

**NC STATE UNIVERSITY
PARTNERSHIP CORPORATION
AND AFFILIATES**

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2024 and 2023

NC State University Partnership Corporation and Affiliates
Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S 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, 2024 and 2023, 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, 2024 and 2023, 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 Auditor's 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.

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.

Auditor's 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 auditor's 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 21 through 28 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 16, 2024 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 Dyerman Pierce, LLP

Greensboro, North Carolina
August 16, 2024

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

INTRODUCTION

Management's discussion and analysis provides an overview of the accompanying basic consolidated financial statements of the NC State University Partnership Corporation (the "Corporation") and the nine single-member limited liability corporations created by the Corporation. It includes comparative financial analysis with discussion of significant changes from the prior year as well as information on currently known facts, decisions, or conditions affecting the Corporation's financial affairs.

FINANCIAL HIGHLIGHTS

The Corporation's net position increased by 3.76% to \$21.2 million in fiscal year 2024. Net position represents the Corporation's equity, the assets less the liabilities. The major drivers behind this change were the operations of NC State University Centennial Development, LLC and NC State CC Holdings I, LLC which generated an increase in net position of approximately \$620,000 and \$636,000, respectively. NC State Partnership Corporation also generated an increase in net position of approximately \$251,000 through operations during the year. This combined increase was partially offset by the operations of the Leaders in Innovation and Nonwovens Commercialization ("LINC"), LLC, which generated a decrease in net position of approximately \$941,000.

USING THE FINANCIAL STATEMENTS

The Corporation's consolidated financial statements are used to evaluate the financial position as of June 30, 2024 and June 30, 2023 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 single-member limited liability companies (affiliates).

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, 2024 and 2023. 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, 2024 and 2023:

NC State University Partnership Corporation and Affiliates

Condensed Statements of Net Position
June 30, 2024 and 2023

	2024	2023	Increase/ (Decrease)
Assets			
Current assets	\$ 4,778,686	\$ 4,659,946	\$ 118,740
Noncurrent assets	32,949,780	32,131,416	818,364
Total Assets	<u>\$ 37,728,466</u>	<u>\$ 36,791,362</u>	<u>\$ 937,104</u>
Liabilities			
Current liabilities	\$ 1,874,698	\$ 1,843,460	\$ 31,238
Long-term liabilities	14,651,932	14,513,894	138,038
Total Liabilities	<u>16,526,630</u>	<u>16,357,354</u>	<u>169,276</u>
Net Position			
Net investment in capital assets	16,805,586	16,256,320	549,266
Restricted net position, expendable	280,727	349,488	(68,761)
Unrestricted net position	4,115,523	3,828,200	287,323
Total Net Position	<u>21,201,836</u>	<u>20,434,008</u>	<u>767,828</u>
Total Liabilities and Net Position	<u>\$ 37,728,466</u>	<u>\$ 36,791,362</u>	<u>\$ 937,104</u>

Year over year total assets increased by \$937,000. Most of the increase was seen in noncurrent assets and was primarily due to fluctuations in NC State University Centennial Development, LLC's and NC State University Partnership Corporation's PP&E and right to use assets. Total liabilities increased by \$169,000 primarily due to a \$393,000 increase in NC State Partnership Corporation' lease obligations offset by a \$207,000 reduction to NC State Centennial Development, LLC's lease obligations.

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, 2024 and 2023. 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, 2024 and 2023:

	2024	2023	Increase/ (Decrease)
Operating Revenues and Expenses			
Operating revenues	\$ 13,950,117	\$ 5,597,814	\$ 8,352,303
Operating expenses:			
Cost of sales	979,312	1,142,364	(163,052)
General operating expenses	12,017,834	4,260,430	7,757,404
Net operating income prior to depreciation and amortization	952,971	195,020	757,951
Depreciation expense	376,164	355,431	20,733
Amortization expense	857,772	957,432	(99,660)
Total operating expenses	14,231,082	6,715,657	7,515,425
Net Operating Loss	(280,965)	(1,117,843)	836,878
Nonoperating (Expense) Income			
Interest and fees on leases and debt	(131,247)	(132,587)	1,340
Foreign currency gain (loss)	37,248	(126,140)	163,388
Gain on disposal of right to use asset	-	734	(734)
Nonoperating support	1,142,792	1,032,623	110,169
Net Nonoperating (Expense) Income	1,048,793	774,630	274,163
Change in Net Position	767,828	(343,213)	1,111,041
Net Position			
Beginning of year	20,434,008	20,777,221	(343,213)
End of year	\$ 21,201,836	\$ 20,434,008	\$ 767,828

The Corporation saw an increase of approximately \$8.35 million in operating revenues primarily due to NC State Research, LLC operations during fiscal year 2024. Total operating expenses increased by \$7.51 million, primarily due to the operations of NC State Research, LLC during fiscal year 2024. Revenues exceeded expenses, resulting in an increase in net position of approximately \$1.11 million for the fiscal year ended June 30, 2024.

**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. NC State University 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, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash (Note 1)	\$ 3,679,615	\$ 3,589,841
Accounts receivable (Note 1)	227,563	332,403
Interest receivable (Note 1)	274,820	233,728
Leases receivable (Notes 1 & 2)	18,064	16,972
Taxes receivable	33,455	30,868
Inventory - golf course (Note 1)	273,122	256,931
Prepaid expenses (Note 1)	272,047	199,203
Total current assets	<u>4,778,686</u>	<u>4,659,946</u>
Noncurrent assets		
Land (Note 3)	2,792,554	2,792,554
Construction in progress	195,895	61,918
Property and equipment, net (Notes 1 & 4)	16,487,477	16,244,557
Right to use assets, net (Notes 1 & 5)	3,333,278	2,873,747
Leases receivable (Notes 1 & 2)	10,140,576	10,158,640
Total noncurrent assets	<u>32,949,780</u>	<u>32,131,416</u>
Total Assets	<u><u>\$ 37,728,466</u></u>	<u><u>\$ 36,791,362</u></u>
Liabilities		
Current liabilities		
Accounts payable (Note 1)	\$ 292,345	\$ 211,690
Interest payable (Note 6)	221	23,343
Current installments of lease obligations (Note 6)	697,215	783,136
Funds held for others (Note 1)	162,398	118,473
Deferred inflow of resources (Note 1)	187,760	187,760
Unearned revenue (Note 1)	534,759	519,058
Total current liabilities	<u>1,874,698</u>	<u>1,843,460</u>
Long-term liabilities		
Lease obligations, less current installments (Note 6)	2,388,108	2,062,309
Deferred inflow of resources (Note 1)	9,478,074	9,665,835
Notes payable (Note 8)	2,785,750	2,785,750
Total long-term liabilities	<u>14,651,932</u>	<u>14,513,894</u>
Total Liabilities	<u><u>16,526,630</u></u>	<u><u>16,357,354</u></u>
Net Position		
Net investment in capital assets	16,805,586	16,256,320
Restricted net position, expendable	280,727	349,488
Unrestricted net position	4,115,523	3,828,200
Total Net Position	<u>21,201,836</u>	<u>20,434,008</u>
Total Liabilities and Net Position	<u><u>\$ 37,728,466</u></u>	<u><u>\$ 36,791,362</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, 2024 and 2023**

	2024	2023
Operating Revenues and Expenses		
Operating revenues	\$ 13,950,117	\$ 5,597,814
Operating expenses:		
Cost of sales	979,312	1,142,364
General operating expenses	12,017,834	4,260,430
Net operating income prior to depreciation and amortization	952,971	195,020
Depreciation expense	376,164	355,431
Amortization expense	857,772	957,432
Total operating expenses	14,231,082	6,715,657
Net Operating Loss	(280,965)	(1,117,843)
Nonoperating (Expense) Income		
Interest and fees on leases and debt	(131,247)	(132,587)
Foreign currency gain (loss)	37,248	(126,140)
Gain on disposal of right to use asset	-	734
Nonoperating support, net	1,142,792	1,032,623
Net Nonoperating (Expense) Income	1,048,793	774,630
Change in Net Position	767,828	(343,213)
Net Position		
Beginning of year	20,434,008	20,777,221
End of year	\$ 21,201,836	\$ 20,434,008

See Notes to Consolidated Financial Statements.

NC State University Partnership Corporation and Affiliates

Consolidated Statements of Cash Flows For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Received from customers, grantors and leases	\$ 13,856,190	\$ 5,723,494
Payments to vendors, suppliers and the University	(12,961,601)	(5,741,370)
Net Cash Provided by (Used In) Operating Activities	894,589	(17,876)
Cash Flows from Capital Financing and Related Financing Activities		
Purchases of construction in progress	(133,977)	(61,918)
Purchases of property and equipment	(596,127)	(212,190)
Payments on lease liabilities	(1,217,503)	(1,074,514)
Net Cash Used in Capital Financing and Related Financing Activities	(1,947,607)	(1,348,622)
Cash Flows from Noncapital Financing Activities		
Nonoperating support, net	1,142,792	1,032,623
Net Cash Provided by Noncapital Financing Activities	1,142,792	1,032,623
Net Increase (Decrease) in Cash	89,774	(333,875)
Cash		
Beginning of year	3,589,841	3,923,716
End of year	<u>\$ 3,679,615</u>	<u>\$ 3,589,841</u>
Reconciliation of Net Operating Loss to Net Cash Provided by (Used In) Operating Activities		
Net operating loss	\$ (280,965)	\$ (1,117,843)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,233,936	1,312,863
(Increase) decrease in:		
Accounts receivable	104,840	325,852
Interest receivable	(41,092)	(92,241)
Leases receivable	16,972	(4,071,230)
Taxes receivable	(2,587)	(3,220)
Inventory - golf course	(16,191)	(62,127)
Prepaid expenses	(72,844)	(40,806)
Increase (decrease) in:		
Accounts payable	80,655	(218,985)
Funds held for others	43,925	(16,658)
Deferred inflow of resources	(187,761)	3,914,405
Unearned revenue	15,701	52,114
Net Cash Provided by (Used In) Operating Activities	\$ 894,589	\$ (17,876)
Supplemental Disclosures of Noncash Activities		
Net lease activity	\$ 1,354,552	\$ 1,226,172
Net Noncash Capital and Financing Activities	\$ 1,354,552	\$ 1,226,172

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 ("Upfit"), LLC; Bell Tower Holdings ("BTH"), LLC; NC State CBC Land I ("CBC"), 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. Upfit, LLC was formed to develop, construct, own and otherwise upfit facilities located on the Centennial Campus at North Carolina State University. BTH, LLC was established to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all rights of ownership of real property. CBC, 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, LLC was formed to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all rights of ownership of land and facilities located on North Carolina State University's Centennial Campus. WIN, LLC was formed to connect the NC State alumni network with the NC State entrepreneurial community to develop and foster knowledge transfer and extend the University's outreach and engagement. C2I, LLC was formed to act as an intermediary between the University and private parties in connection with certain real estate operations, execute innovation space management agreements, and procure resources for enhanced innovation activation and programming. NC State Research, LLC was formed to manage, operate, host and oversee research related operations, units, activities and initiatives of North Carolina State University faculty, departments, centers and institutes, as well as federal agencies. The revenues and expenses related to these core activities are recorded as operating in the accompanying Consolidated Statements of Revenues, Expenses, and Changes in Net Position. 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 affiliates. 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, 2024 and 2023

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 \$3,651,877 and \$3,608,707 at June 30, 2024 and 2023, respectively. The Corporation's uninsured and uncollateralized bank balances that were exposed to custodial credit risk were \$2,477,658 and \$2,516,683 as of June 30, 2024 and 2023, respectively.

Accounts receivable: Accounts receivable primarily consists of contract revenue due to LINC, 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, 2024 and 2023; therefore an allowance for doubtful accounts has not been recorded.

Interest receivable: Interest receivable consists of interest due in connection with CCH, LLC and Bell Tower Holdings, 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 10 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. Most right to use assets are amortized using the straight-line method over the lesser of their related lease term or their estimated useful lives. In the event of a bargain purchase price option, the asset is amortized over its useful life.

Accounts payable: Accounts payable primarily represents trade payables due to vendors and the University. At June 30, 2024, approximately \$226,000 was owed to vendors and approximately \$59,000 was owed to the University. At June 30, 2023, approximately \$180,500 was owed to vendors and approximately \$26,000 was owed to the University.

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

Deferred inflow of resources: Deferred inflow of resources includes amounts unearned in relation to the BTH, LLC and CCH, LLC ground lease agreements.

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.

Notes to Consolidated Financial Statements
For the years ended June 30, 2024 and 2023

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.

Nonoperating support: Nonoperating support included funds provided to and from affiliated entities and the University. The Corporation received nonoperating support of approximately \$1.9 million and incurred approximately \$755 thousand of nonoperating expenses during the year ended June 30, 2024. For the year ended June 30, 2023, The Corporation received nonoperating support of approximately \$1.3 million and incurred approximately \$251 thousand of nonoperating expenses.

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 2024 and 2023. 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, 2024, 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 2020.

Notes to Consolidated Financial Statements
For the years ended June 30, 2024 and 2023

Note 1. Nature of Activities (continued)

Change in accounting principle: In April 2022, the GASB issued GASB Statement No. 99, *Omnibus 2022* ("GASB 99"). GASB 99 enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing the accounting and reporting of financial guarantees, along with practice issues that have been identified during implementation and application of certain GASB Statements. The practice issues addressed by GASB 99 include the classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and the clarification of certain provisions in GASB Statement No. 87, *Leases*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

On July 1, 2023, the Organization adopted the new accounting standard using the retroactive transition method. Retroactive transition calls for the restatement of all prior periods presented, and the recognition of a cumulative-effect adjustment to the opening balance of net position in the earliest period presented, for the effect of applying the standard to the periods prior to those presented. The adoption did not have an impact on the Organization's consolidated financial statements as of and for the years ended June 30, 2024 and 2023.

Reclassifications: Certain amounts in the 2023 consolidated financial statements have been reclassified to conform to the 2024 presentation with no effect on previously presented net position.

Note 2. 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, 2024 are as follows:

Years ending June 30:	Principal	Interest	Total Receipts
2025	\$ -	\$ 91,520	\$ 91,520
2026	-	91,520	91,520
2027	-	91,520	91,520
2028	-	91,520	91,520
2029	-	91,520	91,520
2030-2034	-	480,590	480,590
2035-2039	-	719,338	719,338
2040-2044	-	888,937	888,937
2045-2049	-	934,282	934,282
2050-2054	278,143	703,797	981,940
2055-2059	656,719	375,309	1,032,028
2060-2064	845,786	127,699	973,485
Total future receipts	\$ 1,780,648	\$ 4,687,552	\$ 6,468,200

Notes to Consolidated Financial Statements
For the years ended June 30, 2024 and 2023

Note 2. 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, 2024 are as follows:

Years ending June 30:	Principal	Interest	Total Receipts
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	23,179	520,821	544,000
2030-2034	140,272	2,579,728	2,720,000
2035-2039	191,574	2,528,426	2,720,000
2040-2044	261,638	2,458,362	2,720,000
2045-2049	357,327	2,362,673	2,720,000
2050-2054	488,012	2,231,988	2,720,000
2055-2059	666,493	2,053,507	2,720,000
2060-2064	910,249	1,809,751	2,720,000
2065-2069	1,243,154	1,476,846	2,720,000
2070-2074	1,697,813	1,022,187	2,720,000
2074-2079	2,318,751	401,247	2,719,998
Total future receipts	<u>\$ 8,377,992</u>	<u>\$ 21,542,006</u>	<u>\$ 29,919,998</u>

Note 3. Land

Three tracts of land on Hillsborough Street are held by Bell Tower Holdings, LLC. Two tracts were deeded during the fiscal year 2010 by the Endowment Fund of North Carolina State University (the "Endowment Fund") and are reported on the consolidated financial statements at a cost of \$2,737,554. The third tract was deeded during the fiscal year 2014 by the Endowment Fund and is reported on the consolidated financial statements at its original gift value of \$55,000.

NC State University Partnership Corporation and Affiliates

Notes to Consolidated Financial Statements For the years ended June 30, 2024 and 2023

Note 4. Property and Equipment

A summary of changes in property and equipment for the years ended June 30, 2024 and 2023 is as follows:

	Balance July 1, 2023	Reclassification	Increases	Decreases	Balance June 30, 2024
Property and equipment, nondepreciable:	\$ 9,939,004	\$ -	\$ -	\$ -	\$ 9,939,004
Property and equipment, depreciable:					
Modern Greens	512,319	-	-	-	512,319
Land improvements	434,820	-	461,113	-	895,933
Buildings and fixtures	8,178,760	-	76,081	-	8,254,841
Equipment	493,314	46,203	58,934	-	598,451
Total property and equipment, depreciable	9,619,213	46,203	596,128	-	10,261,544
Less accumulated depreciation for:					
Modern Greens	495,245	-	17,077	-	512,322
Land improvements	187,183	-	57,167	-	244,350
Buildings and fixtures	2,295,742	-	213,794	-	2,509,536
Equipment	335,490	23,247	88,126	-	446,863
Total accumulated depreciation	3,313,660	23,247	376,164	-	3,713,071
Total property and equipment, depreciable, net	6,305,553	22,956	219,964	-	6,548,473
Property and equipment, net	\$ 16,244,557	\$ 22,956	\$ 219,964	\$ -	\$ 16,487,477

	Balance July 1, 2022	Reclassification	Increases	Decreases	Balance June 30, 2023
Property and equipment, nondepreciable:	\$ 9,762,486	\$ -	\$ 176,518	\$ -	\$ 9,939,004
Property and equipment, depreciable:					
Modern Greens	512,319	-	-	-	512,319
Land improvements	414,130	-	20,690	-	434,820
Buildings and fixtures	8,178,760	-	-	-	8,178,760
Equipment	503,991	-	14,982	25,659	493,314
Total property and equipment, depreciable	9,609,200	-	35,672	25,659	9,619,213
Less accumulated depreciation for:					
Modern Greens	461,090	-	34,155	-	495,245
Land improvements	159,098	-	28,085	-	187,183
Buildings and fixtures	2,084,665	-	211,077	-	2,295,742
Equipment	279,035	-	82,114	25,659	335,490
Total accumulated depreciation	2,983,888	-	355,431	25,659	3,313,660
Total property and equipment, depreciable, net	6,625,312	-	(319,759)	-	6,305,553
Property and equipment, net	\$ 16,387,798	\$ -	\$ (143,241)	\$ -	\$ 16,244,557

NC State University Partnership Corporation and Affiliates

Notes to Consolidated Financial Statements For the years ended June 30, 2024 and 2023

Note 5. Right to Use Assets

A summary of changes in right to use assets for the years ended June 30, 2024 and 2023 is as follows:

	Balance July 1, 2023	Reclassification	Increases	Decreases	Balance June 30, 2024
Right to use assets, amortizable:					
Buildings	\$ 3,222,418	\$ -	\$ 1,340,259	\$ -	\$ 4,562,677
Equipment	902,217	(46,203)	-	-	856,014
Total right to use asset, amortizable	4,124,635	(46,203)	1,340,259	-	5,418,691
Less accumulated amortization for:					
Buildings	701,789	-	675,981	-	1,377,770
Equipment	549,099	(23,247)	181,791	-	707,643
Total accumulated amortization	1,250,888	(23,247)	857,772	-	2,085,413
Total right to use assets, amortizable, net	\$ 2,873,747	\$ (22,956)	\$ 482,487	\$ -	\$ 3,333,278
	Balance July 1, 2022	Reclassification	Increases	Decreases	Balance 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

Note 6. Lease Obligations

LINC, LLC entered into a warehouse lease agreement effective June 1, 2022, 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%.

Effective June 1, 2023 LINC, LLC entered into a warehouse lease agreement extending through May 31, 2025. The present value of all scheduled lease payments was calculated using the prime rate at lease commencement of 4.94%. LINC, LLC will incur future principal payments of \$53,665 and interest of \$1,335 during fiscal year 2025.

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%.

Total future lease payments as of June 30, 2024 for Centennial Development, LLC are as follows:

Years ending June 30:	Principal	Interest	Total Payments
2025	\$ 123,369	\$ 3,213	\$ 126,582
2026	8,955	649	9,604
2027	6,496	150	6,646
Total future payments	\$ 138,820	\$ 4,012	\$ 142,832

Notes to Consolidated Financial Statements
For the years ended June 30, 2024 and 2023

Note 6. Lease Obligations (continued)

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%. On May 1, 2024, an amendment increasing office space and quarterly payments became effective requiring an additional deposit. The lease term was extended through March 31, 2034. 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.

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.

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.

Total future lease payments as of June 30, 2024 for the Corporation are as follows:

Years ending June 30:	Principal	Interest	Total Payments
2025	\$ 520,181	\$ 111,722	\$ 631,903
2026	350,152	89,904	440,056
2027	235,897	77,844	313,741
2028	245,532	68,209	313,741
2029	255,561	58,180	313,741
2030-2032	1,285,515	126,320	1,411,835
Total future payments	<u>\$ 2,892,838</u>	<u>\$ 532,179</u>	<u>\$ 3,425,017</u>

Note 7. 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, 2024, the rate was 8.25%. There was no outstanding balance as of June 30, 2024 or 2023.

Note 8. 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, 2024 and 2023, Bell Tower Holdings, LLC owed the Endowment Fund \$2,785,750.

Note 9. Grant Income

In February 2024, NC State Research, LLC entered into a \$30 million conditional grant agreement to establish a sustainable protein center at the University. In accordance with NC State Research, LLC's objectives, a related agreement was entered into between NC State Research, LLC and the University to transfer all annual awards received by NC State Research, LLC to the University in support of the project. The first installment of this grant was received during the year ended June 30, 2024 in the amount of \$7.5 million. The remainder of the grant is payable to NC State Research, LLC in \$5.625 million increments over the next four years, contingent upon progress, performance and completion of a sustainable protein center. It is understood that if the University failed to establish a sustainable protein center, the grant agreement would no longer be enforceable, and funding would be discontinued. In addition, NC State Research, LLC is required to produce annual progress reports and adequate financial records.

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

In early 2022, a lawsuit was filed against the Corporation and LINC, LLC regarding the use of LINC's materials. The Corporation and LINC believe that the claims are baseless and without merit and sought a dismissal of these claims. In March 2022, the defendants filed a motion to dismiss them from the lawsuit, challenging jurisdiction in California. The trial court denied the motion. In March 2023, the parties appealed this decision, and the California Court of Appeals partially reversed the trial court's decision. As a result, the claims against the Corporation have been dismissed and the Corporation is no longer a party to the lawsuit. LINC, LLC remains a party to the lawsuit and plans to file an answer to the complaint, and vigorously defend against these claims.

Previously, the Corporation was notified of a federal criminal inquiry of a company that produced personal protective equipment using LINC, LLC'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 16, 2024, 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 16, 2024, 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, 2024**

	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 (Note 1)	\$ 616,678	\$ 1,471,454	\$ 112,714	\$ 68,856
Accounts receivable (Note 1)	183,740	-	-	-
Interest receivable (Note 1)	-	-	-	187,322
Leases receivable (Notes 1 & 2)	-	-	-	-
Taxes receivable	6,353	27,102	-	-
Inventory - golf course (Note 1)	-	273,122	-	-
Prepaid expenses (Note 1)	7,081	-	-	-
Total current assets	813,852	1,771,678	112,714	256,178
Noncurrent assets				
Land (Note 3)	-	-	-	2,792,554
Construction in progress	-	195,895	-	-
Property and equipment, net (Notes 1 & 4)	56,000	16,431,477	-	-
Right to use assets, net (Notes 1 & 5)	52,589	148,371	-	-
Leases receivable (Notes 1 & 2)	-	-	-	1,780,648
Total noncurrent assets	108,589	16,775,743	-	4,573,202
Total Assets	\$ 922,441	\$ 18,547,421	\$ 112,714	\$ 4,829,380
Liabilities				
Current liabilities				
Accounts payable (Note 1)	\$ 55,594	\$ 223,778	\$ -	\$ -
Interest payable (Note 6)	221	-	-	-
Current installments of lease obligations (Note 6)	53,665	123,369	-	-
Funds held for others (Note 1)	-	-	-	68,856
Deferred inflow of resources (Note 1)	-	-	-	41,066
Unearned revenue (Note 1)	-	534,759	-	-
Total current liabilities	109,480	881,906	-	109,922
Long-term liabilities				
Lease obligations, less current installments (Note 6)	-	15,451	-	-
Deferred inflow of resources (Note 1)	-	-	-	1,581,038
Notes payable (Note 8)	-	-	-	2,785,750
Total long-term liabilities	-	15,451	-	4,366,788
Total Liabilities	109,480	897,357	-	4,476,710
Net Position				
Net investment in capital assets	54,703	16,504,599	-	6,804
Restricted net position, expendable	-	-	-	-
Unrestricted net position	758,258	1,145,465	112,714	345,866
Total Net Position	812,961	17,650,064	112,714	352,670
Total Liabilities and Net Position	\$ 922,441	\$ 18,547,421	\$ 112,714	\$ 4,829,380

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
\$ 16,461	\$ 1,167,263	\$ 17,427	\$ 49,719	\$ 780	\$ 158,263	\$ 3,679,615
-	-	-	43,823	-	-	227,563
-	87,498	-	-	-	-	274,820
-	18,064	-	-	-	-	18,064
-	-	-	-	-	-	33,455
-	-	-	-	-	-	273,122
-	-	-	-	-	264,966	272,047
16,461	1,272,825	17,427	93,542	780	423,229	4,778,686
-	-	-	-	-	-	2,792,554
-	-	-	-	-	-	195,895
-	-	-	-	-	-	16,487,477
-	-	-	-	-	3,132,318	3,333,278
-	8,359,928	-	-	-	-	10,140,576
-	8,359,928	-	-	-	3,132,318	32,949,780
\$ 16,461	\$ 9,632,753	\$ 17,427	\$ 93,542	\$ 780	\$ 3,555,547	\$ 37,728,466
\$ -	\$ 1,427	\$ 7,652	\$ -	\$ -	\$ 3,894	\$ 292,345
-	-	-	-	-	-	221
-	-	-	-	-	520,181	697,215
-	-	-	93,542	-	-	162,398
-	146,694	-	-	-	-	187,760
-	-	-	-	-	-	534,759
-	148,121	7,652	93,542	-	524,075	1,874,698
-	-	-	-	-	2,372,657	2,388,108
-	7,897,036	-	-	-	-	9,478,074
-	-	-	-	-	-	2,785,750
-	7,897,036	-	-	-	2,372,657	14,651,932
-	8,045,157	7,652	93,542	-	2,896,732	16,526,630
-	-	-	-	-	239,480	16,805,586
-	-	-	-	-	280,727	280,727
16,461	1,587,596	9,775	-	780	138,608	4,115,523
16,461	1,587,596	9,775	-	780	658,815	21,201,836
\$ 16,461	\$ 9,632,753	\$ 17,427	\$ 93,542	\$ 780	\$ 3,555,547	\$ 37,728,466

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 (Note 1)	\$ 1,347,231	\$ 1,226,825	\$ 722	\$ 50,709
Accounts receivable (Note 1)	286,191	7,759	-	-
Interest receivable (Note 1)	-	-	-	146,053
Leases receivable (Notes 1 & 2)	-	-	-	-
Taxes receivable	5,202	25,666	-	-
Inventory - golf course (Note 1)	-	256,931	-	-
Prepaid expenses (Note 1)	7,081	315	-	-
Total current assets	1,645,705	1,517,496	722	196,762
Noncurrent assets				
Land (Note 3)	-	-	-	2,792,554
Construction in progress	-	61,918	-	-
Property and equipment, net (Notes 1 & 4)	128,901	16,115,656	-	-
Right to use assets, net (Notes 1 & 5)	-	353,118	-	-
Leases receivable (Notes 1 & 2)	-	-	-	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 (Note 1)	\$ 20,857	\$ 154,139	\$ -	\$ -
Interest payable (Note 6)	-	-	-	-
Current installments of lease obligations (Note 6)	-	206,509	-	-
Funds held for others (Note 1)	-	-	-	50,709
Deferred inflow of resources (Note 1)	-	-	-	41,066
Unearned revenue (Note 1)	-	519,058	-	-
Total current liabilities	20,857	879,706	-	91,775
Long-term liabilities				
Lease obligations, less current installments (Note 6)	-	138,820	-	-
Deferred inflow of resources (Note 1)	-	-	-	1,622,104
Notes payable (Note 8)	-	-	-	2,785,750
Total long-term liabilities	-	138,820	-	4,407,854
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
-	146,694	-	-	-	-	187,760
-	-	-	-	-	-	519,058
-	160,744	13,500	67,764	-	609,114	1,843,460
-	-	-	-	-	1,923,489	2,062,309
-	8,043,731	-	-	-	-	9,665,835
-	-	-	-	-	-	2,785,750
-	8,043,731	-	-	-	1,923,489	14,513,894
-	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 Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024**

	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	\$ 1,268,409	\$ -	\$ -	\$ -
Grant income	-	-	-	-
Membership fees	-	-	-	-
Merchandise sales	-	606,198	-	-
Greens fees income	-	2,106,414	-	-
Golf cart income	-	354,065	-	-
Rental income	-	87,625	-	41,066
Interest income	17,385	1,390	117	121,428
Other operating revenue	-	393,243	272,489	-
Total operating revenues	1,285,794	3,548,935	272,606	162,494
Operating expenses:				
Cost of sales	550,307	429,005	-	-
General operating expenses:				
Marketing expense	-	2,265	-	-
Contracted services expense	438,812	1,124,183	83,125	-
Research expense	-	-	-	-
General and administrative expense	151,667	241,871	-	9,500
Clubhouse expense	-	595,270	-	-
Repairs and maintenance expense	8,042	197,476	64,622	-
Rental expense	17,941	30,872	-	-
Supplies expense	147,319	-	-	-
Utilities expense	17	-	-	-
Insurance expense	36,161	60,228	-	1,600
Membership expenses	-	-	-	-
Other current services	55,221	385,959	12,867	203
Total general operating expenses	855,180	2,638,124	160,614	11,303
Net operating (loss) income prior to depreciation and amortization	(119,693)	481,806	111,992	151,191
Depreciation expense	72,901	303,263	-	-
Amortization expense	57,370	181,791	-	-
Total operating expenses	1,535,758	3,552,183	160,614	11,303
Net Operating (Loss) Income	(249,964)	(3,248)	111,992	151,191
Nonoperating (Expenses) Income				
Interest and fees on leases and debt	(3,927)	(11,576)	-	-
Foreign currency gain	-	-	-	-
Gain on disposal of right to use asset	-	-	-	-
Nonoperating support, net	(686,897)	635,226	-	(68,856)
Net Nonoperating (Expenses) Income	(690,824)	623,650	-	(68,856)
Change in Net Position	(940,788)	620,402	111,992	82,335
Net Position				
Beginning of year	1,753,749	17,029,662	722	270,335
End of year	\$ 812,961	\$ 17,650,064	\$ 112,714	\$ 352,670

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,268,409
-	-	-	-	7,504,878	-	7,504,878
-	-	156,000	-	-	-	156,000
-	-	-	-	-	-	606,198
-	-	-	-	-	-	2,106,414
-	-	-	-	-	-	354,065
-	146,694	-	-	-	-	275,385
18	527,755	21	1,225	359	201	669,899
-	-	-	278,355	-	64,782	1,008,869
18	674,449	156,021	279,580	7,505,237	64,983	13,950,117
-	-	-	-	-	-	979,312
-	-	-	-	-	-	2,265
-	-	-	-	-	-	1,646,120
-	-	-	-	7,504,878	-	7,504,878
1,500	17,000	22,337	17,000	16,000	20,238	497,113
-	-	-	-	-	-	595,270
-	-	-	-	-	-	270,140
-	-	-	235,000	-	252,102	535,915
-	-	-	-	-	-	147,319
-	-	-	-	-	36,512	36,529
350	1,600	1,600	1,600	1,600	7,100	111,839
-	-	5,398	-	-	-	5,398
202	20,178	158,684	202	202	31,330	665,048
2,052	38,778	188,019	253,802	7,522,680	347,282	12,017,834
(2,034)	635,671	(31,998)	25,778	(17,443)	(282,299)	952,971
-	-	-	-	-	-	376,164
-	-	-	-	-	618,611	857,772
2,052	38,778	188,019	253,802	7,522,680	965,893	14,231,082
(2,034)	635,671	(31,998)	25,778	(17,443)	(900,910)	(280,965)
-	-	-	-	-	(115,744)	(131,247)
-	-	-	-	-	37,248	37,248
-	-	-	-	-	-	-
-	-	40,500	(25,778)	17,700	1,230,897	1,142,792
-	-	40,500	(25,778)	17,700	1,152,401	1,048,793
(2,034)	635,671	8,502	-	257	251,491	767,828
18,495	951,925	1,273	-	523	407,324	20,434,008
\$ 16,461	\$ 1,587,596	\$ 9,775	\$ -	\$ 780	\$ 658,815	\$ 21,201,836

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	-	-
Research expense	-	-	-	-
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
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 (loss) income 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 (Loss) Income	(804,552)	(202,010)	(25,838)	148,301
Nonoperating (Expenses) Income				
Interest and fees on leases and debt	(3,565)	(20,260)	-	-
Foreign currency loss	-	-	-	-
Gain on disposal of right to use asset	734	-	-	-
Nonoperating support, net	(172,871)	170,513	25,637	(50,709)
Net Nonoperating (Expenses) Income	(175,702)	150,253	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
-	-	33,200	9,050	-	1,017,803	1,032,623
-	-	33,200	9,050	-	782,901	774,630
(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

INTERNAL CONTROL AND COMPLIANCE MATTERS



**INDEPENDENT AUDITOR'S 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, 2024 and 2023, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 16, 2024.

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 Dorman Pierce, LLP

Greensboro, North Carolina
August 16, 2024