

**NORTH CAROLINA TEXTILE
FOUNDATION, INC.**

FINANCIAL REPORT

JUNE 30, 2024 and 2023

North Carolina Textile Foundation, Inc.
Financial Report
For the Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Carolina Textile Foundation, Inc.

Opinion

We have audited the accompanying financial statements of North Carolina Textile Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Carolina Textile Foundation, Inc. as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Audit of the Financial Statements section of our report. We are required to be independent of North Carolina Textile Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing 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 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 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 North Carolina Textile Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Carolina Textile Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 22 through 24, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Williams Dverman Pierce, LLP

Greensboro, North Carolina
October 16, 2024

North Carolina Textile Foundation, Inc.

Statements of Financial Position

June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents (Note 1)	\$ 5,633,520	\$ 10,000,082
Intermediate investments (Note 1)	6,748,124	2,085,897
Long-term investments (Notes 1 and 3)	75,379,495	69,750,051
Accounts receivable (Note 1)	59,454	-
Pledges receivable, net (Notes 1 and 7)	4,860,470	2,221,888
Annuity contract (Notes 1 and 4)	70,162	85,162
Equipment, net of accumulated depreciation of \$13,450 and \$29,631 as of June 30, 2024 and 2023, respectively (Note 1)	1,116	3,274
Other assets (Note 1)	47,711	56,396
Total Assets	\$ 92,800,052	\$ 84,202,750
Liabilities and Net Assets		
Liabilities		
Accounts payable - North Carolina State University (Note 1)	\$ 9,808	\$ 46,534
Life income funds payable (Note 6)	385,667	416,956
Total Liabilities	395,475	463,490
Net Assets		
Without donor restrictions:		
Undesignated	5,393,287	4,905,340
With donor restrictions:		
Perpetual in nature (Note 9)	51,128,303	49,826,025
Purpose restricted (Note 9)	35,882,987	29,007,895
Total Net Assets	92,404,577	83,739,260
Total Liabilities and Net Assets	\$ 92,800,052	\$ 84,202,750

See notes to financial statements.

North Carolina Textile Foundation, Inc.

**Statement of Activities
Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Income			
Contributions (Note 1)	\$ 120	\$ 3,303,898	\$ 3,304,018
Change in pledges receivable, net (Note 7)	-	2,638,582	2,638,582
Donated salaries, services and facilities (Note 8)	75,000	-	75,000
Net investment income	989,272	6,415,222	7,404,494
Change in value of split interest agreements	-	(25,610)	(25,610)
Loss on disposal of equipment	(682)	-	(682)
Other income	-	15,921	15,921
Net assets released from restrictions (Note 10)	4,338,989	(4,338,989)	-
Total Revenues, Gains, and Other Income	5,402,699	8,009,024	13,411,723
Grants to Support the University Program:			
Scholarships and fellowships	1,264,913	-	1,264,913
Faculty support and professorships	520,615	-	520,615
Departmental support	1,682,083	-	1,682,083
Total Program Support	3,467,611	-	3,467,611
Administrative	630,377	-	630,377
Fundraising	648,418	-	648,418
Total Other Support	1,278,795	-	1,278,795
Total Support (Note 11)	4,746,406	-	4,746,406
Excess of Revenues, Gains, and Other Income Over Total Support	656,293	8,009,024	8,665,317
Net Transfers			
Among funds	(168,346)	168,346	-
Total Net Transfers	(168,346)	168,346	-
Change in Net Assets	487,947	8,177,370	8,665,317
Net Assets			
Beginning of year	4,905,340	78,833,920	83,739,260
End of year	\$ 5,393,287	\$ 87,011,290	\$ 92,404,577

See notes to financial statements.

North Carolina Textile Foundation, Inc.

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Income			
Contributions (Note 1)	\$ 6,842	\$ 6,378,455	\$ 6,385,297
Change in pledges receivable, net (Note 7)	-	(3,977,838)	(3,977,838)
Donated salaries, services and facilities (Note 8)	211,000	-	211,000
Net investment income	339,036	1,299,366	1,638,402
Change in value of split interest agreements	-	(35,029)	(35,029)
Other income	-	9,083	9,083
Net assets released from restrictions (Note 10)	4,047,516	(4,047,516)	-
Total Revenues, Gains (Losses), and Other Income	4,604,394	(373,479)	4,230,915
Grants to Support the University			
Program:			
Scholarships and fellowships	1,204,079	-	1,204,079
Faculty support and professorships	245,812	-	245,812
Departmental support	1,953,445	-	1,953,445
Total Program Support	3,403,336	-	3,403,336
Administrative	716,933	-	716,933
Fundraising	742,668	-	742,668
Total Other Support	1,459,601	-	1,459,601
Total Support (Note 11)	4,862,937	-	4,862,937
Deficit of Revenues, Gains (Losses), and Other Income Over Total Support	(258,543)	(373,479)	(632,022)
Net Transfers			
Among funds	(88,409)	88,409	-
Total Net Transfers	(88,409)	88,409	-
Change in Net Assets	(346,952)	(285,070)	(632,022)
Net Assets			
Beginning of year	5,252,292	79,118,990	84,371,282
End of year	\$ 4,905,340	\$ 78,833,920	\$ 83,739,260

See notes to financial statements.

North Carolina Textile Foundation, Inc.

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	\$ 8,665,317	\$ (632,022)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for permanent endowment	(964,858)	(3,823,589)
Net investment income	(7,002,648)	(1,262,605)
Net investment income restricted for permanent endowments	(38,471)	(211,373)
Net investment income restricted for split interest agreements	(8,697)	(7,820)
Change in value of split interest agreements	25,610	35,029
Loss on disposal of equipment	682	-
Depreciation	1,476	2,021
Decrease (increase) in:		
Accounts receivable	(59,454)	689
Pledges receivable, net	(2,638,582)	3,977,838
Other assets	8,685	(5,453)
Increase (decrease) in:		
Accounts payable - North Carolina State University	(36,726)	27,215
Accounts payable	-	(5,000)
Net Cash Used in Operating Activities	(2,047,666)	(1,905,070)
Cash Flows From Investing Activities		
Proceeds from sales of investments	2,757,451	57,182,390
Purchases of investments	(6,031,473)	(53,638,832)
Net Cash (Used in) Provided by Investing Activities	(3,274,022)	3,543,558
Cash Flows From Financing Activities		
Contributions restricted for permanent endowment	964,858	3,823,589
Net investment income restricted for permanent endowments	38,471	211,373
Net investment income restricted for split interest agreements	8,697	7,820
Payments to beneficiaries of split interest agreements	(56,900)	(56,900)
Net Cash Provided by Financing Activities	955,126	3,985,882
Net (Decrease) Increase in Cash and Cash Equivalents	(4,366,562)	5,624,370
Cash and Cash Equivalents		
Beginning of year	10,000,082	4,375,712
End of year	\$ 5,633,520	\$ 10,000,082
Supplemental Disclosure of Noncash Activities:		
Donated salaries, services and facilities	\$ 75,000	\$ 211,000

See notes to financial statements.

Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: North Carolina Textile Foundation, Inc. (the “Foundation”) is a not-for-profit corporation organized in 1942 to promote the welfare, future development, and reputation of the College of Textiles (the “College”) at North Carolina State University (the “University”). The Foundation supports the College by providing funds for scholarships to deserving undergraduate and graduate students, recruitment and retention of highly qualified educators and researchers and the acquisition and maintenance of state-of-the-art equipment and facilities for research and education.

A summary of the Foundation’s significant accounting policies follows:

Basis of accounting and presentation: The Foundation’s policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. In preparing its financial statements, the Foundation’s net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that are either to be maintained permanently by the Foundation or will be released either by actions of the Foundation and/or by the passage of time. Generally, the donors of these assets permit the Foundation to use all or part of the earnings on related investments for the donor-restricted purpose.

Leases: The Foundation accounts for its leasing arrangements under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 842, *Leases*. The Foundation assesses whether an arrangement qualifies as a lease under ASC 842 (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

ASC 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for leases. When measuring right-of-use assets and lease liabilities arising from a lease, the Foundation includes payments to be made in optional periods and optional payments to purchase the underlying asset if it is reasonably certain the option will be exercised.

The Foundation made several key accounting policy elections upon adoption of ASC 842 including:

In the instance of a short-term lease, it is the Foundation’s policy to not recognize right-of-use assets and lease liabilities. A short-term lease is defined as one with a maximum lease term of 12 months or less and does not include a purchase option or renewal option the lessee is reasonably certain to exercise. Short-term lease payments are accounted for in a manner similar to operating leases under ASC 840, *Leases*.

When a lease agreement includes both lease and non-lease components, it is the Foundation’s policy to not separate lease components from non-lease components when allocating contract consideration and accounts for the lease and non-lease components as a single lease.

When readily determinable, the Foundation uses the rate implicit in the lease document as the discount rate. In the absence of an implicit rate, it is the Foundation’s policy to use the risk-free rate at the commencement date of the lease as the discount rate.

North Carolina Textile Foundation, Inc.

Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Cash and cash equivalents: For purposes of reporting cash flows, the Foundation considers all highly liquid instruments with an original maturity of 90 days or less to be cash equivalents. Cash designated or restricted for long-term purposes is included with long-term investments. At times, the Foundation places deposits with a high-quality financial institution that may be in excess of federal insurance limits.

Cash and cash equivalents consisted of accounts with the State Treasurer's Short Term Investment Fund ("STIF") and TowneBank. The STIF account maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

Intermediate investments: Intermediate investments consist of cash, fixed income securities, U.S. Treasuries and certificates of deposit. These investments are reported at readily determinable fair values of \$6,748,124 and \$2,085,897 at June 30, 2024 and 2023, respectively. The cost of these investments was \$6,764,060 and \$2,108,727 as of June 30, 2024 and 2023, respectively.

Long-term investments: Long-term investments held at Brown Brothers Harriman ("BBH") consist of cash, marketable equity securities, fixed income securities and private equity funds. The Foundation, in accordance with investment policies promulgated by its Board of Directors (the "Board"), also invests with the NC State Investment Fund, Inc. Long Term Investment Pool (the "LTIP"). Investments are stated at fair value based on readily determinable fair values, when available. Investments for which readily determined fair values are not available are carried at estimated fair values as provided by the respective fund managers of the investments. In addition, the Foundation has planned giving instruments invested with TIAA Kaspick.

Accounts receivable: Accounts receivable consists of sales tax receivable and accrued interest on U.S. Treasuries and certificate of deposits.

Pledges receivable: Unconditional pledges receivable are recognized as support and assets in the period received. Conditional pledges are recognized when the conditions on which they depend are substantially met.

Annuity contract: An annuity contract was purchased to cover the estimated payments on a large charitable gift annuity.

Equipment: Equipment is stated at depreciated value. Depreciation is computed by use of the straight-line method over the estimated useful lives of the assets, which is typically 5 to 7 years.

Other assets: Other assets include beneficiary interests in life insurance policies contributed to the Foundation and the Foundation is the owner of these policies. These gifts are recorded at current cash surrender values. Cash surrender values of these policies were \$47,711 and \$56,396 at June 30, 2024 and 2023, respectively.

Accounts payable – North Carolina State University: Accounts payable to the University include amounts disbursed by the University on behalf of the Foundation for payment of various normal operating expenses.

Contributions: Restricted contributions are segregated for income and expense reporting purposes; however, the assets are commingled. When a donor or grantor restriction expires because the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 1. Nature of Activities and Significant Accounting Policies (continued)

The Foundation has a gift assessment program that supports Central Development and college-level fundraising efforts. For the years ended June 30, 2024 and 2023, a one-time fee of 7% was assessed on gifts that support current operations and facilities, with 4% designated for Central Development and 3% designated to the fundraising entity receiving the gift.

Investment income: Investment income is allocated on the basis of average fund balances for net assets with and without donor restrictions. For endowments, investment income is allocated on the "unit value" method of valuing interest in an investment portfolio and the investment earnings are recorded as with or without donor restrictions, as appropriate. Gains and losses on sales of investments are allocated on the unit value method. Investment income on investments owned individually by one fund is directly allocated to the owning fund.

As part of the University's gift assessment program, an annual fee is assessed on the average twenty-quarter market value of assets held in the endowment investment portfolio. For the years ended June 30, 2024 and 2023, the annual fee was 1.35%, with 0.65% designated for University Advancement, 0.60% designated to college-level fundraising efforts and 0.10% designated for the customer relationship management software upgrade. An additional assessment for operations may be applied at the Board's discretion.

Allowance for credit losses: FASB ASC 326, *Measurement of Credit Losses on Financial Instruments*, provides a framework for measuring expected credit losses for various financial assets, including annuity contracts and beneficial interests in life insurance policies. Management estimates the allowance based on historical losses experienced, current conditions, and reasonable and supportable forecasts regarding collectability. Changes in the allowance are charged to the period in which management determines the change to be necessary. The determination of the adequacy of the allowance for credit losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. An allowance for credit losses related to such financial assets has not been recorded because it was not considered material as of June 30, 2024 and 2023.

Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes and uncertain tax positions: The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. The Foundation had no significant unrelated trade or business income for 2024 and 2023. Therefore, no provision for income taxes has been reflected in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of June 30, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the accompanying financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to tax year 2020.

Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Changes in accounting principles: Effective July 1, 2023, the Foundation adopted FASB ASC 326, *Measurement of Credit Losses on Financial Instruments*, which requires the Foundation to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected.

The modified retrospective transition allows application of the new standard at the adoption date and the recognition of a cumulative-effect adjustment to the opening balance of net assets in the period of adoption with no adjustment to previously reported results. In accordance with this approach, the Foundation's financial statements for periods prior to July 1, 2023 were not revised to reflect the new accounting guidance. The adoption did not have a material impact on the Foundation's financial statements as of and for the year ended June 30, 2024.

Reclassifications: Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on previously reported change in net assets.

Note 2. Endowment

The Foundation's endowment consists of approximately 130 individual funds established for a variety of purposes related to the mission of the University. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The majority of the Foundation's signed endowment gift agreements with donors have donor-imposed restrictions which stipulate that principal shall not be used to fund spending.

Interpretation of relevant law: The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") was adopted in North Carolina as NC General Statute 36E effective March 17, 2009. The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets perpetual in nature (a) the original value of initial and subsequent gifts donated to the endowment and (b) any accumulations to the endowment that are required by the applicable donor gift instrument. The remaining portion of the donor-restricted endowment funds that is not classified in net assets perpetual in nature is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Foundation's endowment spending policy.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift value (underwater endowments). These deficiencies generally result from either spending of corpus in accordance to the gift agreement or unfavorable market fluctuations which produce unrealized losses to the fund. We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Deficiencies of this nature are reported in net assets with donor restrictions and were \$(34,301) and \$(1,158,462) as of June 30, 2024 and 2023, respectively. The original gift and June 30, 2024 market values for such funds were \$1,590,000 and \$1,555,699, respectively. The original gift and June 30, 2023 market values for such funds were \$28,050,985 and \$26,892,523, respectively.

Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 2. Endowment (continued)

Investment return objectives and risk parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a stable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods. The endowment assets are invested through the LTIP and BBH in a manner that is intended to produce results that exceed a 70% MCSI ACWI index/30% Barclays Aggregate Bond Index benchmark over rolling five and ten year periods while assuming a moderate level of investment risk.

Spending policy: The Foundation has a policy of appropriating for programmatic spending each year 4% of a three year rolling average of the market value of the Foundation's endowments at year-end, less contributions received that year. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. However, in declining market conditions, endowments may not be able to fund spending at the 4% level. Unless the gift instrument specifies otherwise, it is the Foundation's policy to allow up to 5% of the corpus of an endowment to be expended if reserves are not sufficient to fund the programmatic spending amount, subject to the guidelines provided by UPMIFA. However, if the gift instrument does not allow spending of corpus, the Foundation does not initiate or renew spending for the individual endowments affected by declining market conditions until their market value has been recovered and exceeds their original gift value. In establishing the spending policy, the Foundation considered long-term expected return on its endowment. Spending budgets were calculated at approximately \$2.61 million and \$2.15 million for fiscal years 2024 and 2025, respectively.

Strategies employed for achieving investment objectives: For the long term, the primary investment objective is to earn a total return (net of investment and custodial fees), within prudent levels of risk, which is sufficient to maintain in real terms the purchasing power of the endowment assets and to meet the spending needs of the University. To meet this investment objective, the Foundation has employed the investment strategy of diversifying within a modeled asset allocation range and reviewing the investment policy and performance regularly. The composition at any given time is dependent upon a number of factors, including the amount available for investment and current market conditions.

The LTIP is diversified by both asset class (e.g. common stock and fixed income securities) and within asset classes (e.g. within common stock by economic sector, geographic area, industry, quality, and size). In addition, the LTIP seeks to diversify exposure to all asset classes through the use of multiple managers that use a variety of investment techniques.

North Carolina Textile Foundation, Inc.

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 2. Endowment (continued)

The following represents changes in endowment net assets for the fiscal year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,251,546	\$ 66,315,938	\$ 70,567,484
Total investment return	471,570	6,415,249	6,886,819
Contributions, including change in accrued pledges, royalties and other income	-	699,421	699,421
Appropriations of endowment assets for expenditure	(415,701)	(2,284,850)	(2,700,551)
Change in value of split interest agreements	-	(25,610)	(25,610)
Other changes:			
Transfers	-	250,217	250,217
Endowment net assets, end of year	<u>\$ 4,307,415</u>	<u>\$ 71,370,365</u>	<u>\$ 75,677,780</u>

The following represents endowment net asset composition by type of fund, as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-designated endowment funds			
Corpus	\$ -	\$ 51,128,303	\$ 51,128,303
Appreciation	4,307,415	20,276,363	24,583,778
Underwater endowments	-	(34,301)	(34,301)
Total funds	<u>\$ 4,307,415</u>	<u>\$ 71,370,365</u>	<u>\$ 75,677,780</u>

The following represents changes in endowment net assets for the fiscal year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,926,861	\$ 72,098,035	\$ 77,024,896
Total investment return	101,915	1,299,366	1,401,281
Contributions, including change in accrued pledges, royalties and other income	-	295,806	295,806
Appropriations of endowment assets for expenditure	(777,230)	(7,558,260)	(8,335,490)
Change in value of split interest agreements	-	(35,029)	(35,029)
Other changes:			
Transfers	-	216,020	216,020
Endowment net assets, end of year	<u>\$ 4,251,546</u>	<u>\$ 66,315,938</u>	<u>\$ 70,567,484</u>

North Carolina Textile Foundation, Inc.

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 2. Endowment (continued)

The following represents endowment net asset composition by type of fund, as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-designated endowment funds			
Corpus	\$ -	\$ 49,826,025	\$ 49,826,025
Appreciation	4,251,546	17,648,375	21,899,921
Underwater endowments	-	(1,158,462)	(1,158,462)
Total funds	\$ 4,251,546	\$ 66,315,938	\$ 70,567,484

Note 3. Long-Term Investments

The Foundation invests in a combination of stocks, fixed income securities, money market funds and other investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Long-term investments consisted of the following at June 30:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
STIF	\$ 50,050	\$ 50,050	\$ -	\$ -
NC State Investment Fund, Inc. Long-Term Investment Pool (LTIP)	52,741,949	60,753,589	53,662,891	55,497,372
BBH Long-Term Investments	10,927,885	14,225,800	10,883,245	13,890,099
Life Income Funds	343,991	350,056	370,282	362,580
	<u>\$ 64,063,875</u>	<u>\$ 75,379,495</u>	<u>\$ 64,916,418</u>	<u>\$ 69,750,051</u>

North Carolina Textile Foundation, Inc.

Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

Note 4. Fair Value Measurement

FASB ASC 820, *Fair Value Measurements*, provides a framework for measuring fair value under generally accepted accounting principles. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The fair value hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Valuations based on quoted prices in active markets for identical investments

Level 2 – Valuations based on quoted prices in inactive markets or for which all significant inputs are observable (including quoted prices for similar investments, interest rates, credit risks, etc.)

Level 3 – Valuations based on significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments)

The Foundation's assets itemized below are measured at fair value on a recurring basis as of June 30:

	2024			
	Level 1	Level 2	Level 3	Total Fair Value
ST IF	\$ 50,050	\$ -	\$ -	\$ 50,050
U.S. Treasuries	3,028,295	-	-	3,028,295
Certificates of Deposit	-	1,500,000	-	1,500,000
NC State Investment Fund, Inc. Long-Term Investment Pool (LTIP)	-	-	60,753,589	60,753,589
BBH Long-Term Investments	602,740	732,869	12,890,191	14,225,800
BBH Intermediate Investments	2,219,829	-	-	2,219,829
Life Income Funds	-	350,056	-	350,056
Annuity Contract	-	-	70,162	70,162
Beneficial Interest in Life Insurance Policies	-	-	47,711	47,711
	\$ 5,900,914	\$ 2,582,925	\$ 73,761,653	\$ 82,245,492

	2023			
	Level 1	Level 2	Level 3	Total Fair Value
NC State Investment Fund, Inc. Long-Term Investment Pool (LTIP)	\$ -	\$ -	\$ 55,497,372	\$ 55,497,372
BBH Intermediate Investments	2,085,897	-	-	2,085,897
BBH Long-Term Investments	967,508	713,004	12,209,587	13,890,099
Life Income Funds	-	362,580	-	362,580
Annuity Contract	-	-	85,162	85,162
Beneficial Interest in Life Insurance Policies	-	-	56,396	56,396
	\$ 3,053,405	\$ 1,075,584	\$ 67,848,517	\$ 71,977,506

North Carolina Textile Foundation, Inc.

Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

Note 4. Fair Value Measurement (continued)

The following are reconciliations of the assets measured at fair value on a recurring basis in which significant unobservable inputs (Level 3) were used in determining value as of June 30:

	2024			
	NC State Investment Fund, Inc. LTIP	BBH Long-Term Investments	Annuity Contract	Beneficial Interest in Life Insurance Policies
Beginning balance	\$ 55,497,372	\$ 12,209,587	\$ 85,162	\$ 56,396
Contributions	1,435,004	1,086,321	-	-
Realized appreciation	344,605	-	-	-
Unrealized appreciation (depreciation)	6,177,159	277,365	-	(8,685)
Distributions	(2,700,551)	(683,082)	(15,000)	-
Ending balance	\$ 60,753,589	\$ 12,890,191	\$ 70,162	\$ 47,711

	2023			
	NC State Investment Fund, Inc. LTIP	BBH Long-Term Investments	Annuity Contract	Beneficial Interest in Life Insurance Policies
Beginning balance	\$ -	\$ 38,329,108	\$ 100,162	\$ 50,943
Contributions	57,292,639	2,052,535	-	-
Realized appreciation	95,432	3,513,999	-	-
Unrealized (depreciation) appreciation	1,834,481	(3,845,672)	-	5,453
Distributions	(3,725,180)	(27,840,383)	(15,000)	-
Ending balance	\$ 55,497,372	\$ 12,209,587	\$ 85,162	\$ 56,396

Following is a description of the valuation methodologies used for assets measured at fair value:

STIF – The investment has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

U.S. Treasuries – Valued by the custodian using a computerized pricing service or, for less actively traded issues, using a yield-based matrix system.

Certificates of Deposit – Valued at face value, which approximates fair value.

NC State Investment Fund, Inc. Long-Term Investment Pool (“LTIP”) – The LTIP’s investment in UNC Investment Fund (UNCIF) is valued using the net asset value per share of the fund provided by the fund manager. The LTIP’s private equity investments are initially valued based on transaction price with subsequent valuation adjustments based on trading multiples of comparable public companies adjusted for differences in factors such as liquidity. The LTIP’s investment in a Blackrock Liquid Policy Portfolio (“LPP”) is valued at the closing price of the exchange-traded fund’s shares. The LTIP’s separately managed accounts and investments in U.S. Treasuries are valued at quoted market prices. The LTIP also has an investment in the STIF, valued as described above.

BBH Intermediate Investments – A combination of cash and short-term bonds valued at quoted market prices.

North Carolina Textile Foundation, Inc.

Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

Note 4. Fair Value Measurement (continued)

BBH Long-Term Investments – A combination of cash, fixed income securities, exchange-traded equity and mutual funds valued at quoted at market prices as well as alternative investments measured by the Net Asset Value provided by the investment company.

Life Income Funds – A combination of exchange-traded equity and fixed income securities valued at quoted market prices.

Annuity Contract – Valued using cash purchase price of contract less payments to date.

Beneficial Interest in Life Insurance Policies – Valued based on the cash surrender value of the policies. Because these values are based on significant unobservable inputs, they are categorized in Level 3 of the fair value hierarchy.

You can find additional information regarding the LTIP on the Foundations Accounting and Investments homepage at <https://foundationsaccounting.ofa.ncsu.edu>.

Note 5. Financial Assets and Liquidity Resources

The Foundation's endowment funds consist of donor-designated endowments; income of which is restricted for specific purposes and, therefore, is not available for general expenditures. As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The LTIP is responsible for managing liquidity in a manner that balances the short-term needs with the Fund's longer-term return objectives. However, donor-designated endowments contain investments with redemption provisions that could impact availability of funds.

As described in Note 2, the endowments have a spending rate of 4%. Approximately \$294,951 from unrestricted donor-designated endowments and approximately \$228,679 from assessment fees will be available within the next 12 months.

As of June 30, 2024, financial assets available within one year for general expenditure, such as administrative and fundraising expenses, were as follows:

Total assets, less nonfinancial assets	\$ 92,798,936
Less those unavailable for general expenditures within one year, due to:	
Donor imposed restrictions:	
Restricted by donor in perpetuity	(51,128,303)
Subject to appropriation and satisfaction of donor restrictions	(39,285,640)
Total liabilities	<u>(395,475)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,989,518</u>

North Carolina Textile Foundation, Inc.

Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

Note 6. Life Income Funds

The financial statements include assets and liabilities of charitable gift annuities for which the Foundation is the trustee. The grantors and/or beneficiaries retain future income interests in these assets until their death. These life income funds are recorded at fair value at the date of gift. Life income funds at June 30, 2024 and 2023 have asset balances of \$350,056 and \$362,580, respectively.

The liabilities for distributions to grantors and/or beneficiaries are computed using Internal Revenue Code annuity valuation tables, the distribution terms of the agreements, and the life expectancy of the beneficiaries, and totaled \$385,667 and \$416,956 at June 30, 2024 and 2023, respectively. Payments from these funds were \$56,900 during both the years ended June 30, 2024 and 2023. An unrestricted reserve account has been established in the Foundation's Charitable Gift Annuity ("CGA") pool to receive 10% from all new CGAs established in order to offset the liabilities for any annuities that reach exhaustion. The goal is to build the unrestricted reserve fund to equal 10% of the total value of the Foundation's CGA pool. As of June 30, 2024 and 2023, the CGA reserve balance was \$9,920 and \$9,431, respectively.

Note 7. Pledges Receivable

Pledges receivable consisted of the following at June 30:

	2024	2023
Receivable in less than one year	\$ 1,612,956	\$ 1,074,512
Receivable in one to five years	4,147,504	1,494,041
Receivable in more than five years	30,001	-
Total pledges receivable, gross	5,790,461	2,568,553
Less allowance for uncollectible pledges	(290,000)	(129,000)
Less unamortized discount (discount rates of 3.95% to 5.24%)	(639,991)	(217,665)
Pledges receivable, net	\$ 4,860,470	\$ 2,221,888

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation's outstanding pledge balance. Active past due and long-term pledges receivable are reviewed twice yearly by the Advancement Services office in order to determine if it is appropriate to allow for or write off such pledges.

Two donors represented approximately \$3,900,000 of total undiscounted pledges receivable at June 30, 2024. Two donors represented approximately \$700,000 of total undiscounted pledges receivable at June 30, 2023.

Note 8. Donated Salaries, Services and Facilities

For the year ended June 30, 2024, there were no salaries and benefits paid by the University for college development personnel. For the year ended June 30, 2023, salaries and benefits paid by the University for college development personnel have been recorded as donated salaries in the amount of \$132,000. The University Finance Division provides services to support the Foundation; the difference between the fair market value of services rendered and fees paid has been recorded as donated services. The University allows the Foundation to utilize space on campus at no charge; the fair market value of such space has been recorded as donated facilities. For the years ended June 30, 2024 and 2023, donated services and facilities amounted to \$75,000 and \$79,000, respectively.

North Carolina Textile Foundation, Inc.

Notes to Financial Statements For the Years Ended June 30, 2024 and 2023

Note 9. Net Assets With Donor Restrictions

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

	2024	2023
Subject to expenditure for specified purpose:		
Scholarships and fellowships	\$ 3,517,540	\$ 3,299,864
Faculty support and professorships	847,393	815,466
Deans Textiles Innovation Fund	2,516,369	2,809,194
Pledges receivable, net	4,246,680	1,072,661
Other	4,465,232	4,464,401
	<u>15,593,214</u>	<u>12,461,586</u>
Subject to passage of time:		
Beneficial interest in life insurance policies	47,711	56,396
Assets held under split-interest agreements, net	(35,611)	(54,376)
Annuity contract	70,162	85,162
	<u>82,262</u>	<u>87,182</u>
Endowments:		
Subject to Foundation endowment spending policy and appropriation:		
Scholarships and fellowships	30,453,852	27,517,001
Faculty support and professorships	6,546,723	6,367,175
Wilson College of Textiles Endowment	26,622,511	24,247,111
Pledges receivable, net	613,790	1,149,227
Other	7,098,938	7,004,638
	<u>71,335,814</u>	<u>66,285,152</u>
Total Net Assets With Donor Restrictions	<u>\$ 87,011,290</u>	<u>\$ 78,833,920</u>

The "Other" grouping includes amounts designated for general college support, general University support and funds with multiple purposes.

Note 10. Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions as restrictions were met via the passage of time or by incurring expenses satisfying the restricted purposes specified by donors as follows during the years ended June 30:

	2024	2023
Scholarships and fellowships	\$ 1,264,913	\$ 1,204,079
Faculty support and professorships	520,615	245,812
Departmental support	1,680,608	1,951,425
Administrative and fundraising	872,853	646,200
	<u>\$ 4,338,989</u>	<u>\$ 4,047,516</u>

North Carolina Textile Foundation, Inc.

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 11. Functional Expense

The Foundation's primary program is to provide financial support to the various colleges within the University, the libraries, and other University-related functions at NC State University. Expenses by functional classification for the year ended June 30, 2024 were as follows:

	Total Program Support	Supporting Activities		Total Support
		Administrative Support	Fundraising Support	
Grants	\$ 1,785,557	\$ 371,136	\$ 410,842	\$ 2,567,535
Legal	-	50	-	50
Accounting	-	81,000	-	81,000
Advertising	13,521	-	3,800	17,321
Office Expenses	114,887	9,311	307	124,505
Travel	111,943	-	37,817	149,760
Conferences and Meetings	26,228	390	80,571	107,189
Depreciation	1,476	-	-	1,476
Insurance	58,121	11,173	4,605	73,899
Departmental Equipment	309,240	43,622	9,346	362,208
Equipment Rental and Maintenance	167,409	3,620	433	171,462
Contracted Services	104,992	-	500	105,492
Services and Fees	139,704	14,263	68,440	222,407
Donated Services and Facilities	-	75,000	-	75,000
Gift Assessment Fees	431,951	-	-	431,951
Printing and Binding	15,285	1,388	2,922	19,595
Dues and Subscriptions	8,013	2,108	-	10,121
Supplies	179,284	17,316	28,835	225,435
Total	\$ 3,467,611	\$ 630,377	\$ 648,418	\$ 4,746,406

Grants include scholarships, fellowships, and salary support.

North Carolina Textile Foundation, Inc.

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 11. Functional Expense (continued)

Expenses by functional classification for the year ended June 30, 2023 were as follows:

	Total Program Support	Supporting Activities		Total Support
		Administrative Support	Fundraising Support	
Grants	\$ 1,453,392	\$ 465,588	\$ 399,213	\$ 2,318,193
Legal	-	50	-	50
Accounting	-	90,500	-	90,500
Advertising	22,611	-	3,800	26,411
Office Expenses	71,900	8,522	757	81,179
Occupancy	3,309	-	-	3,309
Travel	116,357	-	52,447	168,804
Conferences and Meetings	20,041	-	60,602	80,643
Depreciation	2,021	-	-	2,021
Insurance	73,060	10,736	82	83,878
Departmental Equipment	338,236	33,198	2,036	373,470
Equipment Rental and Maintenance	109,094	-	267	109,361
Contracted Services	19,555	-	9,217	28,772
Services and Fees	498,556	25,214	64,923	588,693
Donated Services and Facilities	-	79,000	132,000	211,000
Gift Assessment Fees	530,939	-	-	530,939
Printing and Binding	20,614	437	2,990	24,041
Dues and Subscriptions	5,228	2,769	144	8,141
Supplies	118,423	919	14,190	133,532
Total	\$ 3,403,336	\$ 716,933	\$ 742,668	\$ 4,862,937

Grants include scholarships, fellowships, and salary support.

Note 12. Subsequent Events

The Foundation has evaluated subsequent events through October 16, 2024, the date which the financial statements were available to be issued, and there were none to report.

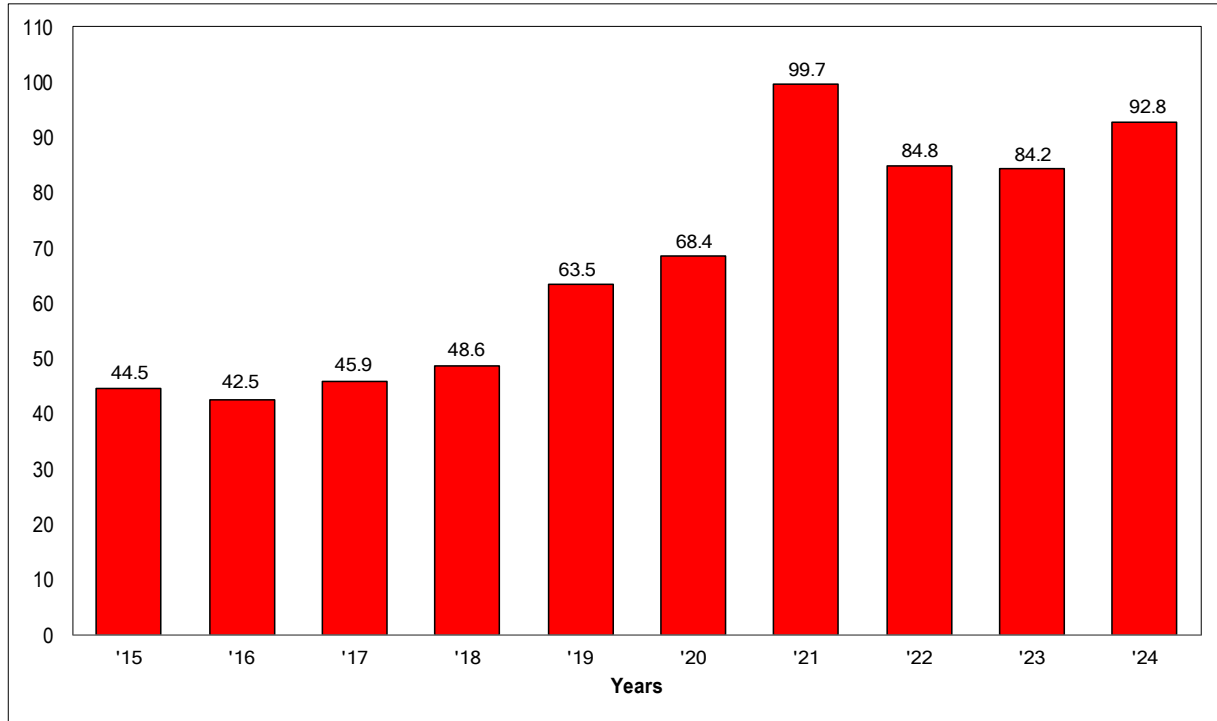
SUPPLEMENTARY INFORMATION

North Carolina Textile Foundation, Inc.

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

Total Assets

(Dollars in Millions)



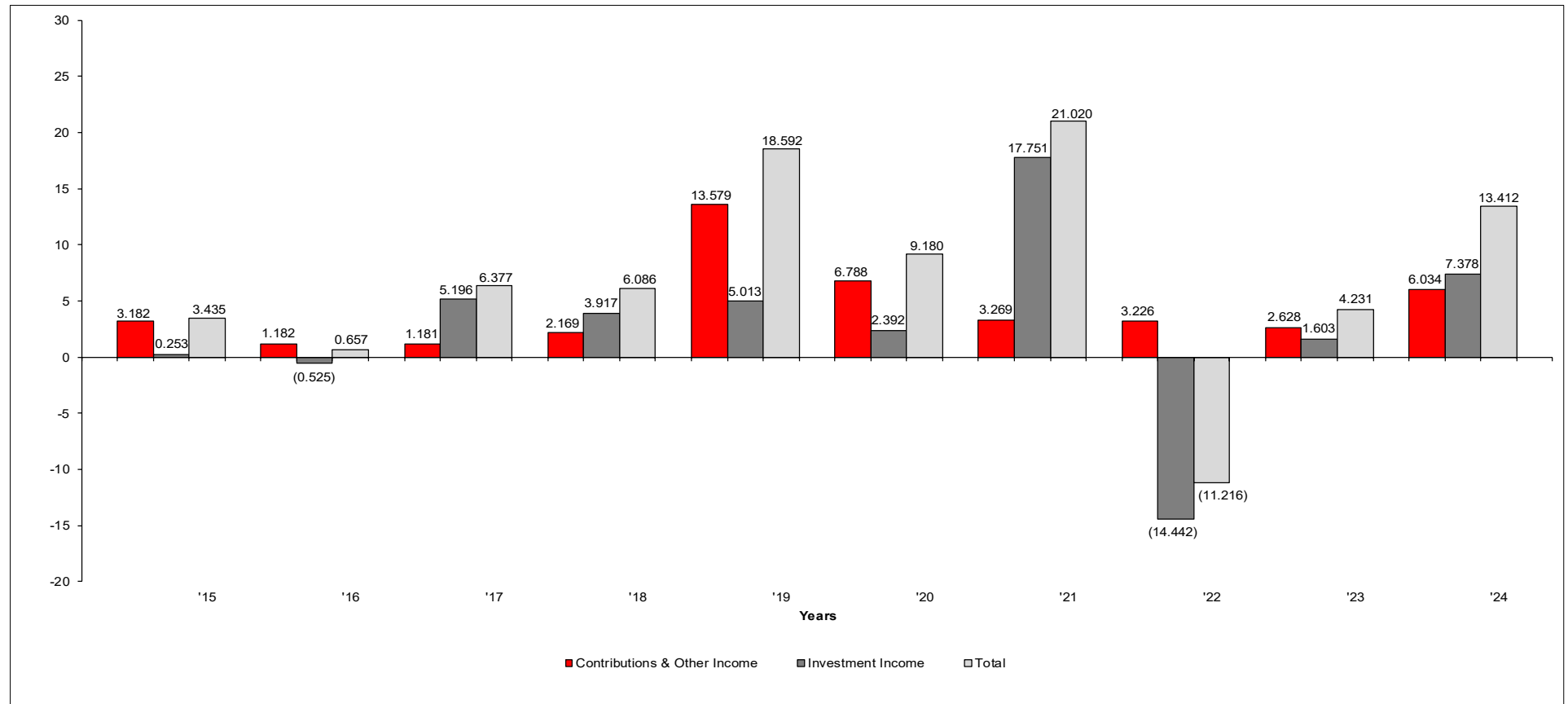
Fiscal years 2021 - 2024 are reported using accrual basis of accounting; preceding years are reported using modified cash basis.

North Carolina Textile Foundation, Inc.

Ten Year Summary of Revenues - Unaudited
Years Ended June 30

Total Revenues, Gains, and Other Income

(Dollars in Millions)



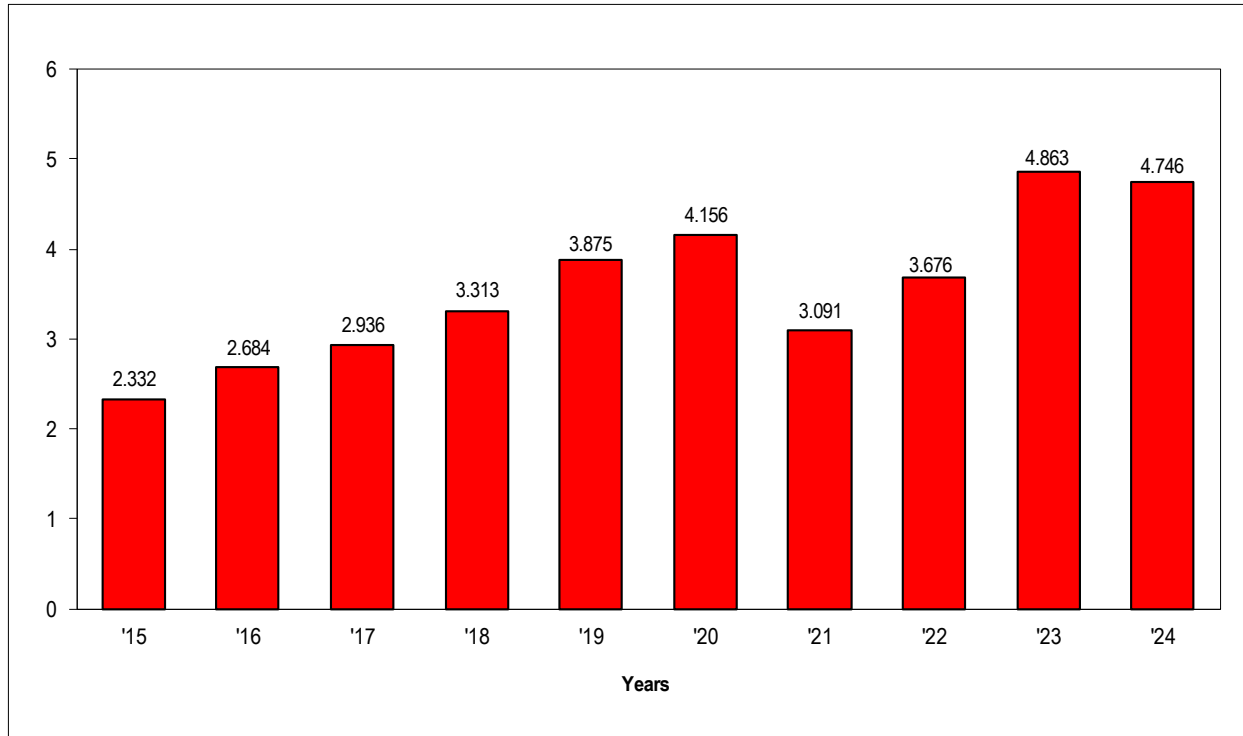
Fiscal years 2021 - 2024 are reported using accrual basis of accounting; preceding years are reported using modified cash basis.

North Carolina Textile Foundation, Inc.

**Ten Year Summary of Support - Unaudited
Years Ended June 30**

Total Support

(Dollars in Millions)



Fiscal years 2021 - 2024 are reported using accrual basis of accounting and include donated salaries, services and facilities; preceding years are reported using modified cash basis.