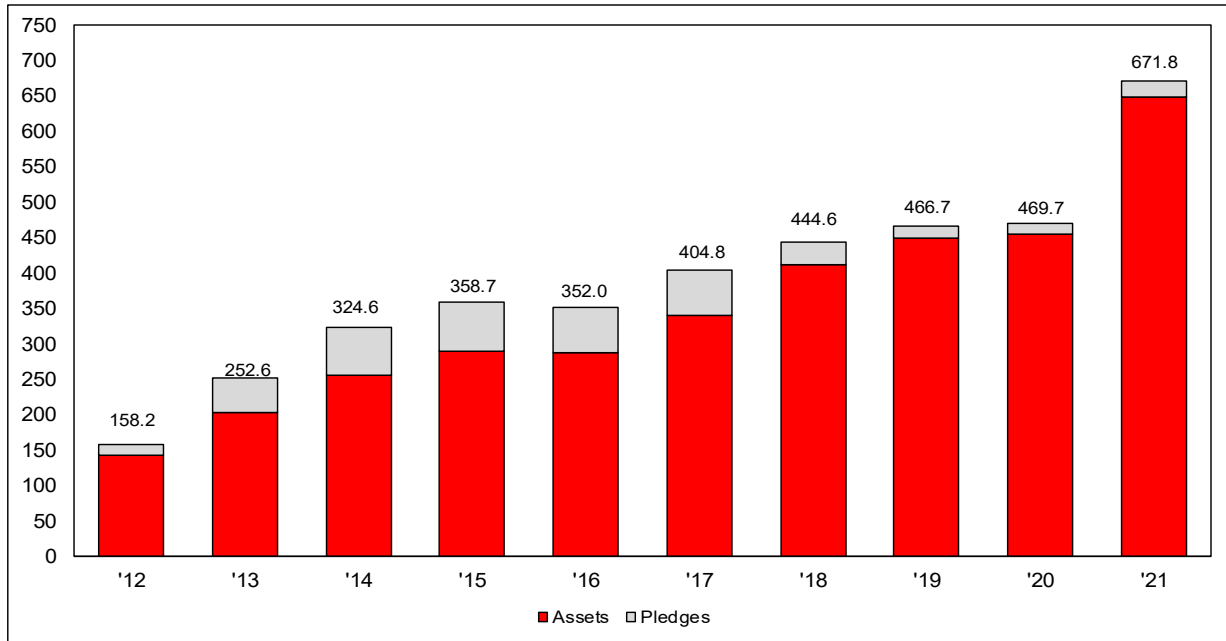
	Budget	Actual	Over (Under) Variance
Income			
Endowment spending budget	\$ 591,855	\$ 591,855	\$ -
General Fund contributions	1,500	20,706	19,206
Interest and dividends	500,000	400,000	(100,000)
Total Income	1,093,355	1,012,561	(80,794)
Support			
Program support	640,000	504,032	(135,968)
Foundation administration	278,000	201,573	(76,427)
Total Support	918,000	705,605	(212,395)
Income Less Support	175,355	306,956	131,601
Fund Balance			
Beginning of year	\$ 1,096,855	\$ 1,096,855	\$ -
End of year	\$ 1,272,210	\$ 1,403,811	\$ 131,601

North Carolina State University Foundation, Inc.

Ten Year Summary of Asset Growth - Unaudited
Years Ended June 30

Total Assets

(Dollars in Millions)

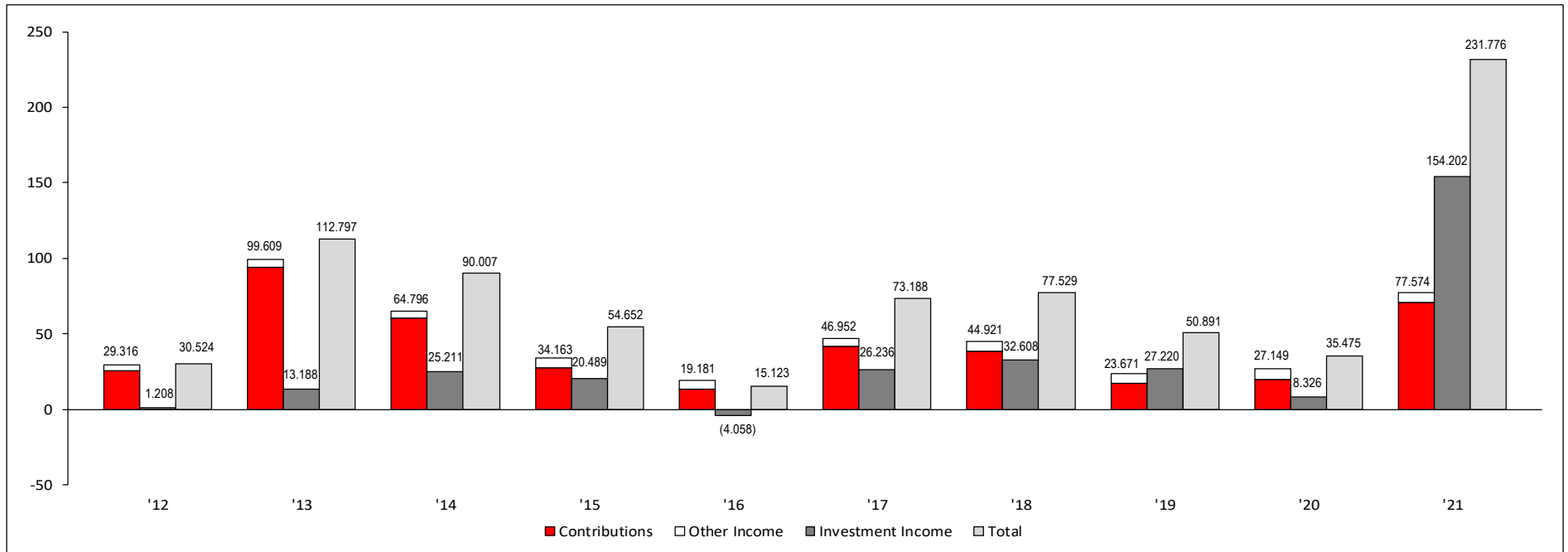


North Carolina State University Foundation, Inc.

**Ten Year Summary of Revenues and Support - Unaudited
Years Ended June 30**

Total Revenues, Gains, and Other Income

(Dollars in Millions)



Total Support

(Dollars in Millions)

