

NORTH CAROLINA STATE UNIVERSITY CLUB

Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

# **BATCHELOR, TILLERY & ROBERTS, LLP**

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## **Independent Auditors' Report**

The Board of Directors  
North Carolina State University Club

### ***Opinion***

We have audited the accompanying financial statements of North Carolina State University Club (the "Club", a non-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of revenue and expenses and changes in members' equity, functional expenses, 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 State University Club as of December 31, 2023 and 2022, 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 accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Club 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 the Club's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing 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 the Club'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 the Club'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.

*Butchler, Jilley & Roberts, LLP*

April 3, 2024

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Statements of Financial Position

December 31, 2023 and 2022

|  | <u>2023</u>          | <u>2022</u>       |
|--|----------------------|-------------------|
| <u>Assets</u>                          |                      |                   |
| Current assets:                        |                      |                   |
| Cash and cash equivalents              | \$ 7,226,830         | 6,571,814         |
| Investments, at fair value             | 1,054,469            | 1,230,597         |
| Accounts receivable                    | 581,973              | 567,361           |
| Inventories                            | 58,222               | 68,775            |
| Prepaid expenses                       | <u>24,636</u>        | <u>34,753</u>     |
| Total current assets                   | 8,946,130            | 8,473,300         |
| Property and equipment, net            | <u>11,934,636</u>    | <u>9,249,848</u>  |
|  | \$ <u>20,880,766</u> | <u>17,723,148</u> |
| <u>Liabilities and Members' Equity</u> |                      |                   |
| Current liabilities:                   |                      |                   |
| Accounts payable                       | 214,323              | 196,602           |
| Other accrued liabilities              | 36,064               | 33,078            |
| Deferred revenue                       | 26,300               | 20,440            |
| Current portion of long-term debt      | <u>1,053,869</u>     | <u>285,196</u>    |
| Total current liabilities              | 1,330,556            | 535,316           |
| Long-term debt                         | <u>3,021,725</u>     | <u>1,844,777</u>  |
| Total liabilities                      | 4,352,281            | 2,380,093         |
| Members' equity                        | <u>16,528,485</u>    | <u>15,343,055</u> |
|  | \$ <u>20,880,766</u> | <u>17,723,148</u> |

See accompanying notes to financial statements.

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Statements of Revenue and Expenses and Changes in Members' Equity

Years ended December 31, 2023 and 2022

|                                    | <u>2023</u>          | <u>2022</u>       |
|------------------------------------|----------------------|-------------------|
| Operating revenue:                 |                      |                   |
| Membership dues and fees           | \$ 2,468,761         | 2,132,691         |
| Initiation fees                    | 344,700              | 408,800           |
| Processing and late fees           | 23,852               | 23,199            |
| Banquet                            | 982,537              | 858,543           |
| Food and beverage                  | 1,136,676            | 1,080,689         |
| Golf                               | 182,831              | 167,774           |
| Swimming pool                      | 84,104               | 87,191            |
| Tennis                             | 382,954              | 327,337           |
| Clubhouse                          | 54,348               | 51,061            |
| Total operating revenue            | <u>5,660,763</u>     | <u>5,137,285</u>  |
| Operating expenses:                |                      |                   |
| Banquet, food and beverage         | 2,558,828            | 1,964,763         |
| Golf                               | 398,512              | 293,554           |
| Swimming pool                      | 282,314              | 263,309           |
| Tennis                             | 499,198              | 372,776           |
| Clubhouse                          | 406,966              | 283,853           |
| General and administrative         | 1,373,926            | 1,237,926         |
| Total operating expenses           | <u>5,519,744</u>     | <u>4,416,181</u>  |
| Income from operations             | <u>141,019</u>       | <u>721,104</u>    |
| Other revenue (expense):           |                      |                   |
| Capital fees                       | 1,085,676            | 1,006,663         |
| Gain on sale of assets             | -                    | 227               |
| Interest income                    | 253,944              | 44,688            |
| Investment return                  | 87,173               | (147,731)         |
| Other income (loss)                | 204,129              | (79,790)          |
| Employee Retention Credit          | -                    | 455,941           |
| Interest expense                   | (126,238)            | (62,745)          |
| Depreciation and amortization      | (460,273)            | (386,772)         |
| Total other revenue, net           | <u>1,044,411</u>     | <u>830,481</u>    |
| Revenues in excess of expenses     | 1,185,430            | 1,551,585         |
| Members' equity, beginning of year | <u>15,343,055</u>    | <u>13,791,470</u> |
| Members' equity, end of year       | \$ <u>16,528,485</u> | <u>15,343,055</u> |

See accompanying notes to financial statements.

NORTH CAROLINA STATE UNIVERSITY CLUB

Statement of Functional Expenses

Year ended December 31, 2023

|                       | Program services                    |                |                      |                |                  |                  | General and administrative | Total            |
|-----------------------|-------------------------------------|----------------|----------------------|----------------|------------------|------------------|----------------------------|------------------|
|                       | <u>Banquet, food &amp; beverage</u> | <u>Golf</u>    | <u>Swimming pool</u> | <u>Tennis</u>  | <u>Clubhouse</u> | <u>Total</u>     |                            |                  |
| Salaries and benefits | \$ 956,021                          | 249,529        | 46,516               | 391,731        | 79,355           | 1,723,152        | 623,921                    | 2,347,073        |
| Supplies              | 104,341                             | 18,147         | 1,434                | 10,539         | 55,269           | 189,730          | 9,175                      | 198,905          |
| Cost of sales         | 890,494                             | -              | -                    | 20,956         | -                | 911,450          | -                          | 911,450          |
| Insurance             | -                                   | -              | -                    | -              | -                | -                | 86,050                     | 86,050           |
| Payroll taxes         | 81,319                              | 17,777         | 3,297                | 34,420         | 15               | 136,828          | 40,671                     | 177,499          |
| Equipment rental      | 8,061                               | 3,071          | -                    | 1,359          | 19,279           | 31,770           | -                          | 31,770           |
| Repair & maintenance  | 7,949                               | 56,278         | 16,089               | 7,491          | 154,801          | 242,608          | -                          | 242,608          |
| Utilities             | -                                   | -              | -                    | -              | -                | -                | 284,636                    | 284,636          |
| Contract services     | 361,295                             | 31,923         | 199,142              | 2,123          | 79,337           | 673,820          | 112,667                    | 786,487          |
| Professional fees     | -                                   | -              | -                    | -              | -                | -                | 20,389                     | 20,389           |
| Bank charges          | -                                   | -              | -                    | -              | -                | -                | 73,409                     | 73,409           |
| Travel and training   | 1,610                               | -              | -                    | 1,676          | -                | 3,286            | 34,013                     | 37,299           |
| Postage               | -                                   | -              | -                    | -              | -                | -                | 9,656                      | 9,656            |
| Printing              | 1,519                               | -              | -                    | -              | -                | 1,519            | 15,051                     | 16,570           |
| Linens                | 71,790                              | -              | -                    | -              | -                | 71,790           | -                          | 71,790           |
| Uniforms              | 8,706                               | 477            | -                    | 1,283          | -                | 10,466           | -                          | 10,466           |
| Bad debts             | -                                   | -              | -                    | -              | -                | -                | 1,334                      | 1,334            |
| Other                 | 65,723                              | 21,310         | 15,836               | 27,620         | 18,910           | 149,399          | 62,954                     | 212,353          |
|                       | <u>\$ 2,558,828</u>                 | <u>398,512</u> | <u>282,314</u>       | <u>499,198</u> | <u>406,966</u>   | <u>4,145,818</u> | <u>1,373,926</u>           | <u>5,519,744</u> |

See accompanying notes to financial statements.

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Statement of Functional Expenses

Year ended December 31, 2022

|                       | Program services                    |                |                      |                |                  |                  | General and administrative | Total            |
|-----------------------|-------------------------------------|----------------|----------------------|----------------|------------------|------------------|----------------------------|------------------|
|                       | <u>Banquet, food &amp; beverage</u> | <u>Golf</u>    | <u>Swimming pool</u> | <u>Tennis</u>  | <u>Clubhouse</u> | <u>Total</u>     |                            |                  |
| Salaries and benefits | \$ 773,527                          | 207,398        | 45,185               | 283,186        | 52,935           | 1,362,231        | 598,987                    | 1,961,218        |
| Supplies              | 96,192                              | 19,938         | 4,162                | 10,897         | 44,452           | 175,641          | 7,700                      | 183,341          |
| Cost of sales         | 744,074                             | -              | -                    | 21,000         | -                | 765,074          | -                          | 765,074          |
| Insurance             | -                                   | -              | -                    | -              | -                | -                | 65,542                     | 65,542           |
| Payroll taxes         | 68,558                              | 15,491         | 2,972                | 26,000         | -                | 113,021          | 37,453                     | 150,474          |
| Equipment rental      | 8,621                               | 2,391          | -                    | 1,232          | 21,855           | 34,099           | -                          | 34,099           |
| Repair & maintenance  | 6,414                               | 27,007         | 2,110                | 4,971          | 103,915          | 144,417          | -                          | 144,417          |
| Utilities             | -                                   | -              | -                    | -              | -                | -                | 209,967                    | 209,967          |
| Contract services     | 134,600                             | 2,042          | 190,673              | 2,042          | 48,500           | 377,857          | 89,633                     | 467,490          |
| Professional fees     | -                                   | -              | -                    | -              | -                | -                | 13,648                     | 13,648           |
| Bank charges          | -                                   | -              | -                    | -              | -                | -                | 64,053                     | 64,053           |
| Travel and training   | 6,206                               | -              | -                    | 1,754          | -                | 7,960            | 17,636                     | 25,596           |
| Postage               | -                                   | -              | -                    | -              | -                | -                | 7,955                      | 7,955            |
| Printing              | 2,798                               | -              | -                    | -              | -                | 2,798            | 11,612                     | 14,410           |
| Linens                | 60,838                              | -              | -                    | -              | -                | 60,838           | -                          | 60,838           |
| Uniforms              | 8,037                               | 282            | -                    | 229            | -                | 8,548            | -                          | 8,548            |
| Bad debts             | -                                   | -              | -                    | -              | -                | -                | 15,956                     | 15,956           |
| Other                 | 54,898                              | 19,005         | 18,207               | 21,465         | 12,196           | 125,771          | 97,784                     | 223,555          |
|                       | <u>\$ 1,964,763</u>                 | <u>293,554</u> | <u>263,309</u>       | <u>372,776</u> | <u>283,853</u>   | <u>3,178,255</u> | <u>1,237,926</u>           | <u>4,416,181</u> |

See accompanying notes to financial statements.

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Statements of Cash Flows

Years ended December 31, 2023 and 2022

|  | <u>2023</u>         | <u>2022</u>        |
|--|---------------------|--------------------|
| Cash flows from operating activities:  |                     |                    |
| Revenues in excess of expenses   | \$ 1,185,430        | 1,551,585          |
| Adjustments to reconcile income<br>to net cash provided by operating activities: |                     |                    |
| Depreciation and amortization  | 460,273             | 386,772            |
| Gain on sale of assets   | -                   | (2,000)            |
| Loss on disposal of equipment  | -                   | 1,773              |
| Realized and unrealized (gains) losses on investments                            | (79,601)            | 150,353            |
| Changes in operating assets and liabilities:                                     |                     |                    |
| Accounts receivable  | (14,612)            | (161,210)          |
| Inventories  | 10,553              | (27,117)           |
| Prepaid expenses   | 10,117              | (9,176)            |
| Accounts payable   | 17,721              | 69,799             |
| Other accrued liabilities  | 2,986               | 7,303              |
| Deferred revenue   | <u>5,860</u>        | <u>840</u>         |
| Net cash provided by operating activities  | <u>1,598,727</u>    | <u>1,968,922</u>   |
| Cash flows from investing activities:  |                     |                    |
| Purchases of investments   | (2,227,125)         | (1,354,658)        |
| Sales of investments   | 2,482,854           | 1,536,351          |
| Proceed from sale of assets  | -                   | 2,000              |
| Purchases of property and equipment  | <u>(3,145,061)</u>  | <u>(1,365,095)</u> |
| Net cash used in investing activities  | <u>(2,889,332)</u>  | <u>(1,181,402)</u> |
| Cash flows from financing activities:  |                     |                    |
| Loan proceeds  | 2,230,817           | 1,023,772          |
| Principal payments on long-term debt   | <u>(285,196)</u>    | <u>(205,196)</u>   |
| Net cash provided by financing activities  | <u>1,945,621</u>    | <u>818,576</u>     |
| Net increase in cash and cash equivalents  | 655,016             | 1,606,096          |
| Cash and cash equivalents, beginning of year                                     | <u>6,571,814</u>    | <u>4,965,718</u>   |
| Cash and cash equivalents, end of year   | \$ <u>7,226,830</u> | <u>6,571,814</u>   |
| Supplemental disclosure of cash flow information:                                |                     |                    |
| Interest paid during year  | \$ <u>126,238</u>   | <u>62,745</u>      |

See accompanying notes to financial statements.



# NORTH CAROLINA STATE UNIVERSITY CLUB

## Notes to Financial Statements

December 31, 2023 and 2022

### (1) Organization and Significant Accounting Policies

North Carolina State University Club (the “Club”) is a member-owned private club located in Raleigh, North Carolina. It consists of facilities for tennis, golf, swimming, fitness, and dining.

The significant accounting policies of the Club are summarized below:

#### (a) Revenue Recognition

The Club recognizes revenue from member dues over the membership period, which is generally one month. The performance obligation consists of providing members continuous access to the golf course, fitness center, and common areas, and is recognized ratably as services are simultaneously received and consumed by members. The dues are used to cover costs of operating the Club, maintaining the common elements and improvements, and providing for facility repair and replacement.

Revenues derived from pro shop, fitness class, and food and beverage sales are recognized as the fitness classes are held or as goods are delivered to the buyer. Facility rentals are recognized when the performance obligation of providing space for the event is satisfied.

Club dues paid in advance are deferred to the membership period to which they relate. All other amounts paid in advance are deferred to the period in which the underlying sale, event or rental takes place. Due to the nature and timing of the performance and/or transfer of services and products, substantially all contract liabilities at December 31 of each year are recognized in the following year.

#### (b) Cash and Cash Equivalents

Cash and cash equivalents include investments with an original maturity of three months or less.

#### (c) Receivables

An allowance is recorded for uncollectible receivables based on historical experience and a review of existing accounts. No allowance was required for 2023 and 2022.

#### (d) Inventories

Inventories, consisting of food and beverages, are stated at the lower of cost or net realizable value.

#### (e) Property and Equipment

Property and equipment are stated at cost. As applicable, interest expense is capitalized as a component of the cost of building renovations. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the assets ranging from five to forty years. See note 2.

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Notes to Financial Statements

December 31, 2023 and 2022

### (1) Organization and Significant Accounting Policies, Continued

#### (f) Investments

Investments are reported at fair market value. The return on investments is included in the change in net assets in the accompanying statements of revenue and expenses and changes in members' equity. In addition, investment fees totaling \$7,265 and \$7,994 were netted with investment return in 2023 and 2022, respectively.

#### (g) Fair Value Measurements

For determining fair value measurements, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Management follows an established framework for measuring fair value. That framework provides a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are described below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: one or more significant inputs or significant value drivers are unobservable or based on market assumptions

#### (h) Initiation Fees

Initiation fees are paid by new members when they join the Club. Such initiation fees are treated as income in the period in which they become due.

#### (i) Construction Assessment

Construction assessments are paid monthly by all members to help finance the Club's renovation project. Such construction assessments are treated as income in the period in which they become due.

#### (j) Income Taxes

The Club is a non-profit organization exempt from federal income taxes under Section 501(c)(7) of the Internal Revenue Code and from state income taxes under similar provisions of North Carolina tax laws. The Club is subject to taxation on unrelated business income which consists primarily of interest from investments and net income from food service and rentals to nonmembers. No tax was payable for 2023 and 2022.

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Notes to Financial Statements

December 31, 2023 and 2022

### (1) Organization and Significant Accounting Policies, Continued

#### (k) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### (l) Functional Allocation of Expenses

Management estimates the costs of providing the various programs and other activities on a functional basis in the statements of revenue and expenses and changes in members' equity. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenditures not directly attributable to specific programs or supporting services are allocated to programs or supporting services by management based on what is considered to be the best available objective criteria, such as hours worked or relative benefit.

### (2) Property and Equipment

A summary of property and equipment is as follows:

|  | <u>2023</u>          | <u>2022</u>        |
|--|----------------------|--------------------|
| Land improvements                              | \$ 99,789            | 99,789             |
| Buildings and improvements                     | 720,834              | 720,834            |
| Future Ahead renovations                       | 7,516,044            | 7,516,044          |
| Leasehold improvements                         | 779,829              | 779,829            |
| Golf course equipment                          | 178,240              | 176,762            |
| Tennis and pool equipment                      | 911,707              | 537,316            |
| Kitchen and dining room equipment              | 665,542              | 586,940            |
| Office and house equipment                     | 1,228,807            | 896,271            |
| Fitness center                                 | 149,559              | 149,559            |
| Computer upgrade                               | 13,912               | 13,912             |
| I-440 construction projects                    | <u>4,523,387</u>     | <u>2,165,334</u>   |
|  | 16,787,650           | 13,642,590         |
| Less accumulated depreciation and amortization | <u>(4,853,014)</u>   | <u>(4,392,742)</u> |
| Total property and equipment, net              | \$ <u>11,934,636</u> | <u>9,249,848</u>   |

Property and equipment purchased by the Club becomes the property of the NC State University Foundation (the "Foundation") upon acquisition. The property and equipment is available for use by the Club as long as the lease (see note 3) remains in place. Such property and equipment is included in the assets of the Club and is depreciated over its estimated useful life.

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Notes to Financial Statements

December 31, 2023 and 2022

### (3) Leases

The Club leases land and facilities from the Foundation through a sub-lease dated December 1, 2000 for \$10 per year that was paid in full at the time of the execution of the lease. The original land lease between North Carolina State University and the Foundation is a 99-year lease dated December 12, 1960. The Club's sublease agreement is for the remainder of the original 99-year lease. The lease is cancelable with twelve months notice by either party. The North Carolina State University Board of Trustees must approve a cancellation by the Foundation. The lease is automatically cancelled should the Foundation's lease be cancelled. Property and equipment purchased by the Club becomes the property of the Foundation and is available for use by the Club as long as the lease remains in place.

### (4) Capital Campaign Funds

Funds in the amount of \$6,893 as of December 31, 2023 and 2022, are available for major repairs and improvements to the buildings through a Capital Campaign fund that is administered by the NC State Foundation. There were no uncollected pledges held by the NC State Foundation as of December 31, 2023 and 2022.

### (5) Fair Value Measurement of Investments

Investments are stated at fair value and consist of mutual funds invested in equity securities. All are measured at fair value based on quoted prices in active markets and as such are categorized as Level 1 for determining fair value. Investments totaled \$1,054,469 and \$1,230,597 as of December 31, 2023 and 2022, respectively. The total cost of investments was \$1,009,467 and \$1,336,598 as of December 31, 2023 and 2022, respectively.

Investment return is summarized as follows:

|                               | <u>2023</u>      | <u>2022</u>      |
|-------------------------------|------------------|------------------|
| Dividends                     | \$ 14,837        | 10,616           |
| Net realized losses           | (51,501)         | (45,594)         |
| Net unrealized gains (losses) | <u>131,102</u>   | <u>(104,759)</u> |
|                               | 94,438           | (139,737)        |
| Investment fees               | <u>(7,265)</u>   | <u>(7,994)</u>   |
| Net investment return         | \$ <u>87,173</u> | <u>(147,731)</u> |

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Notes to Financial Statements

December 31, 2023 and 2022

### (6) Members' Equity

The types of memberships currently offered by the Club are as follows:

#### (a) Alumni Member

Alumni is defined as any person who is 18 years of age or older and meets one or more of the following criteria: (1) has received a degree from NC State University ("NCSU"); (2) has been accepted and enrolled in a degree program at NCSU and can successfully prove completion of at least 9 semester hours in such degree program; (3) has attended NCSU and can successfully prove completion of at least 9 semester hours and who subsequently received a degree from another college or university. A one-time non-refundable entrance fee is payable upon admittance to the Club and monthly dues, construction fees, and food minimums thereafter.

#### (b) Faculty and Staff

All full-time, part-time, retired faculty, visiting faculty, adjunct faculty, and staff including professional staff of Research Triangle Institute are eligible for membership under this classification. Faculty & Staff members are subject to monthly dues, non-refundable entrance fees, monthly assessments and quarterly food minimums.

#### (c) Friends of the University Club

This category of membership is defined as an individual 18 years of age or older or family who has demonstrated a strong commitment and continued support to NC State University or the University Club. This commitment can be demonstrated in many ways and will be evaluated on a case-by-case basis and shall be determined in the sole discretion of the Board of Directors. Admittance under this category requires nine affirmative votes of approval by the Board of Directors then present and voting, a one-time non-refundable entrance fee, and monthly dues, construction fees, and food minimums thereafter. This category, combined with the "Friends of the University" category, should not exceed 20% of the total membership of the Club.

#### (d) Legacy

A Legacy member is defined as any person 18 years of age or older who is the son and/or daughter of a current or former Club member who pays a one-time non-refundable entrance fee upon admittance to the Club and monthly dues, construction fees, and food minimums thereafter. The prospective member should be able to prove a direct family relationship to a current or previous member of the Club and demonstrate a strong commitment and continued support to NCSU and the University Club. Members of this category should not exceed 5% of the total membership of the Club.

#### (e) Non-Resident

Any active member who is currently in one of the four main membership classifications and who resides or relocates outside a 50-mile radius from the Club is subject to a one-time non-refundable entrance fee, monthly dues at one-half the regular amount, and construction fees. Non-resident members are exempt from the quarterly food minimum.

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Notes to Financial Statements

December 31, 2023 and 2022

### (6) Members' Equity, Continued

#### (f) Centennial Corporate Partner

All faculty and staff who work at a Centennial Campus Corporate Partner business housed on Centennial Campus of North Carolina State University are eligible for membership under this classification. This category shall not exceed 100 members and is subject to monthly dues, entrance fees, monthly assessments and quarterly food minimums.

#### (g) Senior (70+) years old

A Senior member is defined as an active member who has been a member for 10 consecutive years and has reached the age of 70. Senior members pay 80% of monthly dues, construction fees of \$50 a month, and a food minimum set at \$72 per quarter.

### (7) Credit Risk

Financial instruments which potentially subject the Club to concentration of credit risk consist primarily of demand deposits, investment securities, and member receivables. Management believes demand deposits are placed with a high credit quality financial institution. Member receivables include a large number of individual members with small balances.

The Club places all of its cash in federally insured financial institutions, which limits its credit risk. Balances exceeding the FDIC insured limit of \$250,000 totaled \$6,908,604 and \$6,269,151 as of December 31, 2023 and 2022, respectively.

### (8) Notes Payable

On March 17, 2020, the Club entered into a \$5,000,000 non-revolving line of credit with a bank to be used for capital projects associated with the I-440 widening project. Interest only is payable monthly at a fixed rate of 3.75% with annual principal payments through March 25, 2024, at which time the balance will be converted to a term loan. The balance outstanding net of unamortized loan costs as of December 31, 2023 and 2022 was \$4,069,554 and \$2,118,737, respectively.

On February 12, 2020, the Club took out a zero interest loan for \$25,979 from a financial institution to purchase a new tractor with monthly payments of \$433. The balance outstanding as of December 31, 2023 and 2022 was \$6,040 and \$11,236, respectively.

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Notes to Financial Statements

December 31, 2023 and 2022

### (8) Notes Payable, Continued

On February 1, 2021, the Club entered into a \$200,000 non-revolving line of credit with a bank to be used for capital projects associated with the I-440 widening project. Interest only is payable monthly at the Wall Street Journal Prime Rate with the entire principal balance due on September 23, 2024. The interest rate was 8.50% as of December 31, 2023. The balance outstanding as of December 31, 2023 and 2022 was \$0.

Future minimum payments are as follows:

#### Year ending December 31,

|      |                     |
|------|---------------------|
| 2024 | \$ 1,053,869        |
| 2025 | 894,569             |
| 2026 | 927,822             |
| 2027 | 963,219             |
| 2028 | <u>236,115</u>      |
|      | <u>\$ 4,075,594</u> |

### (9) Retirement Plan

The Club maintains a 401(k) profit sharing plan that covers substantially all employees meeting certain eligibility requirements. Retirement plan expense totaled \$10,000 in 2023 and 2022.

### (10) Information Regarding Liquidity and Availability of Resources

The Club regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Club considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Club's financial assets as of December 31, 2023 consist of cash, accounts receivable, and investments reduced by any board-designated fund, resulting in net financial assets of \$8,863,272, all of which are available to meet general expenditures within one year of the financial statement date.

|   | <u>2023</u>         | <u>2022</u>      |
|---|---------------------|------------------|
| Financial assets, at year end:                |                     |                  |
| Cash and cash equivalents                     | \$ 7,226,830        | 6,571,814        |
| Accounts receivable                           | 581,973             | 567,361          |
| Investments, at fair value                    | <u>1,054,469</u>    | <u>1,230,597</u> |
| Financial assets available to meet cash needs |                     |                  |
| for general expenditures within one year      | \$ <u>8,863,272</u> | <u>8,369,772</u> |

# NORTH CAROLINA STATE UNIVERSITY CLUB

## Notes to Financial Statements

December 31, 2023 and 2022

### (10) Information Regarding Liquidity and Availability of Resources, Continued

In addition to financial assets available to meet general expenditures over the next 12 months, the Club operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

### (11) Related Party Transactions

A total of approximately \$328,000 and \$323,000 during 2023 and 2022, respectively, was paid to a company whose principal is a Club board member to relocate infrastructure that was displaced by the I-440 widening project.

### (12) Subsequent Events

The lease with the Foundation (see note 3) is currently being renegotiated and modified. These modifications are not expected to have a significant financial impact on the Club.

The date to which events occurring after December 31, 2023, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is April 3, 2024, the date the financial statements were available to be issued.