

**The Golden L.E.A.F.
(Long-term Economic Advancement
Foundation), Inc.**
(A Nonmajor Component Unit of the
State of North Carolina)

Financial Statements
Years Ended June 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors
The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc.
Rocky Mount, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and general fund of The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc. (the "Foundation"), a nonmajor component unit of the State of North Carolina, as of and for the years June 30, 2025 and 2024, and the related notes to the financial statements, which comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and general fund of the Foundation as of June 30, 2025 and 2024, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the 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 Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 Foundation'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 Foundation'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.



We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

BDO USA, P.C.

September 30, 2025

The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc.

Management's Discussion and Analysis (Unaudited)

Our discussion and analysis of The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc. ("Golden LEAF" or the "Foundation") provides an overview of the Foundation's financial position and activities for the fiscal year ended June 30, 2025, with comparative information for the fiscal years ended June 30, 2024 and 2023. Please read it in conjunction with the Foundation's accompanying financial statements and notes to the financial statements.

Overview

In 1999, the North Carolina General Assembly created Golden LEAF to administer one-half of North Carolina's (the "State") share of the Master Settlement Agreement ("MSA") with cigarette manufacturers. In 2013, the legislation that had approved the transfer of MSA funds to the Foundation was repealed. Subsequently, the North Carolina General Assembly enacted legislation which provides for the appropriation of tobacco settlement funds to the Foundation each year. The North Carolina General Assembly made an annual appropriation of \$25.0 million, \$25.0 million, and \$17.5 million during the fiscal years ended June 30, 2025, 2024, and 2023, respectively. A nonprofit organization devoted to the economic well-being of North Carolinians, the Foundation endeavors to strengthen the State's economy through diverse grantmaking.

Financial Highlights

- The total assets of the Foundation increased by \$123.4 million during 2025 from \$1,406.9 million at June 30, 2024 to \$1,530.3 million at June 30, 2025.
- The Foundation ended 2025 with investments and cash and cash equivalents totaling \$1,524.7 million, an increase of \$123.4 million from June 30, 2024.
- The total liabilities of the Foundation decreased by \$45.7 million during 2025 from \$245.6 million at June 30, 2024 to \$199.9 million at June 30, 2025.
- The Foundation received tobacco settlement funds of \$25.0 million in each fiscal year 2025 and 2024.
- With Session Law 2024-53, North Carolina General Assembly allocated \$50.0 million to Golden LEAF to be used to administer a program to make bridge loans to qualifying businesses suffering economic distress as a result of Hurricane Helene. Golden LEAF awarded a \$50 million grant to a non-profit community development financial institution based in Western North Carolina, to originate and administer these loans, with \$39.5 million disbursed to the grantee through June 30, 2025.
- With Session Law 2023-134, North Carolina General Assembly allocated \$10.0 million to the Foundation for a pilot program to provide grants to increase the number of available, publicly owned industrial buildings for new or expanding businesses within certain identified counties. The Foundation awarded \$9.6 million under the shell building program during fiscal year 2025.
- With Session Law 2021-180, North Carolina General Assembly allocated \$10.0 million to the Foundation to provide grants to assist nonprofits in becoming eligible to be partner agencies to a North Carolina food bank, to assist current nonprofit food bank partner agencies with enhancing or expanding capacity, or to assist nonprofit organizations with

The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc.

Management's Discussion and Analysis (Unaudited)

establishing or expanding school-based week food assistance programs. The Foundation received \$6.8 million in funding in fiscal year 2025 and \$1.5 million in fiscal year 2024. The Foundation expended \$6.8 million for grant and administrative disbursements in fiscal year 2025, compared to \$1.6 million in fiscal year 2024.

- The Foundation's investment portfolio generated income of \$178.1 million in fiscal year 2025 compared to \$159.6 million in fiscal year 2024. The Foundation's investment assets returned 13.6% in 2025 compared to 13.0% in 2024. The increase in investment earnings reflects improved market performance, primarily in the international equities and the fixed income markets. The MSCI EAFE Index (international equities) returned 17.7% in fiscal year 2025 versus a return of 11.5% in fiscal year 2024. The Bloomberg Aggregate Index (fixed income) returned 6.1% in fiscal year 2025 compared to 2.6% in fiscal year 2024.
- The Foundation made awards of \$154.9 million in fiscal year 2025, a \$35.3 million increase from fiscal year 2024, which is primarily due to several large grants in fiscal year 2025. In addition to \$59.6 million in awards for the special appropriated funded programs discussed above, grants were awarded to support the following initiatives:

Open Grants program - \$9.3 million: This program is for projects aligned with the Golden LEAF priority areas.

Economic Catalyst program - \$15.2 million: Economic Catalyst funding is awarded to assist eligible state, regional, and local economic development entities with grants to support permissible activities in projects in which a company will commit to create a specific number of full-time jobs in a tobacco-dependent or economically distressed area.

Community Based Grantmaking Initiative - \$8.8 million: This initiative is designed to identify projects supporting economic growth that are ready for implementation and have the potential to have a significant impact in the areas of agriculture, employment, infrastructure, economic development, workforce training and education. The Foundation invites counties to apply to participate in the initiative by Prosperity Zone. It is anticipated to take up to eight years to complete the program in all Prosperity Zones in the State, depending on future decisions by the Foundation's Board of Directors regarding annual grants budgets. It is a competitive process, but eligible entities located in all counties within a designated Prosperity Zone have an opportunity to participate. The grants awarded in 2025 were to support projects in the Southwest Prosperity Zone.

SITE Program - \$3.2 million: The SITE Program was created to help rural and economically distressed communities have sites available for development to attract new businesses and create opportunities for existing businesses to expand. Through this program, Golden LEAF will provide support to communities to identify potential sites for economic development, enable completion of due diligence on sites already identified, or to extend public utilities to or conduct grading and clearing of sites for which due diligence has been completed.

Scholarship program - \$7.1 million: The Colleges and Universities Scholarship program strives to increase economic opportunities for North Carolina's rural, tobacco-

The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc.

Management's Discussion and Analysis (Unaudited)

dependent, and economically distressed areas by investing in students who attend a North Carolina institution, and express an interest in returning to a rural community in the state upon graduation. Golden LEAF also offers those students opportunities to secure a paid internship in the student's field of study in a rural North Carolina community. The Foundation also provides scholarships to students from a rural community who are attending a North Carolina community college.

Other initiatives:

- Disaster Relief/Recovery - \$12.5 million: After Hurricane Helene devastated Western North Carolina in September 2024, Golden LEAF awarded \$7.5 million to a non-profit community development financial institution to originate and administer loans to eligible businesses in Western North Carolina that were negatively impacted by Hurricane Helene. The Foundation also awarded \$5.0 million in grants to nonprofits assisting in Western North Carolina recovery efforts.
- Golden LEAF Schools Initiative - \$25 million: Golden LEAF awarded \$25.0 million through a collaboration with the North Carolina Department of Public Instruction to strengthen middle school math instruction and career development in 15 North Carolina rural schools.
- The Foundation made grant payments of \$129.9 million in fiscal year 2025 compared to \$82.0 million in fiscal year 2024. The increase in fiscal year 2025 was primarily related to grant payments for the Hurricane Helene loan program and a large economic catalyst project that was awarded in fiscal year 2022.
- Administrative costs were \$5.0 million in fiscal year 2025 compared to \$4.7 million in fiscal year 2024. Administrative costs represented 3.3% and 3.9% of awards in 2025 and 2024, respectively. Administrative costs in fiscal year 2025 included approximately \$258,000 related to the food distribution assistance program and \$2,000 related to the shell building program.

Overview of the Financial Statements

The accompanying financial statements consist of two financial statements. The Statements of Net Position and Governmental Fund Balance Sheets present the assets, liabilities and fund balance/net position at June 30, 2025 and 2024. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The Statements of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance present the revenues, expenditures, and changes in fund balance/net position for the fiscal years ended June 30, 2025 and 2024. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The Notes to Financial Statements contain additional information that is essential to a full understanding of the data in the financial statements.

**The Golden L.E.A.F.
(Long-term Economic Advancement Foundation), Inc.**

Management's Discussion and Analysis (Unaudited)

Statements of Net Position

Condensed Statements of Net Position

<i>June 30,</i>	2025	2024	2023
Assets			
Current assets	\$ 1,527,467,982	\$ 1,403,937,165	\$ 1,292,166,073
Capital assets—nondepreciable	903,906	903,906	903,906
Capital assets—depreciable, net	1,964,154	2,031,257	2,107,183
Total Assets	\$ 1,530,336,042	\$ 1,406,872,328	\$ 1,295,177,162
Total Liabilities	\$ 199,859,409	\$ 245,570,768	\$ 214,502,164
Net Position			
Net investment in capital assets	2,868,060	2,935,163	3,011,089
Restricted	4,352,611	10,277,032	19,040,252
Unrestricted	1,323,255,962	1,148,089,365	1,058,623,657
Total Net Position	1,330,476,633	1,161,301,560	1,080,674,998
Total Liabilities and Net Position	\$ 1,530,336,042	\$ 1,406,872,328	\$ 1,295,177,162

2025

Total assets at June 30, 2025 were \$1,530.3 million, an increase of approximately \$123.4 million from June 30, 2024. The assets of the Foundation are comprised primarily of investments and cash and cash equivalents. The total of investments, cash and cash equivalents at June 30, 2025 was \$1,524.7 million, compared to \$1,401.3 million at June 30, 2024. This increase resulted primarily from investment gains. Net capital assets were \$2.9 million at June 30, 2025, a decline of approximately \$67,000 from 2024 primarily due to depreciation.

The liabilities of the Foundation are comprised primarily of grants payable. Grants payable totaled \$199.6 million at June 30, 2025, compared to \$245.3 million at June 30, 2024. The current year grant awards of \$154.9 million were offset by the payment of current and prior year grant awards of \$129.9 million and the rescissions of \$70.7 million in grant awards in fiscal year 2025. The Foundation's grants payable are disbursed based upon each respective grantees completion of various milestones. Therefore, there is no agreed upon payment schedule for grants when awarded and the liability is considered non-current.

The Fund Balance/Net Position section of the Statements of Net Position and Governmental Fund Balance Sheets presents the amount of the assets of the Foundation, less its liabilities. Restricted fund balance/net position represents resources that the Foundation is required to spend in accordance with restrictions provided by third parties.

The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc.

Management's Discussion and Analysis (Unaudited)

2024

Total assets at June 30, 2024 were \$1,406.9 million, an increase of approximately \$111.7 million from June 30, 2023. The assets of the Foundation are comprised primarily of investments and cash and cash equivalents. The total of investments, cash and cash equivalents at June 30, 2024 was \$1,401.3 million, compared to \$1,289.1 million at June 30, 2023. This increase resulted primarily from investment gains. Net capital assets were \$2.9 million at June 30, 2024, a decline of approximately \$76,000 from 2023 primarily due to depreciation.

The liabilities of the Foundation are comprised primarily of grants payable. Grants payable totaled \$245.3 million at June 30, 2024, compared to \$214.3 million at June 30, 2023. The current year grant awards of \$119.6 million exceeded the payment of current and prior year grant awards of \$82.0 million. The Foundation also rescinded \$6.7 million in grant awards in fiscal year 2024. The Foundation's grants payable are disbursed based upon each respective grantees completion of various milestones. Therefore, there is no agreed upon payment schedule for grants when awarded and the liability is considered non-current.

The Fund Balance/Net Position section of the Statements of Net Position and Governmental Fund Balance Sheets presents the amount of the assets of the Foundation, less its liabilities. Restricted fund balance/net position represents resources that the Foundation is required to spend in accordance with restrictions provided by third parties.

Statements of Activities

Condensed Statements of Activities

<i>Years ended June 30,</i>	2025	2024	2023
Total Revenues	\$ 259,894,616	\$ 199,748,042	\$ 138,231,163
Total Expenses	90,719,543	119,121,480	45,142,281
Change in Net Position	169,175,073	80,626,562	93,088,882
Net Position, beginning of year	1,161,301,560	1,080,674,998	987,586,116
Net Position, end of year	\$1,330,476,633	\$ 1,161,301,560	\$ 1,080,674,998

These statements show the revenues and the expenses of the Foundation for the years ended June 30, 2025, 2024 and 2023, and the corresponding effect on fund balance/net position.

2025

Total revenues were \$259.9 million in 2025 compared to revenues of \$199.7 million in 2024, an increase of \$60.2 million. The increase was partially the result of investment income due to fiscal year 2025 market performance and the Foundation's investment asset allocation. The Foundation had investment income of \$178.1 million in 2025 compared to income of \$159.6 million in 2024. In 2025 and 2024, the Foundation received an allocation of \$6.8 million and \$1.5 million, respectively, in state appropriated funds to fund administrative costs and grant expenditures for the food distribution assistance program. The Foundation received \$25.0 million of proceeds from tobacco settlement funds in both 2025 and 2024. In fiscal year 2025, the Foundation received

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Management's Discussion and Analysis (Unaudited)

\$50.0 million of state appropriated funds for the Hurricane Helene Loan Recovery program, compared to the receipt of \$10 million of state appropriated funds for the shell building program in fiscal year 2024.

Total expenditures/expenses were \$90.7 million in 2025 and \$119.1 million in 2024. The largest expense of the Foundation in 2025 and 2024 was grant distributions. Grant distributions represent both grants awarded and grant expenditures of the Food Distribution Assistance Program, net of grants rescinded and grant funds returned. Net grant distributions (excluding grants rescinded or returned) amounted to \$85.5 million during 2025 and \$114.2 million during 2024. Administrative costs were \$5.0 million in 2025 and \$4.7 million in 2024, an increase of approximately \$362,000 from 2024. Line of credit expenses amounted to \$66,000 in fiscal year 2025 compared to \$120,000 in 2024. Depreciation expense was approximately \$116,000 in 2025 and approximately \$113,000 in 2024.

2024

Total revenues were \$199.7 million in 2024 compared to revenues of \$138.2 million in 2023, an increase of \$61.5 million. The increase was primarily the result of investment income due to fiscal year 2024 market performance and the Foundation's investment asset allocation. The Foundation had investment income of \$159.6 million in 2024 compared to income of \$108.0 million in 2023. In 2024, the Foundation received an allocation of \$1.5 million of state appropriated funds to fund administrative costs and grant expenditures for the food distribution assistance program. The Foundation received \$25.0 million and \$17.5 million of proceeds from tobacco settlement funds in 2025 and 2024, respectively. In fiscal year 2024, the Foundation received \$10 million of state appropriated funds for the shell building program. In fiscal year 2025 and 2024, the Foundation received \$3.6 million and \$11.4 million, respectively, in funds from loan repayments from the Rapid Recovery Loan Program.

Total expenditures/expenses were \$119.1 million in 2024 and \$45.1 million in 2023. The largest expense of the Foundation in 2025 and 2024 was grant distributions. Grant distributions represent both grants awarded and grant expenditures of the Food Distribution Assistance Program, net of grants rescinded and grant funds returned. Net grant distributions (excluding grants rescinded or returned) amounted to \$114.2 million during 2024 and \$56.3 million in 2023. Administrative costs were \$4.7 million in 2024 and \$4.1 million in 2023, an increase of approximately \$602,000 from 2023. Line of credit expenses amounted to \$120,000 in fiscal year 2024 compared to \$157,000 in 2023. Depreciation expense was approximately \$113,000 in 2024 and approximately \$109,000 in 2023.

Notes to Financial Statements

The reader is referred to these notes for a more complete understanding of the financial statements of the Foundation. They contain a summary of the significant accounting policies as well as other information.

**The Golden L.E.A.F.
(Long-term Economic Advancement Foundation), Inc.**

Management's Discussion and Analysis (Unaudited)

Significant Currently Known Facts

The following are currently known facts that could have a potential significant effect on financial position and changes in financial position in future years:

Commitments

At June 30, 2025, the Foundation has an approximately \$60 million commitment to the City of Greensboro for infrastructure enhancements at the Piedmont Triad International Airport.

Investments Measured at Net Asset Value

A significant portion of the Foundation's investment portfolio consists of alternative investments measured at Net Asset Value ("NAV"). The investment asset managers estimate current fair value of non-publicly traded assets in their portfolios taking into consideration the financial performance of the issuer, cash flow analysis, recent sales prices, market comparable transactions, a new round of financing, a change in economic conditions and other pertinent information. These investment values may differ from the values that would have been used had a ready market for these investments existed and differences could be material.

Requests for Information

This report is designed to provide a general overview of the Foundation's finances and to show the Foundation's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The Golden L.E.A.F. Foundation, 301 N. Winstead Ave., Rocky Mount, NC 27804.

Financial Statements

**The Golden L.E.A.F.
(Long-term Economic Advancement Foundation), Inc.**

Statement of Net Position and Governmental Fund Balance Sheet

<i>June 30, 2025</i>	General Fund	Reclassifications and Eliminations (Note 6)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 869,284	\$ -	\$ 869,284
Accounts receivable	2,580,547	-	2,580,547
Note receivable	25,585	-	25,585
Prepaid items	162,190	-	162,190
Investments	1,523,824,426	-	1,523,824,426
Investments—coronavirus relief funds	5,950	-	5,950
Capital assets—nondepreciable	-	903,906	903,906
Capital assets—depreciable, net	-	1,964,154	1,964,154
Total Assets	\$ 1,527,467,982	\$ 2,868,060	\$ 1,530,336,042
Liabilities			
Accounts payable	\$ 184,847	\$ -	\$ 184,847
Accrued liabilities	63,376	-	63,376
Grants payable	199,611,186	-	199,611,186
Total Liabilities	199,859,409	-	199,859,409
Fund Balance/Net Position			
Nonspendable prepaid items	162,190	(162,190)	-
Investment in capital assets	-	2,868,060	2,868,060
Restricted for flood mitigation projects	208,733	-	208,733
Restricted for shell building projects	2,782,418	-	2,782,418
Restricted for disaster recovery projects	1,361,460	-	1,361,460
Unassigned/unrestricted	1,323,093,772	162,190	1,323,255,962
Total Fund Balance/Net Position	1,327,608,573	2,868,060	1,330,476,633
Total Liabilities and Fund Balance/ Net Position	\$ 1,527,467,982	\$ 2,868,060	\$ 1,530,336,042

See accompanying notes to financial statements.

**The Golden L.E.A.F.
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Statement of Net Position and Governmental Fund Balance Sheet

<i>June 30, 2024</i>	General Fund	Reclassifications and Eliminations (Note 6)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 596,297	\$ -	\$ 596,297
Accounts receivable	2,476,351	-	2,476,351
Note receivable	14,866	-	14,866
Prepaid items	132,069	-	132,069
Investments	1,400,711,893	-	1,400,711,893
Investments—coronavirus relief funds	5,689	-	5,689
Capital assets—nondepreciable	-	903,906	903,906
Capital assets—depreciable, net	-	2,031,257	2,031,257
Total Assets	\$ 1,403,937,165	\$ 2,935,163	\$ 1,406,872,328
Liabilities			
Accounts payable	\$ 161,634	\$ -	\$ 161,634
Accrued liabilities	68,780	-	68,780
Grants payable	245,340,354	-	245,340,354
Total Liabilities	245,570,768	-	245,570,768
Fund Balance/Net Position			
Nonspendable prepaid items	132,069	(132,069)	-
Investment in capital assets	-	2,935,163	2,935,163
Restricted for flood mitigation projects	194,296	-	194,296
Restricted for shell building projects	9,653,785	-	9,653,785
Restricted for broadband projects	-	-	-
Restricted for disaster recovery projects	428,951	-	428,951
Restricted for food distribution assistance projects	-	-	-
Unassigned/unrestricted	1,147,957,296	132,069	1,148,089,365
Total Fund Balance/Net Position	1,158,366,397	2,935,163	1,161,301,560
Total Liabilities and Fund Balance/ Net Position	\$ 1,403,937,165	\$ 2,935,163	\$ 1,406,872,328

See accompanying notes to financial statements.

**The Golden L.E.A.F.
(Long-term Economic Advancement Foundation), Inc.**

**Statement of Activities and Governmental Fund Revenues,
Expenditures, and Changes in Fund Balance**

<i>Year ended June 30, 2025</i>	General Fund	Reclassifications and Eliminations (Note 6)	Statement of Activities
Revenues			
Net investment income	\$ 178,076,148	\$ -	\$ 178,076,148
Proceeds from state appropriation	56,818,468	-	56,818,468
Proceeds from state settlement	25,000,000	-	25,000,000
Capital allocation revenue	-	-	-
Grant revenue	-	-	-
Total Revenues	259,894,616	-	259,894,616
Expenditures/Expenses			
Grant distributions	85,487,453	-	85,487,453
Administrative costs	5,049,453	-	5,049,453
Line of credit expense	65,644	-	65,644
Capital outlay	49,051	(49,051)	-
Loss on capital assets	-	-	-
Depreciation expense	-	116,154	116,154
Unrelated business income tax	839	-	839
Total Expenditures/Expenses	90,652,440	67,103	90,719,543
Revenues Over (Under) Expenditures/Expenses	169,242,176	(67,103)	169,175,073
Net Change in Fund Balance/Net Position	169,242,176	(67,103)	169,175,073
Fund Balance/Net Position, beginning of year	1,158,366,397	2,935,163	1,161,301,560
Fund Balance/Net Position, end of year	\$ 1,327,608,573	\$ 2,868,060	\$ 1,330,476,633

See accompanying notes to financial statements.

**The Golden L.E.A.F.
(Long-term Economic Advancement Foundation), Inc.**

**Statement of Activities and Governmental Fund Revenues,
Expenditures, and Changes in Fund Balance**

<i>Year ended June 30, 2024</i>	General Fund	Reclassifications and Eliminations (Note 6)	Statement of Activities
Revenues			
Net investment income	\$ 159,632,831	\$ -	\$ 159,632,831
Proceeds from state appropriation	11,502,210	-	11,502,210
Proceeds from state settlement	25,000,000	-	25,000,000
Capital allocation revenue	3,607,998		3,607,998
Grant revenue	5,003	-	5,003
Total Revenues	199,748,042	-	199,748,042
Expenditures/Expenses			
Grant distributions	114,194,436	-	114,194,436
Administrative costs	4,687,092	-	4,687,092
Line of credit expense	119,880	-	119,880
Capital outlay	39,238	(39,238)	-
Loss on capital assets	-	1,729	1,729
Depreciation expense	-	113,435	113,435
Unrelated business income tax	4,908	-	4,908
Total Expenditures/Expenses	119,045,554	75,926	119,121,480
Revenues Over (Under) Expenditures/Expenses	80,702,488	(75,926)	80,626,562
Net Change in Fund Balance/Net Position	80,702,488	(75,926)	80,626,562
Fund Balance/Net Position, beginning of year	1,077,663,909	3,011,089	1,080,674,998
Fund Balance/Net Position, end of year	\$ 1,158,366,397	\$ 2,935,163	\$ 1,161,301,560

See accompanying notes to financial statements.

**The Golden L.E.A.F.
(Long-term Economic Advancement Foundation), Inc.**

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements:

Reporting Entity

The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc. (the “Foundation”) is a not-for-profit corporation ordered to be established by the consent Decree and Final Judgment in *the State of North Carolina vs. Philip Morris Incorporated, et al.*

The Foundation was established for the purpose of receipt and distribution of fifty percent of the funds allocated to the North Carolina State Specific Account, such funds to be used to provide economic impact assistance to economically affected or tobacco-dependent regions of North Carolina. As discussed in Note 5, in 2013 the North Carolina General Assembly repealed the legislation that had approved the transfer of MSA funds to the Foundation. Subsequently, in September 2015, the North Carolina General Assembly enacted legislation which provided for the appropriation of \$10 million of tobacco settlement funds to the Foundation each year. In June 2017, the North Carolina General Assembly enacted Session Law 2017-57, which increased the annual appropriation to \$17.5 million. In October 2023, the North Carolina General Assembly enacted Session Law 2023-134 which increased the annual appropriation to \$25.0 million.

For financial reporting purposes, the Foundation is deemed to be a nonmajor component unit of the State of North Carolina and is included as such in the State of North Carolina Annual Comprehensive Financial Report. The Foundation is governed by a 15-member board, all of whom are appointed by either the Governor, the President Pro Tempore of the Senate, or the Speaker of the House. The Foundation provides grants to state agencies and component units, creating a financial benefit/burden relationship.

Basis of Presentation

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Government Accounting Standards Board (“GASB”).

General Fund

The general fund is used to account for all revenues and expenses applicable to the general operations of the Foundation that are not required either legally or by governmental accounting standards to be accounted for in another fund.

Measurement Focus and Basis of Accounting

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to

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finance expenditures of the current period. For this purpose, the Foundation considers revenues to be available if they are collected within 90 days after the end of the current fiscal period. Expenditures generally are recognized when the related liability is incurred.

Budgetary Requirement

The Foundation's enabling legislation requires that the Foundation's Board of Directors report the annual operating budget of the Foundation to various legislative committees within the State of North Carolina. As of June 30, 2025 and 2024, the Foundation's Board of Directors has adopted a budget only for the general fund on a basis consistent with generally accepted accounting principles. Budgetary changes within expense classifications are expected to be made at the discretion of the Foundation.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, less accumulated depreciation. Net position is reported as restricted when there are limitations imposed on use through legislation, legal responsibility or third-party requirement, which restrict the use of funds to a specific purpose. Funds received from the North Carolina State Specific Accounts are unrestricted but are invested as directed by the Board of Directors, with the income from investment being used for operating expenses and to fund grants. Grant funds received for appropriations for disaster recovery, disaster relief, flood mitigation, shell building, and food distribution assistance projects are reported as restricted. When both restricted and unrestricted funds are available for expenditures, the Foundation's general policy is to first expend restricted resources then to expend unrestricted resources.

Fund Balance

Fund balance represents the difference between assets and liabilities in the governmental fund financial statements. The Foundation's fund balance is classified in the following categories:

- Nonspendable fund balance represents amounts that cannot be spent due to legal requirements or because it is not in spendable form. The Foundation reports nonspendable fund balance for prepaid items.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Grant funds received for appropriations for disaster recovery, disaster relief, flood mitigation, shell building, and food distribution assistance projects are reported as restricted.
- Committed fund balance represents amounts that can be used only for specific purposes as a result of constraints imposed by the Foundation's Board of Directors prior to the end of the fiscal year. Commitments will remain in place until the resources have been spent for the specified purpose or the Board of Directors removes or revises the limitation. There was no committed fund balance as of June 30, 2025 or 2024.
- Unassigned/unrestricted fund balance is the residual fund balance of the general fund.

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Prepaid Items

The Foundation allocates the cost of insurance and other expenses between the related accounting periods. Amounts paid for services not yet provided are recorded as prepaid and amortized over the service period.

Investments

Investments include obligations of governments, long-duration fixed income investments, listed securities such as common stocks, SEC-registered mutual funds, absolute return funds, private equity limited partnerships, real asset limited partnerships, real estate investment trusts, money market funds and certificates of deposit. Money market funds and certificate of deposit are valued at amortized cost. All other investments are accounted for at fair value. Fair value for investment assets with readily determinable market values are based on quoted market prices. For certain international equity funds, absolute return funds, private equity limited partnerships, and real asset limited partnerships without a readily determinable fair value, the investment is reported at estimated fair value as determined by the underlying asset's manager. The investment asset managers estimate current fair value of non-publicly traded assets in their portfolios taking into consideration the financial performance of the issuer, cash flow analysis, recent sales prices, market comparable transactions, a new round of financing, a change in economic conditions and other pertinent information. The Foundation reviews the values provided by the asset managers as well as the assumptions used in determining fair value. These investment values may differ from the values that would have been used had a ready market for these investments existed and differences could be material. The financial statements of these investments are audited at least annually (typically at December 31) by independent auditors. At June 30, 2025 and 2024, fair value of investments based on other than quoted market prices were \$885.5 million and \$817.4 million, respectively.

Realized investment gains and losses are determined using the specific identification basis and are recorded as investment income in the accompanying Statements of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance. Changes in net unrealized gains and losses are also recognized as a component of investment income.

Capital Assets

Generally, capital assets are defined by the Foundation as assets with an initial value or cost greater than or equal to \$1,000 and an estimated useful life of two or more years. Capital assets are stated at cost less accumulated depreciation. Estimated useful lives are five years for equipment, seven years for furniture and fixtures and ten to forty years for buildings.

Grants Payable

The Foundation generally records grants payable when the Board of Directors approves the grant/award. The Programs Committee (which is comprised of members of the Board of Directors) evaluates the grant applications and makes recommendations to the Board of Directors. Applicants that are chosen by the Board of Directors must sign an agreement, which stipulates guidelines and related requirements. Several requirements, which vary and are specific to each individual grant agreement, must be met by the grantees prior to the disbursement of funds. Grants payable also

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Notes to Financial Statements

includes programmatic contracts in which the Foundation contracts with a third party to implement a program of the Foundation, such as the scholarship programs.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Various reclassifications, including certain asset and net asset balances, have been made to the 2024 balances to conform to the 2025 presentation. Such reclassifications did not have an impact to the 2024 net asset balances or change in net assets.

2. Fair Value Measurements

The Foundation's investments are recorded at fair value at June 30, 2025 and 2024. GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- | | |
|---------|--|
| Level 1 | Investments whose values are based on quoted prices for identical assets in active markets that a government can access at the measurement date. |
| Level 2 | Investments with inputs - other than quoted prices included within Level 1 - that are observable for an asset, either directly or indirectly |
| Level 3 | Investments classified as Level 3 have unobservable inputs and may require a degree of professional judgment. |

The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc.

Notes to Financial Statements

The following table summarizes the Foundation's investments within the fair value hierarchy at June 30, 2025 and 2024, exclusive of cash and cash equivalents, investments in money market funds, and certificates of deposit (which are valued at amortized cost):

<i>June 30, 2025</i>	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Treasuries	\$ 42,001,640	\$ 42,001,640	\$ -	\$ -
Fixed income funds	65,312,219	65,312,219	-	-
Domestic stocks and equity funds	229,785,400	229,785,400	-	-
International equity fund	160,708,620	160,708,620	-	-
Real estate fund	70,233,758	70,233,758	-	-
Total investments by fair value level	\$ 568,041,638	\$ 568,041,638	\$ -	\$ -
Investments measured at net asset value ("NAV"):				
International equity funds	\$ 380,340,941			
Absolute return funds	246,750,585			
Private equity limited partnerships	155,444,887			
Real estate and other real asset limited partnerships	103,001,974			
Total investments measured at NAV	885,538,387			
Total investments measured at fair value	\$ 1,453,580,025			

<i>June 30, 2024</i>	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Treasuries	\$ 46,335,715	\$ 46,335,715	\$ -	\$ -
Fixed income funds	67,703,500	67,703,500	-	-
Domestic stocks and equity funds	198,447,497	198,447,497	-	-
International equity fund	140,700,084	140,700,084	-	-
Real estate fund	66,110,724	66,110,724	-	-
Total investments by fair value level	\$ 519,297,520	\$ 519,297,520	\$ -	\$ -
Investments measured at net asset value ("NAV"):				
International equity funds	\$ 372,124,806			
Absolute return funds	218,467,172			
Private equity limited partnerships	134,960,676			
Real estate and other real asset limited partnerships	91,869,331			
Total investments measured at NAV	817,421,985			
Total investments measured at fair value	\$ 1,336,719,505			

The valuation of investments measured at NAV per share, or its equivalent, is presented on the following tables:

<i>June 30, 2025</i>	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Available)	Redemption Notice Period
International equity funds ^(A)	\$ 380,340,941	\$ -	Weekly-quarterly	9-60 days
Absolute return funds ^(B)	246,750,585	-	Monthly-semi-annually	45-90 days
Private equity limited partnerships ^(C)	155,444,887	125,823,408	N/A	N/A
Real estate and other real asset limited partnerships ^(D)	103,001,974	74,926,769	N/A	N/A
Total investments measured at NAV	\$ 885,538,387	\$ 200,750,177		

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Notes to Financial Statements

A. International equity funds include five funds, including investments in four commingled funds that hold approximately 56 percent of the funds' investments in publicly traded non-U.S. stocks and 44 percent in publicly traded U.S. stocks and cash. The fair values of the investments in this type have been determined using the NAV per share of the investments.

B. Absolute return funds are comprised of 11 hedge funds, including four stub positions, that employ long/short equity, long/short credit, event-driven, distressed, special situations, relative value and macro strategies. The funds are valued monthly based on the NAV per share. Approximately one percent of the value of investments in this type is held in non-marketable securities and is illiquid. Investments representing approximately 15 percent of the value of the investments in this type cannot be redeemed because the investments have lock-up periods of 12 months. The remaining restriction period for these investments was 12 months at June 30, 2025.

C. Private equity limited partnerships are comprised of 28 private equity funds that utilize buyout, distressed, special situations, growth capital, mezzanine and venture capital strategies. The underlying companies within the limited partnerships span all the Global Industry Classification Standard ("GICS") economic sectors. These investments can never be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over a period of approximately 10 years.

D. Real estate and other real assets limited partnerships include 23 private limited partnerships. Ten of the private limited partnerships invest in real estate and 13 invest in natural resources. These investments can never be redeemed with the funds. Instead, the nature of the private limited partnerships in this type is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over a period of approximately 10 years.

<i>June 30, 2024</i>	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Available)	Redemption Notice Period
International equity funds ^(A)	\$ 372,124,806	\$ -	Daily-quarterly	10-60 days
Absolute return funds ^(B)	218,467,172	-	Monthly-biannually	30-90 days
Private equity limited partnerships ^(C)	134,960,676	126,058,365	N/A	N/A
Real estate and other real asset limited partnerships ^(D)	91,869,331	84,875,019	N/A	N/A
Total investments measured at NAV	\$ 817,421,985	\$ 210,933,384		

A. International equity funds include five funds, including investments in four commingled funds that hold approximately 58 percent of the funds' investments in publicly traded non-U.S. stocks and 42 percent in publicly traded U.S. stocks and cash. The fair values of the investments in this type have been determined using the NAV per share of the investments.

B. Absolute return funds are comprised of 12 hedge funds, including four stub positions, that employ long/short equity, long/short credit, event-driven, distressed, special situations, relative value and macro strategies. The funds are valued monthly based on the NAV per share. Approximately one percent of the value of investments in this type is held in non-marketable securities and is illiquid. There are no lock-up periods remaining on these funds. The remaining restriction period for these investments was 13 months at June 30, 2024.

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C. Private equity limited partnerships are comprised of 28 private equity funds that utilize buyout, distressed, special situations, growth capital, mezzanine and venture capital strategies. The underlying companies within the limited partnerships span all the Global Industry Classification Standard (“GICS”) economic sectors. These investments can never be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over a period of approximately 10 years.

D. Real estate and other real assets limited partnerships include 22 private limited partnerships. Nine of the private limited partnerships invest in real estate and 13 invest in natural resources. These investments can never be redeemed with the funds. Instead, the nature of the private limited partnerships in this type is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over a period of approximately 10 years.

3. Cash and Investments

The Foundation considers highly liquid temporary cash investments with a maturity of three months or less when purchased to be cash equivalents. However, cash investments with a maturity of three months or less that were purchased with the intent to be maintained as an investment are classified as investments.

According to the Foundation’s investment policy adopted by the Board of Directors, the Foundation may invest in any of the following broad asset classes: domestic equities; real estate; mutual funds; foreign equities; fixed income securities; cash equivalents; and alternatives.

The Foundation maintained no direct investments in derivatives at June 30, 2025 and 2024.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Foundation has no policy that contains requirements that would limit the exposure to custodial credit risk for deposits. At June 30, 2025 and 2024, respectively, the carrying amount of the Foundation’s deposits was \$869,284 and \$596,297 and the bank balance, excluding in-transit items, was \$869,284 and \$621,371. Of the bank balances, \$728,519 and \$503,013 was covered by the Federal Deposit Insurance Corporation (“FDIC”) and \$140,765 and \$118,358 was uninsured and uncollateralized at June 30, 2025 and 2024, respectively.

At June 30, 2025, the Foundation holds a portfolio of \$2.1 million in nine certificate of deposit accounts at various community banks in North Carolina, with denominations ranging from \$225,000 to \$248,000. At June 30, 2024, the Foundation held \$1.6 million in eight certificate of deposit accounts. There is no custodial credit risk for these accounts as they are fully insured by the FDIC.

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the FDIC up to \$250,000. At June 30, 2025 and 2024, the Foundation had \$140,765 and \$118,358 in excess of the FDIC insured limit, respectively.

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Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation monitors the interest rate risk inherent in its portfolio by measuring the effective duration of its portfolio. The Foundation has no specific limitations with respect to duration. At June 30, 2025 and 2024, respectively, the Foundation had investments in U.S. Treasuries with an average duration of 5.0 years and 4.7 years and fair value of \$42.0 million and \$46.4 million and investments in two fixed income security funds with an average duration of 6.1 years and 6.3 years and fair value of \$65.9 million and \$67.7 million. The Foundation also had investments in a short-term bond fund with an average duration of 0.7 years and 0.6 years and fair value of \$14.2 million and \$13.4 million at June 30, 2025 and 2024, respectively, and a money market fund with a fair value of \$51.8 million and \$58.9 million and duration of 0.3 years and 0.2 years at June 30, 2025 and 2024, respectively.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Foundation's investment policy has no specific limitations with respect to credit quality. At June 30, 2025 and 2024, respectively, the Foundation had investments in two unrated fixed income funds with a fair value of \$65.9 million and \$67.7 million. At June 30, 2025 and 2024, respectively, the Foundation had an investment in an unrated short-term bond fund with a fair value of \$14.2 million and \$13.4 million. At June 30, 2025 and 2024, respectively, the Foundation had an investment in a money market fund rated AAA with a fair value of \$51.8 million and \$58.9 million.

The concentration of credit risk is the risk of loss that may be caused by the Foundation's investment in a single issuer. The Foundation's investment policy limits the amount of the portfolio that can be invested in any one single, active fund manager to no more than 10% of the fair value of the portfolio.

For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Foundation has no written policy on custodial credit risk; however, based on the nature of the investments the Foundation currently holds, management does not consider custodial risk to be significant.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Foundation's investment policy does not limit the amount invested in foreign currency-denominated investments.

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The Foundation's investments are summarized below:

<i>June 30,</i>	2025	%		2024	%
U.S. Treasuries	\$ 42,001,640	2.76	\$	46,335,715	3.31
Fixed income funds	65,312,219	4.29		67,703,500	4.83
Domestic stocks and equity funds	229,785,400	15.08		198,447,497	14.17
International equity funds	541,049,562	35.50		512,824,889	36.61
Absolute return funds	246,750,585	16.19		218,467,172	15.60
Private equity limited partnerships	155,444,887	10.20		134,960,676	9.63
Real estate and other real asset funds	173,235,732	11.37		157,980,055	11.28
Money market funds	66,039,341	4.33		58,942,853	4.21
Certificates of deposit	2,124,166	0.14		1,632,823	0.12
Cash and equivalents	2,086,844	0.14		3,422,402	0.24
Total investments	\$ 1,523,830,376	100.00	\$	1,400,717,582	100.00

The following summarizes the investment return and its classification in the accompanying Statements of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance:

<i>Year ended June 30,</i>	2025	2024
Dividends and interest	\$ 27,667,284	\$ 22,232,757
Net realized gains	62,051,862	16,776,750
Net unrealized gains	91,611,483	122,372,470
Management fees	(3,254,481)	(1,749,146)
Net investment income	\$ 178,076,148	\$ 159,632,831

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior years and current year.

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Notes to Financial Statements

4. Grants Payable

The Foundation's grants payable are disbursed based upon each respective grantee's completion of various milestones. Therefore, there is no agreed upon payment schedule for grants when awarded and the liability is considered non-current. A summary of the activity related to grants payable for the years ended June 30, 2025 and 2024 is as follows:

<i>Year ended June 30,</i>	2025	2024
Balance, July 1	\$ 245,340,354	\$ 214,293,400
Rescissions	(70,693,526)	(6,508,002)
Payments	(129,928,096)	(82,016,171)
Awards	154,892,454	119,571,127
Ending balance, June 30,	\$ 199,611,186	\$ 245,340,354

5. Capital Assets

A summary of the activity related to the capital assets for the years ended June 30, 2025 and 2024 is as follows:

	Balance June 30, 2024	Additions	Disposals	Balance June 30, 2025
Capital assets—nondepreciable:				
Land	\$ 900,256	\$ -	\$ -	\$ 900,256
Land improvements	3,650	-	-	3,650
Total capital assets—nondepreciable	903,906	-	-	903,906
Capital assets—depreciable:				
Buildings	3,352,517	8,909	-	3,361,426
Equipment	141,014	28,678	(13,034)	156,658
Furniture and fixtures	156,158	11,464	(7,797)	159,825
Total capital assets—depreciable	3,649,689	49,051	(20,831)	3,677,909
Less accumulated depreciation for:				
Buildings	(1,401,277)	(90,015)	-	(1,491,292)
Equipment	(88,721)	(19,761)	13,034	(95,448)
Furniture and fixtures	(128,434)	(6,378)	7,797	(127,015)
Total accumulated depreciation	(1,618,432)	(116,154)	20,831	(1,713,755)
Total capital assets—depreciable, net	2,031,257	(67,103)	-	1,964,154
Total capital assets, net	\$ 2,935,163	\$ (67,103)	\$ -	\$ 2,868,060

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	Balance June 30, 2023	Additions	Disposals	Balance June 30, 2024
Capital assets—nondepreciable:				
Land	\$ 900,256	\$ -	\$ -	\$ 900,256
Land improvements	3,650	-	-	3,650
Total capital assets—nondepreciable	903,906	-	-	903,906
Capital assets—depreciable:				
Buildings	3,351,023	1,494	-	3,352,517
Equipment	160,714	27,295	(46,995)	141,014
Furniture and fixtures	146,292	10,449	(583)	156,158
Total capital assets—depreciable	3,658,029	39,238	(47,578)	3,649,689
Less accumulated depreciation for:				
Buildings	(1,311,844)	(89,433)	-	(1,401,277)
Equipment	(114,496)	(19,491)	45,266	(88,721)
Furniture and fixtures	(124,506)	(4,511)	583	(128,434)
Total accumulated depreciation	(1,550,846)	(113,435)	45,849	(1,618,432)
Total capital assets—depreciable, net	2,107,183	(74,197)	(1,729)	2,031,257
Total capital assets, net	\$ 3,011,089	\$ (74,197)	\$ (1,729)	\$ 2,935,163

6. Tobacco Settlement and State Appropriations

In November 1998, the Attorneys General of 46 states, five U.S. territories and the District of Columbia (the “States”) signed the MSA with the nation’s largest tobacco manufacturers. Under the MSA, the participating tobacco manufacturers must provide payment to the States. The base payments to the States were estimated to total \$206 billion through 2025 and are expected to continue in perpetuity. The Foundation was created to receive and administer one-half of North Carolina’s share of payments under the MSA. The Foundation has received \$1.29 billion since its inception.

While the State of North Carolina’s share of the base payments will not change over time, the amount of the annual payment is subject to a number of adjustments including, among others, inflation, and volume adjustments. These adjustments may increase or decrease the base payment. Therefore, the net effect of these adjustments is uncertain and the impact on the estimated future payments cannot be determined. In the event that the Foundation in the future receives a portion of North Carolina’s payments under the MSA calculated as a percentage, any changes in the base payments may affect the amount received by the Foundation.

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In July 2013, the North Carolina General Assembly enacted Session Law 2014-360, “Current Operations and Capital Improvements Appropriations Act of 2014.” The legislation purports to repeal those sections of Session Law 1999-2 in which the General Assembly approved the transfer and assignment to the Foundation of fifty percent (50%) of each annual payment of MSA funds. In September 2015, the North Carolina General Assembly enacted Session Law 2015-241, “Current Operations and Capital Improvements Appropriations Act of 2015,” which provided for the appropriation of \$10 million of the Settlement Reserve Account (tobacco settlement funds) to the Foundation each year. In June 2017, the North Carolina General Assembly enacted Session Law 2017-57, which increased the annual appropriation to \$17.5 million. In October 2023, the North Carolina General Assembly enacted Session Law 2023-134, which increased the annual appropriation to \$25.0 million. The Foundation received tobacco settlement funds of \$25.0 million in both fiscal years 2025 and 2024. As a result of the uncertainty of payment and amount of the tobacco settlement funds, no receivable has been recorded for the Foundation’s share of the State of North Carolina’s future payments under the MSA.

In October 2024, the North Carolina General Assembly enacted Session Law 2024-53 that included an allocation of \$50.0 million to Golden LEAF to be used to administer a program to make bridge loans to qualifying businesses suffering economic distress as a result of Hurricane Helene. Golden LEAF awarded \$50 million to a non-profit community development financial institution based in Western North Carolina, with \$39.5 million disbursed to the grantee through June 30, 2025. The Foundation is required to return the net loan funds back to the State beginning on December 31, 2025, and every six months thereafter.

In October 2023, the North Carolina General Assembly enacted Session Law 2023-134 that included an allocation of \$10.0 million to Golden LEAF for a pilot program to provide grants to increase the number of available, publicly owned industrial buildings for new or expanding businesses within certain identified counties. As of June 30, 2025, the Foundation had \$2.8 million as restricted funds related to these appropriations.

In November 2021, the North Carolina General Assembly enacted Session Law 2021-180 that included an allocation of \$10.0 million to Golden LEAF to provide grants to assist nonprofits in becoming eligible to be partner agencies to a North Carolina food bank, to assist current nonprofit food bank partner agencies with enhancing or expanding capacity, or to assist nonprofit organizations with establishing or expanding school-based week food assistance programs. As of June 30, 2025, the Foundation has made net grant awards totaling \$9.1 million from these funds. Administrative expenses for this program have totaled \$0.7 million through June 30, 2025.

In November 2021, the North Carolina General Assembly enacted Session Law 2021-180 that included an allocation of \$25.0 million to Golden LEAF to provide grants to units of local government for flood mitigation and recovery projects. As of June 30, 2025, the Foundation had \$0.2 million as restricted funds related to these appropriations.

In May 2020, the North Carolina General Assembly enacted Session Law 2020-4 to allocate funds received by the State as the result of the federal Coronavirus Aid, Relief, and Economic Security (“CARES”) Act that was enacted to address the public health and economic impacts of the COVID-19 pandemic. An allocation of \$125.0 million from these funds was made to the Foundation, through the North Carolina Pandemic Recovery Office (“NC PRO”), for the purpose of expanding the North Carolina COVID-19 Rapid Recovery Loan Program. Of the total allocation, \$62.5 million was received in fiscal year 2020, and \$5.0 million was expended. In September 2020, the North Carolina General Assembly enacted Session Law 2020-97 which included a provision that reduced

**The Golden L.E.A.F.
(Long-term Economic Advancement Foundation), Inc.**

Notes to Financial Statements

the allocation of Coronavirus Relief Funds to the Foundation from \$125.0 million as provided for in Session Law 2020-4 to \$75.0 million and included changes to the terms of loans to be provided through the North Carolina COVID-19 Rapid Recovery Loan Program. In March 2021, the North Carolina General Assembly enacted Session Law 2021-3 which included a provision to increase the allotment of funds to the Foundation from Coronavirus Relief Funds by \$8.0 million from \$75.0 million to \$83.0 million. Of the \$83.0 million allocation, \$20.5 million was received in fiscal year 2021, and \$78.0 million was expended. Through June 30, 2021, the total allocation of \$83.0 million had been received and expended to expand the North Carolina COVID-19 Rapid Recovery Loan Program. There have been no additional funds received or expended related to this program after June 30, 2021. The Foundation is required to return the net loan funds back to the State beginning on the date the authority to award new loans ceases and every six months thereafter. In July 2022, the North Carolina General Assembly enacted Session Law 2022-74 that modified the definition of net loan funds whereby net loan funds to be returned to the State are reduced by an amount equal to the amount of non-State funds provided as matching funds, which was \$15 million. In fiscal year 2024, the Foundation collected \$8.1 million in loan repayments and recorded \$3.6 million as revenue. In fiscal year 2025, the Foundation collected and remitted to the State \$7.2 million in net loan funds.

In each of fiscal years 2018, 2019, 2020, the North Carolina General Assembly enacted various Session Laws that appropriated funding to Golden LEAF for several natural disasters that affected North Carolina. As of June 30, 2025, the Foundation had \$1.4 million as restricted funds related to these appropriations.

7. Explanations of Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

Total fund balances differ from net position of the Foundation reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus on the Foundation's fund balance sheets. The provisions of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, imposed the following difference:

- (a) When capital assets (equipment, furniture and fixtures) that are to be used in Foundation activities are purchased, the costs of those assets are reported as expenditures in general funds. However, the Statement of Net Position includes those capital assets among the assets of the Foundation. The Foundation does not record depreciation, so this expense is included as a reconciling item on the Statement of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balance.

8. Commitments

The Foundation has committed to invest in several private equity funds. See Note 2 to the financial statements for a summary of these commitments at June 30, 2025.

At June 30, 2025, the Foundation has an approximately \$60 million commitment to the City of Greensboro for infrastructure enhancements at the Piedmont Triad International Airport.

**The Golden L.E.A.F.
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9. Retirement Plans

The Foundation administers a 403(b) defined contribution plan that provides retirement benefits with options for payment to beneficiaries in the event of the participant's death. Employees of the Foundation working 1,000 hours or more annually are eligible to participate in the plan. The plan requires the Foundation to contribute 10% of participants' gross salary and permits participants to contribute a percentage of gross salary up to the maximum established by the Internal Revenue Code.

The Foundation contributed approximately \$291,000 and \$257,000 to the plan during the years ended June 30, 2025 and 2024, respectively. Participants contributed approximately \$248,000 and \$183,000 to the plan during the years ended June 30, 2025 and 2024, respectively.

Plan benefits are provided by means of contracts issued and administered by the privately operated Teachers' Insurance and Annuity Association and the College Retirement Equities Fund ("TIAA-CREF") or by The Standard Retirement Services, an investment management company.

10. Deferred Compensation Plan

The Foundation administers The Golden L.E.A.F., Inc. 457(b) Plan as approved by the Board of Directors. The plan is a non-qualified deferred compensation plan for the benefit of highly compensated, key employees designated by the Board of Directors. The Plan allows for discretionary contributions by the Foundation as well as employee deferrals up to the maximum established by the Internal Revenue Code. The Foundation made no contributions to the Plan during the years ended June 30, 2025 and 2024.

11. Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; illnesses or injuries to employees and natural disasters. The Foundation carries commercial insurance to cover these risks of loss. Claims on this coverage have historically not exceeded commercial premiums.

12. Line of Credit

To mitigate liquidity risk, the Foundation has an agreement for a \$25 million revolving line of credit. This line of credit is secured by the Foundation's domestic stock fund. The Foundation pays an unused fee at a rate of 0.14% per annum based on the unused balance of the line of credit. If the Foundation were to borrow from the line of credit, the borrowing rate is one month secured overnight financing rate (SOFR) plus 1.00% per annum. The line of credit also has certain covenant requirements for which the Foundation was in compliance with as of June 30, 2025. The Foundation did not borrow from this line of credit during fiscal year 2025 and had no borrowings outstanding at June 30, 2025. The line of credit agreement expires on September 25, 2025, and it is the Foundation's intention to renew the facility in the amount of \$25 million subsequent to year end.

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13. Subsequent Events

The Foundation has evaluated subsequent events from June 30, 2025 through September 30, 2025. On September 25, 2025, the Foundation entered into an agreement for a \$25 million revolving line of credit with an expiration date of September 25, 2028.

Additionally, in September 2025, the Foundation was notified that Capital Allocation Revenue of \$11.4 million and \$3.6 million recorded during fiscal years ended June 30, 2024 and 2023, respectively, that was previously retained by the Foundation per Session Law 2022-74 would need to be repaid to the North Carolina Pandemic Recovery Office and ultimately remitted back to the U.S. Department of Treasury. The Foundation has maintained these funds in a separate investment fund account and plans to repay the total \$15.0 million due during the year ended June 30, 2026. No additional material recognizable events were identified.

Other Report



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc.
Rocky Mount, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc., a nonmajor component unit of the State of North Carolina, as of and for the year ended June 30, 2025 and 2024, and the related notes to the financial statements, which comprise the Foundation's basic financial statements, and have issued our report thereon dated September 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

September 30, 2025