DEANDORTON

Financial Statements

for

COLLEGE FOUNDATION, INC.

June 30, 2022 and 2021

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Board of Trustees
College Foundation, Inc.
Raleigh, North Carolina

REPORT OF INDEPENDENT AUDITORS

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of College Foundation, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in 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 College Foundation, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of College Foundation, Inc., as of and for the year ended June 30, 2021, were audited by other auditors who have ceased operations (as a result of merger with Dean Dorton Allen Ford, PLLC), whose report, dated September 28, 2021, expressed an unmodified opinion on those statements.

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 College Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 judgement 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 College Foundation, Inc.'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 evaluating the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about College Foundation, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules on pages 6 through 11 and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, on our consideration of College Foundation, Inc.'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 College Foundation, Inc.'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 College Foundation, Inc.'s internal control over financial reporting and compliance.

Dean Dotton Allen Ford, PLLC

Raleigh, North Carolina
September 28, 2022

STATEMENTS OF FINANCIAL POSITION

COLLEGE FOUNDATION, INC.
Statements of Financial Position
June 30, 2022 and 2021

ASSETS

	2022	
	Without Donor Restrictions	With Donor Restrictions
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 10,540,573	$
Service Fees Receivable	7,437,232	
Other Accounts Receivable	633,895	
Accrued Interest Receivable	32,054	
Education Loans: Foundation--Owner and Holder	108,000	
N.C. College Savings and Investment Program Accounts	98,000	2,243
Prepaid Expenses	1,975,321	
Total Current Assets	20,825,075	2,243
PROPERTY AND EQUIPMENT	12,091,806	
OTHER ASSETS:		
Cash and Cash Equivalents: Board Designated	8,527	
Cash and Cash Equivalents	13,034	
Other Investments: Board Designated	8,821,817	
Other Investments	9,484,986	
Education Loans: Foundation--Owner and Holder	609,695	
Single Premium Income Annuity	12,263	
N.C. College Savings and Investment Program Accounts	720,714	555,000
Accrued Postretirement Benefit Asset	981,168	
Prepaid Expenses	603,371	
Total Other Assets	21,255,575	555,000
Total Assets	$ 54,172,456	$ 557,243

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions
CURRENT LIABILITIES:		
Accounts Payable	$ 1,209,144	$
Accrued Salary and Annual Leave	917,725	
Deferred Service Fee Revenue	4,750,000	
Deferred Lease Revenue	15,500	
Other	5,822,650	
Total Current Liabilities	12,715,019	
LONG-TERM LIABILITIES:		
Contingency for Uninsured Loans	1,800,000	
Total Liabilities	14,515,019	
NET ASSETS	39,657,437	557,243
Total Liabilities and Net Assets	$ 54,172,456	$ 557,243

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

	2021		
Total	Without Donor Restrictions	With Donor Restrictions	Total
$ 10,540,573	$ 8,487,174	$	$ 8,487,174
7,437,232	4,457,891		4,457,891
633,895	369,877		369,877
32,054	20,323		20,323
108,000	37,000		37,000
100,243	106,000	880	106,880
1,975,321	1,933,624		1,933,624
20,827,318	15,411,889	880	15,412,769
12,091,806	12,381,476		12,381,476
8,527	11,219		11,219
13,034	12,365		12,365
8,821,817	10,130,453		10,130,453
9,484,986	10,836,051		10,836,051
609,695	572,694		572,694
12,263	12,236		12,236
1,275,714	624,105	555,000	1,179,105
981,168	1,259,784		1,259,784
603,371	530,134		530,134
21,810,575	23,989,041	555,000	24,544,041
$ 54,729,699	$ 51,782,406	$ 555,880	$ 52,338,286
$ 1,209,144	$ 1,054,937	$	$ 1,054,937
917,725	901,507		901,507
4,750,000	575,319		575,319
15,500			
5,822,650	4,580,901		4,580,901
12,715,019	7,112,664		7,112,664
1,800,000	2,000,000		2,000,000
14,515,019	9,112,664		9,112,664
40,214,680	42,669,742	555,880	43,225,622
$ 54,729,699	$ 51,782,406	$ 555,880	$ 52,338,286

STATEMENTS OF ACTIVITIES

COLLEGE FOUNDATION, INC.
Statements of Activities
For The Years Ended June 30, 2022 and 2021

	2022	
	Without Donor Restrictions	With Donor Restrictions
CHANGES IN NET ASSETS:		
Revenues, Gains, and Other Support:		
Service Fees	$ 27,468,315	$
Interest Income	52,482	1,363
Net Dividend/Misc Income--Other Investments	745,519	
Realized/Unrealized Gains (Losses) on Other Investments	(3,407,334)	
Reduction in Contingency for Uninsured Loans	149,218	
Contributions	1,500	
Contributions In-Kind	73,500	
Miscellaneous	14,460	
Paycheck Protection Program Loan Forgiveness		
Loss on Disposal of Property and Equipment	(8,544)	
Lease Revenue	68,934	
Net Assets Released from Restrictions		
Total Revenues, Gains, and Other Support	25,158,050	1,363
Total Expenses	27,919,428	
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	(2,761,378)	1,363
NONOPERATING:		
Components of Net Periodic Postretirement Benefits Cost other than Service Cost	42,370	
Postretirement-Related Changes other than Net Periodic Postretirement Benefits Cost	(197,242)	
Postretirement Benefit Plan Internal Transfer to Defined Contribution Participant Accounts	(96,055)	
CHANGES IN NET ASSETS	(3,012,305)	1,363
NET ASSETS--Beginning of Year	42,669,742	555,880
NET ASSETS--End of Year	$ 39,657,437	$ 557,243

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

	2021		
Total	Without Donor Restrictions	With Donor Restrictions	Total
$ 27,468,315	$ 23,550,374	$	$ 23,550,374
53,845	22,901	1,375	24,276
745,519	561,044		561,044
(3,407,334)	2,776,289		2,776,289
149,218	179,174		179,174
1,500	450		450
73,500			
14,460	27		27
	3,135,812		3,135,812
(8,544)			
68,934			
	4,275	(4,275)	
25,159,413	30,230,346	(2,900)	30,227,446
27,919,428	26,790,244		26,790,244
(2,760,015)	3,440,102	(2,900)	3,437,202
42,370	16,301		16,301
(197,242)	(71,963)		(71,963)
(96,055)			
(3,010,942)	3,384,440	(2,900)	3,381,540
43,225,622	39,285,302	558,780	39,844,082
$ 40,214,680	$ 42,669,742	$ 555,880	$ 43,225,622

COLLEGE FOUNDATION, INC.
Statements of Cash Flows
For The Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	$ (3,010,942)	$ 3,381,540
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,479,289	1,559,790
Contributions In-Kind	(73,500)	
Loss on Disposal of Property and Equipment	8,544	
Realized (Gains) Losses from Sale of Other Investments		(374,067)
Unrealized (Gains) Losses on Other Investments	3,407,334	(2,402,222)
Paycheck Protection Program Loan Interest Forgiveness		35,337
Changes In:		
Service Fees Receivable	(2,979,341)	1,820,069
Other Receivables	(264,018)	241,515
Accrued Interest Receivable	(11,731)	13,147
Education Loans	(108,001)	(23,465)
Prepaid Expenses	(114,934)	(194,181)
Accrued Postretirement Benefit Asset	278,616	55,662
Accounts Payable	154,207	(490,702)
Accrued Salary and Annual Leave	16,218	116,023
Deferred Service Fee Revenue	4,174,681	152,755
Deferred Lease Revenue	15,500	
Other Current Liabilities	1,241,749	778,516
Contingency for Uninsured Loans	(200,000)	(200,000)
Net Cash Provided by Operating Activities	4,013,671	4,469,717
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Value of Single Premium Income Annuity	(27)	(84)
Purchase of Other Investments	(747,633)	(1,973,224)
Proceeds from Sale/Redemption of Other Investments		1,629,500
Proceeds from Sale of Property and Equipment	74,168	
Deposits to N.C. College Savings and Investment Program Accounts	(189,226)	(145,028)
Distributions from N.C. College Savings and Investment Program Accounts	99,254	123,664
Purchase of Property and Equipment	(1,198,831)	(1,310,221)
Net Cash Used by Investing Activities	(1,962,295)	(1,675,393)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Forgiveness of Paycheck Protection Program Loan		(3,135,812)
Net Cash Used by Financing Activities		(3,135,812)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,051,376	(341,488)
CASH AND CASH EQUIVALENTS--Beginning of Year	8,510,758	8,852,246
CASH AND CASH EQUIVALENTS--End of Year	$ 10,562,134	$ 8,510,758
SUMMARY OF CASH AND CASH EQUIVALENTS:		
Cash and Cash Equivalents: Current	$ 10,540,573	$ 8,487,174
Cash and Cash Equivalents: Board Designated	8,527	11,219
Cash and Cash Equivalents: Other	13,034	12,365
	$ 10,562,134	$ 8,510,758
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Receipt of Donated Land	$ 73,500	$
Paycheck Protection Program Loan Principal Forgiveness		3,100,475

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

DETAILED SCHEDULE OF FINANCIAL POSITION

COLLEGE FOUNDATION, INC.
Detailed Schedule of Financial Position
June 30, 2022

ASSETS

	Without Donor Restrictions: Operating Fund	Without Donor Restrictions: Special Scholarship Fund
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 5,544,517	$ 85,272
Service Fees Receivable	7,437,232	
Other Accounts Receivable	386,265	
Accrued Interest Receivable		32,054
Education Loans: Foundation--Owner and Holder		108,000
N.C. College Savings and Investment Program Accounts		98,000
Prepaid Expenses	1,975,321	
Interfund Receivables (Payables)	3,498	18,788
Total Current Assets	15,346,833	342,114
PROPERTY AND EQUIPMENT	12,091,806	
OTHER ASSETS:		
Cash and Cash Equivalents: Board Designated	4,697	3,830
Cash and Cash Equivalents	13,034	
Other Investments: Board Designated	5,020,165	3,801,652
Other Investments	9,484,986	
Education Loans: Foundation--Owner and Holder		609,695
Single Premium Income Annuity	12,263	
N.C. College Savings and Investment Program Accounts		720,714
Accrued Postretirement Benefit Asset	981,168	
Prepaid Expenses	603,371	
Total Other Assets	16,119,684	5,135,891
Total Assets	$ 43,558,323	$ 5,478,005

LIABILITIES AND NET ASSETS

	Without Donor Restrictions: Operating Fund	Without Donor Restrictions: Special Scholarship Fund
CURRENT LIABILITIES:		
Accounts Payable	$ 1,209,144	$
Accrued Salary and Annual Leave	917,725	
Deferred Service Fee Revenue	4,750,000	
Deferred Lease Revenue	14,031	1,469
Other	1,247,576	1,066
Total Current Liabilities	8,138,476	2,535
LONG-TERM LIABILITIES:		
Contingency for Uninsured Loans	1,800,000	
Total Liabilities	9,938,476	2,535
NET ASSETS	33,619,847	5,475,470
Total Liabilities and Net Assets	$ 43,558,323	$ 5,478,005

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

		With Donor Restrictions	
Special Nonassigned Loan Fund	Total Without Donor Restrictions	Special Nonassigned Loan Fund	Total
$ 4,910,784	$ 10,540,573	$	$ 10,540,573
	7,437,232		7,437,232
247,630	633,895		633,895
	32,054		32,054
	108,000		108,000
	98,000	2,243	100,243
	1,975,321		1,975,321
(22,286)			
5,136,128	20,825,075	2,243	20,827,318
	12,091,806		12,091,806
	8,527		8,527
	13,034		13,034
	8,821,817		8,821,817
	9,484,986		9,484,986
	609,695		609,695
	12,263		12,263
	720,714	555,000	1,275,714
	981,168		981,168
	603,371		603,371
	21,255,575	555,000	21,810,575
$ 5,136,128	$ 54,172,456	$ 557,243	$ 54,729,699
$	$ 1,209,144	$	$ 1,209,144
	917,725		917,725
	4,750,000		4,750,000
	15,500		15,500
4,574,008	5,822,650		5,822,650
4,574,008	12,715,019		12,715,019
	1,800,000		1,800,000
4,574,008	14,515,019		14,515,019
562,120	39,657,437	557,243	40,214,680
$ 5,136,128	$ 54,172,456	$ 557,243	$ 54,729,699

DETAILED SCHEDULE OF ACTIVITIES

COLLEGE FOUNDATION, INC.
Detailed Schedule of Activities
For The Year Ended June 30, 2022

	Operating Fund
OPERATING:	
Revenues, Gains, and Other Support:	
Service Fees:	
Trust, Bond and Escheat Loan Programs	$ 8,532,336
General Loan Program	20,885
Special Loan Program	129,445
N.C. Community College Grant Program	27,692
UNC Need-Based Grant Program	241,451
N.C. College Savings and Investment Program	4,567,206
College Foundation of North Carolina	5,172,427
EXTRA Education Loan Program	720,979
EXTRA MBA Loan Program	9,232
N.C. Education Lottery Scholarship Program	76,491
N.C. Need-Based Scholarship Program	170,376
EX$EL Program	7,215
Management and Computer Services	1,622,016
Residency Determination Services	3,141,022
Alternative Loan Program	2,362,200
K-12 Opportunity Scholarship Services	299,389
K-12 Disability Grant Services	75,129
K-12 Education Savings Account Services	49,035
K-12 Repay Login Help Desk	41,279
Longleaf Commitment Grant Program	65,824
Other Program Services	149,970
Total Service Fees	27,481,599
Interest Income:	
Other Investments	
Education Loan Borrowers	
U.S. Department of Education Interest Benefits	
U.S. Department of Education Special Allowance	
Excess Borrower Interest Remitted to U.S. Department of Education	
N.C. College Savings and Investment Program Accounts	
Total Interest Income	
Net Dividend/Misc Income--Other Investments	585,341
Unrealized Losses on Other Investments	(2,680,575)
Reduction in Contingency for Uninsured Loans	149,218
Contributions	
Contributions In-Kind	
Miscellaneous	14,460
Loss on Disposal of Property and Equipment	(7,327)
Lease Revenue	62,637
Total Revenues, Gains, and Other Support	25,605,353

(Continued)

Without Donor Restrictions				With Donor Restrictions	
Special Scholarship Fund	Special Nonassigned Loan Fund	Eliminations	Total Without Donor Restrictions	Special Nonassigned Loan Fund	Total
$	$	$	$ 8,532,336	$	$ 8,532,336
			20,885		20,885
		13,284	116,161		116,161
			27,692		27,692
			241,451		241,451
			4,567,206		4,567,206
			5,172,427		5,172,427
			720,979		720,979
			9,232		9,232
			76,491		76,491
			170,376		170,376
			7,215		7,215
			1,622,016		1,622,016
			3,141,022		3,141,022
			2,362,200		2,362,200
			299,389		299,389
			75,129		75,129
			49,035		49,035
			41,279		41,279
			65,824		65,824
			149,970		149,970
		13,284	27,468,315		27,468,315
91			91		91
58,577			58,577		58,577
939			939		939
1,260			1,260		1,260
(10,248)			(10,248)		(10,248)
1,863			1,863	1,363	3,226
52,482			52,482	1,363	53,845
160,178			745,519		745,519
(726,759)			(3,407,334)		(3,407,334)
			149,218		149,218
1,500			1,500		1,500
73,500			73,500		73,500
			14,460		14,460
(1,217)			(8,544)		(8,544)
6,297			68,934		68,934
(434,019)		13,284	25,158,050	1,363	25,159,413

DETAILED SCHEDULE OF ACTIVITIES

COLLEGE FOUNDATION, INC.
Detailed Schedule of Activities
For The Year Ended June 30, 2022

	Operating Fund
Expenses:	
Staff Salaries--Full-time or Half-time	$ 12,656,571
Part-time Assistance	441,923
Payroll Taxes	907,271
Staff Insurance Benefits	1,688,759
Staff Retirement Benefits	486,753
Net Periodic Postretirement Benefit Service Costs	27,689
Staff Training and Development	51,441
Membership Fees and Other Expenses for Staff Benefit	38,776
Staff Travel, Transportation and Subsistence	10,462
Office Materials and Supplies	130,386
Mail Delivery and Handling	516,747
Telephone and Electronic Communications	204,313
Heat, Lights and Water	96,799
Building Operation	201,527
Equipment Maintenance	504,752
Software Maintenance and License Fees	1,805,343
Legal Fees and State Licensing	21,359
External Accounting and Auditing Fees	121,913
Consultants' Fees	336,106
Computerized Services	416,798
Other Contracted Operational Services	1,124,255
Property Protection and Liability Insurance	206,933
Disaster Recovery Program	65,897
Marketing and Advertising	4,115,953
Miscellaneous Expenses	161,206
Service Fees	
Scholarship Grants	
Depreciation and Amortization	1,479,289
Total Expenses	27,819,221
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	(2,213,868)
NONOPERATING:	
Components of Net Periodic Postretirement Benefits Cost other than Service Cost	42,370
Postretirement-Related Changes other than Net Periodic Postretirement Benefits Cost	(197,242)
Postretirement Benefit Plan Internal Transfer to Defined Contribution Participant Accounts	(96,055)
CHANGES IN NET ASSETS	(2,464,795)
NET ASSETS--Beginning of Year	36,084,642
NET ASSETS--End of Year	$ 33,619,847

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

Without Donor Restrictions				With Donor Restrictions	
Special Scholarship Fund	Special Nonassigned Loan Fund	Eliminations	Total Without Donor Restrictions	Special Nonassigned Loan Fund	Total
$	$	$	$ 12,656,571	$	$ 12,656,571
			441,923		441,923
			907,271		907,271
			1,688,759		1,688,759
			486,753		486,753
			27,689		27,689
			51,441		51,441
			38,776		38,776
			10,462		10,462
			130,386		130,386
			516,747		516,747
			204,313		204,313
			96,799		96,799
			201,527		201,527
			504,752		504,752
			1,805,343		1,805,343
			21,359		21,359
			121,913		121,913
			336,106		336,106
			416,798		416,798
609	147		1,125,011		1,125,011
			206,933		206,933
			65,897		65,897
			4,115,953		4,115,953
197			161,403		161,403
13,284		13,284			
99,254			99,254		99,254
			1,479,289		1,479,289
113,344	147	13,284	27,919,428		27,919,428
(547,363)	(147)		(2,761,378)	1,363	(2,760,015)
			42,370		42,370
			(197,242)		(197,242)
			(96,055)		(96,055)
(547,363)	(147)		(3,012,305)	1,363	(3,010,942)
6,022,833	562,267		42,669,742	555,880	43,225,622
$ 5,475,470	$ 562,120	$ 0	$ 39,657,437	$ 557,243	$ 40,214,680

DETAILED SCHEDULE OF CASH FLOWS

COLLEGE FOUNDATION, INC.
Detailed Schedule of Cash Flows
For The Year Ended June 30, 2022

	Operating Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in Net Assets	$ (2,464,795)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	1,479,289
Contributions In-Kind	
Loss on Disposal of Property and Equipment	7,327
Unrealized Losses on Other Investments	2,680,575
Changes In:	
Service Fees Receivable	(2,979,341)
Other Receivables	(28,784)
Accrued Interest Receivable	
Education Loans	
Prepaid Expenses	(114,934)
Accrued Postretirement Benefit Asset	278,616
Accounts Payable	154,207
Accrued Salary and Annual Leave	16,218
Deferred Service Fee Revenue	4,174,681
Deferred Lease Revenue	14,031
Other Current Liabilities	618,957
Contingency for Uninsured Loans	(200,000)
Net Cash Provided (Used) by Operating Activities	3,636,047
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash Value of Single Premium Income Annuity	(27)
Purchase of Other Investments	(586,326)
Proceeds from Sale of Property and Equipment	
Deposits to N.C. College Savings and Investment Program Accounts	
Distributions from N.C. College Savings and Investment Program Accounts	
Purchase of Property and Equipment	(1,196,946)
Net Cash Used by Investing Activities	(1,783,299)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,852,748
CASH AND CASH EQUIVALENTS--Beginning of Year	3,709,500
CASH AND CASH EQUIVALENTS--End of Year	$ 5,562,248
SUMMARY OF CASH AND CASH EQUIVALENTS:	
Cash and Cash Equivalents: Current	$ 5,544,517
Cash and Cash Equivalents: Board Designated	4,697
Cash and Cash Equivalents: Other	13,034
	$ 5,562,248
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Receipt of Donated Land	$

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

Special Scholarship Fund	Special Nonassigned Loan Fund	Total
$ (547,363)	$ 1,216	$ (3,010,942)
		1,479,289
(73,500)		(73,500)
1,217		8,544
726,759		3,407,334
		(2,979,341)
(35,892)	(199,342)	(264,018)
(11,731)		(11,731)
(108,001)		(108,001)
		(114,934)
		278,616
		154,207
		16,218
		4,174,681
1,469		15,500
(1,084)	623,876	1,241,749
		(200,000)
(48,126)	425,750	4,013,671
		(27)
(161,307)		(747,633)
74,168		74,168
(187,863)	(1,363)	(189,226)
99,254		99,254
(1,885)		(1,198,831)
(177,633)	(1,363)	(1,962,295)
(225,759)	424,387	2,051,376
314,861	4,486,397	8,510,758
$ 89,102	$ 4,910,784	$ 10,562,134
$ 85,272	$ 4,910,784	$ 10,540,573
3,830		8,527
		13,034
$ 89,102	$ 4,910,784	$ 10,562,134
$ 73,500	$	$ 73,500

SCHEDULE OF AGENCY FUNDS
June 30, 2022

COLLEGE FOUNDATION, INC.
Schedule of Agency Funds
June 30, 2022

ASSETS

	N.C. SEAA Loan Fund	Bank Assigned Loan Fund	Special Assigned Loan Fund	North Carolina College Savings and Investment Program
Cash and Cash Equivalents	$ 2,591,226	$	$ 5,896	$ 559,843
Accounts Receivable:				
Agency Funds	3,372,170		29,987	248,078
U. S. Department of Education		5,822		
College Foundation, Inc.	3,685,111	17,679		
Accrued Interest Receivable	30,460,035	84,015	390,021	
Education Loans: Foundation--Agent	850,545,091	1,858,283	9,863,443	
Total Assets	$ 890,653,633	$ 1,965,799	$ 10,289,347	$ 807,921

LIABILITIES

	N.C. SEAA Loan Fund	Bank Assigned Loan Fund	Special Assigned Loan Fund	North Carolina College Savings and Investment Program
Accounts Payable:				
Overdraft	$	$	$	$
Agency Funds	887,311,206	1,960,070	10,258,724	
U. S. Department of Education	3,342,427		29,987	
College Foundation, Inc.		5,729	636	284,916
Other				523,005
Total Liabilities	$ 890,653,633	$ 1,965,799	$ 10,289,347	$ 807,921

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

UNC Need-Based Grant Program	N.C. Community College Grant Program	N.C. Education Lottery Scholarship Program	N.C. Need-Based Scholarship Program	Longleaf Commitment Grant Program	Total
$ 108,767	$ 323,880	$	$ 2,850	$ 67,314	$ 3,659,776
		207,712			3,857,947
					5,822
					3,702,790
					30,934,071
					862,266,817
$ 108,767	$ 323,880	$ 207,712	$ 2,850	$ 67,314	$ 904,427,223
$	$	$ 64,679	$	$	$ 64,679
106,097	323,880	143,033	2,850	67,314	900,173,174
					3,372,414
					291,281
2,670					525,675
$ 108,767	$ 323,880	$ 207,712	$ 2,850	$ 67,314	$ 904,427,223

SCHEDULE OF AGENCY FUNDS
June 30, 2021

COLLEGE FOUNDATION, INC.
Schedule of Agency Funds
June 30, 2021

ASSETS

		N.C. SEAA Loan Fund		Bank Assigned Loan Fund		Special Assigned Loan Fund		North Carolina College Savings and Investment Program
Cash and Cash Equivalents	$	2,590,320	$		$		$	911,349
Accounts Receivable:								
Agency Funds		5,568,006				58,574		167,053
U. S. Department of Education				1,743				
College Foundation, Inc.		2,994,552		4,291				
Accrued Interest Receivable		30,357,939		83,817		338,438		
Education Loans: Foundation--Agent		964,075,541		2,083,053		11,460,900		
Total Assets	$	1,005,586,358	$	2,172,904	$	11,857,912	$	1,078,402

LIABILITIES

		N.C. SEAA Loan Fund		Bank Assigned Loan Fund		Special Assigned Loan Fund		North Carolina College Savings and Investment Program
Accounts Payable:								
Overdraft	$		$		$	4,582	$	
Agency Funds		1,000,018,352		2,172,382		11,793,952		142,279
U. S. Department of Education		5,568,006				58,574		
College Foundation, Inc.				522		804		294,442
Other								641,681
Total Liabilities	$	1,005,586,358	$	2,172,904	$	11,857,912	$	1,078,402

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

UNC Need-Based Grant Program	N.C. Community College Grant Program	N.C. Education Lottery Scholarship Program	N.C. Need-Based Scholarship Program	Total
$ 110,083	$ 131,321	$ 15,996	$ 51,795	$ 3,810,864
				5,793,633
				1,743
				2,998,843
				30,780,194
				977,619,494
$ 110,083	$ 131,321	$ 15,996	$ 51,795	$ 1,021,004,771
$	$	$	$	$ 4,582
99,132	131,321	15,996	51,795	1,014,425,209
				5,626,580
				295,768
10,951				652,632
$ 110,083	$ 131,321	$ 15,996	$ 51,795	$ 1,021,004,771

COLLEGE FOUNDATION, INC.
Notes to Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies

A. Organization:

College Foundation, Inc. (the Foundation) was chartered in 1955 under the N.C. Nonprofit Corporation Act for the purpose of providing financial assistance to students at institutions of higher education. The Foundation's charter specifies that the Governor of the State of North Carolina shall appoint the nine-member Board of Trustees, five of whom must be representatives of the banking industry.

The Internal Revenue Service recognized the Foundation as exempt in 1956. Under a 1998 ruling, the Foundation was declared a "supporting organization" on the basis of its administration of the State's student financial assistance programs and its governance structure under the charter and commenced operations as a public charity July 1, 1998. The Foundation continues to operate exclusively for its stated, charitable purpose.

B. Accrual Basis:

The accompanying financial statements have been prepared on the accrual basis of accounting using separate self-balancing fund groups to report assets, liabilities, revenues, expenses, net assets, and cash flows. Service fees are accrued according to program service agreements, based on contracted flat rates or direct and reasonably allocated indirect operating and capital costs.

C. Basis of Presentation:

The Foundation classifies resources for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. Accordingly, net assets of the Foundation and changes therein may be classified and reported as follows:

Without Donor Restrictions--Net assets that are not subject to donor-imposed restrictions. A portion of these net assets may be designated for specific purposes by action of the Board of Trustees.

With Donor Restrictions--Net assets subject to donor-imposed restrictions on how they may be used.

D. Revenue Recognition:

The Foundation reports contributions of cash and other assets received as increases in net assets with or without donor restrictions, depending on the existence of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

E. Accounting Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COLLEGE FOUNDATION, INC.
Notes to Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (Continued)

F. Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand, checking accounts, sweep accounts, and other short-term investments consistent with the Investment Policy approved by the Board of Trustees. The carrying amount reflected in the Foundation's financial statements approximates fair value due to the short-term nature of these investments. The Foundation, in accordance with its bylaws, maintains these balances at financial institutions insured by the Federal Deposit Insurance Corporation, authorized to do business in North Carolina, and designated as depositories by the Board of Trustees. Excess cash in the Operating Fund may be needed to cover operating expenses for a period following the end of each calendar quarter, prior to the receipt of the Foundation's service fee from each program funding source.

G. Service Fees Receivable:

Service fees are billed monthly or quarterly as services are rendered and are based on contracted flat rates or direct and reasonably allocated indirect operating and capital costs according to program service agreements. Management determines the allowance for doubtful accounts based on its assessment of prior experience with parties having outstanding balances and current relationships with them. At June 30, 2022 and 2021, service fees receivable were considered fully collectible by management; therefore, no allowance for doubtful accounts was provided.

H. Other Accounts Receivable:

Other accounts receivable primarily consist of receivables due from state and agency entities due to normal Foundation program operations and are stated at the amount management expects to collect from balances outstanding at quarter end. Management determines the allowance for doubtful accounts based upon its assessment of prior experience with parties having outstanding balances and current relationships with them. At June 30, 2022 and 2021, other accounts receivable were considered fully collectible by management; therefore, no allowance for doubtful accounts was provided.

I. Education Loans:

Education loans receivable are recorded based on unpaid principal balances, which represent net realizable value. These loans have mandated interest rates and repayment terms. See Note 5 for information regarding education loan insurance. At June 30, 2022 and 2021, management determined that the estimated uninsured amount of loans owned by the Foundation that could potentially default was immaterial; therefore, no allowance was provided.

J. Other Investments:

Certificates of deposit with maturities greater than three months are reported using the cost method. Mutual fund investments are reported at fair value.

K. North Carolina College Savings and Investment Program Accounts:

Funds in these accounts are in the Federally-Insured Deposit Account investment option offered by the State Employees' Credit Union (SECU). This investment option is a fixed price fund with the price per unit set at $1.00, and contributions and interest earned thereon are guaranteed by SECU and insured by the National Credit Union Administration (NCUA) up to the applicable federal share insurance limit, which is currently $250,000.

North Carolina College Savings and Investment Program accounts are subject to withdrawal restrictions under Section 529 of the Internal Revenue Code. These accounts are for the benefit of current and future recipients of the Victor E. Bell, Jr. Scholarship and Broyhill Family Foundation Scholarship programs.

COLLEGE FOUNDATION, INC.
Notes to Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (Continued)

L. Property and Equipment:

Property and equipment including computer software are stated at cost if purchased or developed in-house or at fair value if donated, less accumulated depreciation or amortization. Amortization of computer software and depreciation of property and equipment are computed using the straight-line method over the estimated useful lives of assets, which range from three to forty years.

Additions and betterments of $1,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

M. Deferred Service Fee Revenue:

Service fees for certain N.C. State Education Assistance Authority loan programs are billed at contractually-mandated rates. If these fees exceed actual costs incurred, revenue is held and used to offset future expenses as directed by the N.C. State Education Assistance Authority.

N. Contingency for Uninsured Loans:

A reserve for denied claims was created to cover possible losses from uncollectible education loans that were improperly originated or serviced by the Foundation. As authorized by the Board of Trustees, during the year ended June 30, 1984, the reserve was set at an amount equal to 1/10 of 1% of the total outstanding loans. On October 3, 1990, the Board authorized an increase in the reserve to 2/10 of 1%. On March 25, 1992, the Board authorized a further increase to 1/2 of 1%. On October 1, 1997, the Board authorized the deferral of any further increases in the reserve until a re-evaluation of the reserve level was completed. This study took into consideration the Foundation's improved operating efficiencies which resulted in low numbers of denied claims and loans to be written off. The results of the study were presented to the Audit Committee and, on May 4, 1999, the Board of Trustees approved a change in the basis for determining the amount in the reserve and renaming of the account as "Contingency for Uninsured Loans" to broaden its scope while preserving the original purpose. As specified by the Board, the reserve is adjusted at the end of each calendar quarter to assure adequate coverage after taking into account any charge-offs for the period. Board policy requires that an analysis be presented to the Board annually for re-evaluation of the appropriate funding level and the formula utilized in its calculation. The most recent re-evaluation took place at the May 2022 Board of Trustees meeting.

The 1992 Amendments to the Higher Education Act, P.L. 102-325, enacted July 23, 1992, authorized the Secretary of the U.S. Department of Education to publish regulations applicable to third party servicers to establish minimum standards for sound management and accountability under Part B of the Act; the regulations, published April 29, 1994, include financial responsibility standards for, and the assessment of liabilities for program violations against, such servicers.

O. Income, Sales and Use, Excise, and Property Taxes:

The Foundation is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and was classified by the IRS as a private operating foundation until 1998 when, under a new IRS ruling, the Foundation was declared a “supporting organization” on the basis of its administration of the State's student financial assistance programs and its governance structure under the charter; it commenced operation as a public charity July 1, 1998. The Foundation is exempt from excise taxes under Section 4942(j)(3) of the Code. Under Sections 105-125 and 105-130.11(3) of North Carolina General Statutes, the Foundation is exempt for franchise and income tax purposes. Contributions to the Foundation are deductible under IRS rules.

COLLEGE FOUNDATION, INC.
Notes to Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (Continued)

The Foundation files Form 990, Return of Organization Exempt From Income Tax, and Form 990-T, Exempt Organization Business Income Tax Return, when applicable, in the U.S. Federal jurisdiction. Returns are subject to examination by the Internal Revenue Service for a period of three years after the respective filing deadlines.

The Foundation is eligible for a refund of North Carolina Sales and Use Tax paid on purchases of tangible personal property for use in its nonprofit work pursuant to North Carolina General Statute 105-164.14(b). Expenses shown on the statements of activities are net of applicable Sales and Use Tax paid for which an application for refund will be filed.

On January 22, 2004, the Foundation's request for property tax exemption for the Highwoods Campus was approved under North Carolina General Statutes Section 105-278.7.

P. Contributed Services and In-Kind Contributions:

The Foundation's nine Board members contribute their services to the Foundation. No revenue is recognized for these services as they do not meet the requirements for recognition in the financial statements. Each member attends semi-annual meetings, normally held in May and November, and serves on at least one committee providing oversight and advice for management.

Contributed goods or property are recorded at fair value at the date of donation. During the year ended June 30, 2022, the Foundation received a donation of land, without donor restrictions, with an appraised value of $73,500 and spent $1,885 to secure title to the land. The land was sold for $74,168 on June 23, 2022.

2. Programs Administered by the Foundation

A. North Carolina's Federal Family Education Loan Program:

This program covers loans made under Part B, Title IV, of the Higher Education Act of 1965, as amended. The Foundation is an eligible lender under Section 435(d)(1)(D) of the Act and has originated (including disbursement of the loans) and serviced loans since its enactment. Loans under the program have been funded by the N.C. State Education Assistance Authority and by direct and special investment from financial institutions and other organizations. From time to time, amendments to the Act have changed the names and terms of the loans. Loans originated and serviced by the Foundation have included interest-subsidized, nonsubsidized, and unsubsidized Federal Stafford Loans (including Federal Insured Student Loans/FISL), as well as Federal Supplemental Loans for Students (SLS), Federal PLUS Loans, and Federal Consolidation Loans. These loans are eligible for State and Federal (re)insurance. The Foundation originated the first PLUS Loans to parents during the year which ended June 30, 1983; and, for this initial period, PLUS Loans were made only to parents of eligible undergraduate dependent students. Beginning July 1, 1983, PLUS loans were also available to independent undergraduate and graduate/professional students. Effective October 16, 1986, PLUS Loans to students were redesignated by law as Supplemental Loans for Students, and PLUS Loans were made available to parents of dependent students at either the undergraduate or graduate level; effective for award years beginning after June 30, 1993, graduate students were deemed independent for student aid purposes and could no longer benefit from PLUS Loans. The Higher Education Act was subsequently amended to replace Supplemental Loans with the unsubsidized Federal Stafford Loans, effective with periods of enrollment beginning after June 30, 1994. The Foundation began originating Federal Consolidation Loans on September 10, 1998. On February 8, 2006, the Higher Education Act was amended yet again to allow graduate/professional students to borrow PLUS Loans in an amount up to their cost of attendance minus other estimated financial assistance. This change was effective for loans certified on or after

2. Programs Administered by the Foundation (Continued)

July 1, 2006. On September 18, 2008, the Foundation suspended its Consolidation Loan program. On March 30, 2010, President Obama signed into law H.R. 4872, the *Health Care and Education Affordability Reconciliation Act* of 2010, which included the Student Aid and Fiscal Responsibility Act (SAFRA). Effective July 1, 2010, this legislation eliminated the authority to provide new loans under the Federal Family Education Loan Program (FFELP) and required that all new federal loans be made through the Federal Direct Loan Program. The legislation did not alter or affect the terms and conditions of existing FFELP loans.

B. UNC Need-Based Grant Program:

The program was first funded by the N.C. General Assembly in July 1999 to provide need-based grants to in-state students attending constituent institutions of The University of North Carolina. The Foundation administers this program as agent for the N.C. State Education Assistance Authority.

C. N.C. Community College Grant Program:

This program was established and first funded by the N.C. General Assembly in July 1999 to provide need-based grants to in-state students enrolled at the State's community colleges. The Foundation administers this program as agent for the N.C. State Education Assistance Authority.

D. North Carolina College Savings and Investment Program:

Administrative History

The Foundation acts as agent for the N.C. State Education Assistance Authority in the administration of the State's college savings and investment program which is designed to meet the requirements of a "qualified tuition program" under Section 529 of the Internal Revenue Code.

From December 3, 2001 until April 3, 2006, recordkeeping, disbursement, and transfer agent services for the Program were contracted with PFPC, Inc. and portfolio accounting and custodial services with State Street Bank and Trust Company. On March 27, 2006, the Foundation contracted with Upromise Investments, Inc. and Upromise Investment Advisors, LLC (collectively "Upromise") to begin providing these and other administrative services for the program as of April 3, 2006. Upromise subcontracted with Mellon Authority, N.A. to provide custodial services for the Foundation.

On August 29, 2007, Foundation management sent Upromise notification of contract termination and as of February 28, 2008, contracted with Upromise for the orderly transition of recordkeeping and administrative services and the continuation of Upromise Rewards, an automatic sweep functionality service. On March 3, 2008, the Foundation assumed the recordkeeping and other administrative duties previously handled by Upromise and again contracted with State Street Bank and Trust Company to provide portfolio accounting and custodial services. In March 2010, the Foundation notified Upromise it would not renew Upromise Rewards; however, Upromise continued making the automatic sweep available until April 2011.

In October 2011, the Foundation terminated its contract with State Street and began to work directly with The Vanguard Group, Inc. for portfolio accounting for new Vanguard investment options. Custodial services were no longer required because the new portfolio options did not invest in any certificated securities and were unique mutual fund products offered to and managed specifically for the North Carolina College Savings and Investment Program. The Foundation now works directly with Vanguard and State Employees' Credit Union.

2. Programs Administered by the Foundation (Continued)

Investment Option History

The original college savings program for North Carolina, the College Vision Fund, was established May 28, 1998, offering a single option managed by the Office of the State Treasurer. On December 3, 2001, all College Vision Fund assets (a total of $9,541,641) were rolled over into the new North Carolina College Savings and Investment Program, as provided by the rules of the N.C. State Education Assistance Authority. The new program initially offered direct or advisor-sold enrollment, the direct program as North Carolina's National College Savings Program ("NC 529 Plan") and the advisor-sold as the National College Savings Program.

As of December 3, 2001, investment options made available through direct enrollment with the Foundation were:

1. Aggressive Stock Fund, managed by NCM Capital Management Group, Inc.;
2. Balanced Fund, managed by Wachovia Bank, N.A., through its affiliate Evergreen Investment Management Co., LLC;
3. College*Horizon*Funds, managed by J. & W. Seligman & Co., Incorporated; and
4. Dependable Income Fund, managed by the Office of the State Treasurer.

The Seligman College*Horizon*Funds investment option was also available to participants who chose to work with a financial advisor compensated through sales and asset-based charges (advisor-sold enrollment).

On September 3, 2002, an additional investment option, the Protected Stock Fund, was made available through direct enrollment under the program. This option was offered through insurance contracts known as funding agreements. These agreements were issued by Metropolitan Life Insurance Company (MetLife) to the Foundation.

As of April 7, 2003, the following three additional investment options were made available through advisor-sold enrollment:

1. Seligman Aggressive Allocation, managed by J. & W. Seligman & Co., Incorporated;
2. Seligman Income Option, managed by J. & W. Seligman & Co., Incorporated; and
3. MetLife Protected Stock Fund, offered through funding agreements issued by MetLife to the Foundation.

On December 1, 2003, an additional investment option, the Seligman Balanced Allocation, was made available through advisor-sold enrollment. However, on December 15, 2004, the N.C. State Education Assistance Authority and the Foundation discontinued advisor-sold enrollment, and on March 1, 2005, transferred any assets in advisor-sold accounts to corresponding investment options made available through direct enrollment.

As of March 30, 2006, the Foundation contracted with The Vanguard Group, Inc. to add seven custom individual portfolios and three age-based investment options to the program, beginning April 3, 2006.

As of February 27, 2008, the MetLife Protected Stock Fund was closed to new contributions as a result of MetLife's decision not to extend the funding agreements with the Foundation. Also, during 2008 the Foundation terminated its March 30, 2006 agreement with Vanguard and executed a new agreement as of March 3, 2008 for the creation of eight individual V Fund investment options and three age-based investment options. Accounts with funds in the existing Vanguard investment options were migrated to the new V Fund investment options as of March 3, 2008.

2. Programs Administered by the Foundation (Continued)

In April 2009, the N.C. State Education Assistance Authority and the Foundation terminated the contracts with Wachovia Bank, N.A. and RiverSource Investments, LLC (which previously acquired J. & W. Seligman & Co., Incorporated), effective July 1, 2009. Participants were notified in mid-May 2009 of the termination, and given the option of reallocating assets invested in the investments being terminated to other investment options, or having the Foundation automatically reallocate their assets from the terminated funds to the appropriate V Funds.

On April 12, 2010, the Foundation entered into a contract with the State Employees' Credit Union to add the Federally-Insured Deposit Account investment option, which launched on the same date. Additionally, on April 12, 2010, the name of the Aggressive Stock Fund was changed to the Active Core Equity Fund.

On December 31, 2010, the contract with the manager of the Active Core Equity Fund investment option, NCM Capital Management Group, Inc., expired after the N.C. State Education Assistance Authority and the Foundation declined to renew. Participants were notified that, as of December 30, 2010, assets allocated to the Active Core Equity Fund would be invested in Vanguard Total Stock Market Index Fund shares. Participants were given the option of reallocating assets in the Active Core Equity Fund to other investment options prior to January 24, 2011, or having the Foundation automatically reallocate their assets to V Fund 6 as of February 1, 2011, when the Active Core Equity Fund was closed out.

In order to reduce fees to participants, on October 31, 2011, the Foundation replaced existing age-based and individual V Fund investment options with comparable Vanguard age-based and individual investment options, and added a new individual option from Vanguard, the Vanguard Aggressive Growth Portfolio.

On February 28, 2013, the final MetLife Protected Stock Fund subscription period matured with account balances being transferred into the Dependable Income Fund option in accordance with Program Description rules.

After close of trading on March 2, 2016, the Vanguard Money Market Portfolio was replaced with the Vanguard Interest Accumulation Portfolio. Within the Vanguard Income Portfolio, the Vanguard Prime Money Market Fund was replaced with the Vanguard Short-Term Reserves Account.

As of March 9, 2017, the Dependable Income Fund, managed by the Office of the State Treasurer, was discontinued as an investment option under the program. Participants were given the option of reallocating assets in the Dependable Income Fund to other investment options prior to March 7, 2017, or having the Foundation automatically reallocate their assets to the Federally-Insured Deposit Account as of March 8, 2017, when the Dependable Income Fund was closed out.

On July 12, 2018, six additional Vanguard funds were added to the mix of funds underlying the three Vanguard age-based options.

The Foundation does not provide financial or investment advice to prospects or participants.

2. Programs Administered by the Foundation (Continued)

E. College Foundation of North Carolina:

In May 2000, the N.C. State Education Assistance Authority and the Foundation developed an information dissemination program known as "College Foundation of North Carolina" (CFNC) that provides North Carolinians with a comprehensive website (www.CFNC.org) as well as other resources. In order to administer the program, the Foundation increased staffing in the call center and added additional regional representatives across the state. In 2001, the Foundation, the Authority, and Pathways of North Carolina formed an alliance to coordinate information dissemination efforts to increase access to higher education in North Carolina and provide information on planning, applying, and paying for college. Pathways of North Carolina, created by the N.C. General Assembly in 1999, is a state-wide initiative to increase the college-going rate of North Carolinians. Pathways is administered by The University of North Carolina System in collaboration with the N.C. Department of Public Instruction, the N.C. Community College System, and the N.C. Independent Colleges and Universities.

F. EXTRA Education Loans:

This program began in July 2001 to assist borrowers attending eligible schools in North Carolina with qualified higher education expenses not covered under North Carolina's Federal Family Education Loan Program. The N.C. State Education Assistance Authority set both the rules and the interest rate for the EXTRA Education Loans.

On February 1, 2010, the Foundation suspended the origination of loans under the EXTRA Education Loan Program due to market conditions which significantly affected the Authority's ability to raise capital.

G. EXTRA MBA Loans:

This program began in March 2003 to assist borrowers enrolled in the Kenan-Flagler Business School MBA or MAC Programs at UNC-Chapel Hill unable to secure loans under North Carolina's Federal Family Education Loan Program or the EXTRA Education Loan Program. The N.C. State Education Assistance Authority set both the rules and the interest rate for the EXTRA MBA Loans.

On February 1, 2010, the Foundation suspended the origination of loans under the EXTRA MBA Loan Program due to market conditions which significantly affected the Authority's ability to raise capital.

H. N.C. Education Lottery Scholarship Program:

This program was created by the N.C. General Assembly in 2005 to provide scholarships to needy North Carolina resident students attending eligible colleges and universities located in the State of North Carolina. Annual funding is contingent upon appropriations made available to the N.C. State Education Assistance Authority from proceeds of the North Carolina Education Lottery. In 2011, the legislature excluded N.C. private colleges from this program, making it available only for students at UNC and N.C. Community College campuses. The Foundation administers this program as agent for the N.C. State Education Assistance Authority.

2. Programs Administered by the Foundation (Continued)

I. Victor E. Bell, Jr. Scholarship Program:

This program was established by the Foundation's Board of Trustees to encourage and assist high potential North Carolina students with limited financial resources to pursue higher education. Initially awarded to seventh grade students and renewable through four years of college as long as annual eligibility requirements are met, the program encourages students with academic ability and promise to maintain their scholastic standing and achieve a college degree. Individual awards are $2,000 per year, up to a maximum of $20,000 per recipient. The award for each recipient is contributed annually to an account in the North Carolina College Savings and Investment Program with the Foundation as the account owner and the individual as the beneficiary. The first award recipients were selected in November 2007. Funding for this scholarship program is provided by the Foundation's Special Scholarship Fund.

J. N.C. Need-Based Scholarship Program:

This program was created by the N.C. General Assembly in 2011 to provide need-based scholarships for North Carolina resident students attending approved eligible private postsecondary institutions in the State of North Carolina. The Foundation administers this program as agent for the N.C. State Education Assistance Authority.

K. School Services Program:

The Foundation began work in the spring of 2012 on a pilot program offering verification and C Code resolution services to assist the financial aid offices at North Carolina Community Colleges. The Program was expanded in the spring of 2013 to include constituent institutions of The University of North Carolina and out-of-state schools and further expanded in the spring of 2014 to include independent (private, nonprofit) North Carolina schools. The Foundation acted as agent for the N.C. State Education Assistance Authority under this Program for the North Carolina schools. In July 2019, the decision was made to cease service with close of the 2019-2020 Award Year. This service was ended on October 1, 2020.

L. EX$EL Program:

The Foundation launched a financial education and repayment success program, EX$EL, during the summer of 2014. Services under this program were geared toward enrolled students, borrowers in grace and repayment, and seriously delinquent borrowers. EX$EL provided regular communications via email, online education courses, access to a robust financial education library, and, in the case of delinquent borrowers, specific advice on how to resolve their delinquency status. The program ceased service September 30, 2021.

M. Residency Determination Service:

In December 2016, the Foundation began its phased launch of an online service to determine residency for tuition purposes and eligibility for state grants. The service is fully operational for all undergraduate, graduate, and professional students at N.C. colleges and universities. The Foundation administers this program as agent for the N.C. State Education Assistance Authority.

N. N.C. Assist Loans:

The Foundation began this loan program in the spring of 2018 to help bridge the gap between the cost of attendance and other financial aid. Loans are available to students who are N.C. residents attending an eligible non-profit Title IV institution anywhere or nonresident students attending an eligible non-profit Title IV institution in North Carolina or to the parents of such students. The N.C. State Education Assistance Authority sets both the rules and interest rates for these loans.

COLLEGE FOUNDATION, INC.
Notes to Financial Statements
June 30, 2022 and 2021

2. Programs Administered by the Foundation (Concluded)

O. K-12 Program Services:

In March of 2019, the Foundation began providing call center support for the Opportunity Scholarship Program administered by the N.C. State Education Assistance Authority. In April of 2020, the Foundation began providing call center support for the Disability Grant and Education Savings Account Programs administered by the Authority. The Foundation began to provide operational support and technical call support in April and October of 2020, respectively, for the Opportunity Scholarship, Disability Grant, and Education Savings Account Programs. Effective for the 2022-2023 school year, the Disability Grant and the Education Savings Account Programs were consolidated into one program, ESA+. The Foundation will continue to provide support for the ESA+ Program.

P. Longleaf Commitment Grant Program:

This program was originally created to provide grants to North Carolina resident 2021 high school graduates attending one of North Carolina's 58 community colleges starting in the Fall 2021 semester with the option to receive additional grant funding through the Spring 2023 semester. The program was expanded in October of 2021 to provide assistance to 2020 high school graduates enrolling for the first time in the Fall 2021 or Spring 2022 semester. Additional funding was provided by the North Carolina General Assembly in the 2021 budget to extend the Program to 2022 high school graduates with funding through the Spring 2024 semester. The Foundation administers this grant as agent for the N.C. State Education Assistance Authority.

Q. Other Programs:

From time to time the Foundation administers other programs of student financial assistance, including the Knights of Pythias Scholarships, Syringomyelia Scholarships, the Bryan Foundation Scholarships and the Broyhill Family Foundation Scholarships.

3. Liquidity and Availability

The following table reflects the Foundation's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditure within one year.

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 10,562,134	$ 8,510,758
Other investments	18,306,803	20,966,504
Service fees receivable	7,437,232	4,457,891
Other accounts receivable	633,895	369,877
Accrued interest receivable	32,054	20,323
Education loans	717,695	609,694
Financial assets, at year-end	37,689,813	34,935,047
Less amounts unavailable for general expenditure:		
Pledged to support Board designated endowment	9,665,365	11,081,682
Cash and cash equivalents held for others	9,324,008	4,525,451
Held as contingency for uninsured loans	1,800,000	2,000,000
Financial assets available to meet cash needs for general expenditures within one year	$ 16,900,440	$ 17,327,914

The Foundation's cash liquidity generally follows a quarterly cycle with lows in January, April, July, and October due to the quarterly billing cycle for most service fees receivable. Excess cash on hand not needed for short-term operational needs may be invested in accordance with the Investment Policy Statement approved by the Board of Trustees.

COLLEGE FOUNDATION, INC.
Notes to Financial Statements
June 30, 2022 and 2021

4. Accounts Receivable/Payable--U.S. Department of Education

The U.S. Department of Education pays an interest subsidy on eligible education loans and special allowance to lenders holding loans made under the Federal Family Education Loan Program, which includes North Carolina's Program administered by the Foundation. Interest paid depends on the date the initial disbursement of the loan was made and applies only to interest-subsidized Federal Stafford Loans (including FISL), a Federal Consolidation Loan which consolidated only subsidized Federal Stafford Loans, and the subsidized portion of Federal Consolidation Loans. The subsidy applies to (1) the period from the date each disbursement is made until the student has ceased enrollment for at least a half-time academic workload, (2) the allowable six-to-nine month grace period prior to the beginning of the repayment period, and (3) any authorized deferment periods. For eligible loans, special allowance is applicable throughout the life of the loans based upon the average of the rates paid on 91-day Treasury bills auctioned for the quarter or the average of the rates of the quotes of 3-month commercial paper rates in effect for each of the days in the quarter, depending upon when the applicable loan was first disbursed, plus an add-on factor as specified by statute (special allowance support level). For eligible loans first disbursed prior to April 1, 2006, special allowance is paid if the special allowance support level exceeds the applicable interest rate on a loan. Both the interest subsidy and special allowance are based on the average daily principal balances of loans outstanding. Beginning with eligible loans first disbursed on or after April 1, 2006, lenders are required to remit excess borrower interest to the U.S. Department of Education when the applicable interest rate on a loan for any given quarter exceeds the special allowance support level.

The College Cost Reduction and Access Act (CCRAA) signed on September 27, 2007 provided that "eligible not-for-profit holders" would receive a higher special allowance support level (0.15%) than for-profit holders for education loans first disbursed on or after October 1, 2007. The Foundation submitted documentation to the U.S. Department of Education on January 4, 2008 to support a request for the "eligible not-for-profit holder" designation. Approval of the request was received on March 31, 2008.

The Consolidated Appropriations Act signed on December 23, 2011 allowed FFELP loan holders and entities holding beneficial ownership interests in FFELP loans to have the 1-month London InterBank Offered Rate (LIBOR) substituted for the 3-month commercial paper rate for the purposes of special allowance calculations on FFELP loans first disbursed on or after January 1, 2000 and before July 1, 2010. The Foundation, as an eligible lender and agent for participating banks and other funds providers, and the N.C. State Education Assistance Authority, as holder and beneficial owner of FFELP loans, elected to waive calculation of special allowance on the basis of the 3-month commercial paper rate for all qualifying loans effective with the calendar quarter beginning April 1, 2012.

On March 15, 2022, the President signed the Adjustable Interest Rate (LIBOR) Act into law. The LIBOR Act established a uniform benchmark replacement process for LIBOR, which is scheduled to be phased out by June 30, 2023. The LIBOR Act allows lenders and entities holding beneficial ownership interests in FFELP loans to transition away from LIBOR-based special allowance calculations to a new formula based on the Secured Overnight Financing Rate (SOFR). The transition may occur any time on or before June 30, 2023. The Foundation has not yet made the election to transition to SOFR.

At June 30, 2022, net due to the U.S. Department of Education totaled $3,367,641, which included $1,049 net due related to loans owned by the Foundation and $3,366,592 net due related to loans owned by other funds providers. During the year ended June 30, 2022, excess borrower interest remitted to the U.S. Department of Education totaled $21,561,076, which included $10,248 related to loans owned by the Foundation and $21,550,828 related to loans owned by other funds providers.

COLLEGE FOUNDATION, INC.
Notes to Financial Statements
June 30, 2022 and 2021

4. Accounts Receivable/Payable--U.S. Department of Education (Continued)

At June 30, 2021, net due to the U.S. Department of Education totaled $5,626,987, which included $2,150 payable related to loans owned by the Foundation and $5,624,837 net due related to loans owned by other funds providers. During the year ended June 30, 2021, excess borrower interest remitted to the U.S. Department of Education totaled $25,618,048, which included $9,289 related to loans owned by the Foundation and $25,608,759 related to loans owned by other funds providers.

5. Education Loan Insurance

A. Education Loan Insurance and Reinsurance:

The majority of all education loans originated by the Foundation are insured by the N.C. State Education Assistance Authority as to principal and interest. The insurance percentage for default claims on loans made under the Higher Education Act varies between 97% and 100% based upon the date the loans were made as follows: (1) loans made prior to October 1, 1993 and Lender of Last Resort Loans are insured at 100%; (2) loans made October 1, 1993 through June 30, 2006 are insured at 98%; and (3) loans made on or after July 1, 2006 are insured at 97%. All death, disability, and bankruptcy claims on these loans are insured at 100%. Under its contract of reinsurance with the U.S. Department of Education, the N.C. State Education Assistance Authority is reimbursed for its payments of Federal default claims according to a scale specified in federal statute. The "trigger rate" which results in reimbursement at less than the maximum rate is determined by comparing the total amount which the guaranty agency paid to lenders during the federal fiscal year for claims for defaults/nonpayment, death, disability, bankruptcy, etc., to the amount under guarantee by the agency and in repayment at the end of the preceding federal fiscal year (this trigger rate should not be confused with "cohort default rates" which are calculated differently and used for different purposes). The N.C. State Education Assistance Authority has always qualified for the maximum reinsurance rate because of the low default rate under North Carolina's Federal Family Education Loan Program.

Although the Federal insurance premium (renamed Federal default fee for loans guaranteed on or after July 1, 2006) was set at different rates in the past, it was waived by the N.C. State Education Assistance Authority beginning with 1997-98 fiscal year loans. When in effect, the premiums were deducted by the Foundation from each loan disbursement and remitted to the guaranty agency, the N.C. State Education Assistance Authority, which deposited them into the Reserve Trust Fund from which claims were paid at that time. In addition, the N.C. State Education Assistance Authority has provided a separate trust fund which may be used to reimburse lenders for losses on defaulted loans and other types of non-reinsured claims under certain circumstances.

As of June 30, 2022, outstanding balances (including Agency Funds) on education loans originated by the Foundation under the Higher Education Act were as follows:

	Made Before October 1, 1993	Made October 1, 1993 through June 30, 2006	Made After June 30, 2006	Total
N.C. SEAA--Lender of Last Resort Loans	$	$ 9,609	$	$ 9,609
N.C. SEAA--Trust, Bond, and Escheat Loans	462,046	245,088,556	474,966,184	720,516,786
Bank Assigned Loans	1,173,189	685,094		1,858,283
Special Assigned Loans	303,526	4,119,738	5,319,651	9,742,915
Special Scholarship Fund Loans	124,167	193,250	316,807	634,224
Total	$ 2,062,928	$ 250,096,247	$ 480,602,642	$ 732,761,817

COLLEGE FOUNDATION, INC.
Notes to Financial Statements
June 30, 2022 and 2021

5. Education Loan Insurance (Continued)

Comparative data (including Agency Funds) as of June 30, 2021, were as follows:

	Made Before October 1, 1993	Made October 1, 1993 through June 30, 2006	Made After June 30, 2006	Total
N.C. SEAA--Lender of Last Resort Loans	$	$ 60,886	$	$ 60,886
N.C. SEAA--Trust, Bond, and Escheat Loans	535,928	290,531,109	546,184,146	837,251,183
Bank Assigned Loans	1,271,786	811,267		2,083,053
Special Assigned Loans	355,816	4,922,432	6,027,023	11,305,271
Special Scholarship Fund Loans	109,150	177,379	291,567	578,096
Total	$ 2,272,680	$ 296,503,073	$ 552,502,736	$ 851,278,489

B. Contingency for Uninsured Loans:

A reserve for denied claims exists to cover possible losses from uncollectible education loans that were improperly originated or serviced by the Foundation. At June 30, 2022 and 2021, the contingency totaled $1,800,000 and $2,000,000, respectively.

C. Analysis of Outstanding Education Loans by School Type:

As of June 30, 2022, outstanding balances (including Agency Funds but excluding Federal Consolidation Loans) on education loans originated by the Foundation under the Higher Education Act were as follows:

School--Type	Number of Loans	Outstanding Balance
4-Year Public--In State	74,767	$ 294,122,247
2-Year Public--In State	8,636	23,632,042
4-Year Independent--In State	25,828	112,308,479
2-Year Independent--In State	784	2,573,825
Proprietary--In State	6,106	21,615,696
2/4-Year Public--Out of State	225	1,575,386
2/4-Year Independent--Out of State	688	6,114,506
Proprietary--Out of State	215	1,288,835
Out of Country	123	1,133,364
Totals	117,372	$ 464,364,380

Comparative data (including Agency Funds but excluding Federal Consolidation Loans) as of June 30, 2021, were as follows:

School--Type	Number of Loans	Outstanding Balance
4-Year Public--In State	89,445	$ 337,957,250
2-Year Public--In State	10,035	26,598,497
4-Year Independent--In State	30,533	126,942,293
2-Year Independent--In State	871	2,726,165
Proprietary--In State	7,005	23,750,193
2/4-Year Public--Out of State	287	2,243,258
2/4-Year Independent--Out of State	854	6,829,735
Proprietary--Out of State	233	1,370,073
Out of Country	142	1,535,119
Totals	139,405	$ 529,952,583

COLLEGE FOUNDATION, INC.
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6. Analysis By Education Loan Type and Funding

As of June 30, 2022, outstanding balances (including Agency Funds) on education loans were as follows:

	Loans to Students	Loans to Parents	Consolidation Loans	Total
Made Under the Higher Education Act				
Loans Owned by the Foundation:				
Special Scholarship Fund	$ 551,853	$	$ 82,371	$ 634,224
Agency Funds:				
N.C. SEAA Funded Loans:				
N.C. SEAA Trust Funds	24,722,719	482,942	7,215,426	32,421,087
N.C. SEAA Escheat Funds	1,632,504			1,632,504
N.C. SEAA Bond Funds	414,250,824	13,870,613	258,351,367	686,472,804
Total N.C. SEAA Loans	440,606,047	14,353,555	265,566,793	720,526,395
Assigned Loans:				
Bank Assigned Loans	1,852,543	5,740		1,858,283
Special Assigned Loans	6,827,345	167,297	2,748,273	9,742,915
Total Assigned Loans	8,679,888	173,037	2,748,273	11,601,198
Total Agency Funds Under the Higher Education Act	449,285,935	14,526,592	268,315,066	732,127,593
Total Made Under the Higher Education Act	449,837,788	14,526,592	268,397,437	732,761,817
Other (Non-Federal)				
Loans Owned by the Foundation:				
Special Scholarship Fund	76,959		6,512	83,471
N.C. SEAA Funded Loans:				
EXTRA Education Loans	78,002,444			78,002,444
College Vision Fund Loans		8,276		8,276
EXTRA MBA Loans	856,689			856,689
N.C. Assist Loans	42,709,507	8,441,780		51,151,287
Assigned Loans				
Special Assigned Loans	120,528			120,528
Total Other (Non-Federal)	121,766,127	8,450,056	6,512	130,222,695
Total Serviced by the Foundation	$ 571,603,915	$ 22,976,648	$ 268,403,949	$ 862,984,512

COLLEGE FOUNDATION, INC.
Notes to Financial Statements
June 30, 2022 and 2021

6. Analysis By Education Loan Type and Funding (Continued)

Comparative data (including Agency Funds) as of June 30, 2021, were as follows:

	Loans to Students	Loans to Parents	Consolidation Loans	Total
Made Under the Higher Education Act				
Loans Owned by the Foundation:				
Special Scholarship Fund	$ 541,524	$	$ 36,572	$ 578,096
Agency Funds:				
N.C. SEAA Funded Loans:				
N.C. SEAA Trust Funds	267,119,606	595,164	54,423,751	322,138,521
N.C. SEAA Escheat Funds	1,849,782			1,849,782
N.C. SEAA Bond Funds	232,986,921	16,729,823	263,607,022	513,323,766
Total N.C. SEAA Loans	501,956,309	17,324,987	318,030,773	837,312,069
Assigned Loans:				
Bank Assigned Loans	2,064,908	18,145		2,083,053
Special Assigned Loans	7,848,031	198,679	3,258,561	11,305,271
Total Assigned Loans	9,912,939	216,824	3,258,561	13,388,324
Total Agency Funds Under the Higher Education Act	511,869,248	17,541,811	321,289,334	850,700,393
Total Made Under the Higher Education Act	512,410,772	17,541,811	321,325,906	851,278,489
Other (Non-Federal)				
Loans Owned by the Foundation:				
Special Scholarship Fund	25,087		6,511	31,598
N.C. SEAA Funded Loans:				
EXTRA Education Loans	89,563,432			89,563,432
College Vision Fund Loans		10,252		10,252
EXTRA MBA Loans	1,334,866			1,334,866
N.C. Assist Loans	35,854,922			35,854,922
Assigned Loans				
Special Assigned Loans	155,629			155,629
Total Other (Non-Federal)	126,933,936	10,252	6,511	126,950,699
Total Serviced by the Foundation	$ 639,344,708	$ 17,552,063	$ 321,332,417	$ 978,229,188

COLLEGE FOUNDATION, INC.
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7. Analysis of Education Loan Status and Delinquency

As of June 30, 2022, outstanding balances (including Agency Funds) on education loans were as follows:

	Originated Under the Higher Education Act					
	Loans to Students	PLUS Loans to Parents	Consolidation Loans	Total Federal Loans	Non-Federal Loans	Total
Loans in Repayment:						
Current	$ 273,345,162	$ 9,089,020	$ 195,101,034	$ 477,535,216	$ 75,799,328	$ 553,334,544
Delinquent:						
One Payment Delinquent	40,927,351	1,483,314	20,902,359	63,313,024	6,471,930	69,784,954
Two Payments Delinquent	26,217,737	555,860	11,517,673	38,291,270	2,725,961	41,017,231
Three or More Payments Delinquent	52,877,271	1,334,120	20,174,314	74,385,705	3,868,512	78,254,217
Total Delinquent	120,022,359	3,373,294	52,594,346	175,989,999	13,066,403	189,056,402
Total in Repayment	393,367,521	12,462,314	247,695,380	653,525,215	88,865,731	742,390,946
Loans in Deferment	31,773,571	552,632	9,663,937	41,990,140	809,852	42,799,992
Loans in Forbearance	21,331,697	1,391,235	10,115,792	32,838,724	7,735,462	40,574,186
Total Mature	446,472,789	14,406,181	267,475,109	728,354,079	97,411,045	825,765,124
Loans Not Yet Mature:						
In School	431,025			431,025	24,832,998	25,264,023
In Grace/Interim	170,200			170,200	7,880,538	8,050,738
Total Net Yet Mature	601,225			601,225	32,713,536	33,314,761
Total Claims Pending	2,736,422	120,411	903,979	3,760,812	98,114	3,858,926
Total Pending Cures of Violations	27,352		18,349	45,701		45,701
Total Serviced by the Foundation	$ 449,837,788	$ 14,526,592	$ 268,397,437	$ 732,761,817	$ 130,222,695	$ 862,984,512

Comparative data (including Agency Funds) as of June 30, 2021, were as follows:

	Originated Under the Higher Education Act					
	Loans to Students	PLUS Loans to Parents	Consolidation Loans	Total Federal Loans	Non-Federal Loans	Total
Loans in Repayment:						
Current	$ 328,074,330	$ 11,805,160	$ 244,693,736	$ 584,573,226	$ 78,604,148	$ 663,177,374
Delinquent:						
One Payment Delinquent	44,425,414	1,524,575	26,707,424	72,657,413	7,152,183	79,809,596
Two Payments Delinquent	25,807,546	586,449	9,706,810	36,100,805	2,439,757	38,540,562
Three or More Payments Delinquent	41,289,068	957,049	12,226,172	54,472,289	2,777,973	57,250,262
Total Delinquent	111,522,028	3,068,073	48,640,406	163,230,507	12,369,913	175,600,420
Total in Repayment	439,596,358	14,873,233	293,334,142	747,803,733	90,974,061	838,777,794
Loans in Deferment	41,222,954	926,895	13,468,940	55,618,789	184,362	55,803,151
Loans in Forbearance	29,233,425	1,701,346	13,864,650	44,799,421	9,350,020	54,149,441
Total Mature	510,052,737	17,501,474	320,667,732	848,221,943	100,508,443	948,730,386
Loans Not Yet Mature:						
In School	633,523			633,523	20,451,579	21,085,102
In Grace/Interim	164,287			164,287	5,853,329	6,017,616
Total Net Yet Mature	797,810			797,810	26,304,908	27,102,718
Total Claims Pending	1,532,873	40,337	639,825	2,213,035	137,348	2,350,383
Total Pending Cures of Violations	27,352		18,349	45,701		45,701
Total Serviced by the Foundation	$ 512,410,772	$ 17,541,811	$ 321,325,906	$ 851,278,489	$ 126,950,699	$ 978,229,188

COLLEGE FOUNDATION, INC.
Notes to Financial Statements
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8. Property and Equipment

Property and equipment held by the Foundation at June 30, 2022, were categorized as follows:

	June 30, 2021	Additions	Disposals	June 30, 2022
Highwoods Office Park Land (1)	$ 1,302,882	$	$	$ 1,302,882
Highwoods Boulevard Building (2)	9,955,184	7,664	(7,604)	9,955,244
Poplarwood Court Building (3)	3,642,907		(13,258)	3,629,649
Computer equipment	4,705,786	617,916	(38,386)	5,285,316
Computer software (4)	16,703,341	557,632	(1,841,538)	15,419,435
Office furniture and equipment	1,780,951	13,734	(636,116)	1,158,569
Total	$ 38,091,051	$ 1,196,946	$ (2,536,902)	36,751,095
Less accumulated depreciation and amortization				24,659,289
Net property and equipment				$ 12,091,806

Comparative data as of June 30, 2021, were as follows:

	June 30, 2020	Additions	Disposals	June 30, 2021
Highwoods Office Park Land (1)	$ 1,302,882	$	$	$ 1,302,882
Highwoods Boulevard Building (2)	9,869,128	86,056		9,955,184
Poplarwood Court Building (3)	3,626,036	16,871		3,642,907
Computer equipment	5,140,204	335,604	(770,022)	4,705,786
Computer software (4)	16,175,286	753,833	(225,778)	16,703,341
Office furniture and equipment	1,663,094	117,857		1,780,951
Total	$ 37,776,630	$ 1,310,221	$ (995,800)	38,091,051
Less accumulated depreciation and amortization				25,709,575
Net property and equipment				$ 12,381,476

(1) Land related to Highwoods Boulevard Building consists of 2.81 acres purchased May 31, 2002, on which the office building is located plus 1.45 acres which contains only parking and landscaping. Land related to Poplarwood Court Building consists of 1.45 acres purchased May 31, 2002, on which the office building is located.
(2) Building is 61,888 square feet, occupied by the Foundation on October 24, 2003.
(3) Building is 18,660 square feet, occupied by the Foundation on October 24, 2003.
(4) Certain computer software developed in-house with the assistance of another entity may not be licensed, sold, or transferred to a third party without the express written consent of the other entity.

9. Interfund Borrowings

In the event interfund borrowings occur, interest accrues based on the rate which would otherwise have been earned on the idle funds; the amount borrowed must be repaid under the terms approved by the Board of Trustees when the interfund borrowing was authorized.

10. Other Investments

As of June 30, 2022 and June 30, 2021, outstanding balances in Other Investments were held in mutual funds.

11. Fair Value Measurements

Financial Accounting Standards Board *Accounting Standards Codification* 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy is broken down into three levels. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2022 and 2021:

	Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
June 30, 2022:				
Mutual Funds	$ 18,306,803	$ 18,306,803	$	$
June 30, 2021:				
Mutual Funds	$ 20,739,327	$ 20,739,327	$	$

12. Paycheck Protection Program Loan

Due to the economic uncertainties and negative operational impacts experienced as a result of the COVID-19 pandemic, the Foundation applied for and received a Paycheck Protection Program loan in the amount of $3,100,475 in April 2020 from the Small Business Administration. The entire loan was forgiven in June 2021, and forgiveness revenue was recognized.

13. Lease Commitments

Vehicle Leases

In January 2020, the Foundation entered into an operating lease for one new vehicle with single lease payment and fees of $11,900 due at delivery. This lease expires January 2023.

In November 2018, the Foundation entered into operating leases for eight new vehicles with single lease payments and fees due at delivery of $11,849 each. These leases were set to expire November 2021. In July 2021, these leases were traded in early as part of negotiations for leases for eight new vehicles that will expire in July 2024. Single lease payments and fees due at delivery on the new leases ranged between $13,182 and $13,217.

During the years ended June 30, 2022 and 2021, expenses including taxes and licenses under these leases in the amount of $36,114 and $37,495, respectively, were included in operating expense. At June 30, 2022 and 2021, prepaid expenses totaled $41,773 and $19,487, respectively.

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14. Lease Revenue

The Foundation leases office space consisting of approximately 46.26% of the Poplarwood Court building and a de-minimis portion of the Highwoods Boulevard building under an agreement which commenced on February 16, 2022 and terminates on December 31, 2026. The Foundation also leases the basement suite consisting of approximately 5.23% of the Poplarwood Court building under a separate lease which commenced on February 21, 2022 and terminates on December 31, 2026. A risk-free discount rate of 2.5% was used to determine that the leases are operating leases. Both parties to the leases agree to good faith negotiations of any lease renewal provided the tenant gives written notice of a desire to renew six months prior to the termination dates of the current leases. If the Foundation elects to sell one or both buildings during the terms of the leases, the tenant has a right of first offer to purchase either or both buildings.

Lease revenue for the year ended June 30, 2022 was $68,934 (operating cash flows) and prepaid rent at June 30, 2022 was $15,500.

Carrying Value of Poplarwood Court building at June 30, 2022:

Building Cost	$	3,629,649
Land Cost		378,972
Accumulated Depreciation		(1,653,356)
Carrying Value	$	2,355,265

Carrying Value of Poplarwood Court building (leased area) at June 30, 2022:

Building Cost	$	1,868,906
Land Cost		195,133
Accumulated Depreciation		(851,313)
Carrying Value	$	1,212,726

Future minimum revenues under these leases at June 30, 2022 are:

Years Ending June 30		Poplarwood Court – Main Building		Poplarwood Court – Basement Suite		Total
2023	$	168,368	$	17,632	$	186,000
2024		168,368		17,632		186,000
2025		168,368		17,632		186,000
2026		168,368		17,632		186,000
2027		84,184		8,816		93,000
	$	757,656	$	79,344	$	837,000

15. Net Assets

Board-Designated

At June 30, 2022 and 2021, the Board of Trustees designated net assets of $5,946,829 and $7,259,689, respectively, to provide long-term scholarship and education loan support and $4,477,725 and $4,477,725, respectively, for investment.

With Donor Restrictions

At June 30, 2022 and 2021, net assets with donor restrictions equaled $557,243 and $555,880, respectively. Of the $557,243 held at June 30, 2022, $2,243 was available to fund scholarships while $555,000 was permanently invested. Of the $555,880 held at June 30, 2021, $880 was available to fund scholarships while $555,000 was permanently invested.

16. Net Assets Released from Restrictions

Net assets of $0 and $4,275 were released from donor restrictions in the years ended June 30, 2022 and June 30, 2021, respectively, for Broyhill Family Foundation Scholarships disbursed in accordance with terms of the scholarship program.

17. Endowment Funds

The Foundation's endowment funds provide long-term support for scholarship and education loan programs. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Donor-Restricted Endowment Fund

On July 1, 2012, prior contributions from the Broyhill Family Foundation were donor-restricted to fund Broyhill Family Foundation Scholarships in perpetuity.

The endowment fund is subject to donor restrictions that stipulate all cash, including collections from Broyhill-funded education loans contributed to the endowment, be deposited into a North Carolina College Savings and Investment Program account. These donor restrictions also stipulate that earnings in this account as of December 31, 2013, and annually thereafter, be made available to Mars Hill University, Gardner-Webb University and Lenoir-Rhyne University for Broyhill Family Foundation Scholarships to students in their business schools.

The State of North Carolina enacted the North Carolina (NC) Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective March 2009, the provisions of which apply to endowment funds existing on or established after that date. Absent donor stipulations to the contrary, the provisions of this state law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gifts.

As a result of the Foundation's interpretation of UPMIFA, the Foundation classifies as net assets with donor restrictions (a time restriction in perpetuity) (1) the original dollar value of the donor-restricted endowment on the date of the gift and (2) the original dollar value of subsequent gifts to the donor-restricted endowment made in accordance with the applicable donor gift instrument. Investment return from the donor-restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the direction of the gift instrument and the standard of prudence described in UPMIFA.

Board-Designated Endowment Fund

On March 27, 1985, the Board of Trustees passed a resolution which established the Special Scholarship Fund in honor of Victor E. Bell, Jr., for his many years of service to the Foundation as Chairman of the Board. The Board then passed a resolution which authorized the transfer of $1,000,000 of Foundation assets from the Operating Fund and the Direct and Special Loan Funds to the Special Scholarship Fund and specified that all unrestricted contributions received by the Foundation after March 27, 1985, be added to the Special Scholarship Fund. Subsequent resolutions specified that Special Scholarship funds including future contributions, transfers, and income could be used to fund education loans.

17. Endowment Funds (Continued)

On May 9, 2007, the Board passed a resolution which authorized the officers of the Foundation to utilize monies in the Special Scholarship Fund to annually fund scholarships under the Victor E. Bell, Jr. Scholarship Program. See Note 2I for more information regarding this scholarship program. The Board then passed a resolution which specified that net rental income (after covering capital maintenance needs) from the Foundation's Yonkers Road rental property less costs associated with administration of this scholarship program be transferred to the Special Scholarship Fund. The Yonkers Road rental property was sold on September 8, 2017. The Board of Trustees directed that net earnings on the proceeds from that sale less costs associated with administration of this scholarship program be available for use by the Special Scholarship Fund.

On September 7, 2022, the Executive Committee, acting on behalf of the Board, passed a resolution which specified that the net rental income from the basement suite located in the Foundation's property at Poplarwood Court be recorded in the Special Scholarship Fund for fiscal year 2022 and going forward.

During the years ended June 30, 2022 and 2021, transfers from the Operating Fund to the Special Scholarship Fund totaled $0 and $128,000, respectively. As of June 30, 2022 and 2021, $471,359 and $1,236,856, respectively, in Operating Fund net investment income was available for use by the Special Scholarship Fund.

Investment Return Objectives and Strategies

The Foundation has adopted investment policies for endowment assets that attempt to subject the funds to low investment risk, provide income for future scholarships, and ensure the long-term financial health of the endowment funds. North Carolina College Savings and Investment Program (NCSP) accounts are invested in the Federally-Insured Deposit Account investment option offered by the State Employees' Credit Union (SECU). This investment option is a fixed price fund with a price per unit set at $1.00, and contributions and interest earned thereon are guaranteed by SECU and insured by the National Credit Union Administration (NCUA) up to the applicable federal share insurance limit, which is currently $250,000.

Spending Policy

Earnings on the Broyhill Family Foundation NCSP account are made available for scholarships as directed by the Broyhill gift instrument.

The Foundation makes annual awards to recipients of the Victor E. Bell, Jr. Scholarship in accordance with policies and procedures approved by the Board of Trustees. Awards are held in NCSP accounts until disbursements are made for the scholarship recipients' college expenses. The first disbursements were made to recipients entering college Fall of 2013.

The Foundation expects the current spending policies to sustain its endowment funds.

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17. Endowment Funds (Concluded)

The endowment net asset composition by type of fund and changes in endowment assets for the year ended June 30, 2022, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Fund	$	$ 557,243	$ 557,243
Board-Designated Endowment Fund	5,475,470		5,475,470
	$ 5,475,470	$ 557,243	$ 6,032,713

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets--July 1, 2021	$ 6,022,833	$ 555,880	$ 6,578,713
Investment Return:			
Net Investment Income	160,306	1,363	161,669
Unrealized Loss on Investments	(726,759)		(726,759)
Education Loan Net Income	37,047		37,047
Lease Revenue	6,297		6,297
Contribution	1,500		1,500
Contributions In-Kind	73,500		73,500
Amount Appropriated for Expenditure	(99,254)		(99,254)
Endowment Net Assets--June 30, 2022	$ 5,475,470	$ 557,243	$ 6,032,713

Comparative data for the year ended June 30, 2021, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Fund	$	$ 555,880	$ 555,880
Board-Designated Endowment Fund	6,022,833		6,022,833
	$ 6,022,833	$ 555,880	$ 6,578,713

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets--July 1, 2020	$ 5,275,340	$ 558,780	$ 5,834,120
Investment Return:			
Net Investment Income			
(including Realized Gains)	192,714	1,375	194,089
Unrealized Gains on Investments	538,213		538,213
Education Loan Net Income	7,505		7,505
Contribution	450		450
Board Directed Transfer	128,000		128,000
Amount Appropriated for Expenditure	(119,389)	(4,275)	(123,664)
Endowment Net Assets--June 30, 2021	$ 6,022,833	$ 555,880	$ 6,578,713

18. Staff Retirement Benefits

The Foundation established a contributory pension plan, effective July 1, 1968, funded through individual annuity contracts with Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF). The plan rules have been modified from time to time. Since November 16, 1977, employees may elect to make their contributions to this plan through salary reduction. Since July 1, 1989, for employees who have attained age 21 and have completed two years of employment, participation is mandatory at a level of at least 2 percent of salary; employees may choose to participate at a higher level. At the point at which participation becomes mandatory, the Foundation will begin making matching contributions based on a scale, effective July 1, 1991, of 2 to 6 percent related to the amount the employee contributes. For the years ended June 30, 2022 and 2021, total Foundation matching contributions were $491,539 and $460,998, respectively. In the years ended June 30, 2022 and 2021, some of these matching contributions were allocated to costs capitalized for computer software developed in-house. Total employee contributions to this plan through salary reduction for the two referenced periods amounted to $1,003,292 and $993,884, respectively.

On January 1, 2010, the Foundation established a deferred compensation plan in accordance with the requirements under the Internal Revenue Code Section 457(b). An eligible participant is any employee whose compensation is among the top 5% of all employees and who is either an officer of the Foundation or holds the title of General Counsel. Contributions are deferred from the participant's salary and held by TIAA. Participants are fully vested in the plan upon entry, and asset allocation is directed by the participant. At both June 30, 2022 and 2021, the assets and liabilities related to the plan totaled $0.

19. Postretirement Benefits

In addition to providing pension benefits, the Foundation maintains a postretirement benefit plan (welfare benefit plan) for the purpose of reimbursing eligible employees for postretirement insurance premiums. Employees who have attained age 60 and completed at least ten years of full-time service may elect to retire and become eligible for postretirement benefits. An employee with at least ten years of full-time service who was terminated due to a reduction in force may become eligible for postretirement benefits upon turning 60 years old if he/she executes a severance agreement with the Foundation.

The Foundation made a change to its postretirement benefit plan in July 2012. Eligible employees who retired prior to July 1, 2014 could continue to receive benefits under the defined benefit approach as outlined below. Eligible employees retiring on or after July 1, 2014 are provided benefits under a defined contribution approach also as outlined below.

In conjunction with these changes, the Foundation established a Voluntary Employee Beneficiary Association (VEBA) Trust to fund the postretirement benefit obligation. Within the VEBA Trust, an account was created for each eligible employee (current employee with at least one year of full-time service) as of June 30, 2012. At the end of each plan year (June 30) thereafter, an account is created for any newly eligible employee. A separate general account was created to fund the obligation related to those who retired prior to July 1, 2014. The Foundation may, at its discretion, contribute to the VEBA Trust from time to time.

19. Postretirement Benefits (Continued)

At the same time, the Foundation also created unfunded Notional accounts effective July 1, 2012 for all current employees with at least one year of full-time service as of June 30, 2012. The initial account balance was allocated based on years of service. The Foundation may, at its discretion, credit additional amounts to these accounts annually. As amounts are funded, the value of the individual Notional accounts will decrease by such funded amount while the value of the individual VEBA Trust accounts will increase. An employee's total account balance may be composed of an unfunded Notional account and a funded VEBA Trust account. As of June 30, 2022 and 2021, there were no unfunded Notional accounts.

Benefits for Pre-July 1, 2014 Retirees

Eligible employees who retired prior to July 1, 2014 are eligible to receive a reimbursement amount based on their years of service as shown in the table below. Payment of all or a portion of an eligible retiree's medical and dental insurance premiums will remain an obligation of the Foundation even if not fully funded under the VEBA Trust. Additionally, effective July 1, 2021, payment of all or a portion of an eligible retiree's vision insurance premiums and base-level premiums for Medicare Part B will remain an obligation of the Foundation even if not fully funded under the VEBA Trust.

Years of Service	Percentage of Premiums
10 but less than 15 years	25%*
15 but less than 20 years	50%*
20 but less than 25 years	75%*
25 or more Years of Service	100%*

* Up to a maximum not to exceed an amount equal to the same percentage portion of the monthly premiums paid by the Foundation for the medical and dental plans for a current single full-time employee. Effective July 1, 2021, the maximum includes the amount paid by an employee for single coverage for voluntary vision insurance offered through the employer and for base-level premiums for Medicare Part B.

The Foundation records annual amounts relating to the plan based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality, assumed rates of return, and healthcare cost trend rates. All required calculations were prepared by Stanley Benefit Services, actuaries, using pertinent data for the Foundation's eligible retirees.

The Foundation recognizes the funded status of the defined benefit portion of its postretirement benefit plan on a net basis as an asset or liability and recognizes changes in that funded status in the year in which the changes occur through a charge to unrestricted net assets to the extent those changes are not included in net periodic benefit income/cost. The funded status is reported on the statement of financial position as the difference between the fair value of plan assets and the benefit obligation.

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19. Postretirement Benefits (Continued)

Information with respect to this plan as of and for the years ended June 30, 2022 and 2021 is as follows:

		2022		2021
Change in Benefit Obligation:				
Benefit Obligation at End of Prior Plan Year	$	(1,203,013)	$	(796,683)
Interest Costs		(26,757)		(16,229)
Amendments		0		(333,377)
Actuarial Gain / (Loss)		118,762		(98,101)
Actual Distributions		46,837		41,377
Benefit Obligation at End of Year	$	(1,064,171)	$	(1,203,013)
Change in Plan Assets:				
Plan Assets at Fair Value at Beginning of Year	$	2,462,797	$	2,112,129
Actual Return on Plan Assets		(274,566)		392,045
Acquisition/Transfers In		0		0
Actual Employer Contributions		0		0
Other (Transfer to Defined Contribution Participant Accounts)		(96,055)		0
Actual Distributions		(46,837)		(41,377)
Plan Asssets at Fair Value at End of Year	$	2,045,339	$	2,462,797
Funded Status = Net Asset / (Liability) at End of Year	$	981,168	$	1,259,784
Amounts Recognized in Statement of Financial Position:				
Non-Current Assets	$	981,168	$	1,259,784
Non-Current Liabilities		0		0
Net Amount Recognized		981,168		1,259,784
(Accrued) / Prepaid Cost (pre-Statement of Financial Position Item)		(2,384,679)		(2,466,053)
Net Amount Recognized in Unrestricted Net Assets	$	(1,403,511)	$	(1,206,269)
Amounts Recognized in Unrestricted Net Assets:				
Unamortized Net Prior Service Cost	$	305,688	$	333,377
Unamortized Net (Gain) / Loss		1,097,823		872,892
Net Amount Recognized in Unrestricted Net Assets	$	1,403,511	$	1,206,269
Actuarial Assumptions Used to Determine Benefit Obligations:				
Discount Rate		4.20%		2.30%
Expected Long-Term Rate of Return on Assets		5.00%		5.00%
Healthcare Cost Trend Rate--Initial		8.00%		5.00%
Healthcare Cost Trend Rate--Ultimate		4.00%		4.00%
Years to Ultimate Rate		8		2
Net Periodic Postretirement Benefit Cost / (Income):				
Interest Cost	$	26,757	$	16,229
Expected Rate on Plan Assets		(121,171)		(104,422)
Amortization of Prior Service Cost		27,689		0
Amortization of Net (Gain) / Loss		52,044		71,892
Net Periodic Post Retirement Benefit Cost / (Income)	$	(14,681)	$	(16,301)
Other Changes in Plan Assets and Benefit Obligations Recognized in Statement of Activities:				
Net (Gain) / Loss	$	276,975	$	(189,522)
New Prior Service Cost		0		333,377
Amortization of Prior Service Cost		(27,689)		0
Amortization of Net Gain / (Loss)		(52,044)		(71,892)
Net Amount Recognized in Statement of Activities		197,242		71,963
Net Periodic Postretirement Benefit Cost / (Income)		(14,681)		(16,301)
Net Amount Recognized in Statement of Activities	$	182,561	$	55,662

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19. Postretirement Benefits (Continued)

		2022		2021
Actuarial Assumptions Used to Determine Net Periodic Postretirement Benefit Cost:				
Discount Rate		2.30%		2.10%
Expected Long-Term Rate of Return on Assets		5.00%		5.00%
Healthcare Cost Trend Rate--Initial		5.00%		5.50%
Healthcare Cost Trend Rate--Ultimate		4.00%		4.00%
Years to Ultimate Rate		2		3
Reconciliation of Minimum Statement of Financial Position Asset / (Liability):				
Statement of Financial Position Asset / (Liability) at Beginning of Year	$	1,259,784	$	1,315,446
Net Periodic Postretirement Benefit (Cost) / Income		14,681		16,301
Employer Contributions		0		0
Transfer to Defined Contribution Participant Accounts		(96,055)		0
Plan Amendment		0		(333,377)
Statement of Financial Position Adjustment		(197,242)		261,414
Statement of Financial Position Asset / (Liability) at End of Year	$	981,168	$	1,259,784
Sensitivity Analysis:				
Impact of one-percentage-point increase in assumed healthcare trend on:				
- Total of Service Cost and Interest Cost	$	2,737	$	1,689
- Benefit Obligation at End of Year		91,334		118,959
Impact of one-percentage-point decrease in assumed healthcare trend on:				
- Total of Service Cost and Interest Cost	$	(2,399)	$	(1,470)
- Benefit Obligation at End of Year		(81,264)		(104,346)

College Foundation, Inc.'s overall expected long-term rate of return is based on the expected overall asset allocation. The return assumptions for each asset class are determined based upon current market conditions, including but not limited to, current market valuations, yield, inflation, and various economic indicators, and the final rate is determined as a weighted average and rounded to the next multiple of 25 basis points.

The Foundation expects to contribute $48,249 in postretirement benefits during the fiscal year ending June 30, 2023.

Estimated benefit payments are as follows:

Fiscal Year Ending June 30		
2023	$	81,599
2024		83,751
2025		85,298
2026		86,283
2027		86,622
2028-2032		413,547

Estimated (income) / expense for next fiscal year:

Interest Cost	$	42,999
Expected Return on Plan Assets		(100,252)
Amortization of Prior Service Cost		27,689
Amortization of Net (Gain) / Loss		77,813
	$	48,249

19. Postretirement Benefits (Continued)

Benefits for Post-June 30, 2014 Retirees

Eligible employees who retire after June 30, 2014 are eligible to receive reimbursement of medical and dental insurance premiums from their own individual VEBA Trust Account.

Effective July 1, 2021, eligible employees are also eligible to receive reimbursement of vision and long-term care insurance premiums.

VEBA Investments

The VEBA Trust's primary investment objective is protection of capital and long-term rates of return by investing in a prudent manner and avoiding high-risk investments. The Foundation's plan asset allocation strategy provides for diversification in both fixed income and equity securities so as to provide a balance to the investment portfolio, thereby avoiding undue risk concentration in any single asset class or investment category. The Foundation's Employee Benefit Plans Investment Oversight Committee has the authority to make adjustments to the asset allocations in order to maintain target allocations in the VEBA Trust and to make any permanent changes in policy.

At June 30, 2022 and 2021, the target and current plan asset allocations were as follows:

	2022			2021		
	Target	Ranges	Actual	Target	Ranges	Actual
Cash and Cash Equivalents	3 %	1-20 %	3.4 %	3 %	1-20 %	3.0 %
Debt Securities:						
Government Bonds	25 %	10-75 %	26.1 %	25 %	10-75 %	24.7 %
Corporate Bonds	20 %	15-35 %	19.9 %	20 %	15-35 %	20.0 %
Inflation Protected Bonds	7 %	3-20 %	7.5 %	7 %	3-20 %	7.0 %
Equity Securities:						
Large Blend	5 %	2-15 %	4.9 %	5 %	2-15 %	5.1 %
Large Growth	10 %	5-25 %	7.8 %	10 %	5-25 %	10.2 %
Large Value	10 %	5-25 %	10.7 %	10 %	5-25 %	10.0 %
Moderate Allocation	10 %	5-20 %	10.4 %	10 %	5-20 %	10.1 %
Small Value	5 %	2-15 %	4.9 %	5 %	2-15 %	4.9 %
International	5 %	2-15 %	4.4 %	5 %	2-15 %	5.0 %

Plan assets held in the VEBA Trust are measured at fair value, based on quoted market prices when available. The fair value hierarchy for inputs used in measuring fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The hierarchy is broken down into three levels. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

19. Postretirement Benefits (Concluded)

At June 30, 2022 and 2021, plan assets held in the VEBA Trust measured at fair value on a recurring basis, all at Level 1 in the fair value hierarchy, were as follows:

	2022	2021
Cash and Cash Equivalents	$ 361,473	$ 362,326
Mutual Funds:		
Government Debt Securities	2,784,827	3,013,032
Corporate Debt Securities	2,119,770	2,446,157
Inflation Protected Debt Securities	800,871	856,311
Large Blend Equity Securities	526,918	616,238
Large Growth Equity Securities	833,108	1,246,179
Large Value Equity Securities	1,138,697	1,220,899
Moderate Allocation Equity Securities	1,106,144	1,227,536
Small Value Equity Securities	521,237	601,881
International Equity Securities	469,807	615,286
	$ 10,662,852	$ 12,205,845

20. Property Protection and Liability Insurance

In addition to insurance covering property and equipment, the Foundation maintains a second IBM iSeries computer at a remote location in order to minimize the suspension of business and to continue operations in the event of a disaster. The Foundation also maintains Employee Dishonesty coverage, Errors and Omissions coverage, Employed Lawyers Professional Liability coverage, and Information Security and Privacy coverage. The Foundation, as administrator of the North Carolina College Savings and Investment Program, by contract requires each Investment Manager, State Employees' Credit Union and Vanguard, to maintain commercially reasonable insurance.

21. Executives and Trustees' Liability and Life Insurance

The Foundation maintains a liability policy on its officers and trustees in the amount of $10,000,000.

The Foundation was also owner and beneficiary of a $100,000 term life insurance policy on one executive as of June 30, 2022 and 2021. A Single Premium Income Annuity funds the premium on the policy for this executive. The cash value of the annuity as of June 30, 2022 and 2021 totaled $12,263 and $12,236, respectively.

22. Marketing and Advertising

The Foundation uses marketing and advertising to promote the various programs it services. The costs of marketing and advertising are expensed as incurred. During the years ended June 30, 2022 and 2021, marketing and advertising costs totaled $4,115,953 and $3,724,492, respectively.

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23. Functional Classification of Expenses

Functional expenses by natural classification as of June 30, 2022:

	Program Activities	Management and General Activities	Total
Salaries and Payroll Taxes	$ 12,359,242	$ 1,204,600	$ 13,563,842
Staff Benefits	1,941,723	219,108	2,160,831
Services, Supplies, and Other	9,848,917	346,598	10,195,515
Occupancy	341,181	37,146	378,327
Grants to Individuals	99,254		99,254
Depreciation and Amortization	1,329,289	150,000	1,479,289
	$ 25,919,606	$ 1,957,452	$ 27,877,058

Functional expenses by natural classification as of June 30, 2021:

	Program Activities	Management and General Activities	Total
Salaries and Payroll Taxes	$ 12,405,670	$ 1,129,254	$ 13,534,924
Staff Benefits	2,123,508	203,502	2,327,010
Services, Supplies, and Other	8,661,339	273,749	8,935,088
Occupancy	265,940	27,527	293,467
Grants to Individuals	123,664		123,664
Depreciation and Amortization	1,413,678	146,112	1,559,790
	$ 24,993,799	$ 1,780,144	$ 26,773,943

Salary related expenses are allocated to function based on time and effort as recorded in the payroll system. Expenses for services, supplies, and other expenses are charged directly to the activity supported whenever possible. Expenses incurred in the support of both program and management and general activities, including some expenses from each natural category except grants to individuals, are allocated between activities based on time and effort. Program activities are described in Note 2.

24. Agency Funds

Since July 1985, the Foundation has served as agent for banks participating under the conditions of the Master Purchase Agreement or the Amended and Restated Master Purchase and Sale Agreement which provide for education loans to be "assigned" to the funding bank, making it the legal "holder." Under the terms of the Servicing Agreements, the Foundation promptly remits to the banks all principal and interest payments collected from borrowers. Upon the receipt of the net interest subsidy and special allowance payments from the U.S. Department of Education each quarter, the Foundation deducts its service fee provided for in the Servicing Agreements and promptly remits the remainder to each bank or submits a billing to each bank.

In July 1991, the Foundation entered into the first Special Fund Purchase Agreement which provided for education loans to be "assigned" to a Special Fund participant, making it the legal "holder." Under the Servicing Agreement executed, the Foundation, as agent for the funds provider, collects the loans and remits to the Special Fund participant all principal and interest payments collected from borrowers. The Foundation submits a quarterly report to the U.S. Department of Education, promptly processes net interest and special allowance, and notifies the Special Fund participant of the amount due from or due to the Foundation. The Foundation either deducts its service fee from borrower interest collections or submits a billing to the participant for the service fee due for the quarter.

24. Agency Funds (Continued)

In addition to serving as agent for the Special Fund and bank participants with respect to assigned loans, the Foundation services education loans funded by the N.C. State Education Assistance Authority. As principal and interest on these loans are collected from the borrowers, the funds are remitted promptly to the N.C. State Education Assistance Authority or its designated trustee. The Foundation promptly processes net U.S. Department of Education interest subsidy and special allowance each quarter and notifies the N.C. State Education Assistance Authority or its designated trustee of the amount due from or due to the Foundation. The Foundation also submits a billing quarterly to the N.C. State Education Assistance Authority or its designated trustee for the service fees on these loans.

The assets and liabilities attributable to these loan funds and to the grant, scholarship, and college savings and investment programs that the Foundation administers for the N.C. State Education Assistance Authority, as outlined in Note 2, are reflected in Schedules 4 and 5.

25. Concentration of Credit Risk

The Foundation maintains cash balances and invests in certificates of deposit at financial institutions located in North Carolina. The aggregate balance at each financial institution was insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2022 and 2021, the Foundation's uninsured cash balances totaled $11,187,562 and $8,980,089, respectively. This amount is derived per a review of bank account balances and not the Foundation's "book" balances as of June 30, 2022 and 2021.

26. Subsequent Events

Subsequent events have been evaluated through September 28, 2022, which is the date the financial statements were available to be issued.

On August 24, 2022, the Biden-Harris Administration announced a Student Debt Relief Plan that includes one-time student loan debt relief targeted to low- and middle-income families.

The U.S. Department of Education (ED) will provide up to $20,000 in debt relief to Federal Pell Grant recipients and up to $10,000 in debt relief to non-Pell Grant recipients. Borrowers with loans held by ED are eligible for this relief if their individual income is less than $125,000 (or $250,000 for households).

ED is currently assessing whether to provide relief to borrowers of commercially held FFELP loans, such as those serviced by the Foundation, through means other than consolidation into the Federal Direct Loan Program.

The impact of the above on the Foundation’s FFELP portfolio is indeterminable as of the date of the financial statements.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

COLLEGE FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Program Title	Federal Assistance Listing Number	Interest	Special Allowance
U. S. Department of Education--Direct Program			
Federal Family Education Loan Program (Lenders)	84.032L	$ 1,587,618	$ 1,028,103
Less amounts received by the Foundation as an agent for other funds providers		1,586,679	1,026,843
TOTALS		$ 939	$ 1,260

Outstanding Loan Balances at July 1, 2021	Total Federal Expenditures
$ 851,278,489	$ 853,894,210
850,700,393	853,313,915
$ 578,096	$ 580,295

COLLEGE FOUNDATION, INC.
Notes to Schedule of Expenditures of Federal Awards
June 30, 2022

1. Basis of Accounting and Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of College Foundation, Inc. (the Foundation) under programs of the federal government for the year ended June 30, 2022, and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Foundation.

2. Federal Family Education Loan Program

As of July 1, 2010, no new loans could be originated under the Federal Family Education Loan Program (FFELP). This program is administered directly by the Foundation, and balances and transactions relating to this program are included in the Foundation's basic financial statements and schedule of agency funds. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the Schedule. At June 30, 2022, the balance of FFELP loans serviced by the Foundation totaled $732,761,817, which included $634,224 owned by the Foundation. At June 30, 2022, interest and special allowance due to the Foundation from the U.S. Department of Education for FFELP loans serviced by the Foundation totaled $867,196, which included $1,128 related to loans owned by the Foundation.

Beginning with eligible loans first disbursed on or after April 1, 2006, lenders are required to remit excess borrower interest to the U.S. Department of Education when the applicable interest rate on a loan for any given quarter exceeds the special allowance support level. During the year ended June 30, 2022, excess borrower interest remitted to the U.S. Department of Education totaled $21,560,076, which included $10,248 related to loans owned by the Foundation. At June 30, 2022, excess borrower interest due to the U.S. Department of Education for FFELP loans serviced by the Foundation totaled $4,238,837, which included $2,177 related to loans owned by the Foundation.

3. Indirect Cost Rate

The Foundation has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEANDORTON

Board of Trustees
College Foundation, Inc.
Raleigh, North Carolina

REPORT OF INDEPENDENT AUDITORS 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*

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 College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered College Foundation, Inc.'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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of College Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of College Foundation, Inc.'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 College Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dean Dorton Allen Ford, PLLC

Raleigh, North Carolina
September 28, 2022

Board of Trustees
College Foundation, Inc.
Raleigh, North Carolina

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited College Foundation, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on College Foundation, Inc.'s major federal program for the year ended June 30, 2022. College Foundation, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, College Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of College Foundation, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of College Foundation, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to College Foundation Inc’s federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on College Foundation, Inc.’s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about College Foundation, Inc.'s compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 College Foundation, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of College Foundation, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of College Foundation, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dean Dorton Allen Ford, PLLC

Raleigh, North Carolina
September 28, 2022

COLLEGE FOUNDATION, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness identified?	☐ Yes	☒ No
• Significant deficiency identified that is not considered to be material weakness?	☐ Yes	☒ None Reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major programs:

• Material weakness identified?	☐ Yes	☒ No
• Significant deficiency identified that is not considered to be material weakness?	☐ Yes	☒ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	☐ Yes	☒ No

Identification of major programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
84.032L	Federal Family Education Loan Program (Lenders)

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee?	☒ Yes	☐ No

Section II – Financial Statement Findings

There were no findings relating to the financial statements required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs for Federal awards required to be reported under 2 CFR Section 200.516(a).