

North Carolina Biotechnology Center

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

October 23, 2024

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. Brian Matteson, 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 September 30, 2024. The unaudited financial statements for the quarter ending September 30, 2024, 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:
 - IMAF Cape Fear LLC - \$24.53
 - Hatteras Venture Partners IV - \$4,179
- Capital contributions to venture capital investments were made as follows:
 - Bull City Venture Partners Fund III - \$260
- Purchases of stock were made as follows:
 - None
- 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
Margaret Young, Fiscal Research
Jennifer Ford, Fiscal Research
Enclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER

Statement of Financial Position

Fiscal Year End June 30, 2025

As of September 30, 2024

	Unaudited Quarter Ending 9/30/2024	Audited Year Ending 6/30/2024
ASSETS:		
Cash	\$ 10,168,638	10,375,734
Investments:		
Marketable securities	6,141,666	6,038,212
Other Investments	7,175,688	7,179,631
Total Cash and Investments	23,485,992	23,593,577
Receivables:		
Accrued interest receivable	46,377	37,325
Miscellaneous receivable	342,215	384,419
Grants and contributions receivable	12,203,513	1,020,192
Notes receivable (incl Disc on LR)	11,805,234	11,470,685
Total Receivables	24,397,340	12,912,621
Prepaid Expenses	416,215	339,385
Property, plant and equipment, net	7,167,228	7,202,658
Total Assets	\$ 55,466,775	44,048,241
LIABILITIES:		
Accounts payable & accrued expenses	\$ 797,712	1,326,418
Total Liabilities	797,712	1,326,418
NET ASSETS:		
Net Assets without donor restrictions	41,911,823	42,766,707
Net Assets with donor restrictions	810,000	330,000
New undesignated Net Assets	11,947,240	(374,884)
Total Net Assets	54,669,063	42,721,823
Total Liabilities and Net Assets	\$ 55,466,775	44,048,241

NORTH CAROLINA BIOTECHNOLOGY CENTER

Statement of Activity and Changes in Net Assets

Fiscal Year End June 30, 2025

As of September 30, 2024

	Unaudited QTD as of 9/30/2024	Audited YTD as of 6/30/2024
UNRESTRICTED REVENUES :		
Grants and contracts:		
State of North Carolina	\$ 16,100,338	18,100,338
Federal grants	195,662	1,333,267
Investment return, net	124,928	789,571
Interest income on notes receivable	183,437	742,036
Conference Center	149,957	850,323
LSI income	255,739	1,085,980
Contributions and grants	36,651	156,473
Other, net	222,901	594,718
Total unrestricted revenues	\$ 17,269,613	23,652,706
EXPENSES AND LOSSES:		
Economic Development Program:		
Focused Initiative Team	\$ 210,756	809,295
Corporate Communications	275,543	1,288,236
Statewide Operations	584,512	2,750,464
Life Science Economic Development	323,182	1,712,359
Total	1,393,993	6,560,354
Sector Development Program:		
Conference Center	221,664	906,191
Science and Business Development	119,050	475,405
Life Science Intelligence	387,628	1,719,236
Total	728,342	3,100,832
Commercialization Program:		
Science and Technology Development	1,067,438	4,660,742
Emerging Company Development	811,556	4,616,985
Total	1,878,994	9,277,727
General & Administration:		
General and Administrative	1,321,044	5,088,681
Total	1,321,044	5,088,681
Total expenses and losses	\$ 5,322,373	24,027,593
Change in total net assets	11,947,240	(374,887)
Beginning net assets - adjusted	42,721,823	43,096,710
Net Assets, end of period	\$ 54,669,063	42,721,823

Internal GAAP Financial Statements without Disclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER

Statement of Cash Flows

Fiscal Year End June 30, 2025

As of September 30, 2024

	Unaudited 3 Months Ending 9/30/2024	Audited Year Ending 6/30/2024
Cash flows from operating activities:		
Change in net assets	\$ 11,947,240	(374,887)
Depreciation	138,680	555,344
Net Realized and Unrealized (Gains) Losses on investments	(99,511)	(621,327)
Provision for credit losses	-	1,075,932
Increase (decrease) in cash due to changes in:		
Notes receivable (New LLR method)	(334,549)	(2,749,944)
Accrued interest receivable	(9,052)	(17,109)
Grants and contributions receivable	(11,183,321)	(646,494)
Miscellaneous receivables	42,204	45,239
Other assets	(76,830)	(120,639)
Accounts payable and accrued expenses	(528,706)	294,173
Net cash provided (used) by operating activities	(103,846)	(2,559,712)
Cash flows from investing activities:		
Purchase of property & equipment	(109,865)	(99,009)
Proceeds from sale of Sale investments	2,672	305,169
Purchase of Private investments	3,944	(10,102)
Net cash provided (used) by investing activities	(103,249)	196,058
Net increase (decrease) in cash	(207,096)	(2,363,654)
Cash, beginning of period	10,375,734	12,739,387
Cash, end of period	\$ 10,168,638	10,375,733

Internal GAAP Financial Statements without Disclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER
FY 2025 VENTURE CAPITAL INVESTMENTS
As of 09/30/24

<u>INVESTMENT</u>	<u>Start Date</u>	<u>Total Commitment</u>	<u>Paid @ Current</u>	<u>Total Distributions</u>
* Bull City Venture Partners III	01/13	15,000	13,014	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	24,114.00
Hatteras Venture Partners V, LLC	07/13	100,000	81,798	81,798.00
Hatteras Venture Partners VI, LLC	03/19	100,000	84,442	10,418.00
* IDEA Fund II	07/13	20,000	20,099	14,504.70
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	422.16
Inception Micro Angel Fund - Charlotte	06/07	15,000	9,000	5,955.07
* 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	21,575	5,983.95
* Triangle Angel Partners	07/11	12,500	12,500	3,961.93
TOTAL VC INVESTMENTS		866,000	785,476	474,689
* Acquired with State Funds		O/S Commitment	80,524.00	

NORTH CAROLINA BIOTECHNOLOGY CENTER
Investment In Company Stock
September 30, 2024

Exhibit A-2

	# Shares	Estimated Price/Share 9/30/2024	Cost @ 9/30/2024	FMV @ 9/30/2024	Required Allowance @ 9/30/2024
<u>Company Stock- Non Public</u>					
Columbia Life Systems, Inc.	2,388	12.64	40,000.00	-	(40,000.00)
Endacea, Inc. (formerly Link Technology, Inc.)	35,389	0.0500	25,000.00	-	(25,000.00)
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	5.44	37,656.00	179,307.84	-
Total			<u>137,334.53</u>	<u>203,672.85</u>	<u>(75,313.52)</u>