

**NC STATE UNIVERSITY
PARTNERSHIP CORPORATION
AND AFFILIATES**

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2022 and 2021

**NC State University Partnership Corporation and Affiliates
Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NC State University Partnership Corporation and Affiliates

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits 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 NC State University Partnership Corporation and Affiliates, 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 opinions.

Prior Period Adjustment

As discussed in Note 2 to the consolidated financial statements, during the current year, the Corporation implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. Accordingly, adjustments have been made to recognize the lease receivables, right to use assets, lease obligations, and the deferred lease revenues as of June 30, 2021 and July 1, 2020 for these changes. Our opinion is not modified with respect to this matter.



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 NC State University Partnership Corporation and Affiliates' ability to continue as a going concern for twelve months beyond the consolidated financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NC State University Partnership Corporation and Affiliates' 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 the NC State University Partnership Corporation and Affiliates' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, 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 consolidated 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 23 through 30 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.



The supplementary information has been subjected to the auditing procedures applied in the audit of the 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the 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 19, 2022 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 19, 2022

**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 decreased by 1.8% to \$21.67 million in fiscal year 2022. Net position represents the Corporation's equity, the assets less the liabilities. The major driver behind this change was the decreased operations of the Leaders in Innovation and Nonwovens Commercialization ("LINC"), LLC, which generated a decrease in net position of \$1.10 million.

USING THE FINANCIAL STATEMENTS

The Corporation's consolidated financial statements are used to evaluate the financial position as of June 30, 2022 and June 30, 2021 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, 2022 and 2021. 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 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, 2022 and 2021:

	2022	Restated 2021	(Decrease) / Increase
Assets			
Current assets	\$ 11,198,963	\$ 11,399,458	\$ (200,495)
Noncurrent assets	<u>21,609,280</u>	<u>22,500,507</u>	<u>(891,227)</u>
Total Assets	<u>\$ 32,808,243</u>	<u>\$ 33,899,965</u>	<u>\$ (1,091,722)</u>
Liabilities			
Current liabilities	\$ 6,655,052	\$ 6,724,621	\$ (69,569)
Long-term liabilities	<u>4,487,614</u>	<u>5,106,678</u>	<u>(619,064)</u>
Total Liabilities	<u>11,142,666</u>	<u>11,831,299</u>	<u>(688,633)</u>
Net Position			
Net investment in capital assets	16,527,280	16,519,594	7,686
Restricted net position, expendable	153,312	177,147	(23,835)
Unrestricted net position	<u>4,984,985</u>	<u>5,371,925</u>	<u>(386,940)</u>
Total Net Position	<u>21,665,577</u>	<u>22,068,666</u>	<u>(403,089)</u>
Total Liabilities and Net Position	<u>\$ 32,808,243</u>	<u>\$ 33,899,965</u>	<u>\$ (1,091,722)</u>

Year over year total assets decreased by \$1.09 million primarily due to depreciation and amortization. Total liabilities decreased by \$689,000 primarily due to lease activities.

**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 ended June 30, 2022 and 2021. 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 revenues and 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, 2022 and 2021:

	2022	Restated 2021	(Decrease) / Increase
Operating Revenues and Expenses			
Operating revenues	\$ 5,047,944	\$ 10,165,387	\$ (5,117,443)
Operating expenses:			
Cost of sales	1,425,933	4,163,163	(2,737,230)
General operating expenses	3,417,298	3,605,258	(187,960)
Net operating income prior to depreciation and amortization	204,713	2,396,966	(2,192,253)
Depreciation expense	356,057	359,993	(3,936)
Amortization expense	782,465	801,714	(19,249)
Total operating expenses	5,981,753	8,930,128	(2,948,375)
Net Operating (Loss) Income	(933,809)	1,235,259	(2,169,068)
Nonoperating Income (Expenses)			
Interest and fees on leases and debt	(151,243)	(130,033)	(21,210)
Foreign currency gain (loss)	213,581	(158,217)	371,798
Gain on disposal of property and equipment	-	16,633	(16,633)
Net Nonoperating Income (Expenses)	62,338	(271,617)	333,955
Net Operating Transfers (Note 1)	468,382	358,922	109,460
Change in Net Position	(403,089)	1,322,564	(1,725,653)
Net Position			
Beginning of year	22,068,666	20,746,102	1,322,564
End of year	\$ 21,665,577	\$ 22,068,666	\$ (403,089)

The Corporation saw a \$5.12 million decrease in operating revenues and a \$2.19 million decrease in total operating expenses, both due to the decreased operations of LINC, LLC during fiscal year 2022.

**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, 2022 and 2021 (As Restated)**

	2022	Restated 2021
Assets		
Current assets		
Cash (Note 1)	\$ 3,923,716	\$ 4,282,932
Accounts receivable (Note 1)	658,255	432,016
Leases receivable (Note 1 & 3)	6,236,143	6,197,450
Taxes receivable	27,648	22,932
Inventory - golf course (Note 1)	194,804	194,803
Prepaid expenses (Note 1)	158,397	186,975
Other assets (Note 1)	-	82,350
Total current assets	<u>11,198,963</u>	<u>11,399,458</u>
Noncurrent assets		
Land (Note 4)	2,792,554	2,792,554
Property and equipment, net (Notes 1 & 5)	16,387,799	16,711,101
Right to use assets, net (Note 1 & 6)	2,428,927	2,996,852
Total noncurrent assets	<u>21,609,280</u>	<u>22,500,507</u>
Total Assets	<u>\$ 32,808,243</u>	<u>\$ 33,899,965</u>
Liabilities		
Current liabilities		
Accounts payable (Note 1)	\$ 430,675	\$ 76,425
Current installments of lease obligations (Notes 1 & 7)	587,582	867,431
Funds held for others (Note 1)	58,317	58,336
Unearned revenue (Note 1)	5,578,478	5,722,429
Total current liabilities	<u>6,655,052</u>	<u>6,724,621</u>
Long-term liabilities		
Lease obligations, less current installments (Notes 1 & 7)	1,701,864	2,320,928
Notes payable (Note 9)	2,785,750	2,785,750
Total long-term liabilities	<u>4,487,614</u>	<u>5,106,678</u>
Total Liabilities	<u>11,142,666</u>	<u>11,831,299</u>
Net Position		
Net investment in capital assets	16,527,280	16,519,594
Restricted net position, expendable	153,312	177,147
Unrestricted net position	4,984,985	5,371,925
Total Net Position	<u>21,665,577</u>	<u>22,068,666</u>
Total Liabilities and Net Position	<u>\$ 32,808,243</u>	<u>\$ 33,899,965</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, 2022 and 2021 (As Restated)**

	2022	Restated 2021
Operating Revenues and Expenses		
Operating revenues	\$ 5,047,944	\$ 10,165,387
Operating expenses:		
Cost of sales	1,425,933	4,163,163
General operating expenses	3,417,298	3,605,258
Net operating income prior to depreciation and amortization	<u>204,713</u>	2,396,966
Depreciation expense	356,057	359,993
Amortization expense	782,465	801,714
Total operating expenses	<u>5,981,753</u>	<u>8,930,128</u>
Net Operating (Loss) Income	(933,809)	1,235,259
Nonoperating Income (Expenses)		
Interest and fees on leases and debt	(151,243)	(130,033)
Foreign currency gain (loss)	213,581	(158,217)
Gain on disposal of property and equipment	-	16,633
Net Nonoperating Income (Expenses)	<u>62,338</u>	<u>(271,617)</u>
Net Operating Transfers (Note 1)	<u>468,382</u>	358,922
Change in Net Position	(403,089)	1,322,564
Net Position		
Beginning of year	22,068,666	20,746,102
End of year	<u>\$ 21,665,577</u>	<u>\$ 22,068,666</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, 2022 and 2021 (As Restated)**

	2022	Restated 2021
Cash Flows from Operating Activities		
Received from customers	\$ 4,634,345	\$ 11,635,772
Payments to vendors and suppliers	(4,378,073)	(8,721,392)
Net Cash Provided by Operating Activities	256,272	2,914,380
Cash Flows from Capital Financing and Related Financing Activities		
Purchases of property and equipment	(30,279)	(97,745)
Payments on lease liabilities	(1,053,591)	(758,100)
Payments on line of credit - golf course	-	(46,168)
Net Cash Used in Capital Financing and Related Financing Activities	(1,083,870)	(902,013)
Cash Flows from Noncapital Financing Activities		
Operating transfers	468,382	358,922
Net Cash Provided by in Noncapital Financing Activities	468,382	358,922
Net (Decrease) Increase in Cash	(359,216)	2,371,289
Cash		
Beginning of year	4,282,932	1,911,643
End of year	<u>\$ 3,923,716</u>	<u>\$ 4,282,932</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Net operating (loss) income	\$ (933,809)	\$ 1,235,259
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization	1,138,522	1,161,707
(Increase) decrease in:		
Accounts receivable	(226,239)	1,554,614
Leases receivable	(38,693)	(36,354)
Taxes receivable	(4,716)	3,940
Inventory - golf course	(1)	(28,142)
Prepaid expenses	28,578	131,711
Other assets	82,350	(82,350)
Increase (decrease) in:		
Accounts payable	354,250	(973,648)
Funds held for others	(19)	(542)
Unearned revenue	(143,951)	(51,815)
Net Cash Provided by Operating Activities	\$ 256,272	\$ 2,914,380
Supplemental Disclosures of Noncash Activities		
Net lease activity	\$ 430,597	\$ 278,387
Net Noncash Capital and Financing Activities	\$ 430,597	\$ 278,387

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Activities

Nature of activities: The NC State University Partnership Corporation (the “Corporation”) was organized on December 17, 1984 to support and for the benefit of North Carolina State University (the “University”) with the aim of creating new knowledge and improving the lives of the people of North Carolina. It is organized and operated exclusively for charitable, educational, and scientific objectives. The Corporation shall 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 (“BTH”), LLC; NC State CBC Land I, LLC; NC State CC Holdings I (“CCH”), 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. CCH 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.

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 \$4,022,636 and \$4,361,133 at June 30, 2022 and 2021, respectively. The Corporation's uninsured and uncollateralized bank balances that were exposed to custodial credit risk were \$3,043,686 and \$3,363,072 as of June 30, 2022 and 2021, respectively.

Accounts receivable: Accounts receivable primarily consists of revenue due to LINC, LLC, event related revenue due to Centennial Development, 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, 2022 and 2021; therefore an allowance for doubtful accounts has not been recorded.

Leases receivable: Leases receivable consists of rents collectible in future years under ground lease agreements.

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

Prepaid expenses: Prepaid expenses primarily consist of security deposits and partial payments on leases.

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.

Right to use assets: Right to use assets consists of lease facilities and equipment. All right to use assets are amortized using the straight-line method over the lease term.

Accounts payable: Accounts payable primarily represents trade payables due to vendors and the University at June 30, 2022 and 2021. At June 30, 2022, approximately \$218,000 was owed to vendors and approximately \$203,000 was owed to the University. At June 30, 2021, approximately \$27,000 was owed to vendors and approximately \$42,000 was owed to the University.

Funds held for others: Funds held for others is made up of funds held on behalf of the Endowment Fund.

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. Unearned revenue also includes amounts unearned in relation to the BTH, LLC and CCH, LLC ground lease agreements.

NC State University Partnership Corporation and Affiliates

Notes to Consolidated Financial Statements For the years ended June 30, 2022 and 2021

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 \$468,000 and \$359,000 from affiliated entities and the University during the years ended June 30, 2022 and 2021, 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. Bell Tower Holdings, LLC and the CCH, LLC recognize rental income straight line over the life of the lease. 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 2022 and 2021. 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 Internal Revenue Service ("IRS"). Management has analyzed the tax positions taken by the Corporation, and has concluded that as of June 30, 2022 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 2018.

NC State University Partnership Corporation and Affiliates

Notes to Consolidated Financial Statements
For the years ended June 30, 2022 and 2021

Note 1. Nature of Activities (continued)

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

Note 2. GASB 87 Implementation

In accordance with the GASB Statement No. 87, *Leases*, effective for periods beginning on or after June 15, 2021, the Corporation has retroactively implemented new lease standards and restated its results as of and for the year ended June 30, 2021. The effect of the restatement on net position was as follows:

Net position as previously presented:	
Net investment in capital assets	\$ 16,719,439
Restricted net position, expendable	217,608
Unrestricted net position	4,438,608
Total Net Position	<u>21,375,655</u>
Restatements:	
Changes in beginning net position	951,324
Changes in rental income	(249,982)
Changes in interest income	388,827
Changes in other operating revenue	(4,183)
Changes in rental expense	(569,064)
Changes in amortization expense	693,502
Changes in interest and fees on leases and debt	110,320
Changes in foreign currency gain (loss)	158,217
Net position, as restated	<u><u>\$ 22,068,666</u></u>

NC State University Partnership Corporation and Affiliates

Notes to Consolidated Financial Statements
For the years ended June 30, 2022 and 2021

Note 3. Leases Receivable

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 minimum lease receipts as of June 30, 2022 are as follows:

Years ending June 30:	Principal	Interest	Total Receipts
2023	\$ -	\$ 68,640	\$ 68,640
2024	-	80,080	80,080
2025	-	91,520	91,520
2026	-	91,520	91,520
2027	-	91,520	91,520
2028-2032	-	457,600	457,600
2033-2037	-	624,752	624,752
2038-2042	-	828,663	828,663
2043-2047	-	915,873	915,873
2048-2052	-	962,591	962,591
2053-2057	411,495	600,198	1,011,693
2058-2062	826,050	237,250	1,063,300
2063-2064	313,398	15,770	329,168
Total future receipts	<u>\$ 1,550,943</u>	<u>\$ 5,065,977</u>	<u>\$ 6,616,920</u>

NC State University Partnership Corporation and Affiliates

**Notes to Consolidated Financial Statements
For the years ended June 30, 2022 and 2021**

Note 3. Leases Receivable (continued)

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.

Future minimum lease receipts as of June 30, 2022 are as follows:

Years ending June 30:	Principal	Interest	Total Receipts
2023	\$ 8,435	\$ 271,215	\$ 279,650
2024	8,974	270,676	279,650
2025	9,549	270,101	279,650
2026	10,159	269,491	279,650
2027	10,809	268,841	279,650
2028-2032	65,350	1,332,900	1,398,250
2033-2037	89,107	1,309,143	1,398,250
2038-2042	121,501	1,276,749	1,398,250
2043-2047	165,671	1,232,579	1,398,250
2048-2052	225,899	1,172,351	1,398,250
2053-2057	308,022	1,090,228	1,398,250
2058-2062	420,000	978,250	1,398,250
2063-2067	572,686	825,564	1,398,250
2068-2072	780,880	617,370	1,398,250
2073-2077	1,064,761	333,489	1,398,250
2078-2079	480,764	31,926	512,690
Total minimum payments	<u>\$ 4,342,567</u>	<u>\$ 11,550,873</u>	<u>\$ 15,893,440</u>

NC State University Partnership Corporation and Affiliates

**Notes to Consolidated Financial Statements
For the years ended June 30, 2022 and 2021**

Note 4. 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.

Note 5. Property and Equipment

A summary of changes in property and equipment for the years ended June 30, 2022 and 2021 is as follows:

	Balance June 30, 2021	Reclassification	Increases	Decreases	Balance June 30, 2022
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	-	20,144	-	8,178,761
Equipment	493,464	5,501	10,135	5,109	503,991
Total property and equipment, depreciable	9,578,530	5,501	30,279	5,109	9,609,201
Less accumulated depreciation for:					
Modern Greens	426,935	-	34,155	-	461,090
Land improvements	131,489	-	27,609	-	159,098
Buildings and fixtures	1,874,595	-	210,070	-	2,084,665
Equipment	196,896	3,025	84,223	5,109	279,035
Total accumulated depreciation	2,629,915	3,025	356,057	5,109	2,983,888
Total property and equipment, depreciable, net	6,948,615	2,476	(325,778)	-	6,625,313
Property and equipment, net	<u>\$ 16,711,101</u>	<u>\$ 2,476</u>	<u>\$ (325,778)</u>	<u>\$ -</u>	<u>\$ 16,387,799</u>

	Balance June 30, 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	97,745	-	493,464
Total property and equipment, depreciable	9,480,785	97,745	-	9,578,530
Less accumulated depreciation 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	77,668	-	196,896
Total accumulated depreciation	2,269,922	359,993	-	2,629,915
Total property and equipment, depreciable, net	7,210,863	(262,248)	-	6,948,615
Property and equipment, net	<u>\$ 16,973,349</u>	<u>\$ (262,248)</u>	<u>\$ -</u>	<u>\$ 16,711,101</u>

NC State University Partnership Corporation and Affiliates

**Notes to Consolidated Financial Statements
For the years ended June 30, 2022 and 2021**

Note 6. Right to Use Assets

A summary of changes in right to use assets for the years ended June 30, 2022 and 2021 is as follows:

	Balance				Balance
	June 30, 2021	Reclassification	Increases	Decreases	June 30, 2022
Right to use assets, amortizable:					
Buildings	\$ 3,805,309	\$ -	\$ 207,956	\$ 243,289	\$ 3,769,976
Equipment	1,060,959	(5,500)	9,061	191,507	873,013
Total right to use asset, amortizable	4,866,268	(5,500)	217,017	434,796	4,642,989
Less accumulated amortization for:					
Buildings	1,497,825	-	597,040	243,289	1,851,576
Equipment	371,591	(3,025)	185,425	191,507	362,484
Total accumulated amortization	1,869,416	(3,025)	782,465	434,796	2,214,060
Total right to use assets, amortizable, net	<u>\$ 2,996,852</u>	<u>\$ (2,475)</u>	<u>\$ (565,448)</u>	<u>\$ -</u>	<u>\$ 2,428,929</u>
	Balance				Balance
	June 30, 2020	Reclassification	Increases	Decreases	June 30, 2021
Right to use assets, amortizable:					
Buildings	\$ 3,860,758	\$ -	\$ -	\$ 55,449	\$ 3,805,309
Equipment	1,037,755	-	436,604	413,400	1,060,959
Total right to use asset, amortizable	4,898,513	-	436,604	468,849	4,866,268
Less accumulated amortization for:					
Buildings	878,556	-	619,269	-	1,497,825
Equipment	541,302	-	182,445	352,156	371,591
Total accumulated amortization	1,419,858	-	801,714	352,156	1,869,416
Total right to use assets, amortizable, net	<u>\$ 3,478,655</u>	<u>\$ -</u>	<u>\$ (365,110)</u>	<u>\$ 116,693</u>	<u>\$ 2,996,852</u>

Note 7. Lease Obligations

LINC, LLC entered into a warehouse lease agreement commencing on June 1, 2019 and extending through May 31, 2022 with monthly payments increasing year-over-year. Present value of all scheduled lease payments was calculated using the prime rate at lease commencement of 5.5%. The asset was amortized using a straight-line, half-year convention over the lease term.

Effective June 1, 2022, LINC, LLC entered into a new warehouse lease agreement for a term of 13 months with an option to renew for an additional two years. The Corporation has not deemed the extension reasonably certain and has therefore not included the extension period in the value of right to use asset. Present value of all scheduled lease payments was calculated using the prime rate at lease commencement of 4%. The asset was amortized using a straight-line, half-year convention over the lease term.

Notes to Consolidated Financial Statements
For the years ended June 30, 2022 and 2021

Note 7. Lease Obligations (continued)

Future minimum lease payments as of June 30, 2022 for LINC, LLC are as follows:

Years ending June 30:	
2023	\$ 180,221
Total minimum payments	<u>180,221</u>
Imputed interest	<u>(3,565)</u>
Present value of net minimum lease payments	<u>\$ 176,656</u>

Centennial Development, LLC regularly enters into leases for golf course maintenance equipment and golf carts with an average lease term of 4.5 years and with interest rates ranging from 1.34% - 4.5%. The assets are amortized using the straight-line method 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.

Future minimum lease payments as of June 30, 2022 for Centennial Development, LLC are as follows:

Years ending June 30:	
2023	\$ 205,689
2024	212,568
2025	135,031
2026	2,228
2027	<u>1,114</u>
Total minimum payments	556,630
Imputed interest	<u>(32,960)</u>
Present value of net minimum lease payments	<u>\$ 523,670</u>

The Corporation entered into an international office building lease agreement, denominated in Euros ("EUR"), commencing August 1, 2017, at a borrowing rate of 4.5%. The original lease term extended through June 30, 2022 with an automatic renewal of five years, up to two times. As a result, the Corporation included the additional periods through June 30, 2032 in the present value calculation. In April 2018, an amendment increasing office space and quarterly payments became effective requiring an additional deposit. A second amendment was signed in 2020 discounting three months-worth of rent. The borrowing rate remained at 4.5%. The Corporation considered the lease term and all reasonably certain extension periods, incremental borrowing rate adjustments, and exchange rate adjustments at each amendment's effective date in calculating the right to use asset. The asset is amortized using the straight-line method over the lease term.

On September 1, 2019, a lease for a dormitory building was entered into, denominated in EUR, at a borrowing rate of 4.5%. The original lease term extended through August 31, 2022. In April 2021, an amendment waiving rent May through July 2021 and extending the lease term for three months became effective. Present value of the lease was calculated considering three free months and the extended lease term. No change in interest rate applied. The Corporation considered the amended lease term, incremental borrowing rate adjustments, and exchange rate adjustments at each amendment's effective date in calculating the right to use asset. The asset is amortized using the straight-line method over the lease term.

NC State University Partnership Corporation and Affiliates

**Notes to Consolidated Financial Statements
For the years ended June 30, 2022 and 2021**

Note 7. Lease Obligations (continued)

Future minimum lease payments as of June 30, 2022 for the Corporation are as follows:

Years ending June 30:	
2023	\$ 290,753
2024	189,560
2025	189,560
2026	189,560
2027	189,560
2028-2032	<u>900,411</u>
Total minimum payments	1,949,404
Imputed interest	<u>(360,284)</u>
Present value of net minimum lease payments	<u>\$ 1,589,120</u>

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%. The line is collateralized by all deposits and investments maintained by Centennial Development, LLC with TowneBank. In June 2022, the line was renewed with the same terms. As of June 30, 2022, the rate was 4.5%. There was no outstanding balance as of June 30, 2022 or 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, 2022 and 2021, 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. Contingencies

The Corporation has been notified that LINC, LLC is a party to a lawsuit in California regarding the use of their materials. LINC, LLC and the Corporation believe that the plaintiffs' claims against them are baseless and without merit, and have sought a dismissal of these claims. In addition, the Corporation has been notified of a federal, criminal inquiry of a company that produced personal protective equipment using LINC's materials. There has been no action taken against LINC, LLC in conjunction with this inquiry and LINC, LLC is not the subject of investigation. As of August 19, 2022, the Corporation does not anticipate a financial impact.

Note 12. Subsequent Events

The Corporation has evaluated subsequent events through August 19, 2022, the date which the consolidated financial statements were available to be issued, and there were no events to report.

SUPPLEMENTARY INFORMATION

NC State University Partnership Corporation and Affiliates

Consolidating Statement of Net Position
June 30, 2022

	Leaders in Innovation and Nonwovens Commercialization, LLC	NC State University Centennial Development, LLC	NC State Upfit, LLC	Bell Tower Holdings, LLC
Assets				
Current assets				
Cash	\$ 2,234,718	\$ 1,204,774	\$ 923	\$ 51,513
Accounts receivable	606,312	6,046	-	-
Leases receivable	-	-	-	1,867,253
Taxes receivable	3,418	24,230	-	-
Inventory - golf course	-	194,804	-	-
Prepaid expenses	7,081	315	-	-
Other assets	-	-	-	-
Total current assets	2,851,529	1,430,169	923	1,918,766
Noncurrent assets				
Land	-	-	-	2,792,554
Property and equipment, net	201,802	16,185,997	-	-
Right to use assets, net	191,959	510,527	-	-
Total noncurrent assets	393,761	16,696,524	-	2,792,554
Total Assets	\$ 3,245,290	\$ 18,126,693	\$ 923	\$ 4,711,320
Liabilities				
Current liabilities				
Accounts payable	\$ 334,631	\$ 89,889	\$ -	\$ -
Current installments of lease obligations	176,656	186,609	-	-
Funds held for others	-	-	-	58,317
Unearned revenue	-	440,569	-	1,287,282
Total current liabilities	511,287	717,067	-	1,345,599
Long-term liabilities				
Lease obligations, less current installments	-	337,061	-	-
Notes payable	-	-	-	2,785,750
Total long-term liabilities	-	337,061	-	2,785,750
Total Liabilities	511,287	1,054,128	-	4,131,349
Net Position				
Net investment in capital assets	217,105	16,172,854	-	-
Restricted net position, expendable	-	-	-	-
Unrestricted net position	2,516,898	899,711	923	579,971
Total Net Position	2,734,003	17,072,565	923	579,971
Total Liabilities and Net Position	\$ 3,245,290	\$ 18,126,693	\$ 923	\$ 4,711,320

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
\$ 20,527	\$ 270,023	\$ 32,514	\$ 30,917	\$ 18,214	\$ 59,593	\$ 3,923,716
-	-	-	45,897	-	-	658,255
-	4,368,890	-	-	-	-	6,236,143
-	-	-	-	-	-	27,648
-	-	-	-	-	-	194,804
-	-	-	-	-	151,001	158,397
-	-	-	-	-	-	-
20,527	4,638,913	32,514	76,814	18,214	210,594	11,198,963
-	-	-	-	-	-	2,792,554
-	-	-	-	-	-	16,387,799
-	-	-	-	-	1,726,441	2,428,927
-	-	-	-	-	1,726,441	21,609,280
\$ 20,527	\$ 4,638,913	\$ 32,514	\$ 76,814	\$ 18,214	\$ 1,937,035	\$ 32,808,243
\$ -	\$ -	\$ 3,017	\$ -	\$ -	\$ 3,138	\$ 430,675
-	-	-	-	-	224,317	587,582
-	-	-	-	-	-	58,317
-	3,824,252	26,375	-	-	-	5,578,478
-	3,824,252	29,392	-	-	227,455	6,655,052
-	-	-	-	-	1,364,803	1,701,864
-	-	-	-	-	-	2,785,750
-	-	-	-	-	1,364,803	4,487,614
-	3,824,252	29,392	-	-	1,592,258	11,142,666
-	-	-	-	-	137,321	16,527,280
-	-	-	-	-	153,312	153,312
20,527	814,661	3,122	76,814	18,214	54,144	4,984,985
20,527	814,661	3,122	76,814	18,214	344,777	21,665,577
\$ 20,527	\$ 4,638,913	\$ 32,514	\$ 76,814	\$ 18,214	\$ 1,937,035	\$ 32,808,243

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
Assets				
Current assets				
Cash	\$ 3,096,822	\$ 559,939	\$ 1,120	\$ 51,532
Accounts receivable	398,250	-	-	-
Lease receivable	-	-	-	1,820,778
Taxes receivable	1,625	19,404	-	-
Inventory - golf course	-	194,803	-	-
Prepaid expenses	7,081	1,145	-	-
Other assets	82,350	-	-	-
Total current assets	3,586,128	775,291	1,120	1,872,310
Noncurrent assets				
Land	-	-	-	2,792,554
Property and equipment, net	274,703	16,436,398	-	-
Right to use assets, net	74,338	689,368	-	-
Total noncurrent assets	349,041	17,125,766	-	2,792,554
Total Assets	\$ 3,935,169	\$ 17,901,057	\$ 1,120	\$ 4,664,864
Liabilities				
Current liabilities				
Accounts payable	\$ 23,798	\$ 52,147	\$ -	\$ -
Current installments of lease liabilities	72,656	187,373	-	-
Funds held for others	-	-	-	58,336
Unearned revenue	-	454,212	-	1,318,301
Total current liabilities	96,454	693,732	-	1,376,637
Long-term liabilities				
Lease liabilities, less current installments	-	522,486	-	-
Notes payable	-	-	-	2,785,750
Total long-term liabilities	-	522,486	-	2,785,750
Total Liabilities	96,454	1,216,218	-	4,162,387
Net Position				
Net investment in capital assets	276,385	16,415,907	-	-
Restricted net position, expendable	-	-	-	-
Unrestricted net position	3,562,330	268,932	1,120	502,477
Total Net Position	3,838,715	16,684,839	1,120	502,477
Total Liabilities and Net Position	\$ 3,935,169	\$ 17,901,057	\$ 1,120	\$ 4,664,864

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
-	-	-	33,766	-	-	432,016
-	4,376,672	-	-	-	-	6,197,450
-	-	1,903	-	-	-	22,932
-	-	-	-	-	-	194,803
-	-	-	-	-	178,749	186,975
-	-	-	-	-	-	82,350
22,555	4,754,783	69,637	92,879	-	224,755	11,399,458
-	-	-	-	-	-	2,792,554
-	-	-	-	-	-	16,711,101
-	-	-	-	-	2,233,146	2,996,852
-	-	-	-	-	2,233,146	22,500,507
\$ 22,555	\$ 4,754,783	\$ 69,637	\$ 92,879	\$ -	\$ 2,457,901	\$ 33,899,965
\$ -	\$ -	\$ 170	\$ -	\$ -	\$ 310	\$ 76,425
-	-	-	-	-	607,402	867,431
-	-	-	-	-	-	58,336
-	3,891,541	58,375	-	-	-	5,722,429
-	3,891,541	58,545	-	-	607,712	6,724,621
-	-	-	-	-	1,798,442	2,320,928
-	-	-	-	-	-	2,785,750
-	-	-	-	-	1,798,442	5,106,678
-	3,891,541	58,545	-	-	2,406,154	11,831,299
-	-	-	-	-	(172,698)	16,519,594
-	-	-	-	-	177,147	177,147
22,555	863,242	11,092	92,879	-	47,298	5,371,925
22,555	863,242	11,092	92,879	-	51,747	22,068,666
\$ 22,555	\$ 4,754,783	\$ 69,637	\$ 92,879	\$ -	\$ 2,457,901	\$ 33,899,965

NC State University Partnership Corporation and Affiliates

**Consolidating Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022**

	Leaders in Innovation and Nonwovens Commercialization, LLC	NC State University Centennial Development, LLC	NC State Upfit, LLC	Bell Tower Holdings, LLC
Operating Revenues and Expenses:				
Operating revenues:				
Contracted services revenue	\$ 1,049,261	\$ -	\$ -	\$ -
Membership fees	-	-	-	-
Merchandise sales	-	601,082	-	-
Greens fees income	-	1,891,476	-	-
Golf cart income	-	263,589	-	-
Food and beverage sales	-	-	-	-
Rental income	-	61,750	-	31,019
Interest income	2,685	978	3	115,192
Other operating revenue	-	342,153	-	-
Total operating revenues	1,051,946	3,161,028	3	146,211
Operating expenses:				
Cost of sales	956,101	469,832	-	-
General operating expenses:				
Marketing expense	-	13,631	-	-
Contracted services expense	161,260	486,312	-	-
General and administrative expense	94,801	164,368	-	9,000
Clubhouse expense	-	471,442	-	-
Repairs and maintenance expense	74,360	190,487	-	-
Rental expense	175	54,050	-	-
Supplies expense	413,461	-	-	-
Utilities expense	3,886	-	-	-
Insurance expense	31,898	43,205	24,639	1,200
Royalties	5,847	-	-	-
Membership expenses	-	-	-	-
Other current services	48,641	579,354	200	200
Total general operating expenses	834,329	2,002,849	24,839	10,400
Net operating income (loss) prior to depreciation and amortization	(738,484)	688,347	(24,836)	135,811
Depreciation expense	72,901	283,156	-	-
Amortization expense	90,335	185,425	-	-
Net operating expenses	1,953,666	2,941,262	24,839	10,400
Net Operating Income (Loss)	(901,720)	219,766	(24,836)	135,811
Nonoperating Income (Expenses)				
Interest and fees on leases and debt	(3,178)	(29,214)	-	-
Foreign currency gain (loss)	-	-	-	-
Gain on disposal of property and equipment	-	-	-	-
Net Nonoperating Income (Expenses)	(3,178)	(29,214)	-	-
Operating Transfers In (Out)	(199,814)	197,174	24,639	(58,317)
Change in Net Position	(1,104,712)	387,726	(197)	77,494
Net Position				
Beginning of year	3,838,715	16,684,839	1,120	502,477
End of year	\$ 2,734,003	\$ 17,072,565	\$ 923	\$ 579,971

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,049,261
-	-	105,500	-	-	-	105,500
-	-	-	-	-	-	601,082
-	-	-	-	-	-	1,891,476
-	-	-	-	-	-	263,589
-	-	-	-	-	-	-
-	67,289	-	-	-	-	160,058
22	272,030	24	85	14	58	391,091
-	-	-	204,747	-	38,987	585,887
22	339,319	105,524	204,832	14	39,045	5,047,944
-	-	-	-	-	-	1,425,933
-	-	-	-	-	-	13,631
-	-	67,059	-	-	-	714,631
1,500	16,500	27,099	16,500	16,000	16,100	361,868
-	-	-	-	-	-	471,442
-	-	-	-	-	-	264,847
-	-	-	202,996	-	120,814	378,035
-	-	-	-	-	-	413,461
-	-	-	-	-	18,141	22,027
350	1,200	1,200	1,200	1,200	5,600	111,692
-	-	-	-	-	-	5,847
-	-	15,956	-	-	-	15,956
200	200	2,180	201	-	12,685	643,861
2,050	17,900	113,494	220,897	17,200	173,340	3,417,298
(2,028)	321,419	(7,970)	(16,065)	(17,186)	(134,295)	204,713
-	-	-	-	-	-	356,057
-	-	-	-	-	506,705	782,465
2,050	17,900	113,494	220,897	17,200	680,045	5,981,753
(2,028)	321,419	(7,970)	(16,065)	(17,186)	(641,000)	(933,809)
-	-	-	-	-	(118,851)	(151,243)
-	-	-	-	-	213,581	213,581
-	-	-	-	-	-	-
-	-	-	-	-	94,730	62,338
-	(370,000)	-	-	35,400	839,300	468,382
(2,028)	(48,581)	(7,970)	(16,065)	18,214	293,030	(403,089)
22,555	863,242	11,092	92,879	-	51,747	22,068,666
\$ 20,527	\$ 814,661	\$ 3,122	\$ 76,814	\$ 18,214	\$ 344,777	\$ 21,665,577

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
Operating Revenues and Expenses:				
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	-	-	-	31,019
Interest income	2,876	336	2	112,402
Other operating revenue	-	221,838	-	-
Total operating revenues	6,653,297	2,658,580	2	143,421
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	3,322	25,671	-	-
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
Total general operating expenses	965,324	1,826,732	200	10,400
Net operating income (loss) prior to depreciation and amortization	1,836,552	520,106	(198)	133,021
Depreciation expense	63,127	296,866	-	-
Amortization expense	81,096	182,445	-	-
Net operating expenses	4,960,968	2,617,785	200	10,400
Net Operating Income (Loss)	1,692,329	40,795	(198)	133,021
Nonoperating Income (Expenses)				
Interest and fees on leases and debt	(6,462)	(29,387)	-	-
Foreign currency gain (loss)	-	-	-	-
Gain on disposal of property and equipment	-	16,633	-	-
Net Nonoperating Expenses	(6,462)	(12,754)	-	-
Operating Transfers In (Out)	(199,861)	163,919	-	(58,336)
Change in Net Position	1,486,006	191,960	(198)	74,685
Net Position				
Beginning of year	2,352,709	16,492,879	1,318	427,792
End of year	\$ 3,838,715	\$ 16,684,839	\$ 1,120	\$ 502,477

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
-	67,289	-	-	-	-	98,308
32	272,661	194	204	-	120	388,827
-	-	-	199,537	-	1,000	422,375
32	339,950	169,244	199,741	-	1,120	10,165,387
-	-	-	-	-	-	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	-	158,667	456,113
-	-	-	-	-	-	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	208,227	3,605,258
(2,093)	322,550	(102,353)	(86,112)	(17,400)	(207,107)	2,396,966
-	-	-	-	-	-	359,993
-	-	-	-	-	538,173	801,714
2,125	17,400	271,597	285,853	17,400	746,400	8,930,128
(2,093)	322,550	(102,353)	(86,112)	(17,400)	(745,280)	1,235,259
-	-	-	-	-	(94,184)	(130,033)
-	-	-	-	-	(158,217)	(158,217)
-	-	-	-	-	-	16,633
-	-	-	-	-	(252,401)	(271,617)
-	(24,900)	-	-	24,900	453,200	358,922
(2,093)	297,650	(102,353)	(86,112)	7,500	(544,481)	1,322,564
24,648	565,592	113,445	178,991	(7,500)	596,228	20,746,102
\$ 22,555	\$ 863,242	\$ 11,092	\$ 92,879	\$ -	\$ 51,747	\$ 22,068,666

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

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, 2022 and 2021, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 19, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 19, 2022