

North Carolina Biotechnology Center

Offices in Asheville | Charlotte | Greenville | Research Triangle Park | Wilmington | Winston-Salem

October 7, 2022

TO: The Honorable Phil Berger, President Pro Tempore of the Senate
The Honorable Tim Moore, Speaker of the House of Representatives
The Honorable Dale Folwell, State Treasurer
Ms. Melissa Lovell, Chief Deputy Attorney General
Mr. Mark Trogdon, Fiscal Research Division

FROM: Mark Stohlman
Vice President-Finance

SUBJECT: Quarterly Report

In accordance with the *Profit Sharing Agreement between the State of North Carolina and the North Carolina Biotechnology Center*, enclosed are the required reports for the Biotechnology Center for the quarter ending September 30, 2022. The unaudited financial statements for the quarter ending September 30, 2022 are provided on pages two through four. Venture capital investments, stocks, and equity held by the Biotechnology Center and its subsidiaries are listed in Exhibits A-1 and A-2. The following transactions took place during the quarter relative to investments acquired with State funds:

- Distributions from venture capital investments in the quarter were as follows:
 - None for quarter
- Capital contributions to venture capital investments were made as follows:
 - None for quarter
- Purchases of stock were made as follows:
 - None for quarter
- Profit-sharing event with InnAVasc Medical Inc. (see attached distribution notice)

If you have any questions or comments regarding this information, please do not hesitate to call me at (919) 549-8850.

cc: Kristine Leggett, Fiscal Research
Katherine Tamer, Fiscal Research

Enclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER

Consolidated Statement of Financial Position

Fiscal Year End June 30, 2023

As of September 30, 2022

	Unaudited as of 9/30/2022	Audited Year Ending 6/30/2022
ASSETS:		
Cash	\$ 11,855,699	10,590,453
Investments:		
Marketable securities	6,677,084	6,689,588
Other Investments	6,130,331	6,294,889
Total Cash and Investments	<u>24,663,114</u>	<u>23,574,930</u>
Receivables:		
Accrued interest receivable	18,309	11,214
Accounts Receivable	13,071,003	368,081
Notes receivable (incl Disc on LR)	9,127,273	9,113,909
Total Receivables	<u>22,216,585</u>	<u>9,493,204</u>
Prepaid Expenses	197,308	136,398
Property, plant and equipment, net	<u>7,379,659</u>	<u>7,398,865</u>
Total Assets	\$ <u>54,456,666</u>	<u>40,603,396</u>
LIABILITIES:		
Accounts payable & accrued expenses	551,519	910,241
	\$ -	-
Total Liabilities	<u>551,519</u>	<u>910,241</u>
NET ASSETS:		
Net Assets without donor restrictions	39,246,875	35,385,662
Net Assets with donor restrictions	446,281	700,796
New undesignated Net Assets	14,211,990	3,606,697
Total Net Assets	<u>53,905,146</u>	<u>39,693,155</u>
Total Liabilities and Net Assets	\$ <u>54,456,666</u>	<u>40,603,397</u>

NORTH CAROLINA BIOTECHNOLOGY CENTER

Consolidated Statement of Activity and Changes in Net Assets

Fiscal Year End June 30, 2023

As of September 30, 2022

	Unaudited YTD as of 9/30/2022	Audited YTD as of 6/30/2022
UNRESTRICTED REVENUES :		
Grants and contracts:		
State of North Carolina	\$ 17,100,338	17,100,338
Note repayments		
Interest from deposits & investments	20,847	64,849
Interest from loans	149,464	712,578
Conference Center at NC Biotech	173,186	613,728
Net realized and unrealized loss on investments	137,404	140,678
Other	345,619	1,345,317
Total unrestricted revenues	17,926,858	19,977,489
EXPENSES AND LOSSES:		
Economic Development Program:		
Focused Initiative Team	166,536	648,359
AgBiotech Crop Commercialization	7,823	52,349
Corporate Communications	187,273	794,198
Statewide Operations	393,265	1,459,773
Life Science Economic Development	149,946	1,617,665
Total	904,842	4,572,344
Sector Development Program:		
Conference Center	180,140	607,764
Science and Business Development	111,781	406,175
Life Science Intelligence	372,158	1,308,884
Total	664,079	2,322,822
Commercialization Program:		
Science and Technology Development	645,185	3,044,298
Emerging Company Development	383,498	1,989,515
Total	1,028,683	5,033,813
General & Administration:		
General and Administrative	1,117,263	4,441,813
Total	1,117,263	4,441,813
Total expenses and losses	3,714,867	16,370,792
Change in unrestricted net assets before net operating transfers	14,211,991	3,606,697
TEMPORARILY RESTRICTED REVENUES :		
Grants and Contracts:		
Grants	-	-
Contributions	-	-
Change in temporarily restricted net assets	-	-
Change in total net assets	14,211,991	3,606,697
Beginning net assets as previously reported	39,693,156	36,086,458
Accounting change (note xx)	-	-
Beginning net assets - adjusted	39,693,156	36,086,458
Net Assets, end of period	\$ 53,905,147	39,693,155

NORTH CAROLINA BIOTECHNOLOGY CENTER

Consolidated Statement of Cash Flows

Fiscal Year End June 30, 2023

As of September 30, 2022

	Unaudited YTD Ending 9/30/2022	Audited Year Ending 6/30/2022
Cash flows from operating activities:		
Change in net assets	\$ 14,211,991	3,606,697
Depreciation	169,055	843,143
Net Gain Unrealized (Gains) Losses on investments	12,504	5,986,834
Purchase of property & equipment	(149,850)	(258,871)
Increase (decrease) in cash due to changes in:		
Notes receivable (New LLR method)	(13,364)	-
Accrued interest receivable	(7,095)	-
Grants and contributions receivable	-	-
Miscellaneous receivables	(12,702,922)	-
Other assets	(60,910)	-
Accounts payable and accrued expenses	(358,722)	-
Grants/loans payable	-	-
Net cash provided (used) by operating activities	1,100,687	10,177,804
Cash flows from investing activities:		
Disposals of property & equipment	-	-
Proceeds from sale of VC investments	261,127	191,484
Purchase of VC investments	(96,569)	(5,574,908)
Net cash provided (used) by investing activities	164,558	(5,383,424)
Cash flows from financing activities:		
Payment on capital lease	-	-
Cash flows from financing activities:		
Proceeds from contributions restricted for purchase of property, plant, and equip		
Net cash provided (used) by financing activities	-	-
Net increase (decrease) in cash	1,265,246	4,794,380
Cash, beginning of period	10,590,453	10,590,453
Cash, end of period	\$ 11,855,699	15,384,834

Internal GAAP Financial Statements without Disclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER
FY 2023 VENTURE CAPITAL INVESTMENTS
As of 09/30/2022

<u>INVESTMENT</u>	<u>Start Date</u>	<u>Total Commitment</u>	<u>Paid @ Current</u>	<u>Total Distributions</u>
Aurora Ventures IV, LLC	02/02	100,000	100,000	100,000.00
* Aurora Ventures V, LLC	08/05	100,000	98,692	98,692.00
* Bull City Venture Partners III	01/13	15,000	12,473	3,930.00
* Charlotte Angel Fund	12/13	5,000	5,000	1,042.62
Hatteras Venture Affiliates III, LP	09/06	25,000	25,348	6,686.00
Hatteras Venture Partners IV, LLC	06/11	25,000	24,114	19,541.00
Hatteras Venture Partners V, LLC	07/13	100,000	77,798	64,290.00
Hatteras Venture Partners VI, LLC	03/19	100,000	66,540	10,418.00
* IDEA Fund II	07/13	20,000	20,000	8,676.89
Inception Micro Angel Fund - Triad I	05/03	16,500	16,500	0.00
* Inception Micro Angel Fund - Cape Fear	06/11	12,500	1,000	397.63
Inception Micro Angel Fund - Charlotte	06/07	15,000	9,000	1,199.42
* Inception Micro Angel Fund - Coastal Plain	09/13	7,500	1,000	454.84
* Inception Micro Angel Fund - East	04/08	15,000	9,000	1,245.61
Inception Micro Angel Fund - RTP	09/10	12,500	12,500	1,980.05
* Inception Micro Angel Fund - Sandhill	12/13	3,000	1,000	194.00
Inception Micro Angel Fund - Triad 2	09/10	12,500	3,575	0.00
Inception Micro Angel Fund - West	03/07	16,500	16,500	127.42
Intersouth Partners V Affiliates Fund, LP	03/00	100,000	100,000	68,212.00
Intersouth Partners V, LP	03/00	250,000	250,000	179,672.00
Intersouth Partners VI, LP	02/03	25,000	25,011	25,011.00
* Intersouth Partners VII, LP	05/06	40,000	40,000	13,220.00
* Physicians Fund	02/13	12,500	12,500	12,500.00
* Piedmont Angel Network II, LLC	10/05	25,000	21,375	5,983.95
Piedmont Angel Network III, LLC	12/09	25,000	24,500	24,500.00
Piedmont Angel Network, LLC	12/31	25,000	25,000	25,000.00
* Southern Capitol Technology II, LP	12/05	40,000	40,000	55,034.23
* Triangle Angel Partners	07/11	12,500	12,500	1,014.93
<u>TOTAL VC INVESTMENTS</u>		<u>2,312,250</u>	<u>2,203,463</u>	<u>2,014,853.21</u>
* Acquired with State Funds		O/S Commitment	108,787.00	

NORTH CAROLINA BIOTECHNOLOGY CENTER
Investment In Company Stock
September 30, 2022

Exhibit A-2

	# Shares	Estimated Price/Share 9/30/2022	Cost @ 9/30/2022	FMV @ 9/30/2022	Required Allowance @ 9/30/2022
<u>Company Stock- Non Public</u>					
Columbia Life Systems, Inc.	2,388	12.64	40,000.00	30,184.32	(9,815.68)
Endacea, Inc. (formerly Link Technology, Inc.)	35,389	0.0500	25,000.00	1,769.45	(23,230.55)
Entegron, Inc	1,949	0.01	19.49	19.49	
Isolere	1,910	4.53	8,652.30	8,652.30	
Emergo	3,508	9.88	24,352.05	34,659.04	
<u>Company Stock- Public</u>					
Humacyte	32,961	3.54	37,656.00	116,681.94	
Total			135,679.84	191,966.54	(33,046.23)

North Carolina Biotechnology Center

Offices in Asheville | Charlotte | Greenville | Research Triangle Park | Wilmington | Winston-Salem

October 7, 2022

TO: The Honorable Phil Berger, President Pro Tempore of the Senate
The Honorable Tim Moore, Speaker of the House of Representatives
The Honorable Dale Folwell, State Treasurer
Mr. Mark Trogon, Fiscal Research Division.

FROM: Douglas L. Edgeton
President and Chief Operating Officer

SUBJECT: Distributable Profits Notice

The North Carolina Biotechnology Center is pleased to inform you of a Distributable Profit event that will result in a distribution of \$113,085.07 to the State of North Carolina. Below is a summary of the event.

In fiscal years 2017/19, the North Carolina Biotechnology Center ("NCBiotech") entered into loan agreements (2017-SRL-2601 and 2019-SRL-2701) with InnAVasc Medical Inc. (the "Company"). As part of this loan agreement, the Company issued to NCBiotech Center warrants that converted into cash in the amount of \$376,170.14.

In the Fall of 2022, InnAVasc Medical Inc. agreed to be acquired by W.L. Gore and Associates.

In consideration of the above, on August 19, 2022, the North Carolina Biotechnology Center received a wire transfer for \$376,170.14.

According to the Profit-Sharing Agreement, 50% of the net profits greater than \$150,000 are to be shared with the State. See calculation below.

If you should have any questions regarding this information, please do not hesitate to call me at (919) 541-9366.

Attachment

Calculation for attachment:

We received \$376,170.14 from InnAVasc Medical Inc. on 8/19/22.

$\$376,170.14 - \$150,000 = \$226,170.14 / 2 = \$113,085.07$

NORTH CAROLINA BIOTECHNOLOGY CENTER

15 TW ALEXANDER DRIVE
RESEARCH TRIANGLE PARK, NC 27709
(919) 541-9366

BB&T
505 S. Duke Street
Durham, NC

66-112/531

51393

51393

10/13/2022

PAY TO THE
ORDER OF

Office of the North Carolina State Treasurer

\$

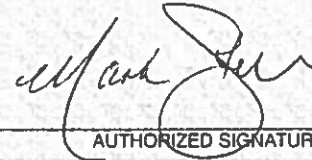
**\$113,085.07

COPY

DOLLARS

One Hundred Thirteen Thousand Eighty-five And 07/100*****

Office of the North Carolina State Treasurer
P O Box 20431
Raleigh NC 27619-0431
United States



MP

AUTHORIZED SIGNATURE

MEMO

Distribution: Profit Sharing Agreement for InnAVasc

⑈051393⑈ ⑆053101121⑆ 0005102326247⑈

NORTH CAROLINA BIOTECHNOLOGY CENTER

51393

51393

V1705 Office of the North Carolina State
Treasurer

10/13/2022

Invoice	Date	Original Amount	Discount	Amount Paid
Bill #Distribution: InnAVasc	10/7/2022	\$113,085.07		\$113,085.07

\$113,085.07

Distribution: Profit Sharing Agreement for InnAVasc

10003 Truist
Operating
Account (6247)

NORTH CAROLINA BIOTECHNOLOGY CENTER

51393

51393

V1705 Office of the North Carolina State
Treasurer

10/13/2022

Invoice	Date	Original Amount	Discount	Amount Paid
Bill #Distribution: InnAVasc	10/7/2022	\$113,085.07		\$113,085.07

\$113,085.07

Distribution: Profit Sharing Agreement for InnAVasc

10003 Truist
Operating
Account (6247)