

**NC STATE UNIVERSITY
PARTNERSHIP CORPORATION
AND AFFILIATES**

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2023 and 2022

**NC State University Partnership Corporation and Affiliates
Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022 (As Restated)**

Contents

Independent Auditors' Report	1 – 4
-------------------------------------	-------

Management's Discussion and Analysis (Unaudited)	5 - 8
---	-------

Consolidated Financial Statements	
Consolidated Statements of Net Position	9
Consolidated Statements of Revenues, Expenses, and Changes in Net Position	10
Consolidated Statements of Cash Flows	11
Notes to Consolidated Financial Statements	12 - 22

Supplementary Information	
Consolidating Statements of Net Position	23 – 26
Consolidating Statements of Revenues, Expenses, and Changes in Net Position	27 – 30

Internal Control and Compliance Matters	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31 – 32



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, 2023 and 2022, 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, 2023 and 2022, 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 year ended June 30, 2023, the Corporation determined that lease balances and activity previously reported as of and for the year ended June 30, 2022 were misstated. Accordingly, adjustments have been made to the leases receivable, right to use assets, lease obligations, and the deferred lease revenues, and net position as of and for the year ended June 30, 2022. 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 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 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 18, 2023 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 18, 2023

**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 1.65% to \$20.43 million in fiscal year 2023. Net position represents the Corporation's equity, the assets less the liabilities. The major driver behind this change was the operations of the Leaders in Innovation and Nonwovens Commercialization ("LINC"), LLC, which generated a decrease in net position of approximately \$980,000.

USING THE FINANCIAL STATEMENTS

The Corporation's consolidated financial statements are used to evaluate the financial position as of June 30, 2023 and June 30, 2022 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, 2023 and 2022. 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 or plan to be collected in the next fiscal year. 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, 2023 and 2022:

	2023	Restated 2022	(Decrease) / Increase
Assets			
Current assets	\$ 4,659,946	\$ 5,112,505	\$ (452,559)
Noncurrent assets	32,131,416	27,755,403	4,376,013
Total Assets	\$ 36,791,362	\$ 32,867,908	\$ 3,923,454
Liabilities			
Current liabilities	\$ 11,509,295	\$ 7,573,721	\$ 3,935,574
Long-term liabilities	4,848,059	4,516,966	331,093
Total Liabilities	16,357,354	12,090,687	4,266,667
Net Position			
Net investment in capital assets	16,256,320	16,541,602	(285,282)
Restricted net position, expendable	349,488	159,028	190,460
Unrestricted net position	3,828,200	4,076,591	(248,391)
Total Net Position	20,434,008	20,777,221	(343,213)
Total Liabilities and Net Position	\$ 36,791,362	\$ 32,867,908	\$ 3,923,454

Year over year total assets increased by \$3.92 million primarily due to a \$4.07 million increase in the CCH, LLC lease receivable related to a new appraisal of the land being leased. Total liabilities increased by \$4.27 million primarily due to a corresponding \$3.96 million increase in CCH, LLC unearned revenue.

**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, 2023 and 2022. 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, 2023 and 2022:

	2023	Restated 2022	Increase/ (Decrease)
Operating Revenues and Expenses			
Operating revenues	\$ 5,597,814	\$ 5,065,459	\$ 532,355
Operating expenses:			
Cost of sales	1,142,364	1,425,933	(283,569)
General operating expenses	4,260,430	3,417,298	843,132
Net operating income prior to depreciation and amortization	195,020	222,228	(27,208)
Depreciation expense	355,431	356,057	(626)
Amortization expense	957,432	820,948	136,484
Total operating expenses	6,715,657	6,020,236	695,421
Net Operating Loss	(1,117,843)	(954,777)	(163,066)
Nonoperating (Expense) Income			
Interest and fees on leases and debt	(132,587)	(129,002)	(3,585)
Foreign currency (loss) gain	(126,140)	229,541	(355,681)
Gain on disposal of right to use asset	734	-	734
Net Nonoperating (Expense) Income	(257,993)	100,539	(358,532)
Net Operating Transfers (Note 1)	1,032,623	484,447	548,176
Change in Net Position	(343,213)	(369,791)	26,578
Net Position			
Beginning of year	20,777,221	21,147,012	(369,791)
End of year	<u>\$ 20,434,008</u>	<u>\$ 20,777,221</u>	<u>\$ (343,213)</u>

The Corporation saw an increase of approximately \$532,000 in operating revenues primarily due to LINC, LLC operations and CCH, LLC ground lease activities during fiscal year 2023. Total operating expenses increased by \$695,000, primarily due to the operations of LINC, LLC and Centennial Development, LLC during fiscal year 2023. Expenses continue to exceed revenues, resulting in a reduction in net position of approximately \$340,000 for the fiscal year ended June 30, 2023.

**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://aeoperations.ofa.ncsu.edu/nc-state-university-partnership-corporation/> or by calling (919) 513-7149.

CONSOLIDATED FINANCIAL STATEMENTS

NC State University Partnership Corporation and Affiliates

**Consolidated Statements of Net Position
June 30, 2023 and 2022 (As Restated)**

	2023	Restated 2022
Assets		
Current assets		
Cash (Note 1)	\$ 3,589,841	\$ 3,923,716
Accounts receivable (Note 1)	332,403	658,255
Interest receivable (Note 1)	233,728	141,487
Leases receivable (Notes 1 & 3)	16,972	8,198
Taxes receivable	30,868	27,648
Inventory - golf course (Note 1)	256,931	194,804
Prepaid expenses (Note 1)	199,203	158,397
Total current assets	<u>4,659,946</u>	<u>5,112,505</u>
Noncurrent assets		
Land (Note 4)	2,792,554	2,792,554
Construction in progress	61,918	-
Property and equipment, net (Notes 1 & 5)	16,244,557	16,387,798
Right to use assets, net (Notes 1 & 6)	2,873,747	2,478,867
Leases receivable, noncurrent (Notes 1 & 3)	10,158,640	6,096,184
Total noncurrent assets	<u>32,131,416</u>	<u>27,755,403</u>
Total Assets	<u><u>\$ 36,791,362</u></u>	<u><u>\$ 32,867,908</u></u>
Liabilities		
Current liabilities		
Accounts payable (Note 1)	\$ 211,690	\$ 430,675
Interest payable (Notes 1 & 7)	23,343	1,130
Current installments of lease obligations (Notes 1 & 7)	783,136	600,651
Funds held for others (Note 1)	118,473	135,131
Unearned revenue (Note 1)	10,372,653	6,406,134
Total current liabilities	<u>11,509,295</u>	<u>7,573,721</u>
Long-term liabilities		
Lease obligations, less current installments (Notes 1 & 7)	2,062,309	1,731,216
Notes payable (Note 9)	2,785,750	2,785,750
Total long-term liabilities	<u>4,848,059</u>	<u>4,516,966</u>
Total Liabilities	<u><u>16,357,354</u></u>	<u><u>12,090,687</u></u>
Net Position		
Net investment in capital assets	16,256,320	16,541,602
Restricted net position, expendable	349,488	159,028
Unrestricted net position	3,828,200	4,076,591
Total Net Position	<u><u>20,434,008</u></u>	<u><u>20,777,221</u></u>
Total Liabilities and Net Position	<u><u>\$ 36,791,362</u></u>	<u><u>\$ 32,867,908</u></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, 2023 and 2022 (As Restated)**

	2023	Restated 2022
Operating Revenues and Expenses		
Operating revenues	\$ 5,597,814	\$ 5,065,459
Operating expenses:		
Cost of sales	1,142,364	1,425,933
General operating expenses	4,260,430	3,417,298
Net operating income prior to depreciation and amortization	<u>195,020</u>	222,228
Depreciation expense	355,431	356,057
Amortization expense	957,432	820,948
Total operating expenses	<u>6,715,657</u>	6,020,236
Net Operating Loss	(1,117,843)	(954,777)
Nonoperating (Expense) Income		
Interest and fees on leases and debt	(132,587)	(129,002)
Foreign currency (loss) gain	(126,140)	229,541
Gain on disposal of right to use asset	734	-
Net Nonoperating (Expense) Income	(257,993)	100,539
Net Operating Transfers (Note 1)	1,032,623	484,447
Change in Net Position	(343,213)	(369,791)
Net Position		
Beginning of year	<u>20,777,221</u>	21,147,012
End of year	<u>\$ 20,434,008</u>	<u>\$ 20,777,221</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, 2023 and 2022 (As Restated)**

	2023	Restated 2022
Cash Flows from Operating Activities		
Received from customers and leases	\$ 5,723,494	\$ 4,634,347
Payments to vendors and suppliers	(5,741,370)	(4,413,794)
Net Cash (Used In) Provided by Operating Activities	(17,876)	220,553
Cash Flows from Capital Financing and Related Financing Activities		
Purchases of construction in progress	(61,918)	-
Purchases of property and equipment	(212,190)	(30,278)
Payments on lease liabilities	(1,074,514)	(1,033,938)
Net Cash Used in Capital Financing and Related Financing Activities	(1,348,622)	(1,064,216)
Cash Flows from Noncapital Financing Activities		
Operating transfers	1,032,623	484,447
Net Cash Provided by in Noncapital Financing Activities	1,032,623	484,447
Net Decrease in Cash	(333,875)	(359,216)
Cash		
Beginning of year	3,923,716	4,282,932
End of year	\$ 3,589,841	\$ 3,923,716
Reconciliation of Net Operating Loss to Net Cash (Used In) Provided by Operating Activities		
Net operating loss	\$ (1,117,843)	\$ (954,777)
Adjustments to reconcile net operating loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,312,863	1,177,005
(Increase) decrease in:		
Accounts receivable	325,852	(226,239)
Interest receivable	(92,241)	(46,636)
Leases receivable	(4,071,230)	7,702
Taxes receivable	(3,220)	(4,716)
Inventory - golf course	(62,127)	(1)
Prepaid expenses	(40,806)	8,922
Other assets	-	82,350
Increase (decrease) in:		
Accounts payable	(218,985)	354,250
Funds held for others	(16,658)	(16,084)
Unearned revenue	3,966,519	(161,223)
Net Cash (Used In) Provided by Operating Activities	\$ (17,876)	\$ 220,553
Supplemental Disclosures of Noncash Activities		
Net lease activity	\$ 1,226,172	\$ 446,591

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.

Notes to Consolidated Financial Statements
For the years ended June 30, 2023 and 2022

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 \$3,608,707 and \$4,022,636 at June 30, 2023 and 2022, respectively. The Corporation's uninsured and uncollateralized bank balances that were exposed to custodial credit risk were \$2,516,683 and \$3,043,686 as of June 30, 2023 and 2022, respectively.

Accounts receivable: Accounts receivable primarily consists of contract revenue due to LINC, LLC, event related revenue due to Centennial Development, LLC, and net operating cash due to C2I, LLC from the management company. Management believes substantially all accounts receivable balances are collectible as of June 30, 2023 and 2022; therefore an allowance for doubtful accounts has not been recorded.

Interest receivable: Interest receivable consists of interest due in connection with CCH, LLC ground lease activities.

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.

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. 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 leased 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, 2023, approximately \$180,500 was owed to vendors and approximately \$26,000 was owed to the University. At June 30, 2022, approximately \$218,000 was owed to vendors and approximately \$203,000 was owed to the University.

Funds held for others: Funds held for others is made up of funds held on behalf of affiliated entities.

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.

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 \$1.03 million and \$484,000 from affiliated entities and the University during the years ended June 30, 2023 and 2022, respectively.

Revenue recognition: LINC, LLC recognizes revenue when the 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 2023 and 2022. 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, 2023, 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 2019.

NC State University Partnership Corporation and Affiliates

Notes to Consolidated Financial Statements
For the years ended June 30, 2023 and 2022

Note 1. Nature of Activities (continued)

Reclassifications: Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to the 2023 presentation with no effect on previously presented net position.

Note 2. Restatement

The Corporation retroactively re-implemented GASB Statement No. 87, *Leases*, and restated its results as of and for the year ended June 30, 2022. The restatement also includes an adjustment to C2I, LLC's beginning net position and operating transfers to accurately reflect the balance due to the University. The effect of the restatement on net position was as follows:

Net position as previously presented:	
Net investment in capital assets	\$ 16,527,280
Restricted net position, expendable	153,312
Unrestricted net position	4,984,985
Total net position	<u>21,665,577</u>
Effect of restatements on net position:	
Changes in beginning net position	(921,654)
Changes in rental income	17,273
Changes in interest income	242
Changes in amortization expense	(38,483)
Changes in interest and fees on leases and debt	22,241
Changes in foreign currency gain (loss)	15,960
Change in net operating transfers	16,065
Net position, as restated	<u><u>\$ 20,777,221</u></u>

NC State University Partnership Corporation and Affiliates

**Notes to Consolidated Financial Statements
For the years ended June 30, 2023 and 2022**

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.

Total future lease receipts as of June 30, 2023 are as follows:

Years ending June 30:	Principal	Interest	Total Receipts
2024	\$ -	\$ 80,080	\$ 80,080
2025	-	91,520	91,520
2026	-	91,520	91,520
2027	-	91,520	91,520
2028	-	91,520	91,520
2029-2033	-	457,600	457,600
2034-2038	-	675,607	675,607
2039-2043	-	865,836	865,836
2044-2048	-	925,031	925,031
2049-2053	175,265	796,952	972,217
2054-2058	607,151	414,659	1,021,810
2059-2063	890,125	183,808	1,073,933
2064	108,106	1,980	110,086
Total future receipts	<u>\$ 1,780,647</u>	<u>\$ 4,767,633</u>	<u>\$ 6,548,280</u>

Notes to Consolidated Financial Statements
For the years ended June 30, 2023 and 2022

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. Under the lease agreement, CC Holdings, LLC has the option to adjust the lease payment schedule every ten years based on a current appraisal of the leased property. A new appraisal was obtained during fiscal year 2023 and the payment schedule was modified effective October 1, 2022.

Total future lease receipts as of June 30, 2023 are as follows:

Years ending June 30:	Principal	Interest	Total Receipts
2024	\$ 16,972	\$ 527,028	\$ 544,000
2025	18,064	525,936	544,000
2026	19,226	524,774	544,000
2027	20,462	523,538	544,000
2028	21,778	522,222	544,000
2029-2033	131,795	2,588,205	2,720,000
2034-2038	179,996	2,540,004	2,720,000
2039-2043	245,826	2,474,174	2,720,000
2044-2048	335,732	2,384,268	2,720,000
2049-2053	458,519	2,261,481	2,720,000
2054-2058	626,213	2,093,787	2,720,000
2059-2063	855,238	1,864,762	2,720,000
2064-2068	1,168,025	1,551,975	2,720,000
2069-2073	1,595,206	1,124,794	2,720,000
2074-2078	2,178,621	541,379	2,720,000
2079	523,291	20,709	544,000
Total future receipts	\$ 8,394,964	\$ 22,069,036	\$ 30,464,000

NC State University Partnership Corporation and Affiliates

**Notes to Consolidated Financial Statements
For the years ended June 30, 2023 and 2022**

Note 6. Right to Use Assets

A summary of changes in right to use assets for the years ended June 30, 2023 and 2022 is as follows:

	Balance				Balance
	July 1, 2022	Reclassification	Increases	Decreases	June 30, 2023
Right to use assets, amortizable:					
Buildings	\$ 2,711,182	\$ -	\$ 1,323,141	\$ 811,905	\$ 3,222,418
Equipment	873,046	-	29,171	-	902,217
Total right to use asset, amortizable	3,584,228	-	1,352,312	811,905	4,124,635
Less accumulated amortization for:					
Buildings	743,883	-	769,811	811,905	701,789
Equipment	361,478	-	187,621	-	549,099
Total accumulated amortization	1,105,361	-	957,432	811,905	1,250,888
Total right to use assets, amortizable, net	\$ 2,478,867	\$ -	\$ 394,880	\$ -	\$ 2,873,747
	Balance				Balance
	July 1, 2021	Reclassification	Increases	Decreases	June 30, 2022
Right to use assets, amortizable:					
Buildings	\$ 2,665,170	\$ -	\$ 207,956	\$ 161,944	\$ 2,711,182
Equipment	1,060,959	(5,500)	9,094	191,507	873,046
Total right to use asset, amortizable	3,726,129	(5,500)	217,050	353,451	3,584,228
Less accumulated amortization for:					
Buildings	269,297	-	636,530	161,944	743,883
Equipment	371,592	(3,025)	184,418	191,507	361,478
Total accumulated amortization	640,889	(3,025)	820,948	353,451	1,105,361
Total right to use assets, amortizable, net	\$ 3,085,240	\$ (2,475)	\$ (603,898)	\$ -	\$ 2,478,867

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 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 did not deem the extension reasonably certain and therefore did not include 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 convention over the lease term.

Effective June 1, 2023, LINC, LLC entered into a new warehouse lease for one month. The cost of this short-term lease was expensed outright.

Notes to Consolidated Financial Statements
For the years ended June 30, 2023 and 2022

Note 7. Lease Obligations (continued)

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 4.5% - 6%. 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.

Total future lease payments as of June 30, 2023 for Centennial Development, LLC are as follows:

Years ending June 30:	Principal	Interest	Total Payments
2024	\$ 206,509	\$ 11,576	\$ 218,085
2025	123,369	3,213	126,582
2026	8,955	649	9,604
2027	6,496	150	6,646
Total future payments	<u>\$ 345,329</u>	<u>\$ 15,588</u>	<u>\$ 360,917</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 for 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.

Upon expiration of the dormitory lease, the Corporation entered into a new lease for the same space, denominated in EUR, commencing December 1, 2022, at a borrowing rate of 6.75%. The lease term extended through November 30, 2025, with an extension clause requiring mutual agreement. 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, 2023 and 2022

Note 7. Lease Obligations (continued)

Total future lease payments as of June 30, 2023 for the Corporation are as follows:

Years ending June 30:	Principal	Interest	Total Payments
2024	\$ 576,627	\$ 114,059	\$ 690,686
2025	613,450	76,546	689,996
2026	279,519	50,908	330,427
2027	160,653	43,852	204,505
2028	168,034	36,471	204,505
2029-2032	701,833	65,062	766,895
Total future payments	<u>\$ 2,500,116</u>	<u>\$ 386,898</u>	<u>\$ 2,887,014</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 and an updated maturity date of May 10, 2025. As of June 30, 2023, the rate was 8%. There was no outstanding balance as of June 30, 2023 or 2022.

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, 2023 and 2022, 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 and LINC, LLC are parties 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 March 2022, the defendants, including the Corporation, filed a motion challenging jurisdiction in California. In March 2023, the parties filed a petition for Writ of Mandate with the Court of Appeals. The petition is currently pending in the California Court of Appeals. 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 18, 2023, the Corporation does not anticipate a financial impact as a result of these matters.

Note 12. Subsequent Events

The Corporation has evaluated subsequent events through August 18, 2023, 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, 2023

	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	\$	1,347,231	\$ 1,226,825	\$ 722	\$ 50,709
Accounts receivable		286,191	7,759	-	-
Interest receivable		-	-	-	146,053
Leases receivable		-	-	-	-
Taxes receivable		5,202	25,666	-	-
Inventory - golf course		-	256,931	-	-
Prepaid expenses		7,081	315	-	-
Total current assets		1,645,705	1,517,496	722	196,762
Noncurrent assets					
Land		-	-	-	2,792,554
Construction in progress		-	61,918	-	-
Property and equipment, net		128,901	16,115,656	-	-
Right to use assets, net		-	353,118	-	-
Leases receivable, noncurrent		-	-	-	1,780,648
Total noncurrent assets		128,901	16,530,692	-	4,573,202
Total Assets	\$	1,774,606	\$ 18,048,188	\$ 722	\$ 4,769,964
Liabilities					
Current liabilities					
Accounts payable	\$	20,857	\$ 154,139	\$ -	\$ -
Interest payable		-	-	-	-
Current installments of lease obligations		-	206,509	-	-
Funds held for others		-	-	-	50,709
Unearned revenue		-	519,058	-	1,663,170
Total current liabilities		20,857	879,706	-	1,713,879
Long-term liabilities					
Lease obligations, less current installments		-	138,820	-	-
Notes payable		-	-	-	2,785,750
Total long-term liabilities		-	138,820	-	2,785,750
Total Liabilities		20,857	1,018,526	-	4,499,629
Net Position					
Net investment in capital assets		128,901	16,123,445	-	6,804
Restricted net position, expendable		-	-	-	-
Unrestricted net position		1,624,848	906,217	722	263,531
Total Net Position		1,753,749	17,029,662	722	270,335
Total Liabilities and Net Position	\$	1,774,606	\$ 18,048,188	\$ 722	\$ 4,769,964

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
\$ 18,495	\$ 673,761	\$ 14,773	\$ 29,311	\$ 523	\$ 227,491	\$ 3,589,841
-	-	-	38,453	-	-	332,403
-	87,675	-	-	-	-	233,728
-	16,972	-	-	-	-	16,972
-	-	-	-	-	-	30,868
-	-	-	-	-	-	256,931
-	-	-	-	-	191,807	199,203
18,495	778,408	14,773	67,764	523	419,298	4,659,946
-	-	-	-	-	-	2,792,554
-	-	-	-	-	-	61,918
-	-	-	-	-	-	16,244,557
-	-	-	-	-	2,520,629	2,873,747
-	8,377,992	-	-	-	-	10,158,640
-	8,377,992	-	-	-	2,520,629	32,131,416
\$ 18,495	\$ 9,156,400	\$ 14,773	\$ 67,764	\$ 523	\$ 2,939,927	\$ 36,791,362
\$ -	\$ 14,050	\$ 13,500	\$ -	\$ -	\$ 9,144	\$ 211,690
-	-	-	-	-	23,343	23,343
-	-	-	-	-	576,627	783,136
-	-	-	67,764	-	-	118,473
-	8,190,425	-	-	-	-	10,372,653
-	8,204,475	13,500	67,764	-	609,114	11,509,295
-	-	-	-	-	1,923,489	2,062,309
-	-	-	-	-	-	2,785,750
-	-	-	-	-	1,923,489	4,848,059
-	8,204,475	13,500	67,764	-	2,532,603	16,357,354
-	-	-	-	-	(2,830)	16,256,320
-	-	-	-	-	349,488	349,488
18,495	951,925	1,273	-	523	60,666	3,828,200
18,495	951,925	1,273	-	523	407,324	20,434,008
\$ 18,495	\$ 9,156,400	\$ 14,773	\$ 67,764	\$ 523	\$ 2,939,927	\$ 36,791,362

NC State University Partnership Corporation and Affiliates

Consolidating Statement of Net Position
June 30, 2022 (As Restated)

	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		-		-
Interest receivable		-		-		-		96,331
Leases receivable		-		-		-		-
Taxes receivable		3,418		24,230		-		-
Inventory - golf course		-		194,804		-		-
Prepaid expenses		7,081		315		-		-
Total current assets		2,851,529		1,430,169		923		147,844
Noncurrent assets								
Land		-		-		-		2,792,554
Property and equipment, net		201,802		16,185,996		-		-
Right to use assets, net		191,959		511,568		-		-
Leases receivable, noncurrent		-		-		-		1,780,648
Total noncurrent assets		393,761		16,697,564		-		4,573,202
Total Assets	\$	3,245,290	\$	18,127,733	\$	923	\$	4,721,046
Liabilities								
Current liabilities								
Accounts payable	\$	334,631	\$	89,889	\$	-	\$	-
Interest payable		-		-		-		-
Current installments of lease obligations		176,656		195,241		-		-
Funds held for others		-		-		-		58,317
Unearned revenue		-		440,569		-		1,704,236
Total current liabilities		511,287		725,699		-		1,762,553
Long-term liabilities								
Lease obligations, less current installments		-		320,615		-		-
Notes payable		-		-		-		2,785,750
Total long-term liabilities		-		320,615		-		2,785,750
Total Liabilities		511,287		1,046,314		-		4,548,303
Net Position								
Net investment in capital assets		217,105		16,181,708		-		6,804
Restricted net position, expendable		-		-		-		-
Unrestricted net position		2,516,898		899,711		923		165,939
Total Net Position		2,734,003		17,081,419		923		172,743
Total Liabilities and Net Position	\$	3,245,290	\$	18,127,733	\$	923	\$	4,721,046

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
-	45,156	-	-	-	-	141,487
-	8,198	-	-	-	-	8,198
-	-	-	-	-	-	27,648
-	-	-	-	-	-	194,804
-	-	-	-	-	151,001	158,397
20,527	323,377	32,514	76,814	18,214	210,594	5,112,505
-	-	-	-	-	-	2,792,554
-	-	-	-	-	-	16,387,798
-	-	-	-	-	1,775,340	2,478,867
-	4,315,536	-	-	-	-	6,096,184
-	4,315,536	-	-	-	1,775,340	27,755,403
\$ 20,527	\$ 4,638,913	\$ 32,514	\$ 76,814	\$ 18,214	\$ 1,985,934	\$ 32,867,908
\$ -	\$ -	\$ 3,017	\$ -	\$ -	\$ 3,138	\$ 430,675
-	-	-	-	-	1,130	1,130
-	-	-	-	-	228,754	600,651
-	-	-	76,814	-	-	135,131
-	4,234,954	26,375	-	-	-	6,406,134
-	4,234,954	29,392	76,814	-	233,022	7,573,721
-	-	-	-	-	1,410,601	1,731,216
-	-	-	-	-	-	2,785,750
-	-	-	-	-	1,410,601	4,516,966
-	4,234,954	29,392	76,814	-	1,643,623	12,090,687
-	-	-	-	-	135,985	16,541,602
-	-	-	-	-	159,028	159,028
20,527	403,959	3,122	-	18,214	47,298	4,076,591
20,527	403,959	3,122	-	18,214	342,311	20,777,221
\$ 20,527	\$ 4,638,913	\$ 32,514	\$ 76,814	\$ 18,214	\$ 1,985,934	\$ 32,867,908

NC State University Partnership Corporation and Affiliates

**Consolidating Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023**

	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	\$ 1,312,766	\$ -	\$ -	\$ -
Membership fees	-	-	-	-
Merchandise sales	-	547,972	-	-
Greens fees income	-	1,836,541	-	-
Golf cart income	-	251,394	-	-
Rental income	-	85,500	-	41,066
Interest income	10,960	1,177	1	118,437
Other operating revenue	-	340,919	-	-
Total operating revenues	1,323,726	3,063,503	1	159,503
Operating expenses:				
Cost of sales	710,704	431,660	-	-
General operating expenses:				
Marketing expense	-	3,045	-	-
Contracted services expense	415,312	562,559	-	-
General and administrative expense	188,564	171,830	-	9,500
Clubhouse expense	-	501,946	-	-
Repairs and maintenance expense	116,615	202,275	-	-
Rental expense	5,089	28,550	-	-
Supplies expense	316,468	-	-	-
Utilities expense	3,497	-	-	-
Insurance expense	30,292	47,162	25,637	1,500
Royalties	-	-	-	-
Membership expenses	-	-	-	-
Other current services	76,877	846,335	202	202
Total general operating expenses	1,152,714	2,363,702	25,839	11,202
Net operating income (loss) prior to depreciation and amortization	(539,692)	268,141	(25,838)	148,301
Depreciation expense	72,901	282,530	-	-
Amortization expense	191,959	187,621	-	-
Total operating expenses	2,128,278	3,265,513	25,839	11,202
Net Operating Income (Loss)	(804,552)	(202,010)	(25,838)	148,301
Nonoperating Income (Expenses)				
Interest and fees on leases and debt	(3,565)	(20,260)	-	-
Foreign currency gain (loss)	-	-	-	-
Gain on disposal of right to use asset	734	-	-	-
Net Nonoperating Income (Expenses)	(2,831)	(20,260)	-	-
Operating Transfers In (Out)	(172,871)	170,513	25,637	(50,709)
Change in Net Position	(980,254)	(51,757)	(201)	97,592
Net Position				
Beginning of year	2,734,003	17,081,419	923	172,743
End of year	\$ 1,753,749	\$ 17,029,662	\$ 722	\$ 270,335

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,312,766
-	-	160,175	-	-	-	160,175
-	-	-	-	-	-	547,972
-	-	-	-	-	-	1,836,541
-	-	-	-	-	-	251,394
-	128,649	-	-	-	-	255,215
20	463,919	25	99	11	88	594,737
-	-	-	252,661	-	45,434	639,014
20	592,568	160,200	252,760	11	45,522	5,597,814
-	-	-	-	-	-	1,142,364
-	-	-	-	-	-	3,045
-	-	-	-	-	-	977,871
1,500	17,000	41,264	17,000	16,000	27,403	490,061
-	-	-	-	-	-	501,946
-	-	-	-	-	-	318,890
-	-	-	243,109	-	89,879	366,627
-	-	-	-	-	-	316,468
-	-	-	-	-	30,583	34,080
350	1,500	1,500	1,500	1,500	5,900	116,841
-	-	-	-	-	-	-
-	-	13,060	-	-	-	13,060
202	26,102	139,425	201	202	31,793	1,121,541
2,052	44,602	195,249	261,810	17,702	185,558	4,260,430
(2,032)	547,966	(35,049)	(9,050)	(17,691)	(140,036)	195,020
-	-	-	-	-	-	355,431
-	-	-	-	-	577,852	957,432
2,052	44,602	195,249	261,810	17,702	763,410	6,715,657
(2,032)	547,966	(35,049)	(9,050)	(17,691)	(717,888)	(1,117,843)
-	-	-	-	-	(108,762)	(132,587)
-	-	-	-	-	(126,140)	(126,140)
-	-	-	-	-	-	734
-	-	-	-	-	(234,902)	(257,993)
-	-	33,200	9,050	-	1,017,803	1,032,623
(2,032)	547,966	(1,849)	-	(17,691)	65,013	(343,213)
20,527	403,959	3,122	-	18,214	342,311	20,777,221
\$ 18,495	\$ 951,925	\$ 1,273	\$ -	\$ 523	\$ 407,324	\$ 20,434,008

NC State University Partnership Corporation and Affiliates

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

	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	-	-
Rental income	-	61,750	-	41,066
Interest income	2,685	978	3	115,434
Other operating revenue	-	342,153	-	-
Total operating revenues	1,051,946	3,161,028	3	156,500
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)	146,100
Depreciation expense	72,901	283,156	-	-
Amortization expense	93,448	184,418	-	-
Total operating expenses	1,956,779	2,940,255	24,839	10,400
Net Operating Income (Loss)	(904,833)	220,773	(24,836)	146,100
Nonoperating Income (Expenses)				
Interest and fees on leases and debt	(3,178)	(31,391)	-	-
Foreign currency gain (loss)	-	-	-	-
Net Nonoperating Income (Expenses)	(3,178)	(31,391)	-	-
Operating Transfers In (Out)	(199,814)	197,174	24,639	(58,317)
Change in Net Position	(1,107,825)	386,556	(197)	87,783
Net Position				
Beginning of year	3,841,828	16,694,863	1,120	84,960
End of year	\$ 2,734,003	\$ 17,081,419	\$ 923	\$ 172,743

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
-	74,515	-	-	-	-	177,331
22	272,030	24	85	14	58	391,333
-	-	-	204,747	-	38,987	585,887
22	346,545	105,524	204,832	14	39,045	5,065,459
-	-	-	-	-	-	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)	328,645	(7,970)	(16,065)	(17,186)	(134,295)	222,228
-	-	-	-	-	-	356,057
-	-	-	-	-	543,082	820,948
2,050	17,900	113,494	220,897	17,200	716,422	6,020,236
(2,028)	328,645	(7,970)	(16,065)	(17,186)	(677,377)	(954,777)
-	-	-	-	-	(94,433)	(129,002)
-	-	-	-	-	229,541	229,541
-	-	-	-	-	135,108	100,539
-	(370,000)	-	16,065	35,400	839,300	484,447
(2,028)	(41,355)	(7,970)	-	18,214	297,031	(369,791)
22,555	445,314	11,092	-	-	45,280	21,147,012
\$ 20,527	\$ 403,959	\$ 3,122	\$ -	\$ 18,214	\$ 342,311	\$ 20,777,221

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, 2023 and 2022, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 18, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 18, 2023