

**NC STATE UNIVERSITY  
PARTNERSHIP CORPORATION  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL REPORT**

**JUNE 30, 2021 and 2020**



**NC State University Partnership Corporation and Affiliates  
Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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## 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, 2021 and 2020, 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, 2021 and 2020, 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 audits were conducted for the purpose of forming opinions 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 13, 2021 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 solely 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 the effectiveness of the Corporation's 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 Dverman Pierce, LLP*

Greensboro, North Carolina  
August 13, 2021

**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 7.99% to \$21.38 million in fiscal year 2021. 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 \$1.49 million.

Revenues represent amounts received or accrued that are either operating or nonoperating in the accompanying consolidated financial statements. Operating revenues increased by \$1.56 million from the prior year primarily due to the increased operations of LINC, LLC.

Operating expenses represent amounts paid or accrued for operating purposes. Operating expenses increased by \$677,000 from the prior year also primarily due to the increased operations of LINC, LLC.

**USING THE FINANCIAL STATEMENTS**

The Corporation's consolidated financial statements are used to evaluate the financial position as of June 30, 2021 and June 30, 2020 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, 2021 and 2020. 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)**

The following is a comparative analysis of the condensed balances reported in the Consolidated Statements of Net Position as of June 30, 2021 and 2020:

	2021	2020	Increase/ (Decrease)
<b>Assets</b>			
Current assets	\$ 5,296,760	\$ 4,457,100	\$ 839,660
Noncurrent assets	19,945,997	19,941,097	4,900
<b>Total Assets</b>	<b>\$ 25,242,757</b>	<b>\$ 24,398,197</b>	<b>\$ 844,560</b>
<b>Liabilities</b>			
Current liabilities	\$ 761,991	\$ 1,759,676	\$ (997,685)
Long-term liabilities	3,105,111	2,843,743	261,368
<b>Total Liabilities</b>	<b>3,867,102</b>	<b>4,603,419</b>	<b>(736,317)</b>
<b>Net Position</b>			
Net investment in capital assets	16,719,439	16,952,087	(232,648)
Restricted net position, expendable	217,608	381,945	(164,337)
Unrestricted net position	4,438,608	2,460,746	1,977,862
<b>Total Net Position</b>	<b>21,375,655</b>	<b>19,794,778</b>	<b>1,580,877</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 25,242,757</b>	<b>\$ 24,398,197</b>	<b>\$ 844,560</b>

Year over year current assets increased by \$840,000 primarily due to a \$593,000 net increase in cash and accounts receivable held by LINC, LLC. Total liabilities decreased by \$736,000 primarily due to an \$867,000 decrease in accounts payable owed by LINC, LLC and a \$99,000 decrease in accounts payable owed by NC State University Centennial Development ("Centennial Development"), LLC netted against an \$191,000 increase in Centennial Development, LLC capital lease and line of credit activity.

The following is a comparative analysis of debt as of June 30, 2021 and 2020:

	2021	2020	Increase/ (Decrease)
Current installments of capital lease obligations	\$ 114,643	\$ 138,463	\$ (23,820)
Line of credit	-	46,168	(46,168)
Total current debt liabilities	<b>\$ 114,643</b>	<b>\$ 184,631</b>	<b>\$ (69,988)</b>
Capital lease obligations, less current installments	\$ 319,361	\$ 57,993	\$ 261,368
Notes payable	2,785,750	2,785,750	-
Total long-term debt liabilities	<b>\$ 3,105,111</b>	<b>\$ 2,843,743</b>	<b>\$ 261,368</b>

**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, 2021 and 2020. 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.

The following is a comparative analysis on the Consolidated Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2021 and 2020:

	2021	2020	Increase/ (Decrease)
<b>Operating Revenues and Expenses</b>			
Operating revenues	<b>\$ 10,030,725</b>	\$ 8,472,964	\$ 1,557,761
Operating expenses:			
Cost of sales	<b>4,163,163</b>	3,375,519	787,644
General operating expenses	<b>4,174,322</b>	4,244,431	(70,109)
Net operating income prior to depreciation and amortization	<b>1,693,240</b>	853,014	840,226
Depreciation expense	<b>359,993</b>	299,733	60,260
Amortization expense	<b>108,212</b>	208,831	(100,619)
Total operating expenses	<b>8,805,690</b>	8,128,514	677,176
<b>Net Operating Income</b>	<b>1,225,035</b>	344,450	880,585
<b>Nonoperating (Expenses) Income</b>			
Interest and fees on debt	<b>(19,713)</b>	(24,430)	4,717
Gain on disposal of property and equipment	<b>16,633</b>	-	16,633
<b>Net Nonoperating Expenses</b>	<b>(3,080)</b>	(24,430)	21,350
<b>Net Operating Transfers (Note 1)</b>	<b>358,922</b>	1,408,941	(1,050,019)
<b>Change in Net Position</b>	<b>1,580,877</b>	1,728,961	(148,084)
<b>Net Position</b>			
Beginning of year	<b>19,794,778</b>	18,065,817	1,728,961
End of year	<b>\$ 21,375,655</b>	\$ 19,794,778	\$ 1,580,877

The Corporation saw a \$1.56 million increase in operating revenues and a \$677,000 increase in total operating expenses, both due to the increased operations of LINC, LLC during fiscal year 2021.

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

There are some factors that may have a significant effect on the 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, 2021 and 2020

	2021	2020
<b>Assets</b>		
Current assets		
Cash (Note 1)	\$ 4,282,932	\$ 1,911,643
Accounts receivable (Note 1)	478,624	2,033,238
Taxes receivable	22,932	26,872
Inventory - golf course (Note 1)	194,803	166,661
Prepaid expenses (Note 1)	235,119	318,686
Other assets (Note 1)	82,350	-
Total current assets	<u>5,296,760</u>	<u>4,457,100</u>
Noncurrent assets		
Land (Note 3)	2,792,554	2,792,554
Property and equipment, net (Note 1 & 2)	17,153,443	17,148,543
Total noncurrent assets	<u>19,945,997</u>	<u>19,941,097</u>
<b>Total Assets</b>	<u>\$ 25,242,757</u>	<u>\$ 24,398,197</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable (Note 1)	\$ 76,425	\$ 1,050,073
Current installments of capital lease obligations (Note 6)	114,643	138,463
Funds held for others (Note 7)	58,336	58,878
Line of credit (Note 8)	-	46,168
Unearned revenue (Note 1)	512,587	466,094
Total current liabilities	<u>761,991</u>	<u>1,759,676</u>
Long-term liabilities		
Capital lease obligations, less current installments (Note 6)	319,361	57,993
Notes payable (Note 9)	2,785,750	2,785,750
Total long-term liabilities	<u>3,105,111</u>	<u>2,843,743</u>
<b>Total Liabilities</b>	<u>3,867,102</u>	<u>4,603,419</u>
<b>Net Position</b>		
Net investment in capital assets	16,719,439	16,952,087
Restricted net position, expendable	217,608	381,945
Unrestricted net position	4,438,608	2,460,746
<b>Total Net Position</b>	<u>21,375,655</u>	<u>19,794,778</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 25,242,757</u>	<u>\$ 24,398,197</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, 2021 and 2020**

	2021	2020
<b>Operating Revenues and Expenses</b>		
Operating revenues	\$ 10,030,725	\$ 8,472,964
Operating expenses:		
Cost of sales	4,163,163	3,375,519
General operating expenses	4,174,322	4,244,431
Net operating income prior to depreciation and amortization	<u>1,693,240</u>	853,014
Depreciation expense	359,993	299,733
Amortization expense	108,212	208,831
Total operating expenses	<u>8,805,690</u>	8,128,514
<b>Net Operating Income</b>	<b>1,225,035</b>	<b>344,450</b>
<b>Nonoperating Income (Expenses)</b>		
Interest and fees on debt	(19,713)	(24,430)
Gain on disposal of property and equipment	16,633	-
<b>Net Nonoperating Expenses</b>	<u>(3,080)</u>	(24,430)
<b>Net Operating Transfers (Note 1)</b>	<u>358,922</u>	1,408,941
<b>Change in Net Position</b>	<b>1,580,877</b>	<b>1,728,961</b>
<b>Net Position</b>		
Beginning of year	19,794,778	18,065,817
End of year	<u>\$ 21,375,655</u>	<u>\$ 19,794,778</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, 2021 and 2020

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Received from customers	\$ 11,635,772	\$ 6,677,008
Payments to vendors and suppliers	(9,338,601)	(6,931,909)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>2,297,171</b>	<b>(254,901)</b>
<b>Cash Flows from Capital Financing and Related Financing Activities</b>		
Purchases of property and equipment - golf course	(97,745)	(323,506)
Payments on lease liabilities - golf course	(121,178)	(200,865)
Proceeds from line of credit - golf course	-	86,168
Payments on line of credit - golf course	(46,168)	(176,334)
Interest paid on debt	(19,713)	(24,430)
<b>Net Cash Used in Capital Financing and Related Financing Activities</b>	<b>(284,804)</b>	<b>(638,967)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating transfers	358,922	1,408,941
<b>Net Cash Provided by in Noncapital Financing Activities</b>	<b>358,922</b>	<b>1,408,941</b>
<b>Net Increase in Cash</b>	<b>2,371,289</b>	<b>515,073</b>
<b>Cash</b>		
Beginning of year	1,911,643	1,396,570
End of year	<u>\$ 4,282,932</u>	<u>\$ 1,911,643</u>
<b>Reconciliation of Net Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
Net operating income	\$ 1,225,035	\$ 344,450
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization	468,205	508,564
(Increase) decrease in:		
Accounts receivable	1,554,614	(1,883,263)
Taxes receivable	3,940	(3,298)
Inventory - golf course	(28,142)	(34,982)
Prepaid expenses	83,567	(150,812)
Other assets	(82,350)	32,750
Increase (decrease) in:		
Accounts payable	(973,648)	840,969
Funds held for others	(543)	116
Unearned revenue	46,493	90,605
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 2,297,171</b>	<b>\$ (254,901)</b>
<b>Supplemental Disclosures of Noncash Activities</b>		
Net capital lease activity	\$ 358,726	\$ 52,677
<b>Net Noncash Capital and Financing Activities</b>	<b>\$ 358,726</b>	<b>\$ 52,677</b>

See Notes to Consolidated Financial Statements.



## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Notes to Consolidated Financial Statements  
For the years ended June 30, 2021 and 2020

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**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 conduct 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 Corporation includes managing lease activity for the University's Prague Institute.

**NC State University Partnership Corporation and Affiliates**

**Notes to Consolidated Financial Statements  
For the years ended June 30, 2021 and 2020**

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**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 Corporation and its subsidiary LLCs' checking and money market accounts was \$4,361,133 and \$1,892,693 at June 30, 2021 and 2020, respectively. The Corporation's uninsured and uncollateralized bank balances that were exposed to custodial credit risk were \$3,363,072 and \$702,375 as of June 30, 2021 and 2020, respectively.

Accounts receivable: Accounts receivable primarily consists of amounts due in relation to University dining commissions due to Centennial Development, LLC, revenue 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, 2021 and 2020; 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 LINC, LLC inventory.

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, 2021 and 2020. At June 30, 2021, approximately \$27,000 was owed to vendors and approximately \$42,000 was owed to the University. At June 30, 2020, approximately \$178,000 was owed to vendors and approximately \$868,000 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.

## NC State University Partnership Corporation and Affiliates

### Notes to Consolidated Financial Statements For the years ended June 30, 2021 and 2020

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#### 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.

Net operating transfers: Net operating transfers included support provided to and from affiliated entities and the University. The Corporation received net support of approximately \$359,000 and \$1.41 million from affiliated entities and the University during the years ended June 30, 2021 and 2020, respectively.

Revenue recognition: LINC, LLC recognizes revenue when product is complete and shipped or ownership otherwise transfers to the customer. 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 fiscal years 2021 and 2020. 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, 2021 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 2017.

**NC State University Partnership Corporation and Affiliates**

**Notes to Consolidated Financial Statements  
For the years ended June 30, 2021 and 2020**

**Note 1. Nature of Activities (continued)**

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

**Note 2. Property and Equipment**

A summary of changes in property and equipment for the years ended June 30, 2021 and 2020 is as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Property and equipment, nondepreciable:	\$ 9,762,486	\$ -	\$ -	\$ 9,762,486
Property and equipment, depreciable:				
Modern Greens	512,319	-	-	512,319
Land improvements	414,130	-	-	414,130
Buildings and fixtures	8,158,617	-	-	8,158,617
Equipment	395,719	97,746	-	493,465
Leased equipment	707,307	436,604	413,400	730,511
Total property and equipment, depreciable	10,188,092	534,350	413,400	10,309,042
Less accumulated depreciation/amortization for:				
Modern Greens	392,780	34,155	-	426,935
Land improvements	103,880	27,609	-	131,489
Buildings and fixtures	1,654,034	220,561	-	1,874,595
Equipment	119,228	77,669	-	196,897
Leased equipment	532,113	108,212	352,156	288,169
Total accumulated depreciation/amortization	2,802,035	468,206	352,156	2,918,085
Total property and equipment, depreciable, net	7,386,057	66,144	61,244	7,390,957
Property and equipment, net	\$ 17,148,543	\$ 66,144	\$ 61,244	\$ 17,153,443

	Balance July 1, 2019	Reclassification	Increases	Decreases	Balance 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

**NC State University Partnership Corporation and Affiliates**

**Notes to Consolidated Financial Statements  
For the years ended June 30, 2021 and 2020**

**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 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.

Future rentals on the non-cancellable ground lease are as follows:

Years ending June 30:	
2022	\$ 68,640
2023	68,640
2024	80,080
2025	91,520
2026	91,520
Thereafter	6,285,159
Total	<u>\$ 6,685,559</u>

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, 2021 is presented as follows:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Capital lease obligations	\$ 196,456	\$ 436,604	\$ 199,056	\$ 434,004	\$ 114,643
Funds held for others	58,878	58,336	58,878	58,336	58,336
Notes payable	2,785,750	-	-	2,785,750	-
Total long-term liabilities	<u>\$ 3,041,084</u>	<u>\$ 494,940</u>	<u>\$ 257,934</u>	<u>\$ 3,278,090</u>	<u>\$ 172,979</u>

**NC State University Partnership Corporation and Affiliates**

**Notes to Consolidated Financial Statements  
For the years ended June 30, 2021 and 2020**

**Note 4. Long-Term Liabilities (continued)**

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

	Balance			Balance	
	June 30, 2019	Increases	Decreases	June 30, 2020	Current 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

**Note 5. Operating Leases**

During fiscal years 2021 and 2020, Centennial Development, LLC had operating leases for golf carts and maintenance equipment with total payments of approximately \$56,000 and \$4,000, respectively. During fiscal years 2021 and 2020, LINC, LLC had an operating lease for warehouse space with total payments of approximately \$88,000 and \$87,000, respectively. Future minimum lease payments at June 30, 2021 under the noncancelable operating leases are approximately \$172,000 for fiscal year 2022, \$90,000 for fiscal year 2023, \$90,000 for fiscal year 2024 and \$34,000 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 \$730,511 and \$707,307 as of June 30, 2021 and 2020, 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 \$288,169 and \$532,113 as of June 30, 2021 and 2020, respectively.

Future minimum lease payments, gross of taxes, under capital leases at June 30, 2021 are as follows:

Years ending June 30:	
2022	\$ 132,986
2023	121,774
2024	120,573
2025	98,413
Total minimum payments	<u>473,746</u>
Imputed interest	(39,742)
Present value of net minimum lease payments	<u>\$ 434,004</u>

**Note 7. Funds Held for Others**

As of June 30, 2021 and 2020, Bell Tower Holdings, LLC had \$58,336 and \$58,878, 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-ended 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 as of June 30, 2020 and was paid off at June 30, 2021.

**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. The promissory note is non-interest bearing and 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, 2021 and 2020, 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. LLC 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 in a negative fashion. However, the impact of COVID-19 remains uncertain and may vary from management's expectations as of August 13, 2021, 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 13, 2021, 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, 2021

	Leaders in Innovation and Nonwovens Commercialization, LLC	NC State University Centennial Development, LLC	NC State Upfit, LLC	Bell Tower Holdings, LLC
<b>Assets</b>				
Current assets				
Cash	\$ 3,096,822	\$ 559,939	\$ 1,120	\$ 51,532
Accounts receivable	398,250	-	-	-
Taxes receivable	1,625	19,404	-	-
Inventory - golf course	-	194,803	-	-
Prepaid expenses	7,081	8,828	-	-
Other assets	82,350	-	-	-
<b>Total current assets</b>	<b>3,586,128</b>	<b>782,974</b>	<b>1,120</b>	<b>51,532</b>
Noncurrent assets				
Land	-	-	-	2,792,554
Property and equipment, net	274,703	16,878,740	-	-
<b>Total noncurrent assets</b>	<b>274,703</b>	<b>16,878,740</b>	<b>-</b>	<b>2,792,554</b>
<b>Total Assets</b>	<b>\$ 3,860,831</b>	<b>\$ 17,661,714</b>	<b>\$ 1,120</b>	<b>\$ 2,844,086</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 23,798	\$ 52,147	\$ -	\$ -
Current installments of capital lease obligations	-	114,643	-	-
Funds held for others	-	-	-	58,336
Line of credit	-	-	-	-
Unearned revenue	-	454,212	-	-
<b>Total current liabilities</b>	<b>23,798</b>	<b>621,002</b>	<b>-</b>	<b>58,336</b>
Long-term liabilities				
Capital lease obligations, less current installments	-	319,361	-	-
Notes payable	-	-	-	2,785,750
<b>Total long-term liabilities</b>	<b>-</b>	<b>319,361</b>	<b>-</b>	<b>2,785,750</b>
<b>Total Liabilities</b>	<b>23,798</b>	<b>940,363</b>	<b>-</b>	<b>2,844,086</b>
<b>Net Position</b>				
Net investment in capital assets	274,703	16,444,736	-	-
Restricted net position, expendable	-	-	-	-
Unrestricted net position	3,562,330	276,615	1,120	-
<b>Total Net Position</b>	<b>3,837,033</b>	<b>16,721,351</b>	<b>1,120</b>	<b>-</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 3,860,831</b>	<b>\$ 17,661,714</b>	<b>\$ 1,120</b>	<b>\$ 2,844,086</b>

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
\$ 22,555	\$ 378,111	\$ 67,734	\$ 59,113	\$ -	\$ 46,006	\$ 4,282,932
-	46,608	-	33,766	-	-	478,624
-	-	1,903	-	-	-	22,932
-	-	-	-	-	-	194,803
-	-	-	-	-	219,210	235,119
-	-	-	-	-	-	82,350
22,555	424,719	69,637	92,879	-	265,216	5,296,760
-	-	-	-	-	-	2,792,554
-	-	-	-	-	-	17,153,443
-	-	-	-	-	-	19,945,997
\$ 22,555	\$ 424,719	\$ 69,637	\$ 92,879	\$ -	\$ 265,216	\$ 25,242,757
\$ -	\$ -	\$ 170	\$ -	\$ -	\$ 310	\$ 76,425
-	-	-	-	-	-	114,643
-	-	-	-	-	-	58,336
-	-	-	-	-	-	-
-	-	58,375	-	-	-	512,587
-	-	58,545	-	-	310	761,991
-	-	-	-	-	-	319,361
-	-	-	-	-	-	2,785,750
-	-	-	-	-	-	3,105,111
-	-	58,545	-	-	310	3,867,102
-	-	-	-	-	-	16,719,439
-	-	-	-	-	217,608	217,608
22,555	424,719	11,092	92,879	-	47,298	4,438,608
22,555	424,719	11,092	92,879	-	264,906	21,375,655
\$ 22,555	\$ 424,719	\$ 69,637	\$ 92,879	\$ -	\$ 265,216	\$ 25,242,757

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
<b>Assets</b>				
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	-	-	-	-
<b>Total current assets</b>	<b>3,003,019</b>	<b>377,921</b>	<b>1,318</b>	<b>52,074</b>
Noncurrent assets				
Land	-	-	-	2,792,554
Property and equipment, net	240,084	16,908,459	-	-
<b>Total noncurrent assets</b>	<b>240,084</b>	<b>16,908,459</b>	<b>-</b>	<b>2,792,554</b>
<b>Total Assets</b>	<b>\$ 3,243,103</b>	<b>\$ 17,286,380</b>	<b>\$ 1,318</b>	<b>\$ 2,844,628</b>
<b>Liabilities</b>				
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	-	-
<b>Total current liabilities</b>	<b>891,235</b>	<b>726,869</b>	<b>-</b>	<b>58,878</b>
Long-term liabilities				
Capital lease obligations, less current installments	-	57,993	-	-
Notes payable	-	-	-	2,785,750
<b>Total long-term liabilities</b>	<b>-</b>	<b>57,993</b>	<b>-</b>	<b>2,785,750</b>
<b>Total Liabilities</b>	<b>891,235</b>	<b>784,862</b>	<b>-</b>	<b>2,844,628</b>
<b>Net Position</b>				
Net investment in capital assets	240,084	16,712,003	-	-
Restricted net position, expendable	-	-	-	-
Unrestricted net position	2,111,784	(210,485)	1,318	-
<b>Total Net Position</b>	<b>2,351,868</b>	<b>16,501,518</b>	<b>1,318</b>	<b>-</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 3,243,103</b>	<b>\$ 17,286,380</b>	<b>\$ 1,318</b>	<b>\$ 2,844,628</b>

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 Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2021**

	Leaders in Innovation and Nonwovens Commercialization, LLC	NC State University Centennial Development, LLC	NC State Upfit, LLC	Bell Tower Holdings, LLC
<b>Operating Revenues and Expenses:</b>				
Operating revenues:				
Contracted services revenue	\$ 6,650,421	\$ -	\$ -	-
Membership fees	-	-	-	-
Merchandise sales	-	446,270	-	-
Greens fees income	-	1,734,915	-	-
Golf cart income	-	251,856	-	-
Food and beverage sales	-	3,365	-	-
Rental income	-	-	-	68,640
Other operating revenue	2,876	222,174	2	96
<b>Total operating revenues</b>	<b>6,653,297</b>	<b>2,658,580</b>	<b>2</b>	<b>68,736</b>
Operating expenses:				
Cost of sales	3,851,421	311,742	-	-
General operating expenses:				
Marketing expense	-	6,327	-	-
Contracted services expense	140,580	496,862	-	-
General and administrative expense	250,332	165,177	-	9,000
Clubhouse expense	-	357,929	-	-
Repairs and maintenance expense	7,143	184,906	-	-
Rental expense	91,721	81,705	-	-
Supplies expense	100	-	-	-
Utilities expense	3,100	-	-	-
Insurance expense	19,393	42,151	-	1,200
Royalties	475,350	-	-	-
Membership expenses	-	-	-	-
Other current services	66,004	547,709	200	200
<b>Total general operating expenses</b>	<b>1,053,723</b>	<b>1,882,766</b>	<b>200</b>	<b>10,400</b>
Net operating income (loss) prior to depreciation and amortization	1,748,153	464,072	(198)	58,336
Depreciation expense	63,127	296,866	-	-
Amortization expense	-	108,212	-	-
<b>Net operating expenses</b>	<b>4,968,271</b>	<b>2,599,586</b>	<b>200</b>	<b>10,400</b>
<b>Net Operating Income (Loss)</b>	<b>1,685,026</b>	<b>58,994</b>	<b>(198)</b>	<b>58,336</b>
<b>Nonoperating Income (Expenses)</b>				
Interest and fees on debt	-	(19,713)	-	-
Gain on disposal of property and equipment	-	16,633	-	-
<b>Net Nonoperating Expenses</b>	<b>-</b>	<b>(3,080)</b>	<b>-</b>	<b>-</b>
<b>Operating Transfers In (Out)</b>	<b>(199,861)</b>	<b>163,919</b>	<b>-</b>	<b>(58,336)</b>
<b>Change in Net Position</b>	<b>1,485,165</b>	<b>219,833</b>	<b>(198)</b>	<b>-</b>
<b>Net Position</b>				
Beginning of year	2,351,868	16,501,518	1,318	-
End of year	\$ 3,837,033	\$ 16,721,351	\$ 1,120	\$ -

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,650,421
-	-	169,050	-	-	-	169,050
-	-	-	-	-	-	446,270
-	-	-	-	-	-	1,734,915
-	-	-	-	-	-	251,856
-	-	-	-	-	-	3,365
-	279,650	-	-	-	-	348,290
32	323	194	199,741	-	1,120	426,558
32	279,973	169,244	199,741	-	1,120	10,030,725
-	-	-	-	-	-	4,163,163
-	-	-	-	-	-	6,327
-	-	241,926	-	-	-	879,368
1,500	16,000	19,067	16,000	16,000	17,120	510,196
-	-	-	-	-	-	357,929
-	-	-	-	-	77	192,126
-	-	-	268,453	-	583,298	1,025,177
-	-	-	-	-	-	100
-	-	-	-	-	26,763	29,863
425	1,200	1,200	1,200	1,200	5,600	73,569
-	-	-	-	-	-	475,350
-	-	5,873	-	-	-	5,873
200	200	3,531	200	200	-	618,444
2,125	17,400	271,597	285,853	17,400	632,858	4,174,322
(2,093)	262,573	(102,353)	(86,112)	(17,400)	(631,738)	1,693,240
-	-	-	-	-	-	359,993
-	-	-	-	-	-	108,212
2,125	17,400	271,597	285,853	17,400	632,858	8,805,690
(2,093)	262,573	(102,353)	(86,112)	(17,400)	(631,738)	1,225,035
-	-	-	-	-	-	(19,713)
-	-	-	-	-	-	16,633
-	-	-	-	-	-	(3,080)
-	(24,900)	-	-	24,900	453,200	358,922
(2,093)	237,673	(102,353)	(86,112)	7,500	(178,538)	1,580,877
24,648	187,046	113,445	178,991	(7,500)	443,444	19,794,778
\$ 22,555	\$ 424,719	\$ 11,092	\$ 92,879	\$ -	\$ 264,906	\$ 21,375,655

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
<b>Operating Revenues and Expenses:</b>				
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
<b>Total operating revenues</b>	<b>5,350,914</b>	<b>2,346,866</b>	<b>6</b>	<b>68,988</b>
Operating expenses:				
Cost of sales	3,126,021	249,498	-	-
General operating expenses:				
Marketing expense	-	23,717	-	-
Contracted services expense	71,902	482,064	-	-
General and administrative expense	130,563	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	392,707	-	-	-
Membership expenses	-	-	-	-
Other current services	77,455	643,701	200	200
<b>Total general operating expenses</b>	<b>1,150,964</b>	<b>1,955,906</b>	<b>200</b>	<b>10,110</b>
Net operating income (loss) prior to depreciation and amortization	1,073,929	141,462	(194)	58,878
Depreciation expense	26,676	273,057	-	-
Amortization expense	-	208,831	-	-
<b>Net operating expenses</b>	<b>4,303,661</b>	<b>2,687,292</b>	<b>200</b>	<b>10,110</b>
<b>Net Operating Income (Loss)</b>	<b>1,047,253</b>	<b>(340,426)</b>	<b>(194)</b>	<b>58,878</b>
<b>Nonoperating Expenses</b>				
Interest and fees on debt	-	(24,430)	-	-
<b>Total Nonoperating Expenses</b>	<b>-</b>	<b>(24,430)</b>	<b>-</b>	<b>-</b>
<b>Operating Transfers In (Out)</b>	<b>421,360</b>	<b>215,459</b>	<b>-</b>	<b>(58,878)</b>
<b>Change in Net Position</b>	<b>1,468,613</b>	<b>(149,397)</b>	<b>(194)</b>	<b>-</b>
<b>Net Position</b>				
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
-	-	-	-	-	-	3,375,519
-	-	-	-	-	-	23,717
-	-	237,510	-	-	-	791,476
1,500	8,500	23,208	15,000	18,584	33,196	436,865
-	-	-	-	-	-	299,819
-	-	-	-	-	-	318,339
-	-	-	-	-	739,013	993,674
-	-	-	-	-	-	162,475
-	-	-	-	-	12,772	15,063
325	910	910	910	-	5,161	58,988
-	-	-	-	-	-	392,707
-	-	24,839	-	-	-	24,839
200	200	4,113	200	200	-	726,469
2,025	9,610	290,580	16,110	18,784	790,142	4,244,431
(1,913)	270,448	(90,986)	149,310	(18,784)	(729,136)	853,014
-	-	-	-	-	-	299,733
-	-	-	-	-	-	208,831
2,025	9,610	290,580	16,110	18,784	790,142	8,128,514
(1,913)	270,448	(90,986)	149,310	(18,784)	(729,136)	344,450
-	-	-	-	-	-	(24,430)
-	-	-	-	-	-	(24,430)
-	(179,000)	-	(12,700)	11,284	1,011,416	1,408,941
(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



## **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, 2021 and 2020, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 13, 2021.

**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) as a basis for designing 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. 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 consolidated financial statements. 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 Dverman Pierce, LLP*

Greensboro, North Carolina

August 13, 2021