

NORTH CAROLINA STATE UNIVERSITY  
FOUNDATION, INC.

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2016 and 2015

North Carolina State University Foundation, Inc.  
Consolidated Financial Report  
For the Years Ended June 30, 2016 and 2015

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## **Independent Auditor's Report**

To the Board of Directors  
North Carolina State University Foundation, Inc.  
Raleigh, North Carolina

We have audited the accompanying consolidated financial statements of North Carolina State University Foundation, Inc. and its subsidiary (the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Other Information***

The 2015 consolidated financial statements of the Foundation were audited by other auditors, whose report dated October 5, 2015 expressed an unmodified opinion on those statements.

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***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of North Carolina State University Foundation, Inc. and its subsidiary as of June 30, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Disclaimer of Opinion on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The supplemental information on pages 21 through 23 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*BDO USA, LLP*

Raleigh, North Carolina  
September 23, 2016

North Carolina State University Foundation, Inc.

Consolidated Statements of Financial Position  
June 30, 2016 and 2015

	2016	2015
<b>Assets</b>		
Cash and cash equivalents (Note 1)	\$ 19,745,272	\$ 17,037,267
Cash and cash equivalents - NC State Executive Education, LLC (Notes 1 and 15)	219,065	21,537
Intermediate investments (Note 1)	6,201,887	5,712,063
Long-term investments (Notes 1 and 3)	230,492,053	232,711,949
Pledges receivable, net (Notes 1 and 6)	63,937,451	68,693,917
Receivable - charitable lead trusts (Note 1)	3,027,947	3,278,608
Externally managed irrevocable trust (Note 5)	18,843,468	20,682,509
NC State Executive Education, LLC accounts receivable, net (Note 15)	190,150	49,000
Receivable from University-associated entities (Note 1)	310,221	605,347
Donated property and land (Note 1)	1,096,350	1,509,587
Land and property held for others (Note 1)	1,000,000	1,159,023
University Club, net of accumulated depreciation of \$2,094,384 and \$1,888,239 for 2016 and 2015, respectively (Notes 1 and 14)	6,710,523	6,761,879
Other assets (Note 1)	245,988	441,446
<b>Total Assets</b>	<b>\$ 352,020,375</b>	<b>\$ 358,664,132</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable - North Carolina State University (Note 1)	\$ 124,783	\$ 85,490
Accounts payable (Note 1)	62,349	122,616
Due to others (Note 1)	1,805,046	1,397,743
Life income funds payable (Note 5)	3,283,841	3,597,145
Life income funds payable - externally managed irrevocable trust (Note 5)	10,569,893	11,983,720
Agency funds held in custody for others (Note 8)	929,710	925,409
NC State Executive Education, LLC payables (Note 15)	336,763	199,558
<b>Total Liabilities</b>	<b>17,112,385</b>	<b>18,311,681</b>
<b>Net Assets</b>		
Unrestricted:		
Undesignated	780,812	563,918
Undesignated nonexpendable - University Club	6,710,523	6,761,879
Undesignated - underwater endowments (Note 2)	(399,964)	-
Board-designated - endowments (Note 2)	5,184,022	5,872,544
Designated - NC State Executive Education, LLC (Note 15)	72,452	(129,021)
Temporarily restricted (Note 9)	97,642,601	106,341,472
Permanently restricted (Note 10)	224,917,544	220,941,659
<b>Total Net Assets</b>	<b>334,907,990</b>	<b>340,352,451</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 352,020,375</b>	<b>\$ 358,664,132</b>

See notes to consolidated financial statements.

North Carolina State University Foundation, Inc.

Consolidated Statement of Activities  
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains, and Other Income</b>				
Contributions	\$ 3,414	\$ 11,311,915	\$ 5,909,850	\$ 17,225,179
Change in pledges receivable	-	(3,541,484)	(1,214,982)	(4,756,466)
Donated services and salaries (Note 7)	1,227,000	-	-	1,227,000
Disposal of other assets	-	(36,358)	(214,616)	(250,974)
Leasehold improvements	154,788	-	-	154,788
Net asset reclassification - underwater endowments (Note 2)	(399,964)	399,964	-	-
Net investment income	(496,536)	(3,198,879)	(1,847,798)	(5,543,213)
Change in value of split interest agreements	-	-	1,301,073	1,301,073
Change in value of charitable lead trusts	-	-	(250,661)	(250,661)
Interest and dividends	181,823	153,778	99,685	435,286
NC State Executive Education, LLC income (Note 15)	2,170,579	-	-	2,170,579
Other income	349,015	3,062,712	(757)	3,410,970
Net assets released from restrictions (Note 11)	16,524,864	(16,524,864)	-	-
<b>Total Revenues, Gains, and Other Income</b>	<b>19,714,983</b>	<b>(8,373,216)</b>	<b>3,781,794</b>	<b>15,123,561</b>
<b>Grants to Support the University Program:</b>				
Scholarships and fellowships	5,674,551	-	-	5,674,551
Faculty support	4,618,452	-	-	4,618,452
Departmental support	2,105,817	-	-	2,105,817
Facility support	475,186	-	-	475,186
Other contracted services	950,532	-	-	950,532
Other current services	620,137	-	-	620,137
NC State Executive Education, LLC expenses (Note 15)	1,970,773	-	-	1,970,773
<b>Total Program Support</b>	<b>16,415,448</b>	<b>-</b>	<b>-</b>	<b>16,415,448</b>
Administrative	662,191	-	-	662,191
Fundraising	3,236,326	-	-	3,236,326
<b>Total Other Support</b>	<b>3,898,517</b>	<b>-</b>	<b>-</b>	<b>3,898,517</b>
<b>Total Support</b>	<b>20,313,965</b>	<b>-</b>	<b>-</b>	<b>20,313,965</b>
<b>(Deficit) Excess of Revenues, Gains, and Other Income Over Total Support</b>	<b>(598,982)</b>	<b>(8,373,216)</b>	<b>3,781,794</b>	<b>(5,190,404)</b>
<b>Net Transfers</b>				
To other University-associated entities	-	(300,945)	46,888	(254,057)
Among funds (Note 13)	(122,493)	(24,710)	147,203	-
<b>Total Net Transfers</b>	<b>(122,493)</b>	<b>(325,655)</b>	<b>194,091</b>	<b>(254,057)</b>
<b>Change in Net Assets</b>	<b>(721,475)</b>	<b>(8,698,871)</b>	<b>3,975,885</b>	<b>(5,444,461)</b>
<b>Net Assets</b>				
Beginning of year	13,069,320	106,341,472	220,941,659	340,352,451
End of year	\$ 12,347,845	\$ 97,642,601	\$ 224,917,544	\$ 334,907,990

See notes to consolidated financial statements.

North Carolina State University Foundation, Inc.

Consolidated Statement of Activities  
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains, and Other Income</b>				
Contributions	\$ 26,583	\$ 15,617,051	\$ 11,035,857	\$ 26,679,491
Change in pledges receivable	-	(3,883,398)	3,764,840	(118,558)
Donated services and salaries (Note 7)	1,147,000	-	-	1,147,000
Leasehold improvements	2,109,284	-	-	2,109,284
Net investment income	861,898	16,535,399	(887,670)	16,509,627
Change in value of split interest agreements	-	-	872,909	872,909
Change in value of charitable lead trust	-	-	2,685,264	2,685,264
Interest and dividends	173,824	143,159	104,457	421,440
NC State Executive Education, LLC income (Note 15)	1,446,878	-	-	1,446,878
Other income	332,581	2,543,210	22,788	2,898,579
Net assets released from restrictions (Note 11)	15,517,469	(15,517,469)	-	-
<b>Total Revenues, Gains, and Other Income</b>	<b>21,615,517</b>	<b>15,437,952</b>	<b>17,598,445</b>	<b>54,651,914</b>
<b>Grants to Support the University Program:</b>				
Scholarships and fellowships	5,384,661	-	-	5,384,661
Faculty support	4,245,917	-	-	4,245,917
Departmental support	2,010,812	-	-	2,010,812
Facility support	777,913	-	-	777,913
Other contracted services	1,319,535	-	-	1,319,535
Other current services	273,467	-	-	273,467
NC State Executive Education, LLC expenses (Note 15)	1,592,522	-	-	1,592,522
<b>Total Program Support</b>	<b>15,604,827</b>	<b>-</b>	<b>-</b>	<b>15,604,827</b>
Administrative	626,413	-	-	626,413
Fundraising	2,603,857	-	-	2,603,857
<b>Total Other support</b>	<b>3,230,270</b>	<b>-</b>	<b>-</b>	<b>3,230,270</b>
<b>Total Support</b>	<b>18,835,097</b>	<b>-</b>	<b>-</b>	<b>18,835,097</b>
<b>Excess of Revenues, Gains, and Other Income Over Total Support</b>	<b>2,780,420</b>	<b>15,437,952</b>	<b>17,598,445</b>	<b>35,816,817</b>
<b>Net Transfers</b>				
To other University-associated entities	-	(60,472)	(3,555)	(64,027)
Among funds (Note 13)	(345,164)	(941,569)	1,286,733	-
<b>Total Net Transfers</b>	<b>(345,164)</b>	<b>(1,002,041)</b>	<b>1,283,178</b>	<b>(64,027)</b>
<b>Change in Net Assets</b>	<b>2,435,256</b>	<b>14,435,911</b>	<b>18,881,623</b>	<b>35,752,790</b>
<b>Net Assets</b>				
Beginning of year	10,634,064	91,905,561	202,060,036	304,599,661
End of year	\$ 13,069,320	\$106,341,472	\$220,941,659	\$340,352,451

See notes to consolidated financial statements.

North Carolina State University Foundation, Inc.

Consolidated Statements of Cash Flows  
Years Ended June 30, 2016 and 2015

	2016	2015
<b>Cash Flows From Operating Activities</b>		
Change in net assets:	\$ (5,444,461)	\$ 35,752,790
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	207,004	203,035
Net investment losses (gains)	3,704,172	(17,524,960)
Investment income restricted for split interest agreements	(99,685)	(104,457)
Change in value of split interest agreements	112,754	110,790
Change in value of externally managed irrevocable trusts	(1,413,827)	(983,699)
Contributions restricted for permanent endowment	(5,909,850)	(11,035,857)
Decrease (increase) in:		
Pledges receivable	4,756,466	118,558
Receivable - charitable lead trusts	250,661	(2,685,264)
NC State Executive Education, LLC accounts receivable, net	(141,150)	132,016
Receivable from University-associated entities	295,126	673,923
Externally managed irrevocable trusts	1,839,041	1,015,333
Donated property and land	413,237	-
Land and property held for others	159,023	-
University Club and other assets, net	39,810	(2,224,886)
Increase (decrease) in:		
Accounts payable - North Carolina State University	39,293	(129,436)
Accounts payable	(60,267)	(51,472)
Due to others	407,303	(25,641)
Agency funds held in custody for others	4,301	108,561
NC State Executive Education, LLC payables	137,205	(243,979)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>(703,844)</u>	<u>3,105,355</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales of investments	6,424,101	13,179,388
Purchases of investments	(8,398,201)	(24,765,777)
<b>Net Cash Used in Investing Activities</b>	<u>(1,974,100)</u>	<u>(11,586,389)</u>
<b>Cash Flows From Financing Activities</b>		
Contributions restricted for permanent endowment	5,909,850	11,035,857
Investment income restricted for split interest agreements	99,685	104,457
Payments on life income fund obligations	(466,547)	(483,858)
Proceeds from life income fund obligations	40,489	15,743
<b>Net Cash Provided by Financing Activities</b>	<u>5,583,477</u>	<u>10,672,199</u>
<b>Net Increase in Cash and Cash Equivalents</b>	2,905,533	2,191,165
<b>Cash and Cash Equivalents:</b>		
Beginning of year	17,058,804	14,867,639
End of year	<u>\$ 19,964,337</u>	<u>\$ 17,058,804</u>
<b>Supplemental Disclosure of Noncash Activities:</b>		
Donated services and salaries	<u>\$ 1,227,000</u>	<u>\$ 1,147,000</u>
Leasehold improvements	<u>\$ 154,788</u>	<u>\$ 2,109,284</u>
Transfers among funds	<u>\$ 147,203</u>	<u>\$ 1,286,733</u>

See notes to consolidated financial statements.

## Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: North Carolina State University Foundation, Inc., (the "Foundation") is one of a group of foundations which provides financial support exclusively to one or more of the colleges at North Carolina State University (the "University"). The Foundation, founded in 1942, supports, by financial assistance and otherwise, the various colleges within the University, the libraries, and other University-connected functions. Effective July 1, 2003, North Carolina State University considers the Foundation to be a component unit.

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

Basis of accounting and presentation: The consolidated financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In preparing its consolidated financial statements, 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:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or by the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. 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.

Principles of consolidation: The consolidated financial statements include the accounts of the Foundation and NC State Executive Education, LLC, which was organized to further the purposes of its sole member, the Foundation. All significant intercompany balances and transactions have been eliminated in consolidation. Additional details regarding the financial position and activities of NC State Executive Education, LLC are contained in Note 15.

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 consist of accounts with the State Treasurer's Short Term Investment Fund (the "STIF"), Paragon Bank, and Wells Fargo Bank, N.A. 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 taxable municipal bonds, the NC State Investment Fund, Inc. Intermediate Term Fund (the "ITF"), and an account with the common fund Intermediate Term Fund for funds that can be invested for longer periods, but which are available in the event of short-term needs. These investments are reported at readily determinable fair values of \$6,201,887 and \$5,712,063 at June 30, 2016 and 2015, respectively. The cost of these investments was \$6,352,009 and \$5,963,927 as of June 30, 2016 and 2015, respectively.

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

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

Long-term investments: Long-term investments are stated at fair value based on readily determinable fair values, when available. Investments for which readily determinable fair values are not available are carried at estimated fair values as provided by the respective fund managers of the investments. The Foundation, in accordance with investment policies promulgated by its Board of Directors (the "Board"), invests with the NC State Investment Fund, Inc. Long Term Investment Pool (the "LTIP"). The Foundation also invests specific endowment assets in the NC State Socially Responsible Investment Fund (the "SRI Fund").

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

Receivable – charitable lead trusts: The receivable for the split-interest agreements is carried at fair value, which the Foundation has estimated based on the present value of its expected future cash inflows.

Receivable from University-associated entities: Receivable from University-associated entities consists of amounts due to the Foundation from other University-associated foundations.

Donated property and land: Donated property and land are stated at cost. Cost for property acquired by gift is defined as fair market value on the date of the gift.

Land and property held for others: Land and property held for others are stated at cost. Cost for land and property acquired by gift is defined as fair market value on the date of the gift.

University Club: The value of the North Carolina State University Club (the "Club") and leasehold improvements are recorded at cost less depreciation. Depreciation is computed by use of the straight-line method over the estimated useful lives of the assets. The Club has been renovated over the past eight years, and the increase in value is attributable to these renovations. The Foundation and the Club entered into an operating agreement in 1979 based on a lease originally established between the State of North Carolina and the Foundation in 1960. For the leasehold improvements completed during fiscal year 2015 and 2016, the Club is responsible for financing and payment. Leasehold improvements capitalized were \$154,788 and \$2,109,284 during the years June 30, 2016 and 2015, respectively. Refer to Note 14 for additional information regarding the Foundation's role in the Club's financing of the renovations.

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 less any loans outstanding on the policies. Cash surrender values of these policies were \$184,658 and \$282,986 at June 30, 2016 and 2015, respectively. Other assets also include leasehold improvements, sales tax receivable, accrued interest on municipal bonds and a mortgage receivable.

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.

Accounts payable: Accounts payable represents trade payables due to vendors at June 30, 2016 and 2015.

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

Due to others: Due to others at June 30, 2016 and 2015 consisted of \$259,785 and \$397,743, respectively, due to remainder beneficiaries of life income funds. Also included in due to others at June 30, 2016 and 2015 was \$1,545,261 and \$1,000,000, respectively, owed to other organizations.

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the consolidated statement of activities.

The University has a gift assessment program that supports Central Development and college-level fundraising efforts. A one-time fee of 5% is assessed on gifts that support current operations and facilities, with 3% designated for Central Development and 2% designated to the fundraising entity receiving the gift.

Investment income: Investment income is allocated on the basis of average fund balances for unrestricted and temporarily restricted net assets. 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 unrestricted, temporarily restricted, or permanently restricted, as appropriate. Earnings from investments are net of investment fees of \$930,374 and \$807,758 for the years ended June 30, 2016 and 2015, respectively. 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 of 0.50% is assessed on the average twenty-quarter market value of assets held in the investment portfolio, with 0.25% designated for University Advancement and 0.25% designated to college-level fundraising efforts. In addition, an assessment of 0.55% is charged by the Foundation on the average twenty-quarter market value of assets held in the investment portfolio, for the support of University Advancement.

Estimates: The preparation of financial statements in accordance with generally accepted accounting principles 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 2016 and 2015. 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 organization and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of June 30, 2016, 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 consolidated 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 2012.

## Note 2. Endowment

The Foundation's endowment consists of approximately 600 individual funds established for a variety of purposes related to the mission of the University. The endowment includes both donor-restricted endowments and funds designated by the Foundation Board to function as endowments. 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. UPMIFA defines a prudence standard for management and investment of institutional funds. As a result of the Foundation's interpretation of UPMIFA, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment that are required by the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily 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. These deficiencies generally result from unfavorable market fluctuations which produce unrealized losses to the fund. Deficiencies of this nature are reported in unrestricted net assets and were (\$399,964) and \$0 as of June 30, 2016 and 2015, respectively.

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 as well as board-designated funds. The endowment assets are invested through the LTIP and the SRI Fund 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 its endowment fund's average market value over the prior twenty quarters through the fiscal year-end proceeding the fiscal year in which the spending is planned. 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 many endowments are not able to fund spending at the 4% level. Unless the gift instrument specifies otherwise, up to 15% of the corpus of an endowment may 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 the long-term expected return on its endowment. Spending budgets were calculated at \$3,439,375 and \$3,684,910 for fiscal years 2016 and 2017, respectively.

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

Note 2. Endowment (continued)

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 LTIP and to meet the spending needs of the University. To meet this investment objective, the LTIP invests in various asset classes to offer diversification. The purpose of diversification is to provide reasonable assurance that no single security or class of securities or manager will have a disproportionate impact on the performance of the total fund.

The LTIP is diversified both by asset class (e.g. common stocks and fixed income securities) and within asset classes (e.g., within common stocks 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 approaches.

The following represents changes in endowment net assets for the fiscal year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 5,947,355	\$ 63,870,449	\$220,941,659	\$290,759,463
Net asset reclassification - underwater endowments	(399,964)	399,964	-	-
Endowment net assets after reclassification	5,547,391	64,270,413	220,941,659	290,759,463
Total investment return	(239,126)	(3,228,733)	(1,962,729)	(5,430,588)
Contributions, including change in accrued pledges and other income	504	2,400	4,694,111	4,697,015
Appropriations of endowment assets for expenditure	(459,980)	(3,871,640)	-	(4,331,620)
Change in value of split interest agreements and charitable lead trust	-	-	1,050,412	1,050,412
Other changes:				
Transfers	-	(53,163)	194,091	140,928
Endowment net assets, end of year	\$ 4,848,789	\$ 57,119,277	\$224,917,544	\$286,885,610

The following represents endowment net asset composition by type of fund, as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Undesignated - underwater endowments	\$ (399,964)	\$ -	\$ -	\$ (399,964)
Board-designated endowment funds	5,184,022	-	-	5,184,022
Donor designated endowment funds	64,731	57,119,277	224,917,544	282,101,552
Total Funds	\$ 4,848,789	\$ 57,119,277	\$224,917,544	\$286,885,610

The following represents changes in endowment net assets for the fiscal year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 5,132,973	\$ 51,219,514	\$202,060,036	\$258,412,523
Total investment return	1,268,334	16,361,205	(783,213)	16,846,326
Contributions, including change in accrued pledges and other income	1,033	4,000	14,823,485	14,828,518
Appropriations of endowment assets for expenditure	(454,985)	(3,913,445)	-	(4,368,430)
Change in value of split interest agreements and charitable lead trust	-	-	3,558,173	3,558,173
Other changes:				
Transfers	-	199,175	1,283,178	1,482,353
Endowment net assets, end of year	\$ 5,947,355	\$ 63,870,449	\$220,941,659	\$290,759,463

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

Note 2. Endowment (continued)

The following represents endowment net asset composition by type of fund, as of June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	\$ 5,872,544	\$ -	\$ -	\$ 5,872,544
Donor designated endowment funds	74,811	63,870,449	220,941,659	284,886,919
Total Funds	<u>\$ 5,947,355</u>	<u>\$ 63,870,449</u>	<u>\$ 220,941,659</u>	<u>\$ 290,759,463</u>

Note 3. Long-Term Investments

The Foundation invests in various 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.

Investments at June 30, 2016 and 2015 consisted of:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
STIF	\$ 250,343	\$ 250,343	\$ 503,377	\$ 503,377
NC State Investment Fund, Inc. Long Term Investment Pool (LTIP)	166,104,657	214,207,848	162,477,187	215,143,988
SRI Fund	9,269,614	9,887,699	9,638,358	10,270,416
Life Income Funds	5,886,277	6,146,163	6,378,921	6,794,168
	<u>\$181,510,891</u>	<u>\$230,492,053</u>	<u>\$178,997,843</u>	<u>\$232,711,949</u>

Investments held by the LTIP at June 30, 2016 were made up of limited partnerships, an investment with a Blackrock Liquid Policy Portfolio ("LPP"), a bundle of exchange-traded funds, and the STIF. As of June 30, 2016, approximately 91.2% of these limited partnerships were with the UNC Management Company, 3.5% were committed to or in other private equity investments with JP Morgan, Blackrock, and SEI, 5.1% was invested in the LPP, and 0.2% was invested in the STIF. The LTIP's net assets were valued at approximately \$683,380,000 and \$676,716,000 at June 30, 2016 and 2015, respectively. The Foundation's investment in the LTIP represents approximately 31.3% and 31.8% of the member equity of the LTIP at June 30, 2016 and 2015, respectively.

The SRI Fund assets are invested in a socially responsible manner through a diversified portfolio of managers that consider environmental, social, and governance issues. As of June 30, 2016, approximately 27.7% of total assets were invested with RBC SRI Wealth Management Group ("RBC"), 51.9% with Generation IM Global Equity A Fund and 20.4% with Calvert Bond Portfolio Fund.

The Foundation's investments held by Life Income Funds consist of a diversified portfolio of bond and equity mutual funds.

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

Note 4. Fair Value Measurement

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820 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 at June 30:

	2016			
	Level 1	Level 2	Level 3	Total Fair Value
STIF	\$ 250,343	\$ -	\$ -	\$ 250,343
Municipal Bonds	-	1,067,874	-	1,067,874
common/fund Intermediate Term Fund	-	1,697,238	-	1,697,238
NC State Investment Fund, Inc. Intermediate Term Fund (ITF)	-	3,436,775	-	3,436,775
NC State Investment Fund, Inc. Long Term Investment Pool (LTIP)	-	-	214,207,848	214,207,848
SRI Fund	-	9,887,699	-	9,887,699
Life Income Funds	-	6,146,163	-	6,146,163
Externally Managed Irrevocable Trust	-	18,843,468	-	18,843,468
Beneficial Interest in Life Insurance Policies	-	-	184,658	184,658
	<u>\$ 250,343</u>	<u>\$ 41,079,217</u>	<u>\$ 214,392,506</u>	<u>\$ 255,722,066</u>

	2015			
	Level 1	Level 2	Level 3	Total Fair Value
STIF	\$ 503,377	\$ -	\$ -	\$ 503,377
Municipal Bonds	-	566,983	-	566,983
common/fund Intermediate Term Fund	-	1,692,945	-	1,692,945
NC State Investment Fund, Inc. Intermediate Term Fund (ITF)	-	3,452,135	-	3,452,135
NC State Investment Fund, Inc. Long Term Investment Pool (LTIP)	-	-	215,143,988	215,143,988
SRI Fund	-	10,270,416	-	10,270,416
Life Income Funds	-	6,794,168	-	6,794,168
Externally Managed Irrevocable Trust	-	20,682,509	-	20,682,509
Beneficial Interest in Life Insurance Policies	-	-	282,986	282,986
	<u>\$ 503,377</u>	<u>\$ 43,459,156</u>	<u>\$ 215,426,974</u>	<u>\$ 259,389,507</u>

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

Note 4. Fair Value Measurement (continued)

The following is a reconciliation of the assets measured at fair value on a recurring basis in which significant unobservable inputs (Level 3) were used in determining value:

	2016		2015	
	NC State Investment Fund, Inc.	Beneficial Interest in Life Insurance Policies	NC State Investment Fund, Inc.	Beneficial Interest in Life Insurance Policies
Beginning balance	\$ 215,143,988	\$ 282,986	\$ 189,494,314	\$ 263,182
Participant additions	6,505,000	-	15,115,000	-
Investment income	28,982	-	64,821	-
Realized gains	2,021,081	6,213	2,543,595	-
Unrealized (loss)/gain	(4,563,610)	7,069	15,393,123	19,804
Participant withdrawals	(4,022,527)	(111,610)	(6,684,295)	-
Expenses	(905,066)	-	(782,570)	-
Ending balance	\$ 214,207,848	\$ 184,658	\$ 215,143,988	\$ 282,986

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

STIF – This 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.

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

common/fund Intermediate Term Fund – Valued using the net asset value (“NAV”) per share of the fund provided by the fund manager. The Foundation considers this the best estimate of fair value for investments that do not have a quoted market price.

NC State Investment Fund, Inc. Intermediate Term Fund (“ITF”) – This investment is a combination of publicly traded mutual funds valued at quoted market prices.

NC State Investment Fund, Inc. Long Term Investment Pool (“LTIP”) – The LTIP’s investment in UNCMC 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 LPP is valued at the closing price of the exchange-traded fund’s shares. The LTIP also has an investment in the STIF, valued as described above.

SRI Fund – This investment is a combination of equities and fixed income securities valued using quoted market prices or net asset values per share provided by fund manager.

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

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

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Note 4. Fair Value Measurement (continued)

Externally Managed Irrevocable Trust – Determined by the custodian on a trade date basis and based on projected settled balances for cash, deposits, and money market funds.

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.

Note 5. Life Income Funds

The consolidated financial statements include assets and liabilities of charitable gift annuities and unitrust agreements 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, 2016 and 2015 have asset balances of \$6,146,163 and \$6,794,168, 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 \$3,283,841 and \$3,597,145 at June 30, 2016 and 2015, respectively. Payments from these funds were \$466,547 and \$483,858 during the years ended June 30, 2016 and 2015, respectively. An unrestricted reserve account has been established in the Foundation's Charitable Gift Annuity ("CGA") pool to receive 5% 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 5% of the total value of the Foundation's CGA pool. As of June 30, 2016 and 2015, the CGA reserve balance was \$0 and \$5,903, respectively.

In addition to the above life income funds, the Foundation was named the recipient of an externally managed trust in 2011 which represents irrevocable life income funds with a market value totaling \$18,843,468 and \$20,682,509 and life income funds payable of \$10,569,893 and \$11,983,720 as of June 30, 2016 and 2015, respectively. The Foundation is not serving as a trustee for these funds. These life income funds have been reflected in the accompanying consolidated financial statements at their fair value. Estimated future distributions to the beneficiaries have been reflected in the accompanying consolidated financial statements and were computed using Internal Revenue Code annuity valuation tables, the distribution terms of the agreements, and the life expectancy of the beneficiaries.

Note 6. Pledges Receivable

Pledges receivable consisted of the following at June 30:

	2016	2015
Receivable in less than one year	\$ 7,696,632	\$ 7,763,142
Receivable in one to five years	57,679,162	62,334,633
Receivable in greater than five years	23,366	1,157,120
Total gross pledges receivable	65,399,160	71,254,895
Less allowance for uncollectible pledges	(420,000)	(472,000)
Less unamortized discount (discount rates of 0.55% to 1.64%)	(1,041,709)	(2,088,978)
Pledges receivable, net	\$ 63,937,451	\$ 68,693,917

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

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Note 6. Pledges Receivable (continued)

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation's outstanding pledge balance, excluding three large pledges for which signed memorandums of understanding exist and therefore the Foundation is reasonably assured of collecting. The three large pledges represented approximately \$57.0 million and \$61.8 million of total pledges receivable at June 30, 2016 and 2015, respectively. Active past due pledges receivable are reviewed semi-annually by the Advancement Services office in order to determine if it is appropriate to write off such pledges.

Note 7. Donated Services and Salaries

Donated services in the amount of \$577,000 and \$544,000 for the years ended June 30, 2016 and 2015, respectively, have been reflected in the consolidated financial statements for services provided by the University Treasurer's Division. In addition, donated salaries paid by the University for college development personnel in the amount of \$650,000 and \$603,000 for the years ended June 30, 2016 and 2015, respectively, have been reflected in the accompanying consolidated financial statements.

Note 8. Agency Funds

The Foundation acts as funds custodian for the North Carolina State University Greek Court funds. The funds are for the sole benefit for the redevelopment of the Greek Court and totaled \$160,262 and \$159,715 at June 30, 2016 and 2015, respectively, and are for Kappa Sigma, Sigma Alpha Epsilon, Chi Psi, Delta Gamma, and Lambda Chi Alpha. The Foundation also holds debt service and operating surplus funds for the University Club (see Note 14), which totaled \$769,447 and \$765,694 at June 30, 2016 and 2015, respectively.

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 and 2015 are available for the following purposes:

	2016	2015
Scholarships	\$ 4,879,746	\$ 4,269,360
Fellowships	1,220,062	1,098,564
Professorships	330,147	335,592
Library support	1,749,117	1,480,875
Research support	1,027,963	1,096,032
Gregg Museum of Art and Design Building	3,445,733	3,185,506
Pledges receivable	15,599,220	19,140,703
Endowment cumulative balance	57,119,277	67,860,305
Other	12,271,336	7,874,535
	<u>\$ 97,642,601</u>	<u>\$ 106,341,472</u>

Temporarily restricted net asset grouping "Other" includes amounts designated for general college support, general University support, facility support and funds with multiple purposes.

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

Note 10. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2016 and 2015 are restricted as follows:

	2016	2015
Scholarships	\$ 161,165,231	\$ 154,339,894
Fellowships	6,113,810	6,415,254
Professorships	295,044	944,985
Library support	11,748,999	9,687,020
Research support	843,820	257,704
Pledges	48,338,231	49,553,214
Life income funds	11,135,897	11,895,812
NCSU Foundation operating cash endowment	11,550,152	12,091,411
Amounts reported as unrestricted or temporarily restricted net assets	(61,968,066)	(73,807,660)
Other	35,694,426	49,564,025
	<u>\$ 224,917,544</u>	<u>\$ 220,941,659</u>

Permanently restricted net asset grouping "Other" includes amounts designated for general college support, general University support, and funds with multiple purposes.

Note 11. 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:

	2016	2015
Scholarships	\$ 4,761,078	\$ 4,634,767
Fellowships	191,000	174,319
Professorships	181,365	180,169
Library support	291,885	225,826
Research support	543,120	592,386
Facility support	475,186	777,913
Other	10,081,230	8,932,089
	<u>\$ 16,524,864</u>	<u>\$ 15,517,469</u>

The grouping "Other" includes amounts spent for general college support, and general University support.

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

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**Note 12. Description of Leasing Arrangements**

The Foundation had operating leases with total payments for the years ended June 30, 2016 and 2015 of \$25,053 and \$22,084 respectively. Future minimum rental payments under the non-cancelable operating leases are as follows at June 30, 2016:

Years ending June 30:	
2017	\$ 22,827
2018	17,030
2019	4,185
Minimum lease payments	<u>\$ 44,042</u>

**Note 13. Transfers Among Funds To Permanently Restricted**

The Foundation's policy requires a minimum gift amount to establish an endowment. Contributions received toward setting up an endowment which are less than the minimum amount are initially recorded as temporarily restricted net assets, as it is understood by the donor that if the endowment minimum is not reached, the corpus can be used for the intended purpose. When the endowment reaches the minimum endowment level due to additional contributions, the endowment is transferred to permanently restricted net assets. For the years ended June 30, 2016 and 2015, net endowment transfers were \$147,206 and \$1,286,733, respectively.

**Note 14. University Club**

In June 2008, to assist with financing the construction, renovation, and expansion of the University Club, the Board of the Foundation approved a resolution to authorize the Foundation to serve as the guarantor for \$3 million of a \$4 million loan from First Citizens Bank & Trust Company to the Club to be obtained in conjunction with Phase I of the renovation of the Club's facilities. The term of the loan and guarantee is ten years. The loan had a fixed interest rate of 5.96% and, as of November 2012, was modified to a new rate of 3.95%. The amount outstanding on the loan, as of June 30, 2016 and 2015, was \$2,389,054 and \$2,690,527, respectively.

In February 2013, the University Club obtained a \$2.5 million loan with an interest rate of 3.95% to fund Phase II improvements and expansion of the Club that matures in March 2019. The amount outstanding on the loan, as of June 30, 2016 and 2015, was \$1,422,231 and \$1,601,555, respectively. The Foundation is not a guarantor on this loan.

A Memorandum of Understanding between the Foundation and the Club was established for the Phase I loan, which imposes certain requirements on the Club as a condition to the Foundation serving as guarantor. See Note 8 for the amounts the Foundation holds on behalf of the University Club.

**Note 15. NC State Executive Education, LLC**

NC State Executive Education, LLC (the "LLC") was organized on June 6, 2008 to further the purposes of its sole member, the Foundation, and is consolidated for the purposes of these financial statements. The purposes of the LLC are exclusively charitable within the meaning of paragraph 501(c)(3) of the Internal Revenue Code of 1986, and more specifically are to support the educational mission of the University by operating an executive education program.

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

Note 15. NC State Executive Education, LLC (continued)

The Statements of Financial Position for NC State Executive Education, LLC at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash	\$ 219,065	\$ 21,537
Accounts receivable, net	190,150	49,000
<b>Total Assets</b>	<u>\$ 409,215</u>	<u>\$ 70,537</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable - North Carolina State University	\$ 286	\$ 4,283
Due to Poole College of Management	184,235	184,235
Other payables	152,242	11,040
<b>Total Liabilities</b>	<u>336,763</u>	<u>199,558</u>
<b>Net Assets</b>		
Unrestricted	72,452	(129,021)
<b>Total Net Assets</b>	<u>72,452</u>	<u>(129,021)</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 409,215</u>	<u>\$ 70,537</u>

The Statements of Activities for NC State Executive Education, LLC for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
<b>Revenues, Gains, and Other Income</b>		
Custom program revenue	\$ 2,170,579	\$ 1,446,878
Interest and dividends	1,667	1,575
<b>Total Revenues, Gains, and Other Income</b>	<u>2,172,246</u>	<u>1,448,453</u>
<b>Expenses</b>		
<b>Program:</b>		
Labor costs	647,597	544,439
Rental costs	23,884	26,236
Contract fees	1,263,067	883,279
Other	36,225	138,568
<b>Total Expenses</b>	<u>1,970,773</u>	<u>1,592,522</u>
<b>Change in Net Assets</b>	201,473	(144,069)
<b>Net (Deficit) Assets</b>		
Beginning of year	(129,021)	15,048
End of year	<u>\$ 72,452</u>	<u>\$ (129,021)</u>

North Carolina State University Foundation, Inc.

Notes To Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015

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**Note 16. Prior Year Reclassifications**

Certain amounts in the 2015 consolidated financial statements have been reclassified to conform to the 2016 presentation with no effect on previously reported total net assets.

**Note 17. Subsequent Events**

The Foundation has evaluated subsequent events through September 23, 2016, the date which the consolidated financial statements were available to be issued, and there were none to report.

North Carolina State University Foundation, Inc.

Fund for Excellence Budget vs. Actual - Unaudited  
Year Ended June 30, 2016

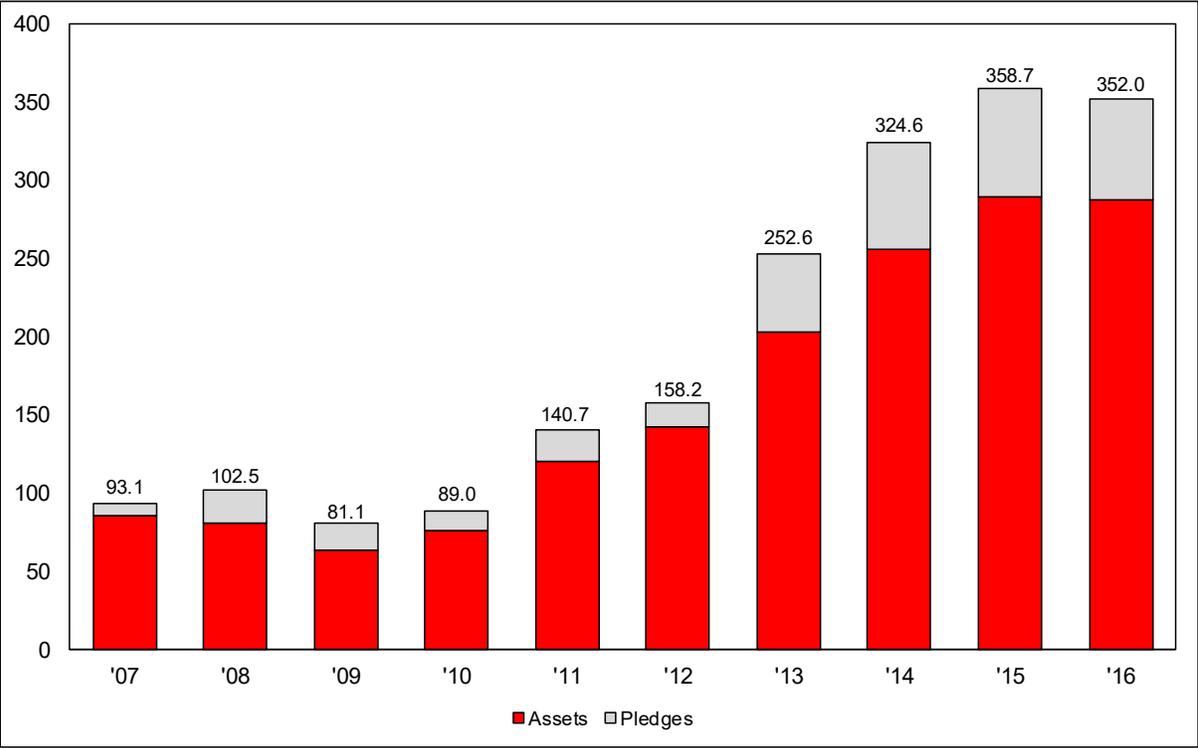
	Budget	Actual	(Under) Over Variance
<b>Income</b>			
Endowment spending budget	\$ 431,705	\$ 431,705	\$ -
General Fund contributions	15,000	2,806	(12,194)
Interest and dividends	105,000	120,903	15,903
Endowment assessment	374,420	374,420	-
Alumni endowment assessment	99,015	99,015	-
Alumni marketing	250,000	250,000	-
<b>Total Income</b>	<b>1,275,140</b>	<b>1,278,849</b>	<b>3,709</b>
<b>Support</b>			
Program support	1,021,750	1,020,228	(1,522)
Foundation administration	211,000	160,819	(50,181)
Gift annuity	10,000	11,720	1,720
<b>Total Support</b>	<b>1,242,750</b>	<b>1,192,767</b>	<b>(49,983)</b>
<b>Income Less Support</b>	<b>32,390</b>	<b>86,082</b>	<b>53,692</b>
<b>Fund Balance</b>			
Beginning of year	620,775	620,775	-
<b>End of year</b>	<b>\$ 653,165</b>	<b>\$ 706,857</b>	<b>\$ 53,692</b>

North Carolina State University Foundation, Inc.

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

Total Assets

(Dollars in Millions)

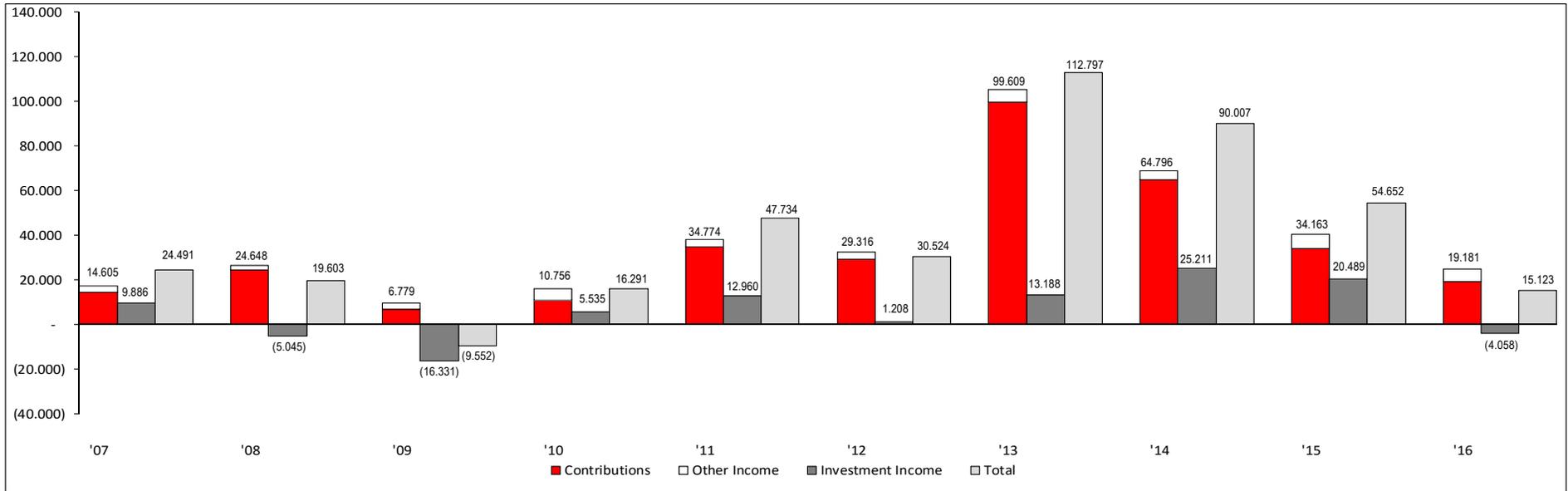


North Carolina State University Foundation, Inc.

Ten Year Summary of Revenues and Support - Unaudited  
Years Ended June 30

Total Revenues, Gains, and Other Income

(Dollars in Millions)



Total Support

(Dollars in Millions)

