

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2025

And Report of Independent Auditor

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
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THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
MEMBERS OF THE BOARD OF DIRECTORS (UNAUDITED)

BOARD OF DIRECTORS

Chairperson of the ECSU Foundation Board & Bylaws Chair – Mrs. Kimrey Rhinehardt*
Vice Chairperson of the ECSU Foundation Board – Ms. Bernadine A. Cobb*
Interim Chancellor – Dr. Catherine Edmonds*
Audit Chair – Retired Col. Randy B. Bell*
Treasurer – Mr. Jermaine McKinley*
Scholarship Chair – Mr. Timothy Minor
Cultural and Planning Chair – Mrs. Annalisa Carawan Morgan
Gala Co-Chair – Dr. Sadie Johnson Carter
Gala Co-Chair – Mrs. Diana M. Gardner
Mr. Kenneth Weeden
Mr. James Bell*
Ms. Jennifer Bailey
Ms. Lori Gibbs
Nominations Chair - Mr. Raymond Weaver
Investment Chair - Ms. Lisa Westbrook

EX-OFFICIO MEMBERS

BOT Bylaw Appointment - Mrs. Christine Evans**
NAA Bylaw Appointment – Mr. James Cherry, II***
Executive Director – Dr. Kevin J. Wade**
SGA Vice President of Internal Affairs – Ms. Nylissa Snagg**
Vice Chancellor for Business & Finance – Mr. Robert Thibeault**

Executive Committee*

Ex-Officio Members – Non-Voting**

Ex-Officio Member – Voting***

Report of Independent Auditor

To the Board of Directors
The Elizabeth City State University Foundation
Elizabeth City, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Elizabeth City State University Foundation (the "Foundation"), a component unit of Elizabeth City State University, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation, as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in the accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with 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. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the 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 financial statements, and other knowledge we obtained during our audit of the 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the Members of the Board of Directors, as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 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.

Cherry Bekaert LLP

Virginia Beach, Virginia
October 31, 2025

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025

Introduction

The information in this section is intended to provide a general overview of The Elizabeth City State University Foundation's (the "Foundation") financial statements and is based upon the information contained in the financial statements accompanying this discussion and analysis. The user is encouraged to reference the appropriate section of the financial statements and notes for the supporting detailed information.

Overview of the Financial Statements

The Foundation's financial statements include three financial statements: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows, which have been prepared in accordance with Governmental Accounting Standards Board ("GASB") principles. These statements present the Foundation's operations and focus on its assets, liabilities, deferred outflows and inflows of resources, expenses, and cash flows on an entity-wide basis. The financial statements also include notes to the financial statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided.

Statement of Net Position

The Statement of Net Position presents information on all of the Foundation's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference reported as net position. The Statement of Net Position is a point in time financial statement. The purpose of the Statement of Net Position is to present the readers of the financial statements a fiscal snapshot of the Foundation and present end-of-the-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Foundation has improved or worsened during the year.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue operations of the Foundation. They are also able to determine how much the Foundation owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of net position (assets plus deferred outflows of resources minus liabilities and deferred inflows of resources) and their availability for expenditure by the Foundation.

Net position represents residual interest in the Foundation's assets after deduction of all liabilities and deferred inflows of resources. For financial reporting purposes, net position is divided into three major components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets represents the Foundation's investment in capital assets such as land, buildings, and other equipment, net of accumulated depreciation/amortization, deferred inflows of resources, and outstanding liabilities attributable to the acquisition, construction, or improvement of those assets.

Restricted net position is divided into two components, nonexpendable and expendable. The corpus of the restricted nonexpendable net position is only available for investment purposes. Restricted expendable net position is available for expenditure by the Foundation but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Unrestricted net position is available to the Foundation for any lawful purpose of the Foundation.

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025

Statement of Net Position (continued)

Comparative, condensed versions of the Statement of Net Position for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024	Dollar Change	Percentage Change
ASSETS				
Other assets	\$ 15,315,181	\$ 14,017,158	\$ 1,298,023	9%
Capital assets	7,224,843	7,443,615	(218,772)	-3%
Total Assets	<u>22,540,024</u>	<u>21,460,773</u>	<u>1,079,251</u>	<u>5%</u>
LIABILITIES				
Other liabilities	70,282	465,681	(395,399)	-85%
Long-term liabilities	18,191,414	18,190,244	1,170	0%
Total Liabilities	<u>18,261,696</u>	<u>18,655,925</u>	<u>(394,229)</u>	<u>-2%</u>
Total Deferred Inflows of Resources	<u>28,763</u>	<u>28,763</u>	<u>-</u>	<u>0%</u>
NET POSITION*				
Net investment in capital assets	(1,768,953)	(1,749,464)	(19,489)	1%
Restricted:				
Nonexpendable	5,934,291	5,600,545	333,746	6%
Expendable	3,902,053	3,180,066	721,987	23%
Unrestricted	<u>(3,817,826)</u>	<u>(4,255,062)</u>	<u>437,236</u>	<u>10%</u>
Total Net Position	<u>\$ 4,249,565</u>	<u>\$ 2,776,085</u>	<u>\$ 1,473,480</u>	<u>53%</u>

* Net position categories are defined in Note 1 of the notes to the financial statements.

Other assets primarily consist of cash and cash equivalents, restricted cash and cash equivalents, and endowment investments. Total assets increased \$1,079,251 or 5% primarily due to positive returns on investments in the current year.

Other liabilities consist of accounts payable, accrued liabilities, and interest payable. Long-term liabilities consist of the current and noncurrent portion of the United States Department of Agriculture's ("USDA") notes from direct borrowings. Total liabilities decreased \$394,229 or 2% primarily due to payments made on the USDA notes from direct borrowings.

The increase in total net position is primarily due to an increase in endowment investments by the Foundation in the current year.

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position shows how the Foundation's net position changed during the most recent fiscal year. Revenues and expenses are presented in a format that distinguishes between operating and nonoperating revenues and expenses.

Generally, operating revenues are received from expendable contributions to the Foundation. Operating revenues primarily consist of contributions, housing project revenues collected by the University, gift fee income, donated facilities and services, and fundraising events. Contributions to the Foundation for the year ended June 30, 2025 were \$1,009,116, which is a decrease of \$242,461 or 19% over the prior year as a result of increased efforts to solicit donations and maintaining relationships with donors.

Operating expenses are those expenses paid to carry out the mission of the Foundation. Operating expenses primarily consist of scholarships and fellowships, employer benefit costs, and contracted services. Operating expenses increased by \$154,741 or 8% over the prior year primarily due to an increase in activity relating to events as well as scholarships paid.

Nonoperating revenues stem from transactions that occur outside of the primary scope of the Foundation's existence and for which no goods or services are provided. Investment return (net of investment expenses) of \$1,322,141 and \$1,242,970 during 2025 and 2024, respectively, represent income and change in value of the Foundation's investment portfolio.

Nonoperating expenses primarily include interest expense of \$417,105 and \$426,986 on the Foundation's notes payable, which is consistent with the prior year, and contributions, net to the University of \$105,990 and \$249,866 for the years ended June 30, 2025 and 2024, respectively, which is due to the USDA construction loan transfers to the University winding down in the current year.

A summary of the Foundation's revenues, expenses, and changes in net position for the years ended June 30, 2025 and 2024 follows:

	2025	2024	Dollar Change	Percentage Change
Total Operating Revenues	\$ 2,424,976	\$ 2,727,871	\$ (302,895)	-11%
Total Operating Expenses	2,089,520	1,934,779	154,741	8%
Operating Income	335,456	793,092	(457,636)	58%
Total Nonoperating Revenues, net	880,046	650,118	229,928	35%
Income Before Other Revenues	1,215,502	1,443,210	(227,708)	-16%
Other revenues	257,978	280,205	(22,227)	-8%
Change in net position	1,473,480	1,723,415	(249,935)	15%
Net position, beginning of year	2,776,085	1,052,670	1,723,415	164%
Net position, end of year	\$ 4,249,565	\$ 2,776,085	\$ 1,473,480	53%

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025

Capital Assets

For the fiscal years ended June 30, 2025 and 2024, the Foundation had invested \$7.22 and \$7.44 million (see Note 7), respectively, in various capital assets as reflected below.

**Capital Assets
As of June 30, 2025 and 2024**

	2025	2024
Non-depreciable assets:		
Land	\$ 690,583	\$ 690,583
Other capital assets:		
Buildings	7,894,245	7,894,245
Other equipment	15,934	15,934
Accumulated depreciation on other capital assets	<u>(1,375,919)</u>	<u>(1,157,147)</u>
Total net capital assets	<u><u>\$ 7,224,843</u></u>	<u><u>\$ 7,443,615</u></u>

Capital assets for the Foundation decreased by \$218,772 during fiscal year 2025. The decrease is a result of depreciation expense during the year offset by current year additions. For detailed information on the Foundation's capital assets, refer to Note 7 in the notes to the financial statements.

Long Term Debt

**Long-Term Debt
As of June 30, 2025 and 2024**

	2025	2024
Notes from direct borrowings	\$ 18,191,414	\$ 18,593,273

The Foundation is indebted for notes from direct borrowings from the USDA for the Viking Village and Bias Hall renovations. During fiscal year ended June 30, 2025, the Foundation paid \$401,859 of principal on its outstanding debt. For detailed information on the Foundation's long-term liabilities, refer to Note 6 in the notes to the financial statements.

Economic Factors and Future Outlook

There are constant challenges to the success and growth of the Foundation. The economic outlook for the Foundation is dependent on various influences of the Foundation's funding sources:

- Private gifts and grants: The core amount of the funding sources will be dependent upon the Foundation meeting certain service goals, the overall gifts, and grant will either increase or decrease.
- Endowment performance: The Foundation continues to build a diversified portfolio to provide long-term growth with acceptance levels of volatility.
- Support from Elizabeth City State University: The Foundation does not foresee a dramatic change in funding for future years, including but not limited to, funds from the University to cover USDA loans for Viking Village and Bias Hall.

**THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

JUNE 30, 2025

Request for Information

The financial report is designed to provide a general overview of the Foundation's finances for all those who have an interest in its finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Office of Advancement Services, Elizabeth City State University, 1704 Weeksville Road, Elizabeth City, North Carolina 27909.

**THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
STATEMENT OF NET POSITION**

JUNE 30, 2025

ASSETS

Current Assets:

Cash and cash equivalents	\$ 4,162,999
Total Current Assets	<u>4,162,999</u>

Noncurrent Assets:

Restricted cash and cash equivalents	1,114,058
Endowment investments	9,667,922
Restricted investments	168,422
Cash surrender value of life insurance	170,478
Beneficial interest in assets held by others	28,763
Capital assets - nondepreciable	690,583
Capital assets - depreciable, net	6,534,260
Other assets	2,539
Total Noncurrent Assets	<u>18,377,025</u>
Total Assets	<u>22,540,024</u>

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities	12,979
Interest payable	57,303
Long-term liabilities, current portion	<u>412,097</u>
Total Current Liabilities	<u>482,379</u>

Noncurrent Liabilities:

Long-term liabilities, net of current portion	<u>17,779,317</u>
Total Noncurrent Liabilities	<u>17,779,317</u>
Total Liabilities	<u>18,261,696</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows for irrevocable split-interest agreements	<u>28,763</u>
Total Deferred Inflows of Resources	<u>28,763</u>

NET POSITION

Net investment in capital assets	(1,768,953)
Restricted:	
Nonexpendable:	
True endowments	5,934,291
Expendable:	
Scholarships, research, instruction, and other	<u>3,902,053</u>
Total Restricted-Expendable Net Position	<u>3,902,053</u>
Unrestricted	
Total Net Position	<u>\$ 4,249,565</u>

The accompanying notes to the financial statements are an integral part of these statements.

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2025

Operating Revenues:

Contributions	\$ 1,009,116
Housing project revenues collected by the University	821,404
Gift fee income	266,847
Donated facilities and services	226,148
Fundraising events	80,929
Other operating revenues	<u>20,532</u>
Total Operating Revenues	<u>2,424,976</u>

Operating Expenses:

Salaries and benefits	234,069
Supplies and materials	183,682
Services	985,622
Scholarships and fellowships	467,375
Depreciation expense	<u>218,772</u>
Total Operating Expenses	<u>2,089,520</u>
Operating Income	<u>335,456</u>

Nonoperating Revenues (Expenses):

Investment return, net of investment expense	1,322,141
Interest expense	(417,105)
Contributions to the University, net	(105,990)
Noncapital grants and contributions	<u>81,000</u>
Total Nonoperating Revenues, net	<u>880,046</u>

Income Before Other Revenues	<u>1,215,502</u>
Additions to endowments	<u>257,978</u>
Total Other Revenues	<u>257,978</u>

Change in net position	1,473,480
Net position, beginning of year	2,776,085
Net position, end of year	<u>\$ 4,249,565</u>

**THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2025

Cash flows from operating activities:

Receipts from donors	\$ 1,245,036
Receipts collected from the University	821,404
Proceeds from special events	80,929
Payments to employees	(234,069)
Payments to vendors and suppliers	(934,256)
Payments for scholarships and fellowships	(467,375)
Other receipts	<u>18,199</u>

Net cash flows from operating activities 529,868

Cash flows from noncapital financing activities:

Noncapital grants and contributions	81,000
Additions to endowments	<u>257,978</u>
Net cash flows from financing activities	<u>338,978</u>

Cash flows from capital and related financing activities:

Principal paid on capital debt	(401,859)
Interest and fees paid on capital debt	(418,375)
Contribution to University, net	<u>(105,990)</u>
Net cash flows from capital and related financing activities	<u>(926,224)</u>

Cash flows from investing activities:

Proceeds from sales and maturities of investments	2,401,349
Investment income	2,040,187
Purchase of investments and related fees	<u>(4,173,600)</u>
Net cash flows from investing activities	<u>267,936</u>

Net change in cash and cash equivalents and restricted cash and cash equivalents

Cash and cash equivalents and restricted cash and cash equivalents, beginning of year

Cash and cash equivalents and restricted cash and cash equivalents, end of year

\$ 5,277,057

Reconciliation of operating income to net cash flows from operating activities:

Operating income	\$ 335,456
Change in cash surrender value of life insurance	(30,927)
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation expense	218,772
Changes in assets:	
Other assets	(2,333)
Changes in liabilities and deferred inflows of resources:	
Accounts payable and accrued liabilities	8,900
Net cash flows from operating activities	<u>\$ 529,868</u>

Cash and cash equivalents and restricted cash and cash equivalents are presented in the accompanying statement of net position as follows:

Cash and cash equivalents	\$ 4,162,999
Restricted cash and cash equivalents	<u>1,114,058</u>
Total cash and cash equivalents and restricted cash, end of year	<u>\$ 5,277,057</u>

Noncash investing, capital, and financing activities:

Change in fair value of investments	\$ 718,046
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The accompanying notes to the financial statements are an integral part of these statements.

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1—Nature of operations and significant accounting policies

Financial Reporting Entity – The Elizabeth City State University Foundation (the “Foundation”) is a nonprofit corporation incorporated under the laws of the state of North Carolina. Although legally separate, the Foundation is reported as a blended component unit of Elizabeth City State University (the “University”), as the Foundation exclusively benefits the University and the University is the sole corporate member of the Foundation. The Foundation’s purpose is to provide financial assistance to students of the University, to facilitate fundraising efforts on behalf of the University, and to serve as an advocate for the University in the community at large. Elizabeth City State University Housing Foundation, LLC (“Housing Foundation”) is a limited liability company formed in North Carolina on December 20, 2002. The Housing Foundation is a blended component unit of the Foundation, as the Foundation is the sole corporate member of the Housing Foundation. Its purpose is to further the charitable purposes of the Foundation and to construct student-housing facilities for use by the University.

The University is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the state of North Carolina and an integral part of the state’s *Annual Comprehensive Financial Report*.

Basis of Presentation – The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”).

Pursuant to the provisions of GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, the full scope of the Foundation’s activities is considered to be a single business-type activity and, accordingly, is reported within a single column in the basic financial statements.

Basis of Accounting – The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of cash flows.

Nonexchange transactions, in which the Foundation receives (or gives) value without directly giving (or receiving) equal value in exchange, include certain grants, donations, and additions to endowments. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

Cash and Cash Equivalents – This classification includes cash on deposit with private bank accounts, money market accounts, cash on deposit with fiscal agents, and deposits held by the State Treasurer in the Short-Term Investments Fund (“STIF”). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty. The Foundation also considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments – To the extent available, investments are recorded at fair value based on quoted market prices in active markets. Additional information regarding the fair value measurement of investments is disclosed in Note 3. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net change in the fair value of investments is recognized as a component of investment income.

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1—Nature of operations and summary significant accounting policies (continued)

Endowment investments include the principal amount of gifts and bequests that, according to donor restrictions, must be held in perpetuity or for a specified period of time, along with any accumulated investment earnings on such amounts.

Further, endowment investments may also include amounts internally designated by the Foundation for investment in an endowment capacity (i.e., quasi-endowments), along with accumulated investment earnings on such amounts.

Receivables – The Foundation recognizes contribution income when an unconditional promise to give is made. If a contribution is not expected to be collected within one year, it is discounted. There were no contributions receivables as of June 30, 2025. A contribution receivable is deemed past due if payments are not received in accordance with the payment terms specified by the donor at the time the contribution was made. Contributions are considered available for unrestricted use, unless specifically restricted by the donor.

Allowance for Doubtful Contributions – Contributions are stated at the amount management expects to collect from outstanding balances. When necessary, management provides for an allowance for uncollectible contributions equal to the estimated collection losses. At June 30, 2025, the Foundation had no outstanding contributions receivable.

Restricted Assets – Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources legally segregated for a replacement reserve fund and payment of principal and interest as required by debt covenants.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materiality extend assets' lives are not capitalized. The Foundation capitalizes assets that have a value or cost of \$5,000 or greater at the date of acquisition and an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets in the following manner:

Buildings	50 to 100 years
Other equipment	3 to 20 years

Noncurrent Long-Term Liabilities – Noncurrent long-term liabilities include principal amounts of long-term debt that will not be paid within the next fiscal year. Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Long-term debt consists of notes from direct borrowings.

Deferred Outflows/Inflows of Resources – Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1—Nature of operations and summary significant accounting policies (continued)

Net Position – The Foundation's net position is classified as follows:

Net Investment in Capital Assets – This represents the Foundation's total investment in capital assets, net of outstanding liabilities related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Nonexpendable – Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principle is to be maintained inviolate and in perpetuity and invested for the purposes of producing present and future income, which may either be expended or added to principal.

Restricted Net Position – Expendable – Restricted expendable net position include resources in which the Foundation is obligated to spend in accordance with restrictions imposed by external third parties and includes net appreciation of endowments. The remaining portion relates to funds that are restricted as to their purpose.

Unrestricted Net Position – These resources are used for transactions relating to the general operations of the Foundation and may be used to meet current expenses for any purpose.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the Foundation. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are always used first.

Revenue and Expense Recognition – The Foundation classifies its revenues and expenses as operating or nonoperating in the accompanying statement of revenues, expenses, and changes in net position. Operating revenues and expenses that generally result from the Foundations' ongoing operations include providing fund raising services, gifts, and funding scholarships for the University.

Operating revenues include activities that have characteristics of exchange and nonexchange transactions, such as (1) contributions, (2) housing project revenues collected by the University, (3) gift fee income, and (4) donated facilities and services. Operating expenses are all expenses transactions incurred other than those related to capital and noncapital financing or investing activities.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions and investment and interest income to conform with the presentation of the University in which the Foundation is a blended component unit. Endowment contributions are presented separately after nonoperating revenues and expenses.

Gift Fee Income – The Foundation manages several endowments and charges a management fee to administer the funds. The Foundation recognizes gift fee income on an annual basis as accrued based on a stated percentage of the endowment value at the end of the prior fiscal year.

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1—Nature of operations and summary significant accounting policies (continued)

Contributions – From time to time, the Foundation receives contributions from individuals and private organizations. Revenues from contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Contributions may be restricted for either specific operating purposes, endowment purposes, or for capital purposes. Amounts restricted for capital acquisitions and endowments are reported after nonoperating revenues and expenses.

Donated Services and Facilities – The Foundation utilizes assets owned by the University at no cost. Donated services and facilities are reflected as contributions and expenses in the accompanying financial statements at their estimated fair values at the date of receipt.

Investment Expense – The Foundation reports investment gains and losses net of the related investment expense.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Note 2—Deposits and investments

At June 30, 2025, the amount shown on the statement of net position as cash and cash equivalents includes \$4,151,412, which represents the Foundation's equity position in the State Treasurer's STIF. The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission and does not have a credit rating) had a weighted average maturity of 2.1 years as of June 30, 2025. Assets and shares of the STIF are valued at amortized cost, which approximates fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the States Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, North Carolina 27604 or can be accessed from the Department of State Treasurer's website at <https://www.nctreasurer.com/> in the Audited Financial Statements section.

The carrying amount and bank balance of the Housing Foundation's deposits not with the State Treasurer was \$1,125,645 as of June 30, 2025. Custodial credit risk is the risk that in the event of a bank failure, the Housing Foundation's deposits may not be returned to it. As of June 30, 2025, the Housing Foundation's bank balance exposed to custodial credit risk was \$864,058.

G.S. 147-69.1(c), applicable to the state's General Fund, and G.S. 147-69.2, applicable to institutional trust funds, authorize the State Treasurer to invest in the following: obligations of or fully guaranteed by the United States; obligations of certain federal agencies; repurchase agreements; obligations of the state of North Carolina; certificates of deposit and other deposit accounts of specified financial institutions; prime quality commercial paper; asset-backed securities with specified ratings, specified bills of exchange or time drafts, and corporate bonds/notes with specified ratings; general obligations of other states; general obligations of North Carolina local governments; and obligations of certain entities with specified ratings.

In accordance with the bond resolutions, bond proceeds and debt service funds are invested in obligations that will by their terms mature on or before the date funds are expected to be required for expenditure or withdrawal.

G.S. 116-36(e) provides that the trustees of the Endowment Fund shall be responsible for the prudent investment of the Fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the Endowment Fund to be invested.

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 2—Deposits and investments (continued)

Investments of the Foundation are subject to and restricted by G.S. 36E Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) and any requirements placed on them by contract or donor agreements.

Investments are subject to the following risks as defined by U.S. GAAP:

Interest Rate Risk – Interest rate risk is the risk the University may face should interest rate variances affect the value of investments. The Foundation does not have a formal policy that addresses interest rate risk.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation does not have a formal policy that addresses credit risk.

Custodial Credit Risk – Custodial credit 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 does not have a formal policy for custodial credit risk.

The Foundation’s policy is to minimize these risks by buying a diversified mixture of approved investments.

Investments of various funds may be pooled unless prohibited by statute or by terms of the gift or contract. The Foundation utilizes investment pools to manage investments and distribute investment income. The Foundation utilizes the following investment pool:

Long-Term Investment Pool – This is an internal investment pool that is utilized for the investment of the endowment funds. Fund ownership is measured using the unit value method. Under this method, each participating fund’s investment balance is determined on a market value basis. The investment strategy, including the selection of investment managers, is based on the directives of the Foundation’s Board of Directors.

The following table presents the fair value of investments by type and investments subject to interest rate risk at June 30, 2025 for the long-term investment pool:

	Long-Term Investment Pool				
	Fair Value	Investment Maturities			
		Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Investment type:					
Debt securities:					
Debt mutual funds	\$ 2,514,520	\$ 25,145	\$ 952,082	\$ 954,768	\$ 582,525
Money market mutual funds	241,608	241,608	-	-	-
Total debt securities	2,756,128	\$ 266,753	\$ 952,082	\$ 954,768	\$ 582,525
Other securities:					
International mutual funds	2,114,256				
Equity mutual funds	4,965,960				
Total long-term investment pool	\$ 9,836,344				

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 2—Deposits and investments (continued)

At June 30, 2025, investments in the long-term investment pool had the following credit quality distribution for securities with credit exposure:

	Fair Value	AAA Aaa	AA Aa	A	BBB Baa	BB/Ba and Below	Unrated
Debt mutual funds	\$ 2,514,520	\$ 56,411	\$ 1,870,281	\$ 280,626	\$ 286,577	\$ 4,760	\$ 15,865
Money market mutual funds	241,608	241,608	-	-	-	-	-
	<u>\$ 2,756,128</u>	<u>\$ 298,019</u>	<u>\$ 1,870,281</u>	<u>\$ 280,626</u>	<u>\$ 286,577</u>	<u>\$ 4,760</u>	<u>\$ 15,865</u>

Rating agency: Moody's

Non-Pooled Investments – The following table presents investments by type and investments subject to interest rate risk at June 30, 2025, for the Foundation's non-pooled investments:

	Fair Value	Less Than 1 Year
Other securities:		
Cash surrender value of life insurance	\$ 170,478	\$ -
Beneficial interest in assets held by others	28,763	-
Total non-pooled investments	<u>\$ 199,241</u>	<u>\$ -</u>

Reconciliation of Deposits and Investments – A reconciliation of deposits and investments for the Foundation as of June 30, 2025 is as follows:

Cash on hand:

Carrying amount of deposits with private financial institutions	\$ 1,125,645
Checks outstanding, net of deposits in transit	(40,013)
Investments in short-term investment fund (STIF)	<u>4,191,425</u>
Cash and cash equivalents and restricted cash	<u>5,277,057</u>

Endowment investments	9,667,922
Other restricted investments	168,422
Cash surrender value of life insurance	170,478
Beneficial interest in assets held by others	28,763
Investments held in private financial institutions	<u>10,035,585</u>
Total deposits and investments	<u>\$ 15,312,642</u>

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 3—Fair value

To the extent available, the Foundation's investments are recorded at fair value as of June 30, 2025. 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.

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 (unadjusted) for identical assets (or liabilities) 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 (or liability), either directly or indirectly.

Level 3 – Investments classified as Level 3 have unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

The following table summarizes the Foundation's investments within the fair value hierarchy at June 30, 2025:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
Debt mutual funds	\$ 2,514,520	\$ 2,514,520	\$ -	\$ -
Money market mutual funds	241,608	241,608	-	-
Total debt securities	2,756,128	2,756,128	-	-
Other securities:				
International mutual funds	2,114,256	2,114,256	-	-
Equity mutual funds	4,965,960	4,965,960	-	-
Cash surrender value of life insurance	170,478	-	170,478	-
Beneficial interest in assets held by others	28,763	-	28,763	-
Total investments by fair value level	10,035,585	\$ 9,836,344	\$ 199,241	\$ -
Investments as a position in an external investment pool:				
Short-term investment fund		4,191,425		
Total investments measured at fair value		\$ 14,227,010		

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 3—Fair value (continued)

Short-Term Investment Fund – Ownership interests of the STIF are determined on a fair market valuation basis as of fiscal year-end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Pool investments are measured at fair value in accordance with U.S. GAAP. The Foundation's position in the pool is measured and reported at fair value and the STIF is not required to be categorized within the fair value hierarchy.

Debt and Equity Securities – Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Note 4—Endowment investments

Investments of the Foundation's endowment funds are pooled, unless required to be separately invested by the donor. If a donor has not provided specific instructions, state law permits the Board of Directors to authorize for expenditure the net appreciation, realized and unrealized, of the investments of the endowment funds. Under UPMIFA, authorized by the North Carolina General Assembly on March 19, 2009, the Board of Directors may also appropriate expenditures from eligible, nonexpendable balances if deemed prudent and necessary to meet program outcomes and for which such spending is not specifically prohibited by the donor agreements. However, a majority of the Foundation's endowment donor agreements prohibit spending of nonexpendable balances and, therefore, the related nonexpendable balances are not eligible for expenditure. During the year, the Board of Directors did not appropriate expenditures from eligible nonexpendable endowment funds.

Investment return of the Foundation's endowment funds is predicated on the total return concept (yield plus appreciation). The non-mandatory spending policy is to take annual withdrawals on August 1 of each year in the annual amount of 5% of a three-year rolling average of the market value of the endowment. The investment manager is expected to liquidate such investments as may be necessary to accomplish this objective, while still maintaining a balanced portfolio.

The Foundation received endowments in prior years that were held in cash that were invested in the current year.

To the extent the total return for the current year exceeds the payout, the excess is added to restricted expendable net position. If current-year earnings do not meet the payout requirements, the Foundation uses accumulated income and appreciation from restricted, expendable net position to make up the difference. At June 30, 2025, net appreciation of \$5,181,484 was available to be spent and was classified in net position as restricted expendable for scholarships and fellowships.

Note 5—Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at June 30, 2025 is as follows:

	Amount
Due to vendors	\$ 9,022
Due to students	3,482
Due to employees	475
Total accounts payable and accrued liabilities	\$ 12,979

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 6—Long-term liabilities

Changes in Long-Term Liabilities – A summary of changes in the long-term liabilities for the year ended June 30, 2025 is presented as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
Notes from direct borrowings	18,593,273	\$ -	(401,859)	\$ 18,191,414	\$ 412,097
Total long-term liabilities, net	<u>\$ 18,593,273</u>	<u>\$ -</u>	<u>\$ (401,859)</u>	<u>\$ 18,191,414</u>	<u>\$ 412,097</u>

Notes from Direct Borrowings – The Housing Foundation was indebted for notes from direct borrowings for the purposes shown in the following table:

Purpose	Financial Institution	Interest Rate/ Ranges	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2025
Refinance 2003 Viking Village and Bias Hall renovation:					
USDA Loan 97-01	USDA	2.25%	05/10/2056	\$ 9,765,000	\$ 8,993,796
USDA Loan 97-02	USDA	2.25%	05/10/2056	<u>\$ 9,985,000</u>	<u>9,197,618</u>
Total notes from direct borrowings				<u>\$ 19,750,000</u>	<u>\$ 18,191,414</u>

Annual Requirements – The annual requirements to pay principal and interest on the long-term obligations at June 30, 2025, are as follows:

Fiscal Year	Notes from Direct Borrowings		
	Principal	Interest	Total
2026	\$ 412,097	\$ 409,307	\$ 821,404
2027	421,370	400,035	821,405
2028	429,780	391,624	821,404
2029	440,520	380,884	821,404
2030	450,432	370,972	821,404
2031-2035	2,407,792	1,699,228	4,107,020
2036-2040	2,690,535	1,416,485	4,107,020
2041-2045	3,008,200	1,098,820	4,107,020
2046-2050	3,362,349	744,671	4,107,020
2051-2055	3,758,196	348,824	4,107,020
2056-2057	810,143	18,436	828,579
Total requirements	<u>\$ 18,191,414</u>	<u>\$ 7,279,286</u>	<u>\$ 25,470,700</u>

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 6—Long-term liabilities (continued)

Terms of Debt Agreements – The Foundation's debt agreements are subject to the following collateral requirements and terms with finance related consequences:

ECSU Housing Foundation Notes – The outstanding notes from the direct borrowing contain (1) a provision that in an event of default, the direct borrowings may become immediately due if pledged revenues during the year are less than 100% of debt service coverage due in the following year and (2) a provision that if the University is unable to make payment, outstanding amounts are due immediately. The outstanding notes from direct borrowings contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material, adverse change occurs. The outstanding notes are secured by student housing facilities. Upon the occurrence of any event of default, the lender may, without any further demand or notice, declare the unpaid principal amount plus any accrued and unpaid interest be due and payable immediately. The lender may also exercise all remedies available by law or in the equity provided under the agreement, including sale of the secured assets, and apply the proceeds of any such sale to the amounts due after deducting all costs and expenses related to the recovery, repair, storage, and sale of the secured assets, including court costs and reasonable attorneys' fees incurred.

Note 7—Capital assets

Capital asset activity for the year ended June 30, 2025 is as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 690,583	\$ -	\$ -	\$ 690,583
Capital assets being depreciated:				
Buildings - Viking Village	7,422,280	-	-	7,422,280
Buildings - Vikings Landing	471,965	-	-	471,965
Other equipment	15,934	-	-	15,934
Less accumulated depreciation:				
Buildings	(1,157,147)	(218,772)	-	(1,375,919)
Total capital assets being depreciated, net	6,753,032	(218,772)	-	6,534,260
Capital assets, net	\$ 7,443,615	\$ (218,772)	\$ -	\$ 7,224,843

Note 8—Cash surrender value of life insurance

The Foundation maintains life insurance policies on the lives of several of its contributors. In exchange for paying the premiums on the policies, the Foundation receives a cash surrender value if the policy is terminated, and upon the death of the insured, receives all death benefits. Premiums paid by the Foundation for the year ended June 30, 2025 were \$3,173. The cash surrender value on the life insurance policies as shown in investments on accompanying statement of net position was \$170,478 as of June 30, 2025.

Note 9—Related parties

The Foundation is a component unit of the University. The Foundation, without cost, occupies and uses certain premises, furnishings, and equipment owned by the University. The estimated fair values of these premises, furnishings, and equipment during the year ended June 30, 2025 have been included in the financial statements as contributed facilities of \$19,903 in operating revenue and services expense. In addition, during 2025, the Foundation also receives, without cost, management and accounting services provided by the University. The value of these contributed services has been included in the financial statements in the amount of \$206,245 in operating revenue and salaries and benefits expense.

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 9—Related parties (continued)

Effective February 15, 2019, the Housing Foundation entered into a use agreement with the University to collect all project revenue related to the Viking Village and Bias Hall Housing Unit. During the year ended June 30, 2025, the University collected \$821,404 on behalf of the Housing Foundation, which was recorded in operating revenues as of June 30, 2025. The use agreement dictates that project revenues received by the Housing Foundation will be used to make interest and principal payments as they become due.

The Housing Foundation has a construction mortgage loan related to the renovation of a student housing facility on campus. The asset is property of the University and the University makes payments toward the construction costs for which the Housing Foundation contributes funds from the construction mortgage loan to the University to cover the costs. The Housing Foundation contributed \$0 related to these costs to the University during the year ended June 30, 2025.

During the year ended June 30, 2025, the Foundation provided support to the University and the University's students totaling \$467,375 in the form of scholarships, gifts, and grants.

Note 10—Blended component unit

Condensed combining information for the Foundation and its blended component unit for the year ended June 30, 2025 is as follows:

Condensed Statement of Net Position

	ECSU Foundation	ECSU Housing Foundation, LLC	Total
ASSETS			
Current assets	4,162,999	\$ -	\$ 4,162,999
Noncurrent assets	10,038,124	8,338,901	18,377,025
Total Assets	14,201,123	8,338,901	22,540,024
LIABILITIES			
Current liabilities	12,979	469,400	482,379
Noncurrent liabilities	-	17,779,317	17,779,317
Total Liabilities	12,979	18,248,717	18,261,696
Total Deferred Inflows of Resources	28,763	-	28,763
NET POSITION			
Net investment in capital assets	-	(1,768,953)	(1,768,953)
Restricted:			
Nonexpendable	5,934,291	-	5,934,291
Expendable	3,902,053	-	3,902,053
Unrestricted	4,323,037	(8,140,863)	(3,817,826)
Total Net Position	\$ 14,159,381	\$ (9,909,816)	\$ 4,249,565

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 10—Blended component unit (continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	ECSU Foundation	ECSU Housing Foundation, LLC	Eliminations	Total
Operating Revenues:				
Contributions	1,009,116	\$ -	\$ -	\$ 1,009,116
Housing project revenues collected by the University	-	821,404	-	821,404
Gift fee income	266,847	-	-	266,847
Donated facilities and services	226,148	-	-	226,148
Fundraising events	80,929	-	-	80,929
Other operating revenues	20,532	-	-	20,532
Total Operating Revenues	1,603,572	821,404	-	2,424,976
Operating Expenses:				
Salaries and benefits	234,069	-	-	234,069
Supplies and materials	176,563	7,119	-	183,682
Services	984,906	716	-	985,622
Scholarships and fellowships	467,375	-	-	467,375
Depreciation expense	-	218,772	-	218,772
Total Operating Expenses	1,862,913	226,607	-	2,089,520
Operating Income (Loss)	(259,341)	594,797	-	335,456
Nonoperating Revenues (Expenses):				
Investment return, net of investment expense	1,300,677	21,464	-	1,322,141
Interest expense	-	(417,105)	-	(417,105)
Contribution to (from) the University, net	(117,002)	11,012	-	(105,990)
Noncapital grants and contributions	81,000	-	-	81,000
Total Nonoperating Revenues, net	1,264,675	(384,629)	-	880,046
Income Before Other Revenues	1,005,334	210,168	-	1,215,502
Additions to endowments	257,978	-	-	257,978
Total Other Revenues	257,978	-	-	257,978
Change in net position	1,263,312	210,168	-	1,473,480
Net position, beginning of year	12,896,069	(10,119,984)	-	2,776,085
Net position, end of year	\$ 14,159,381	\$ (9,909,816)	\$ -	\$ 4,249,565

THE ELIZABETH CITY STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 10—Blended component unit (continued)

Condensed Statement of Cash Flows

	ECSU Foundation	ECSU Housing Foundation, LLC	Eliminations	Total
Net cash flows from operating activities	\$ (283,701)	\$ 813,569	\$ -	\$ 529,868
Net cash flows from financing activities	338,978	-	-	338,978
Net cash flows from capital and related financing activities	(117,002)	(809,222)	-	(926,224)
Net cash flows from investing activities	<u>246,472</u>	<u>21,464</u>	<u>-</u>	<u>267,936</u>
Net change in cash and cash equivalents and restricted cash and cash equivalents	184,747	25,811	-	210,558
Cash and cash equivalents and restricted cash, beginning of year	<u>3,978,252</u>	<u>1,088,247</u>	<u>-</u>	<u>5,066,499</u>
Cash and cash equivalents and restricted cash and cash equivalents, end of year	<u>\$ 4,162,999</u>	<u>\$ 1,114,058</u>	<u>\$ -</u>	<u>\$ 5,277,057</u>

Note 11—Commitments and contingencies

The Foundation receives grant funds. Such funds are subject to final approval by the grantor agencies, and deficiencies, if any, are the responsibility of the Foundation.

The Foundation has the usual obligations of a contractor for performance in connection with contracts for work performed and to be performed. Management does not anticipate any significant losses in connection with these obligations.

Note 12—Income taxes

The Foundation is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (“IRC”). In accordance with IRC regulations, the Foundation is taxed on unrelated business income, which consists of earnings from activities not related to the exempt purpose of the Foundation. The Foundation accounts for tax uncertainties based on a more likely than not recognition threshold whereby tax benefits are only recognized when the Foundation believes they have a greater than 50% likelihood of being sustained upon examination by taxing authorities. The Foundation has evaluated all of its tax positions and determined it had no uncertain income tax positions as of June 30, 2025. Management believes the Foundation continues to satisfy the requirements of a tax-exempt organization and is not subject to tax. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

**Report of Independent Auditor 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 Elizabeth City State University Foundation
Elizabeth City, 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 Elizabeth City State University Foundation (the "Foundation"), a component unit of Elizabeth City State University, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Foundation's financial statements, and have issued our report thereon dated October 31, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion 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 of 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 determination of financial statement amounts. 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 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 results 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
October 31, 2025