

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

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2022 and 2021

North Carolina State University Foundation, Inc.
Consolidated Financial Report
For the Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of North Carolina State University Foundation, Inc. as of June 30, 2022 and 2021, and the results of its consolidated operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of North Carolina State University Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Carolina State University Foundation, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audits procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 North Carolina State University Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Carolina State University Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



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 27 through 29, 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 Dverman Pierce, LLP

Greensboro, North Carolina
September 23, 2022

North Carolina State University Foundation, Inc.

Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents (Note 1)	\$ 38,053,463	\$ 43,083,765
Cash and cash equivalents - NC State Executive Education, LLC (Notes 1 and 13)	645,405	396,218
Intermediate investments (Note 1)	20,803,562	12,496,122
Long-term investments (Notes 1 and 3)	586,281,926	580,744,189
Pledges receivable, net (Notes 1 and 7)	23,249,091	22,675,918
Receivable - charitable lead trusts (Note 1)	859,961	1,253,943
Annuity contract (Notes 1 and 4)	698,071	952,809
Donated property and land (Note 1)	2,301,950	3,936,654
University Club, net of accumulated depreciation of \$3,377,954 and \$3,167,838 at June 30, 2022 and 2021 respectively (Note 1)	5,645,981	5,856,098
NC State Executive Education, LLC accounts receivable and prepaid expenses (Note 13)	280,418	108,625
Other assets (Note 1)	301,194	312,677
Total Assets	\$ 679,121,022	\$ 671,817,018
Liabilities and Net Assets		
Liabilities		
Accounts payable - North Carolina State University (Note 1)	\$ 239,850	\$ 151,685
Accounts payable (Note 1)	483,525	155,186
Due to others (Note 1)	233,977	267,196
Life income funds payable (Note 6)	4,425,612	4,859,634
Deferred revenue (Note 1)	6,000	12,000
Agency funds held in custody for others (Note 9)	88,075	88,075
NC State Executive Education, LLC payables and deferred revenue (Note 13)	135,242	108,966
Total Liabilities	5,612,281	5,642,742
Net Assets		
Without donor restrictions:		
Undesignated	1,196,086	2,725,260
Undesignated nonexpendable - University Club	5,645,981	5,856,098
Board-designated endowments (Note 2)	13,845,173	13,860,183
Designated - NC State Executive Education, LLC (Note 13)	790,581	395,877
With donor restrictions:		
Perpetual in nature (Note 10)	347,469,050	334,269,101
Purpose restricted (Note 10)	304,561,870	309,067,757
Total Net Assets	673,508,741	666,174,276
Total Liabilities and Net Assets	\$ 679,121,022	\$ 671,817,018

See notes to consolidated financial statements.

North Carolina State University Foundation, Inc.

Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Income			
Contributions	\$ 36,941	\$ 27,564,626	\$ 27,601,567
Change in pledges receivable, net	-	573,173	573,173
Donated services and salaries (Note 8)	388,000	-	388,000
Loss on disposal of donated property and land	-	(244,250)	(244,250)
Net investment income	(1,234,605)	8,384,404	7,149,799
Change in value of split interest agreements	-	(216,904)	(216,904)
Change in value of charitable lead trusts	-	(393,982)	(393,982)
NC State Executive Education, LLC income (Note 13)	1,297,207	-	1,297,207
Other income	-	6,369,139	6,369,139
Net assets released from restrictions (Note 11)	33,286,029	(33,286,029)	-
Total Revenues, Gains, and Other Income	33,773,572	8,750,177	42,523,749
Grants to Support the University			
Program:			
Scholarships and fellowships	10,821,831	-	10,821,831
Faculty support	7,179,848	-	7,179,848
Departmental support	4,857,297	-	4,857,297
Capital support	1,554,697	-	1,554,697
NC State Executive Education, LLC expenses (Note 13)	902,503	-	902,503
Total Program Support	25,316,176	-	25,316,176
Administrative	277,438	-	277,438
Fundraising	9,244,390	-	9,244,390
Total Other Support	9,521,828	-	9,521,828
Total Support	34,838,004	-	34,838,004
(Deficit) Excess of Revenues, Gains, and Other Income Over Total Support	(1,064,432)	8,750,177	7,685,745
Net Transfers			
To other University-associated entities	-	(351,280)	(351,280)
Among funds	(295,165)	295,165	-
Total Net Transfers	(295,165)	(56,115)	(351,280)
Change in Net Assets	(1,359,597)	8,694,062	7,334,465
Net Assets			
Beginning of year	22,837,418	643,336,858	666,174,276
End of year	\$ 21,477,821	\$ 652,030,920	\$ 673,508,741

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	6,705,428	148,697,794	155,403,222
Change in value of split interest agreements	-	(815,178)	(815,178)
Change in value of charitable lead trusts	-	(385,697)	(385,697)
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 Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets:	\$ 7,334,465	\$ 202,080,728
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	210,976	211,560
Donated property and land	-	(1,140,304)
Loss on disposal of donated property and land	244,250	305,434
Net investment income	(7,149,799)	(155,403,222)
Investment income restricted for split interest agreements	(236,728)	(191,911)
Change in value of split interest agreements	218,112	793,427
Change in value of split interest agreements due to others	(1,208)	21,751
Contributions restricted for permanent endowment	(14,938,499)	(39,288,106)
Decrease (increase) in:		
Pledges receivable, net	(573,173)	(7,449,291)
Receivable - charitable lead trusts	393,982	385,697
Receivable from University-associated entities	-	7,580
Annuity contract	254,738	254,737
NC State Executive Education, LLC accounts receivable and prepaid expenses	(171,793)	104,944
Other assets	10,624	(44,815)
Increase (decrease) in:		
Accounts payable - North Carolina State University	88,165	(7,603)
Accounts payable	328,339	75,094
Due to others	(32,011)	28,647
Deferred revenue	(6,000)	9,347
Agency funds held in custody for others	-	(576)
NC State Executive Education, LLC payables and deferred revenue	26,276	(219,327)
Net Cash (Used in) Provided by Operating Activities	<u>(13,999,284)</u>	<u>533,791</u>
Cash Flows From Investing Activities		
Proceeds from sales of investments	19,977,488	18,545,054
Purchases of investments	(26,672,866)	(48,252,490)
Proceeds from sales of donated property and land	1,390,454	184,566
Net Cash Used in Investing Activities	<u>(5,304,924)</u>	<u>(29,522,870)</u>
Cash Flows From Financing Activities		
Contributions restricted for permanent endowment	14,938,499	39,288,106
Investment income restricted for split interest agreements	236,728	191,911
Payments on life income fund obligations	(668,128)	(689,567)
Proceeds from life income fund obligations	15,994	-
Net Cash Provided by Financing Activities	<u>14,523,093</u>	<u>38,790,450</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(4,781,115)</u>	<u>9,801,371</u>
Cash and Cash Equivalents:		
Beginning of year	43,479,983	33,678,612
End of year	<u>\$ 38,698,868</u>	<u>\$ 43,479,983</u>
Supplemental Disclosure of Noncash Activities:		
Donated services and salaries	<u>\$ 388,000</u>	<u>\$ 856,000</u>

See notes to consolidated financial statements.

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

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 \$20,803,562 and \$12,496,122 at June 30, 2022 and 2021, respectively. The cost of these investments was \$22,053,403 and \$12,176,410 as of June 30, 2022 and 2021, respectively.

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

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.

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 is valued using the appraisal value on the date of donation. In the absence of an appraisal, the Foundation uses the stated tax value of the property on the date of donation, or a similar measure, for the valuation purposes.

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, 2022 and 2021.

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 \$261,666 and \$279,097 at June 30, 2022 and 2021, 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, 2022 and 2021.

Due to others: Due to others at June 30, 2022 and 2021 included \$233,977 and \$267,196, 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, 2022 and 2021

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 the years ended June 30, 2022 and 2021, 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. 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, 2022 and 2021, 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, 2022 or 2021. 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 2022 and 2021. Therefore, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021

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 Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of June 30, 2022, 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 2018.

Change in accounting principles: In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-07, Not-for-Profit Entities (“Topic 958”): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to improve financial reporting by providing new presentation and disclosure requirements regarding nonfinancial assets for nonprofits, including additional disclosure requirements for recognized contributed services. The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments did not change the recognition and measurement requirements in Accounting Standards Codification (“ASC”) Subtopic 958-605 for those assets. The provisions of the ASU became effective for the Foundation on July 1, 2021. 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, 2022.

Reclassifications: Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation with no effect on previously reported net assets.

Note 2. Endowment

The Foundation’s endowment consists of approximately 870 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.

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.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 2. Endowment (continued)

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 (\$160,313) and (\$1,594) as of June 30, 2022 and 2021, 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 \$14,179,000 and \$15,188,520 for fiscal years 2022 and 2023, 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.

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.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021**

Note 2. Endowment (continued)

The following represents changes in endowment net assets for the fiscal year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 14,024,034	\$ 575,337,056	\$ 589,361,090
Total investment return	706,203	7,907,272	8,613,475
Contributions, including change in accrued pledges and other income	216	12,217,162	12,217,378
Appropriations of endowment assets for expenditure	(723,860)	(19,728,854)	(20,452,714)
Change in value of split interest agreements and charitable lead trust	-	(610,886)	(610,886)
Other changes:			
Transfers	-	1,766,458	1,766,458
Endowment net assets, end of year	<u>\$ 14,006,593</u>	<u>\$ 576,888,208</u>	<u>\$ 590,894,801</u>

The following represents endowment net asset composition by type of fund, as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 13,845,173	\$ -	\$ 13,845,173
Donor-designated endowment funds:			
Corpus	-	347,469,050	347,469,050
Appreciation	161,420	229,579,471	229,740,891
Underwater endowments	-	(160,313)	(160,313)
Total funds	<u>\$ 14,006,593</u>	<u>\$ 576,888,208</u>	<u>\$ 590,894,801</u>

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>

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

Note 2. Endowment (continued)

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>

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:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
STIF	\$ 174,206	\$ 174,206	\$ 1,175,956	\$ 1,175,956
NC State Investment Fund, Inc. Long-Term Investment Pool (LTIP)	261,019,667	516,304,535	250,844,755	501,661,885
SRI Fund	55,341,577	65,182,245	51,533,497	71,929,103
Life Income Funds	4,607,917	4,620,940	4,930,146	5,977,245
	<u>\$321,143,367</u>	<u>\$ 586,281,926</u>	<u>\$308,484,354</u>	<u>\$580,744,189</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, 2022 and 2021**

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:

	2022			
	Level 1	Level 2	Level 3	Total Fair Value
STIF	\$ 174,206	\$ -	\$ -	\$ 174,206
Municipal Bonds	-	1,547,410	-	1,547,410
NC State Investment Fund, Inc. Intermediate Term Fund (ITF)	-	-	19,256,152	19,256,152
NC State Investment Fund, Inc. Long-Term Investment Pool (LTIP)	-	-	516,304,535	516,304,535
SRI Fund	-	-	65,182,245	65,182,245
Life Income Funds	-	4,620,940	-	4,620,940
Annuity Contract	-	-	698,071	698,071
Beneficial Interest in Life Insurance Policies	-	-	261,666	261,666
	\$ 174,206	\$ 6,168,350	\$ 601,702,669	\$ 608,045,225

	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

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021**

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:

	2022				
	NC State Investment Fund, Inc. ITF	NC State Investment Fund, Inc. LTIP	SRI Fund	Annuity Contract	Beneficial Interest in Life Insurance Policies
	Beginning balance	\$ 10,719,807	\$ 501,661,885	\$ 71,929,103	\$ 952,809
Transfers	-	244,214	-	-	-
Participant additions	10,000,000	18,841,136	-	-	-
Investment income	86,595	110,834	883,765	-	-
Realized gains	5,466	10,956,216	4,505,766	-	-
Unrealized (loss) gain	(1,340,648)	4,467,739	(10,554,938)	-	(17,431)
Participant withdrawals	(208,436)	(19,283,944)	(1,169,770)	(254,738)	-
Expenses	(6,632)	(693,545)	(411,681)	-	-
Ending balance	\$ 19,256,152	\$ 516,304,535	\$ 65,182,245	\$ 698,071	\$ 261,666

	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
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

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.

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.

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

Note 4. Fair Value Measurement (continued)

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.

The spendable portion of the Foundation’s board-designated endowments is approximately \$13.8 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%. \$685,850 of appropriations from the board-designated endowments and \$8,440 from unrestricted donor-designated endowments will be available within the next 12 months.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021**

Note 5. Financial Assets and Liquidity Resources (continued)

As of June 30, 2022, financial assets available within one year for general expenditure, such as administrative and fundraising expenses, were as follows:

Total assets, less nonfinancial assets	\$ 671,157,298
Less those unavailable for general expenditures within one year, due to:	
Donor imposed restrictions:	
Restricted by donor in perpetuity	(347,192,100)
Subject to appropriation and satisfaction of donor restrictions	(301,832,163)
Board-designated endowments	(13,159,323)
Designated - NC State Executive Education, LLC	(790,581)
Total liabilities	<u>(5,612,281)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,570,850</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, 2022 and 2021 have asset balances of \$4,620,940 and \$5,977,245, 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 \$4,425,612 and \$4,859,634 at June 30, 2022 and 2021, respectively. Payments from these funds were \$668,128 and \$689,567 during the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the CGA reserve balance was \$8,010 and \$5,137, respectively.

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

Note 7. Pledges Receivable

Pledges receivable consisted of the following at June 30:

	2022	2021
Receivable in less than one year	\$ 8,583,414	\$ 8,276,308
Receivable in one to five years	15,977,527	14,640,197
Receivable in greater than five years	2,128,750	1,232,611
Total gross pledges receivable	26,689,691	24,149,116
Less allowance for uncollectible pledges	(1,335,000)	(1,208,000)
Less unamortized discount (discount rates of .07% to 3.21%)	(2,105,600)	(265,198)
Pledges receivable, net	\$ 23,249,091	\$ 22,675,918

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 and long-term pledges receivable are reviewed twice yearly by the Advancement Services office in order to determine if it is appropriate to allow for or write off such pledges.

Two donors represented approximately \$10.6 million of total undiscounted pledges receivable at June 30, 2022. One donor represented approximately \$5.9 million of total undiscounted pledges receivable at June 30, 2021.

Note 8. Donated Salaries and Services

For the years ended June 30, 2022 and 2021, salaries and benefits paid by the University for college development personnel in the amount of \$262,000 and \$374,000, respectively, have been recorded as donated salaries. The University Finance Division provides services to support the Foundation; the difference between the fair market value of services rendered and fees paid have been recorded as donated services. For the years ended June 30, 2022 and 2021, donated services amounted to \$126,000 and \$482,000, respectively.

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, 2022 and 2021, and are for Kappa Sigma, Sigma Alpha Epsilon, Chi Psi, Delta Gamma, and Lambda Chi Alpha.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021**

Note 10. Net Assets With Donor Restriction

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

	2022	2021
Subject to expenditure for specified purpose:		
Scholarships and fellowships	\$ 18,554,039	\$ 15,532,114
Faculty support	3,938,086	5,001,120
Library support	2,225,167	1,944,929
Research support	1,522,197	1,198,084
Performance and Retention Fund	15,983	1,548,219
Student Emergency Fund	903,328	861,496
Pledges receivable	15,926,097	12,618,592
Other	31,910,636	29,159,586
	74,995,533	67,864,140
Subject to passage of time:		
Beneficial interest in life insurance policies	261,666	279,097
Assets held under split-interest agreements, net	821,312	2,104,358
Annuity contract	698,071	952,809
	1,781,049	3,336,264
Endowments:		
Subject to Foundation endowment spending policy and appropriation:		
Scholarships and fellowships	431,670,090	429,921,722
Faculty support and professorships	1,137,143	1,017,719
Library support	19,055,702	18,790,321
Research support	735,730	1,246,226
Pledges receivable	7,322,994	10,057,326
Other	115,332,679	111,103,140
	575,254,338	572,136,454
Total Net Assets With Donor Restrictions	\$ 652,030,920	\$ 643,336,858

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, 2022 and 2021**

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:

	<u>2022</u>		<u>2021</u>
Scholarships and fellowships	\$ 10,821,831	\$	8,625,557
Faculty support	7,179,848		4,459,061
Departmental support	4,479,130		5,546,239
Capital support	1,554,697		3,167,497
Administrative and fundraising	9,250,523		6,109,102
	<u>\$ 33,286,029</u>	\$	<u>27,907,456</u>

Note 12. Description of Leasing Arrangements

The Foundation had operating leases with total payments for the years ended June 30, 2022 and 2021 of \$24,790 and \$24,828, respectively. Future minimum rental payments under the non-cancelable operating leases are as follows at June 30, 2022:

Years ending June 30:	
2023	\$ 20,291
2024	7,146
Minimum lease payments	<u>\$ 27,437</u>

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021

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>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 645,405	\$ 396,218
Accounts receivable	273,416	87,600
Prepaid expenses	7,002	21,025
Total Assets	\$ 925,823	\$ 504,843
Liabilities and Net Assets		
Liabilities		
Accounts payable - North Carolina State University	\$ 6,491	\$ 609
Other payables	47,646	51,357
Deferred revenue	81,105	57,000
Total Liabilities	135,242	108,966
Net Assets		
Unrestricted	790,581	395,877
Total Net Assets	790,581	395,877
Total Liabilities and Net Assets	\$ 925,823	\$ 504,843

North Carolina State University Foundation, Inc.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021

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:

	<u>2022</u>	<u>2021</u>
Revenues, Gains, and Other Income		
Program revenue	\$ 1,296,603	\$ 1,115,043
Interest and dividends	604	148
Total Revenues, Gains, and Other Income	<u>1,297,207</u>	<u>1,115,191</u>
Expenses		
Program:		
Salaries & benefits	330,678	178,189
Contract labor	363,276	405,625
Other program expenses	196,666	134,836
Transfers to University departments	11,883	4,259
Total Expenses	<u>902,503</u>	<u>722,909</u>
Change in Net Assets	394,704	392,282
Net Assets		
Beginning of year	395,877	3,595
End of year	<u>\$ 790,581</u>	<u>\$ 395,877</u>

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021**

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, 2022 were as follows:

	Total Program Support	Supporting Activities		Total Support
		Administrative Support	Fundraising Support	
Grants	\$ 18,459,038	\$ -	\$ 2,194,070	\$ 20,653,108
Legal	18,253	27,438	7,209	52,900
Accounting	151,000	124,000	-	275,000
Advertising	524,875	-	217,086	741,961
Office Expenses	88,455	-	229,873	318,328
Occupancy	95,867	-	3,613	99,480
Travel	377,709	-	178,850	556,559
Conferences and Meetings	167,943	-	96,498	264,441
Depreciation	210,976	-	-	210,976
Insurance	199,639	-	3,572	203,211
Departmental Equipment	318,738	-	93,406	412,144
Equipment Rental and Maintenance	578,668	-	179,787	758,455
Contracted Services	812,191	-	2,474,734	3,286,925
Miscellaneous Services and Fees	1,013,377	-	1,952,151	2,965,528
Donated Services and Salaries	-	126,000	262,000	388,000
Gift Assessment Fees	21,178	-	-	21,178
Printing and Binding	148,929	-	589,145	738,074
Dues and Subscriptions	70,933	-	560,398	631,331
Supplies	503,710	-	201,998	705,708
Capital Transfers	1,554,697	-	-	1,554,697
Total	<u>\$ 25,316,176</u>	<u>\$ 277,438</u>	<u>\$ 9,244,390</u>	<u>\$ 34,838,004</u>

Grants include scholarships, fellowships and salary support. Contracted Services include consulting services, media services, and maintenance agreements. Miscellaneous Services and Fees include 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, 2022 and 2021**

Note 14. Functional Expense (continued)

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
Equipment Rental and Maintenance	303,066	-	108,211	411,277
Contracted Services	687,647	-	783,757	1,471,404
Miscellaneous Services and Fees	3,749,019	-	1,296,140	5,045,159
Donated Services and Salaries	-	482,000	374,000	856,000
Gift Assessment Fees	73,855	-	-	73,855
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 annual giving appeals, campaign strategy work and COVID athletic support.

North Carolina State University Foundation, Inc.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021**

Note 15. Subsequent Events

The Foundation has evaluated subsequent events through September 23, 2022, 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, 2022

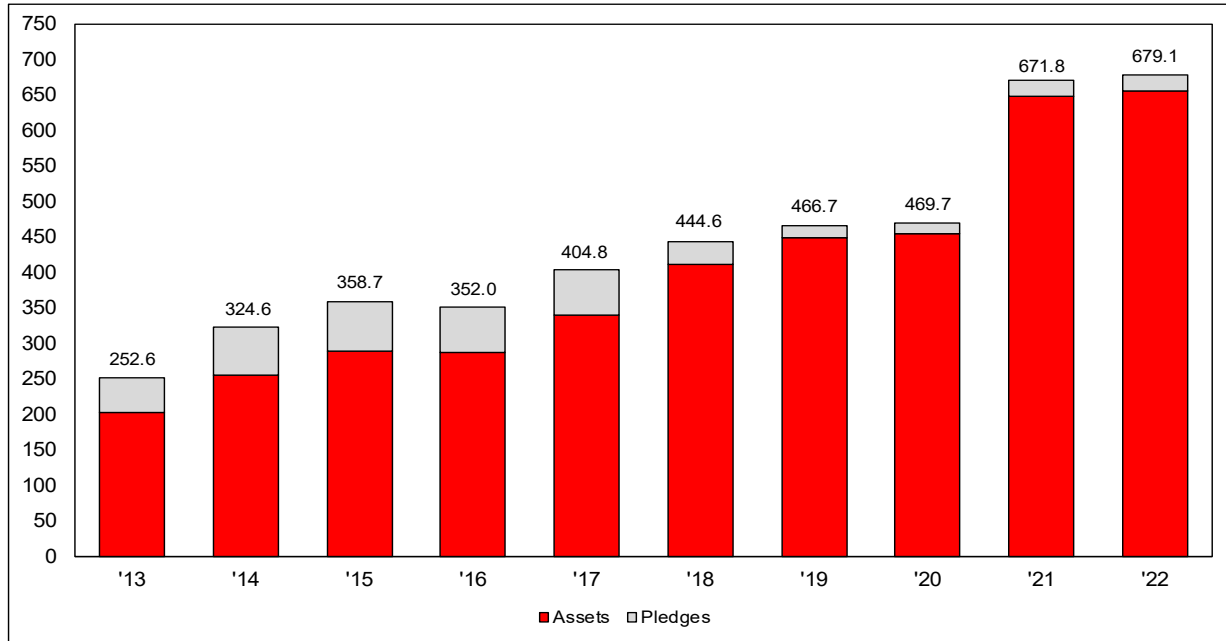
	Budget	Actual	Over (Under) Variance
Income			
Endowment spending budget	\$ 613,570	\$ 613,570	\$ -
General Fund contributions	500	34,154	33,654
Interest and dividends	310,000	326,931	16,931
Total Income	<u>924,070</u>	<u>974,655</u>	<u>50,585</u>
Support			
Program support	661,915	541,422	(120,493)
Foundation administration	268,000	203,853	(64,147)
Total Support	<u>929,915</u>	<u>745,275</u>	<u>(184,640)</u>
Income Less Support	(5,845)	229,380	235,225
Fund Balance			
Beginning of year	\$ 1,403,811	\$ 1,403,811	\$ -
End of year	<u>\$ 1,397,966</u>	<u>\$ 1,633,191</u>	<u>\$ 235,225</u>

North Carolina State University Foundation, Inc.

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

Total Assets

(Dollars in Millions)

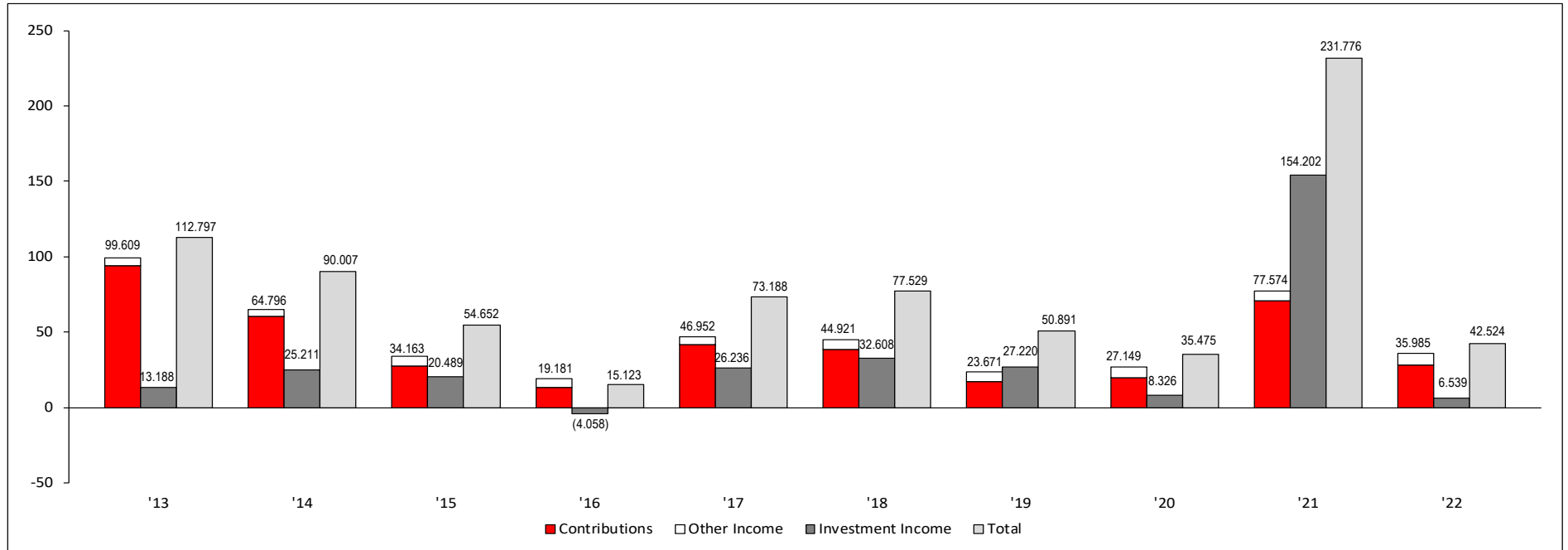


North Carolina State University Foundation, Inc.

**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)

