

North Carolina Biotechnology Center

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

July 27, 2023

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: James Bullock
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 June 30, 2023. The unaudited financial statements for the quarter ending June 30, 2023 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:
 - Intersouth Partners VII - \$2,473
 - Hatteras Venture Affiliates - \$268.60
- Capital contributions to venture capital investments were made as follows:
 - Idea Fund II - \$99
- Purchases of stock were made as follows:
 - None for quarter
- Profit-sharing event
 - None for quarter

If you have any questions or comments regarding this information, please do not hesitate to call me at (919) 549-8813.

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

Enclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER

Consolidated Statement of Financial Position

Fiscal Year End June 30, 2023

As of June 30, 2023

	Unaudited as of 6/30/2023	Audited Year Ending 6/30/2022
ASSETS:		
Cash	\$ 12,739,387	10,590,453
Investments:		
Marketable securities	6,072,275	6,689,588
Other Investments	6,731,993	6,294,889
Total Cash and Investments	<u>25,543,655</u>	<u>23,574,930</u>
Receivables:		
Accrued interest receivable	20,216	11,214
Accounts Receivable	803,354	368,081
Notes receivable (incl Disc on LR)	9,796,673	9,113,909
Total Receivables	<u>10,620,243</u>	<u>9,493,204</u>
Prepaid Expenses	218,746	136,398
Property, plant and equipment, net	<u>7,658,993</u>	<u>7,398,865</u>
Total Assets	<u>\$ 44,041,636</u>	<u>40,603,396</u>
LIABILITIES:		
Accounts payable & accrued expenses	\$ 1,032,245	910,241
Total Liabilities	<u>1,032,245</u>	<u>910,241</u>
NET ASSETS:		
Net Assets without donor restrictions	39,293,232	35,644,906
Net Assets with donor restrictions	459,539	446,281
New undesignated Net Assets	3,256,620	3,601,968
Total Net Assets	<u>43,009,391</u>	<u>39,693,155</u>
Total Liabilities and Net Assets	<u>\$ 44,041,636</u>	<u>40,603,396</u>

Internal GAAP Financial Statements without Disclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER

Consolidated Statement of Activity and Changes in Net Assets

Fiscal Year End June 30, 2023

As of June 30, 2023

	Unaudited YTD as of 6/30/2023	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	96,762	64,849
Interest from loans	701,720	712,578
Conference Center at NC Biotech	918,357	613,728
Net realized and unrealized loss on investments	879,253	140,678
Other	2,069,265	1,345,317
Total unrestricted revenues	\$ 21,765,694	19,977,489
EXPENSES AND LOSSES:		
Economic Development Program:		
Focused Initiative Team	\$ 744,493	648,359
AgBiotech Crop Commercialization	22,575	52,349
Corporate Communications	829,410	794,198
Statewide Operations	1,515,342	1,459,773
Life Science Economic Development	1,409,955	1,617,665
Total	4,521,774	4,572,344
Sector Development Program:		
Conference Center	765,373	607,764
Science and Business Development	470,049	406,175
Life Science Intelligence	1,729,246	1,308,884
Total	2,964,668	2,322,822
Commercialization Program:		
Science and Technology Development	2,872,731	3,044,298
Emerging Company Development	3,385,492	1,989,515
Total	6,258,223	5,033,813
General & Administration:		
General and Administrative	4,764,409	4,441,813
Total	4,764,409	4,441,813
Total expenses and losses	\$ 18,509,074	16,370,792
Change in unrestricted net assets before net operating transfers	3,256,620	3,606,697
TEMPORARILY RESTRICTED REVENUES :		
Grants and Contracts:		
Grants	-	-
Contributions	-	-
Change in temporarily restricted net assets	-	-
Change in total net assets	3,256,620	3,606,697
Beginning net assets as previously reported	39,752,771	36,091,187
Accounting change (note xx)	-	-
Beginning net assets - adjusted	39,752,771	36,091,187
Net Assets, end of period	\$ 43,009,391	39,697,884

NORTH CAROLINA BIOTECHNOLOGY CENTER

Consolidated Statement of Cash Flows

Fiscal Year End June 30, 2023

As of June 30, 2023

	Unaudited YTD Ending 6/30/2023	Audited Year Ending 6/30/2022
Cash flows from operating activities:		
Change in net assets	\$ 3,256,620	3,606,697
Depreciation	657,038	843,143
Net Gain Unrealized (Gains) Losses on Investments	676,929	5,986,834
Purchase of property & equipment	(917,166)	(258,871)
Increase (decrease) in cash due to changes in:		
Notes receivable (New LLR method)	(682,764)	-
Accrued interest receivable	(9,002)	-
Grants and contributions receivable	-	-
Miscellaneous receivables	(435,273)	-
Other assets	(82,348)	-
Accounts payable and accrued expenses	122,003	-
Grants/loans payable	-	-
	<u>2,586,038</u>	<u>10,177,804</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Disposals of property & equipment		-
Purchase of convertible notes		-
Proceeds from sale of Sale investments	544,035	191,484
Purchase of Private investments	(981,139)	(5,574,908)
	<u>(437,104)</u>	<u>(5,383,424)</u>
Net cash provided (used) by investing activities		
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	2,148,934	4,794,380
Cash, beginning of period	<u>10,590,453</u>	<u>10,590,453</u>
Cash, end of period	\$ <u>12,739,387</u>	<u>15,384,834</u>

Internal GAAP Financial Statements without Disclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER
FY 2023 VENTURE CAPITAL INVESTMENTS
As of June 30, 2023

<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	12,754	3,930.00
* Charlotte Angel Fund	12/13	5,000	5,000	1,466.90
Hatteras Venture Affiliates III, LP	09/06	25,000	25,348	7,613.50
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	78,540	10,418.00
* IDEA Fund II	07/13	20,000	20,099	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	552.18
* 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	11,313.40
* 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	15,693.00
* 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	55,711.82
* Triangle Angel Partners	07/11	12,500	12,500	3,599.93
TOTAL VC INVESTMENTS		<u>1,156,000</u>	<u>1,063,306</u>	<u>745,541.65</u>
* Acquired with State Funds		O/S Commitment	92,694.00	

NORTH CAROLINA BIOTECHNOLOGY CENTER
Investment In Company Stock
June 30, 2023

Exhibit A-2

	# Shares	Estimated Price/Share 6/30/2023	Cost @ 6/30/2023	FMV @ 6/30/2023	Required Allowance @ 6/30/2023
<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)
Entegriion, Inc	1,949	0.01	19.49	19.49	-
Emergo	3,508	6.94	34,659.04	24,345.52	(10,313.52)
<u>Company Stock- Public</u>					
Humacyte	32,961	2.86	37,656.00	94,268.46	-
Total			137,334.53	150,587.24	(43,359.75)