

Annual Report

on Programs and Activities

SEPTEMBER
2026



PUTTING INNOVATION TO WORK FOR ALL OF NORTH CAROLINA

Annual Report on Programs and Activities to the Joint Legislative Commission on Governmental Operations; Joint Legislative Economic Development and Global Engagement Oversight Committee; and Fiscal Research Division by NCInnovation, Inc. as required by North Carolina General Statute § 143-728(d)(2)a.



A LOOK AT NCINNOVATION TODAY

NORTH CAROLINA'S GREATEST ECONOMIC

advantage has always been its ability to turn knowledge into opportunity. Across our public universities, researchers are developing technologies that can strengthen industries, improve lives and create the next generation of North Carolina companies. NCInnovation exists to ensure those discoveries do not stop at the laboratory door.

During the past year, NCInnovation expanded its statewide portfolio to 47 projects across 14 UNC System institutions, while building the regional networks, commercialization expertise and industry connections needed to move those technologies toward the marketplace. The work now underway spans agriculture, biohealth, energy, advanced manufacturing, defense, digital infrastructure, and other sectors central to North Carolina's long-term competitiveness.

Two major federal investments illustrate the strength of the ecosystem taking shape. The National Science Foundation selected the UNC Charlotte-led Carolinas Engine for Grid Modernization, providing an initial \$15 million with potential for up to \$160 million over 10 years, and the U.S. Economic Development Administration awarded \$29.2 million to the

Western North Carolina Futures Factory for facility construction. Both initiatives reflect the same principle at the heart of NCInnovation's model: when universities, industry, workforce partners and economic developers work together, research becomes a platform for regional growth.

This report tells that broader story. It demonstrates how disciplined public investment, milestone-based commercialization support and statewide partnerships are helping promising technologies become products, licenses, startups and jobs. It also shows how North Carolina is building durable innovation capacity in regions and institutions that have historically had fewer pathways to market.

The state's investment in NCInnovation was designed to produce value over generations. By preserving the endowment principal and deploying its earnings strategically, North Carolina has created a permanent engine for commercialization. Our responsibility is to steward that investment with transparency, rigor and a clear focus on economic return for the people of this state.

Together, we are putting innovation to work for all of North Carolina.



TABLE OF CONTENTS

01 Our Programs & Activities

Regional Innovation Networks..... [4](#)

Three-Pillar Framework [5](#)

From a Statewide Pipeline to a Statewide Portfolio [8](#)

Grants and Projects by Funding Cycle [9](#)

Pilot Grants [9](#)

FY2025 Grants..... [10](#)

FY2026-1 Grants..... [11](#)

FY2026-2 Grants [13](#)

02 Measuring Innovation Success

Measuring Outcomes Demonstrates Our Impact..... [17](#)

Strategy for Tracking Metrics..... [18](#)

03 NCInnovation Outcomes

State Level Impact of Our Pillars [21](#)

Impact by Region..... [25](#)

Strategic Partnerships and Federal Investment..... [27](#)

04 Planned Activities & Goals

A Statewide Platform for the Next Phase of Growth [31](#)

05 Economic Development Driven

Innovation as Regional Economic Development..... [35](#)

Putting Innovation to Work Across Every Region of North Carolina..... [35](#)

Fostering Employment in Rural and Economically Distressed Communities..... [36](#)

Building Regional Innovation Clusters..... [37](#)

Entrepreneurs-in-Residence Expand Commercial Capacity..... [38](#)

Commercial Transition Partners Accelerate Market Readiness..... [38](#)

06 Appendix

Video Resources..... [41](#)

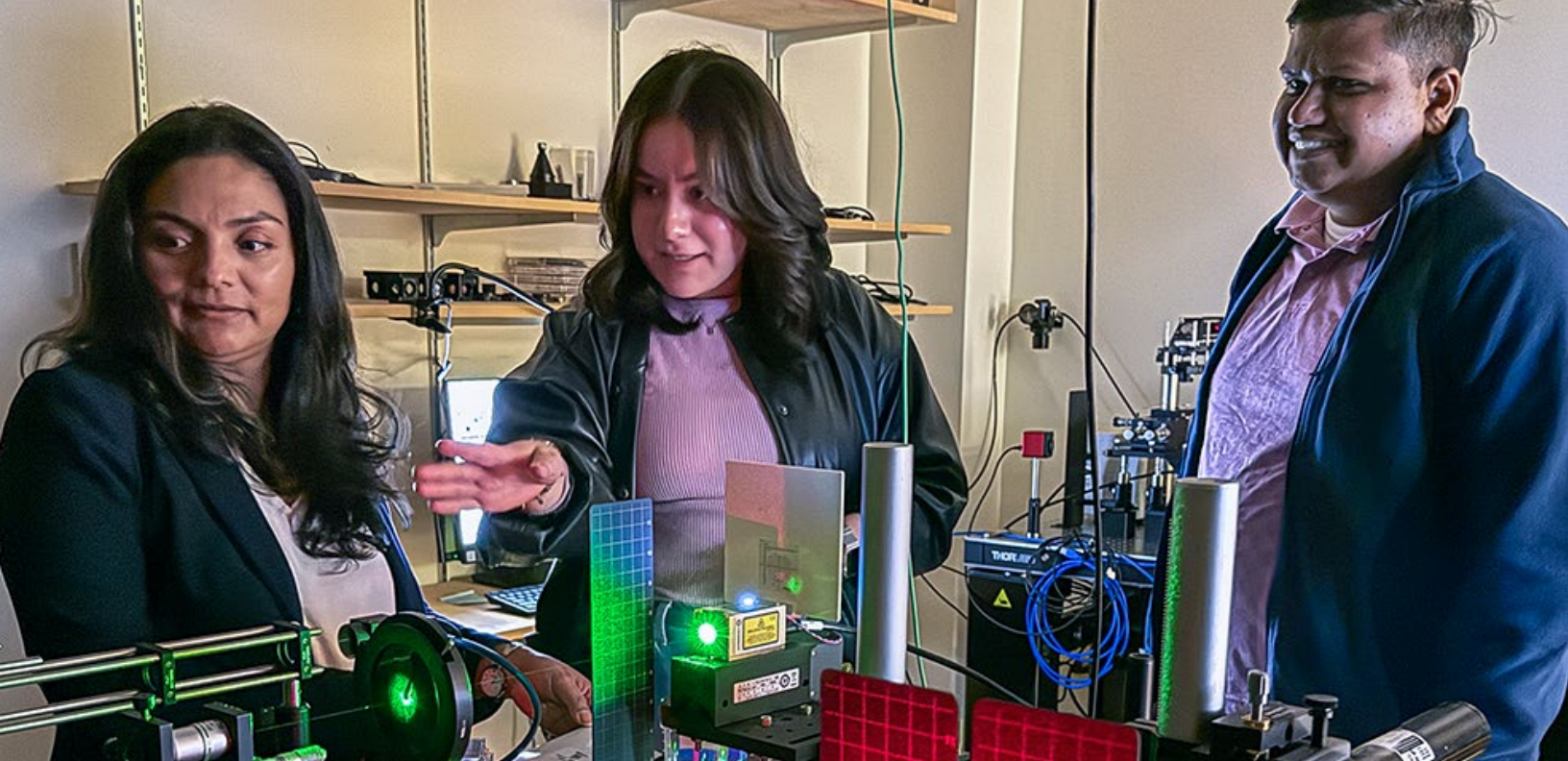
Statutory Requirements at a Glance [42](#)

Appendix Tables and Narratives by Requirement [43](#)

ANNUAL REPORT ON PROGRAMS AND ACTIVITIES

OUR PROGRAMS & ACTIVITIES





NCInnovation's programs and activities combine regionally based leadership, competitively awarded grants, industry and market expertise, and coordinated commercialization support. Together, these components create a coordinated pathway centered around a common objective: commercializing and scaling university innovation to create jobs and improve economic opportunity in all 100 counties in North Carolina.



TURNING RESEARCH INTO RESULTS

Through North Carolina's investment in NCInnovation, grant-funded research leads to more patents and licenses, moving ideas from the lab to the marketplace.



MORE JOBS, MORE OPPORTUNITY

Companies stay in North Carolina, growing taxable income and creating higher-paying careers across the state.



STATE-WIDE COLLABORATION

Industry and academic partnerships deepen collaboration and strengthen mentorship for emerging innovators.



A STRONGER STATE ECONOMY

Business growth increases state revenue, supporting long-term economic stability.



INNOVATION LIVES HERE

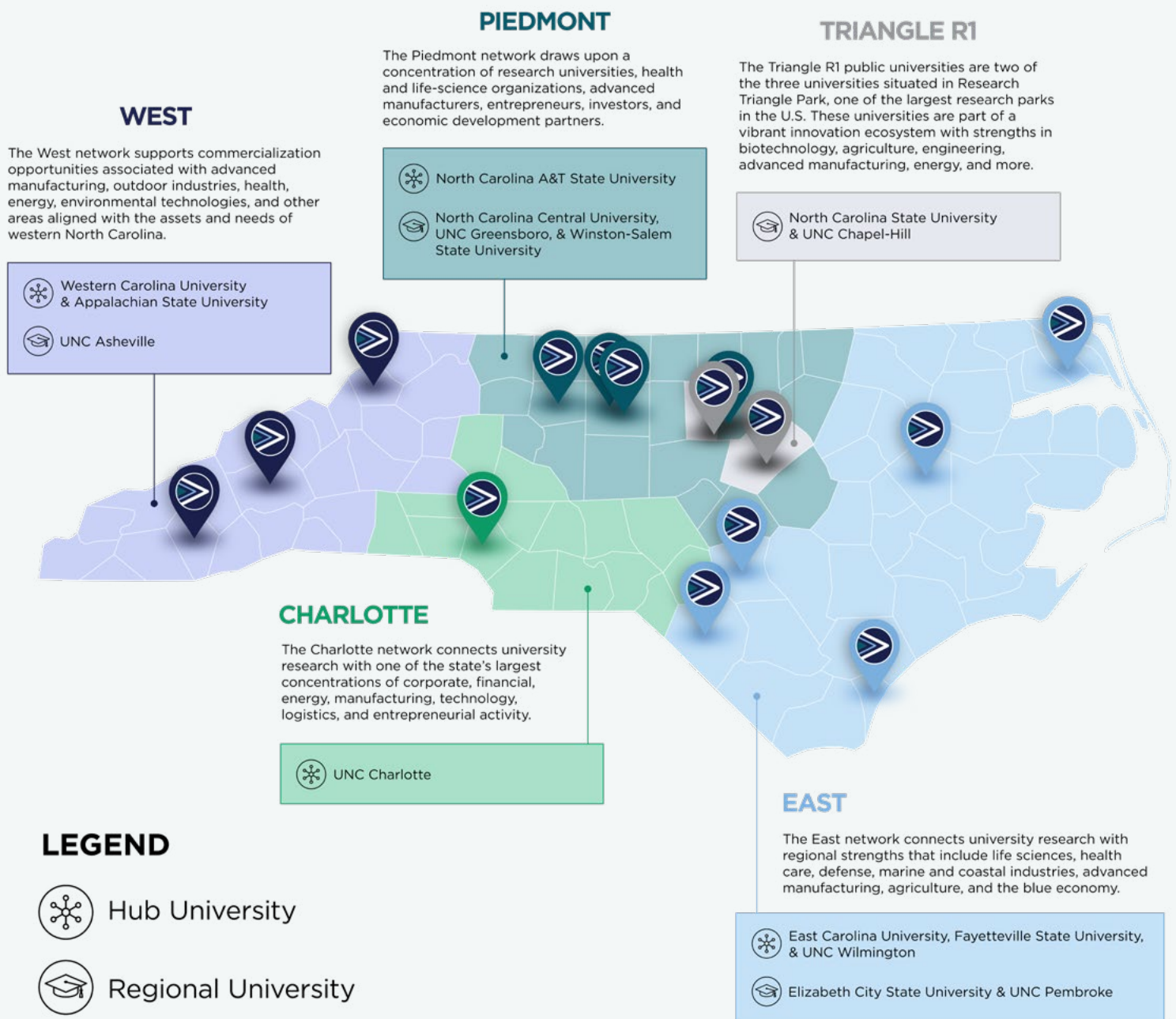
Ideas born in North Carolina stay in North Carolina, fueling homegrown success and statewide impact.

Regional Innovation Networks

NCInnovation coordinates four regional innovation networks to cover the East, West, Piedmont, and Charlotte areas to connect our public research universities, industry partners, and business leaders and drive more effective regional and statewide commercialization strategies. Each regional innovation network includes the public research universities within that region and is anchored by one or more “hub” institutions.

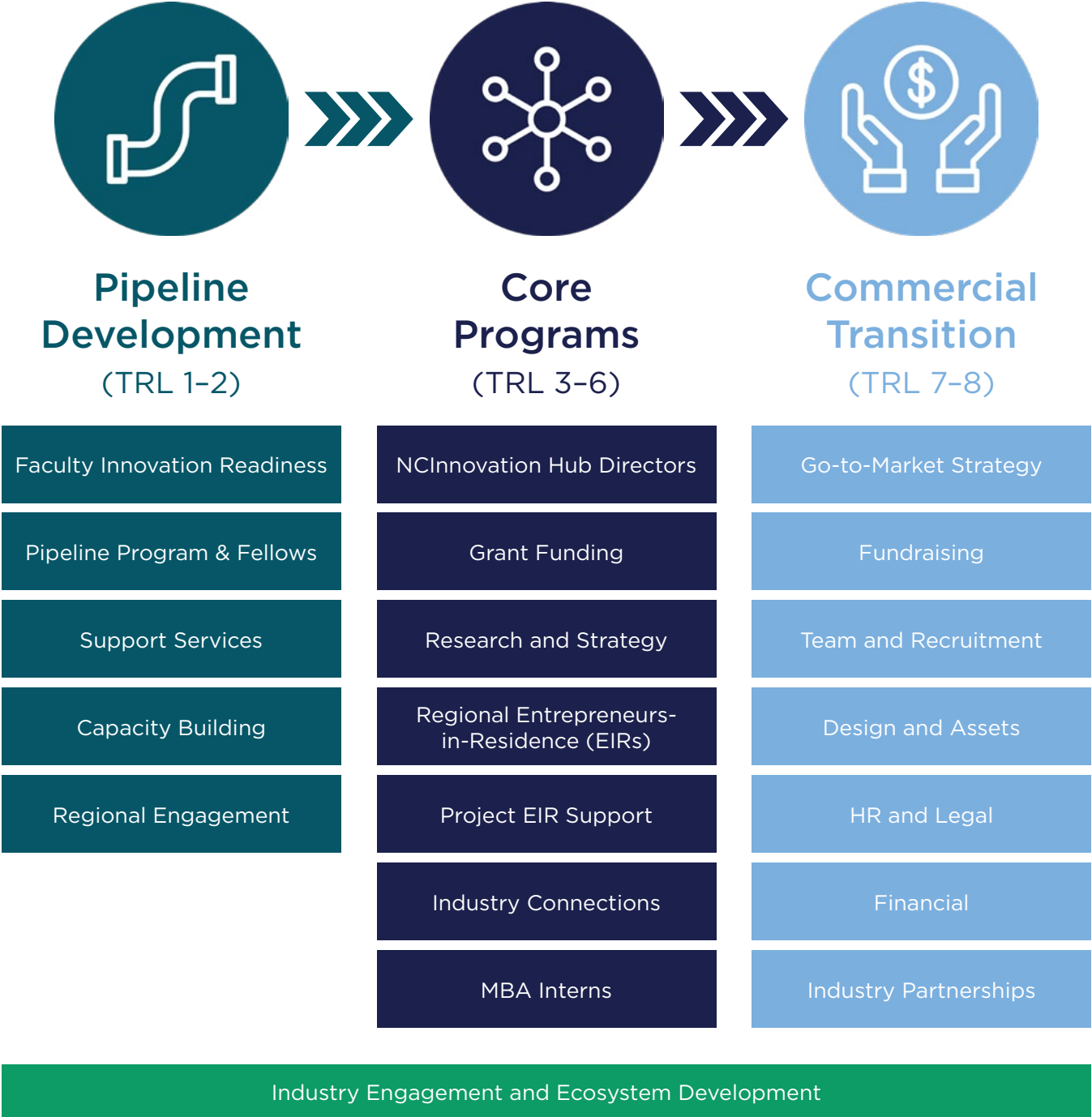
As part of NCInnovation’s support for the regional innovation networks and hub institutions, NCInnovation positions Senior Regional Directors and Hub Directors to provide on-the-ground leadership and project support across the state.

This regional structure allows NCInnovation to respond to distinct research strengths, industry sectors, and economic opportunities while maintaining consistent statewide standards for project evaluation, support, and accountability. [See [Appendix Table 3.1](#) for cumulative regional innovation networks program expenditures by region and county.]



Three-Pillar Framework

NCInnovation delivers outcomes through a clear, three-pillar framework: **Pipeline Development > Core Programs > Commercial Transition** that moves promising university technologies from early development toward market adoption. The pillars are designed to work as a statewide pipeline and together they standardize how we support universities, tighten industry linkages, and create a repeatable path from research to jobs. But projects do not necessarily follow an identical or strictly linear pathway. Commercialization needs and timelines vary by technology, institution, industry, regulatory environment, and intended market. NCInnovation’s three-pillar framework provides a consistent statewide structure while allowing support to be tailored to each project. Technology Readiness Levels (TRLs) are used as general guideposts, recognizing that development stages vary by sector and technology.





PILLAR 1: Pipeline Development

Pipeline Development is a statewide, campus-embedded approach to identifying and preparing promising early-stage university research. It focuses primarily on projects that have not yet reached TRL 3 and may be too early to compete successfully in NCInnovation's statewide grant program or other commercialization funding. De-risking research earlier builds a steady flow of viable, market-pulled projects and raises faculty readiness so more homegrown ideas cross the "too-early" chasm, and ultimately become North Carolina companies, licenses, and jobs.

Senior Regional Directors and Hub Directors coordinate Pipeline Development activities with university research offices, technology-transfer personnel, faculty researchers, and regional partners.



PILLAR 2: Core Programs

Core Programs are the engine room: staff, grants, analysis, and expert advisors work side-by-side with faculty to translate funded research into pilots, licenses, or venture-backable companies. It provides competitive, milestone-based grant funding, wraparound support through on-the-ground leadership, and expert coaching to promising technologies developed by North Carolina's public university researchers as they move discoveries from proof of concept toward real-world impact. Core Programs target TRL 3-6, the critical period between university research and private-market readiness, when technologies may require prototype development, testing, validation, customer discovery, regulatory planning, industry engagement, or other evidence before they are positioned for licensing, startup formation, private investment, or commercial adoption.

Projects are evaluated based on technical merit, commercial potential, development readiness, project-team capabilities, and the ability to achieve meaningful milestones during the grant period. Continued funding and support are tied to project-specific progress and evidence so that NCInnovation resources remain focused on projects demonstrating credible technical advancement and commercial opportunity.

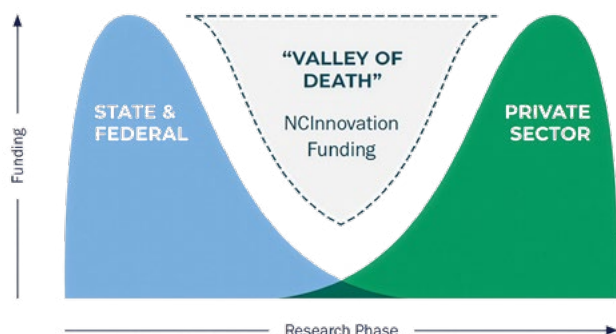
NCInnovation's Core Programs strengthen research pipelines, expand participation across the state, and help transform university innovations into companies, licenses, and jobs that drive economic opportunity for all regions of North Carolina.



PILLAR 3: Commercial Transition

Commercial Transition carries successful awardees through the "last mile", so promising technologies don't stall after the grant ends. It provides targeted support to help successful NCInnovation projects move from technical validation toward licensing, startup formation, industry adoption, follow-on

investment, and market entry. Commercial Transition support prevents “valley-of-death” drop-off by surrounding awardees with the people, processes, and capital pathways required to launch and scale in North Carolina.



Projects approaching the end of their grant periods are evaluated for commercial readiness based on technical progress, market evidence, leadership capacity, intellectual-property and licensing status, and the presence of a credible customer, licensee, pilot, or capital pathway. Qualified projects ready to enter Commercial Transition receive project-specific planning and milestone-based support tailored to the barriers that remain between the technology and the market. These coordinated resources help university innovators prepare for commercialization while building the relationships and capabilities needed for long-term growth in the private sector.

NCInnovation’s Commercial Transition is a statewide, non-dilutive launch engine that helps university technologies move from a validated prototype to paying customers or executed licenses. Support is time-limited, milestone-based, and directed toward projects demonstrating credible commercial progress.

NCInnovation coordinates these activities with universities, Senior Regional Directors, Hub Directors, Entrepreneurs-in-Residence, industry partners, investors, sector organizations, and qualified service providers.

HOW THE PILLARS WORK TOGETHER

Continuity

Each pillar hands projects to the next—training and early diligence » funded execution with EIRs » post-grant launch services—so momentum is not lost at phase boundaries.

Regionalization

Hubs localize the model to each region’s sectors (e.g. energy, defense, blue economy, advanced manufacturing), while shared statewide tools (EIRs, investor networks, IP partners) ensure consistent quality.

Measurability

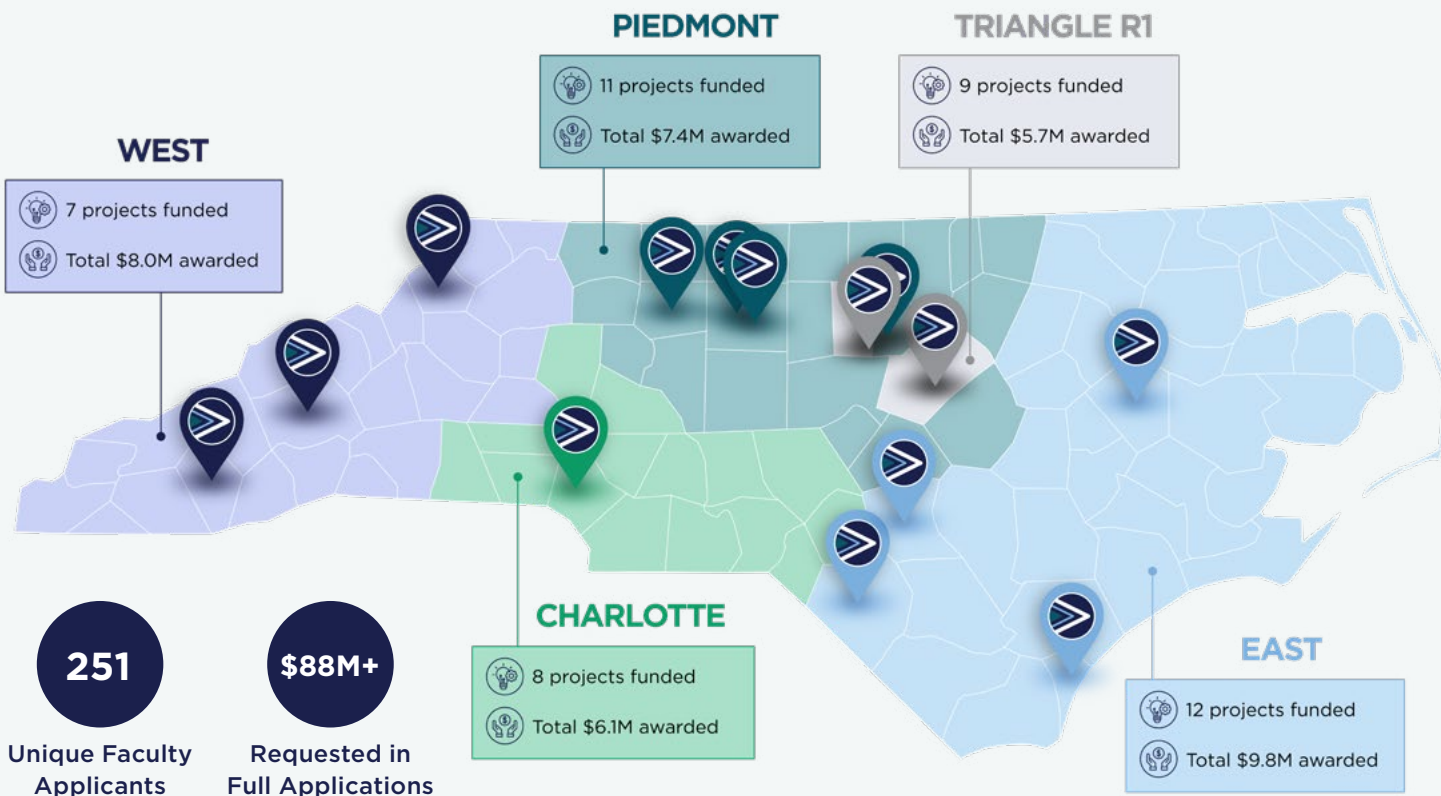
Because activities map cleanly to pillars, NCInnovation can report KPIs by stage (e.g., workshops and assessments in Pipeline Development; awards and milestone attainment in Core Programs; investor meetings, MOUs, and market launches in Commercial Transition).



From a Statewide Pipeline to a Statewide Portfolio

NCInnovation’s portfolio now reflects three competitive statewide grant cycles and a growing pipeline of earlier-stage technologies. The result is not a collection of isolated research projects, but a coordinated statewide commercialization system: regional teams identify promising work, expert reviewers evaluate technical and market potential, milestone-based grants advance the strongest opportunities, and commercialization partners help teams prepare for industry adoption, licensing or startup formation.

The portfolio spans 47 projects at 14 UNC System institutions totaling \$37 million awarded. Its breadth is important because North Carolina’s economic future will not depend on a single sector or region. It will depend on the state’s ability to translate research strengths into new products, resilient supply chains, high-skill jobs and companies that choose to build here. [See [Appendix Table 3.2](#) for more detailed cumulative grant funding by region and county.]

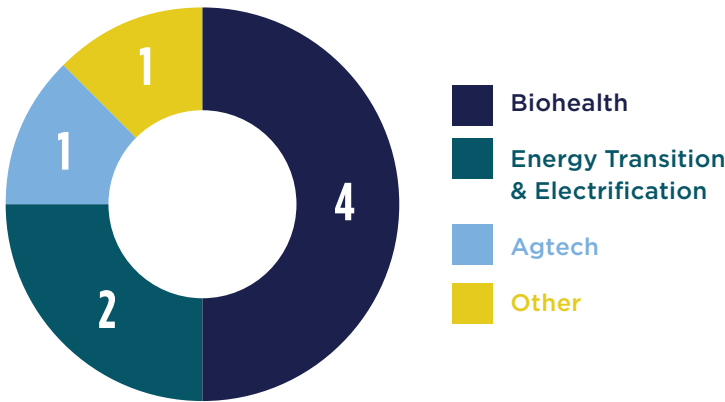


Grants and Projects by Funding Cycle

PILOT GRANTS.

- ▶ **Number of Awards:** 8
- ▶ **Total Amount Awarded:** \$5.2 Million
- ▶ **Institutions Represented:** 7
- ▶ **Sectors Represented:** 4
- ▶ **Board Approved:** May 15, 2024

Pilot Grants by Industry Sector



PROJECT HIGHLIGHT

Clean Water Moves Toward Production

At UNC Charlotte, Dr. Jordan Poler developed a patented filtration material designed to remove PFAS and other contaminants from drinking water. With NCInnovation support, the technology advanced beyond laboratory validation and passed NSF/ANSI 42 and 61 testing—industry-standard certifications that confirm safety and effectiveness for drinking-water treatment. North Carolina manufacturer Goulston Technologies is supporting production scale-up, while the spinout nanXPure is preparing to commercialize the filters from Huntersville. The story captures NCInnovation’s role at its clearest: de-risk the technology, connect it with an in-state industry partner and help a university discovery become a North Carolina product.

Proving the Model

NCInnovation’s inaugural Pilot Grant cycle invested \$5.2 million in eight projects across seven universities. The projects tested the organization’s core premise: that promising university research can move faster when non-dilutive funding is paired with market diligence, industry engagement and hands-on commercialization support. The pilot portfolio included technologies addressing melanoma, influenza, mosquito-borne disease, honeybee health, neurological drug delivery, lithium processing, drinking-water purification and power-grid resilience. Just as important, the cycle helped NCInnovation refine the evaluation, milestone and support systems now used across the statewide portfolio.



PROJECT HIGHLIGHT

Targeting Pancreatic Cancer with Greater Precision

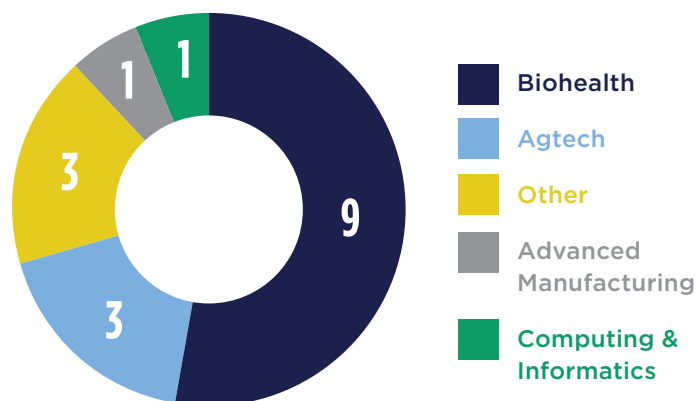
At UNC Charlotte, Dr. Pinku Mukherjee is developing a targeted antibody designed to recognize a protein highly expressed in pancreatic cancer cells while limiting damage to healthy tissue. Pancreatic cancer remains one of the most difficult cancers to treat, in part because it is often diagnosed late and responds poorly to existing therapies. NCInnovation support is helping advance the technology through preclinical development, regulatory planning and commercialization strategy. The project reflects the larger purpose of the FY2025 cycle: move high-potential research beyond proof of concept, reduce the technical and market risks that prevent private investment, and create a clearer path toward therapies that can improve lives while strengthening North Carolina's biohealth economy.



FY2025 GRANTS

- ▶ **Number of Awards:** 17
- ▶ **Total Amount Awarded:** \$13.6 Million
- ▶ **Institutions Represented:** 12
- ▶ **Sectors Represented:** 5
- ▶ **Board Approved:** May 14, 2025

FY2025 Grants by Industry Sector



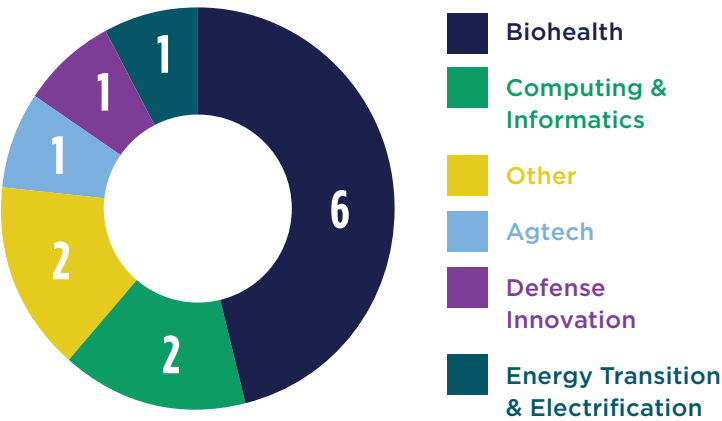
Expanding the Model Statewide

The FY2025 grant cycle marked NCInnovation's first statewide competitive round, investing approximately \$13.6 million in 17 projects across 12 UNC System universities. The portfolio expanded both the reach and range of the program, supporting technologies in agriculture, health, advanced manufacturing and energy while demonstrating that commercially promising research exists across institutions of every size. From rural maternal health and nurse training to livestock diagnostics, wound healing, sustainable fibers and pancreatic cancer treatment, the cycle showed how a statewide model can pair university strengths with market need—and create more pathways for North Carolina discoveries to become North Carolina companies, products and jobs. [See [Appendix Tables 1.2](#) and [1.3](#) for the FY2025 Grants budget and awards.]

FY2026-1 GRANTS.

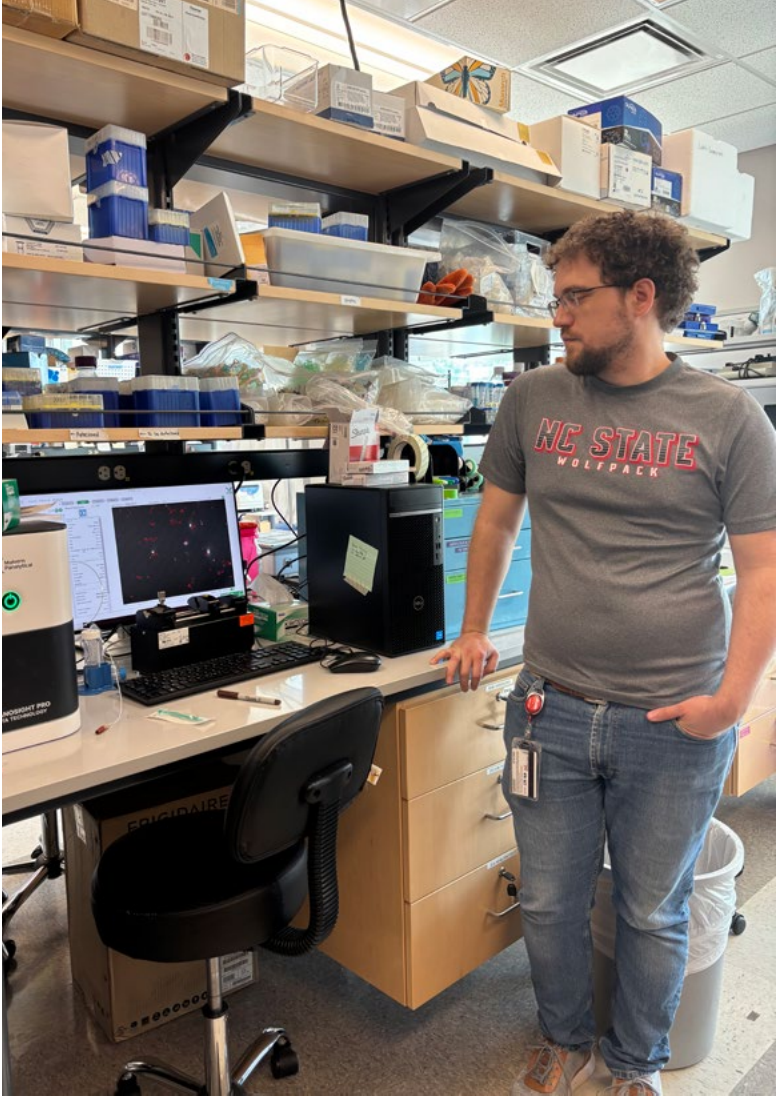
- ▶ **Number of Awards:** 13
- ▶ **Total Amount Awarded:** \$10.2 Million
- ▶ **Institutions Represented:** 11
- ▶ **Sectors Represented:** 6
- ▶ **Board Approved:** December 8, 2025

FY2026-1 Grants by Industry Sector



Commercialization Across 11 Campuses

The FY2026-1 cycle awarded approximately \$10.2 million to 13 projects at 11 universities. The slate reflects North Carolina’s economic diversity: synthetic platelets for trauma care, self-healing composites for aerospace and energy, AI-enabled simulation for defense and health care, natural biofertilizers, accessible lymphedema treatment, emergency-response intelligence, cybersecurity education and advanced imaging. These projects are united by a common objective—move validated research toward real-world use while building commercial capacity at institutions and in regions where that infrastructure has often been limited. [See [Appendix Tables 1.4](#) and [1.5](#) for the FY2026-1 Grants budget and awards.]



PROJECT HIGHLIGHT

Synthetic Platelets for the Places Donated Blood Cannot Reach

Dr. Ashley Brown’s SymClot technology at NC State is designed to mimic the clotting function of natural platelets. Unlike donated blood products, synthetic platelets could be stored longer and deployed in ambulances, rural hospitals, military settings and disaster-response environments. NCInnovation support is helping move the technology through advanced preclinical testing and toward clinical readiness. The potential economic value is matched by a direct public benefit: giving first responders and clinicians another tool to stop severe bleeding when time and access determine survival.

COMMERCIALIZATION MILESTONE

First Equity Investment Advances NC State-Rooted Spinout

One important indicator that university research is progressing toward the marketplace is the ability to attract private investment.

SelSym Biotech, a company commercializing synthetic platelet technology developed by Dr. Ashley Brown and her collaborators, has secured its first equity investment through a strategic partnership with Persephoni BioSciences. SelSym's lead product, SymClot, is designed to control bleeding without the blood-type matching, donor dependence and limited shelf life associated with natural platelets.

NCInnovation is supporting Brown's work at NC State, in partnership with SelSym, to further refine the technology and move it closer to clinical use. The Persephoni partnership adds private capital as well as scientific, regulatory, operational and technology infrastructure intended to help SelSym advance SymClot toward clinical milestones.

The investment represents meaningful external validation of SelSym and the years of technical and regulatory groundwork behind SymClot. It also illustrates the broader commercialization pathway NCInnovation was created to support: helping promising university technologies mature as researchers and companies work to attract private-sector partners and move innovations toward the marketplace.



First Equity Investment

SelSym Biotech secured its first equity financing through Persephoni BioSciences, adding private capital and company-building resources to help advance SymClot toward clinical development.



“This investment is our first equity funding, and it validates years of work getting SelSym to this point.”

*~Seema Nandi, Ph.D.,
Co-Founder & CEO, SelSym Biotech*



**University
Research**



**Technology Validation
and Refinement**

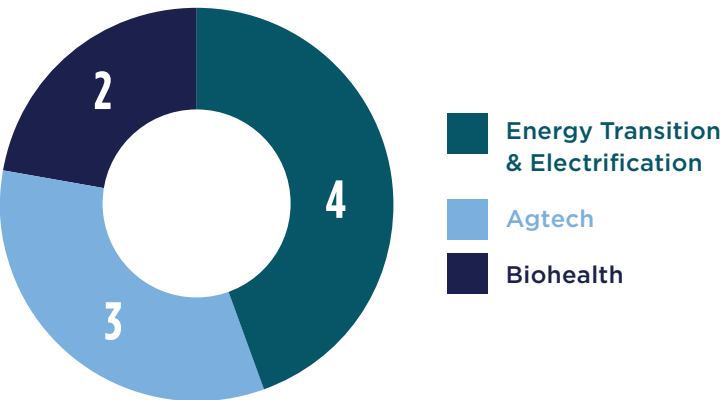


**Commercial
Development**

FY2026-2 GRANTS.

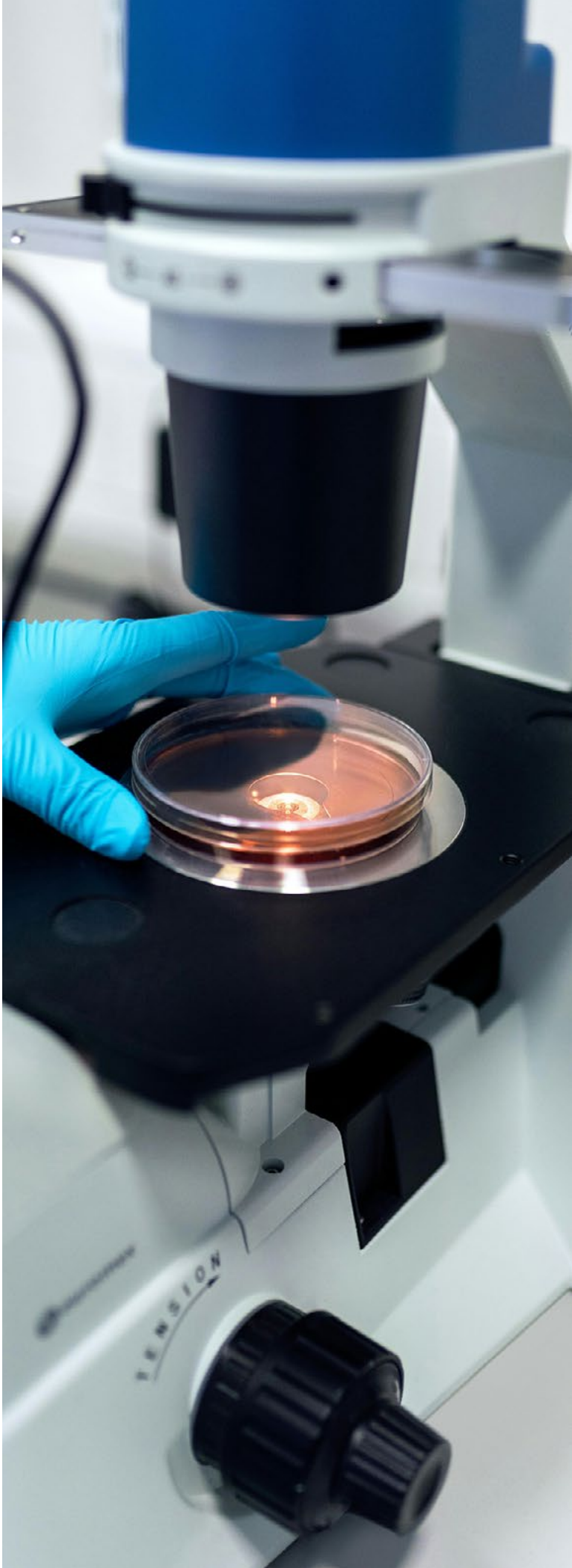
- ▶ **Number of Awards:** 9
- ▶ **Total Amount Awarded:** \$8.0 Million
- ▶ **Institutions Represented:** 8
- ▶ **Sectors Represented:** 3
- ▶ **Board Approved:** May 12, 2026

FY2026-2 Grants by Industry Sector



Connecting Industry Needs to University Solutions

The FY2026-2 cycle invested \$8.0 million in nine projects across eight universities, expanding the portfolio to 47 projects and \$37 million in awards. The cycle includes technologies for battery manufacturing, improving AI electrical infrastructure, rail electrification, neurohealth monitoring, sustainable aviation fuel, pollinator protection, precision cancer treatment, strawberry propagation and value-added sweetpotato products. Several projects are already connected to North Carolina companies and industry partners, shortening the distance between technical validation and commercial adoption. [See [Appendix Tables 1.6](#) and [1.7](#) for the FY2026-2 Grants budget and awards.]





PROJECT HIGHLIGHT

Turning a North Carolina Crop Into a New Market

At Appalachian State University, Dr. Brett Taubman and Daniel Parker are developing Rootsii, a plant-based milk made from surplus North Carolina sweetpotatoes. The technology creates a potential market for crops that are nutritionally sound but cannot be sold through traditional channels because of size or appearance. NCInnovation funding supports scale-up, shelf-life testing, consumer validation and commercialization strategy. Students are participating directly in the work, gaining experience in food science, product development, and entrepreneurship. The result is a single project with multiple forms of return: reduced agricultural waste, new value for growers, workforce development, and the potential formation of a North Carolina food company.

ANNUAL REPORT ON PROGRAMS AND ACTIVITIES

MEASURING INNOVATION SUCCESS





Measuring Outcomes Demonstrates Our Impact

Measuring outcomes is essential to understanding the economic impact of NCInnovation's work: whether that is across industry sectors, universities, regions, or the state. Developing performance metrics helps NCInnovation improve its programs and processes, make data-driven decisions, and communicate impact to key stakeholders. By reporting outcomes, NCInnovation demonstrates transparency and accountability in managing its state-funded endowment and fulfills its legislative mandate to share performance data. By measuring programmatic outcomes, NCInnovation will be able to determine whether programs are meeting stated goals and whether adjustments should be made to better meet those goals.

To determine whether NCInnovation is achieving its desired outcomes, the organization has been collecting data on funded projects at least every six months, starting with the pilot round of projects. This data collection is critical to monitoring the progress of the teams and determining whether NCInnovation is meeting its stated objectives. However, as the organization grows, the sophistication of our measurement and reporting methods must mature as well. This year, in partnership with RTI International, NCInnovation has developed a comprehensive performance metrics plan to ensure that reporting is accurate and effective and that the reporting addresses the metrics that are the highest priority to the organization.

Strategy for Tracking Metrics

NCInnovation's new performance metrics plan will add a new layer of data collection alongside the existing data collection that has been underway since the inception of the grant program. Two new annual surveys are being launched in 2026 that will provide an avenue for collecting data that has not been available to date:

- ▶ **Outcomes of university spinout companies**
- ▶ **Data from university technology transfer offices**

The table below outlines the performance metrics that will be rolled out in three phases. The first phase is already active and available on the website. Phase 2 is in progress and will begin producing data in fall of 2026. Some limited Phase 2 data is included in section three of this report, and a fuller version will be available in the 2027 report. Planning and implementation of Phase 3 will begin upon completion of Phase 2.

PHASE 1	PHASE 2A	PHASE 2B	PHASE 3
NCInnovation Grant Program	Spinout Data	University TTO Data	Expansion of NCInnovation Internal Capabilities
Active	Implementation phase (producing data fall 2026)	Planning phase (full version by 2027)	Future phase (after Phase 2)
▶ Grants Awarded ▶ Total Grant Funding Awarded ▶ Number of UNC System Institutions that have received NCInnovation grants ▶ Total number of applicants for NCInnovation grants ▶ Total amount requested by applicants on full applications ▶ Pipeline projects — number and funding amount	▶ Total amount funded (regional support + grants) ▶ Number of jobs created ▶ Number of spinouts associated with funded projects ▶ Follow-on funding to spinouts (including grants and VC funding)	▶ IP protection (invention disclosures, patents, copyrights, etc.) ▶ Number of licenses to NCInnovation-associated spinouts ▶ Dates of licenses to spinouts	▶ Number of faculty trained and/or supported (grants + training programs) ▶ Number of industry partners ▶ Number of ecosystem partners ▶ Private capital leverage ratio (total follow-on dollars/ NCInnovation dollars deployed)

ANNUAL REPORT ON PROGRAMS AND ACTIVITIES

NCINNOVATION OUTCOMES

Impact Through Accountability

Measuring outcomes is essential to understanding the impact of NCInnovation's work. These metrics help us improve our programs and processes, make data-driven decisions, and communicate NCInnovation's impact to key stakeholders. By reporting outcomes, NCInnovation demonstrates transparency and accountability in managing its state-funded endowment and fulfills its legislative mandate to share performance data.

NCInnovation Outcomes will continue to evolve as NCInnovation's initial pilot projects reach completion and more data become available.



STATE LEVEL IMPACT OF OUR PILLARS

PILLAR 1: Pipeline Development



14

Universities participating
through signed agreements



28

Pipeline Projects Funded
(at seven universities as of July 30)

PILLAR 2: Core Programs



47 Grants Awarded

NCInnovation has awarded 47 statewide grants to 14 UNC System universities across its first four grant cycles. The program now offers two funding cycles per year.



\$37M Funded

To date, NCInnovation has awarded over \$37 million in funding through its statewide grants program. Even amidst this significant infusion of grant funding, demand is strong across the state for additional innovation support.



14 UNC System Universities Funded

Fourteen UNC System universities have received NCInnovation grants. Of the 15 institutions likely to apply (excluding the NC School of Science and Mathematics and UNC School of the Arts), NCInnovation has awarded funding to all but one. This count reflects only institutions that received a grant or subaward, not partnering institutions without funding.



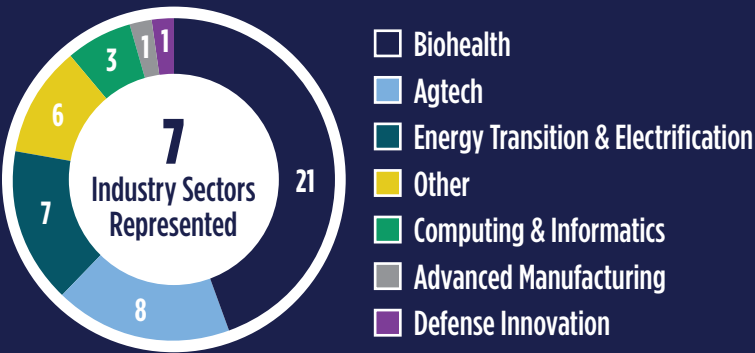
\$88M+ Requested

Applicants invited to submit full applications requested over \$88 million. Full applications are by invitation only, following NCInnovation's pre-application review, which means the total funding requested in pre-applications is even higher.



251 Unique Applicants

A total of 251 unique faculty members have applied for NCInnovation funding. This number excludes resubmissions, so the overall number of applications is considerably higher.



Full- and Part-time
Jobs Supported by
NCInnovation Funding



Industry Partners

Includes companies and other organizations that express an interest in the technologies under development or that partner with funded teams to support technology commercialization.



Ecosystem Partners

Includes innovation and economic development support organizations such as local chambers of commerce, the NC SBTDC, and many others.



Spinouts Associated
with Funded Projects

Includes all NCInnovation grant-affiliated university spinout companies formed either before or during the NCI funding period.

PILLAR 3: Commercial Transition

From Validated Technology to Market

NCInnovation’s work does not end when a grant period closes. The Commercial Transition pillar is designed to carry the strongest projects through the final stage between technical validation and market entry—a point where promising technologies can still stall without experienced leadership, customer access, operational support and capital connections.

During the coming fiscal year, NCInnovation will scale implementation of post-grant C-suite support, investor engagement, legal and regulatory assistance, business operations and targeted industry introductions. The objective is practical and measurable: help qualified projects reach paying customers, executed licenses, strategic partnerships or new-company formation as efficiently as possible.

This work also strengthens the return on the state’s earlier investment. A technology that reaches the market can generate follow-on capital, create high-skill jobs, expand an existing North Carolina company, or form a new one. Commercial Transition therefore connects project-level progress directly to statewide economic development.

A woman with short, curly dark hair and glasses, wearing a white lab coat and blue gloves, is smiling while working with a microscope in a laboratory. The background shows laboratory equipment and a yellow warning sign.

PROJECT FEATURE

Commercial Transition Planning

Dr. Rukiyah Van Dross-Anderson
East Carolina University

MELANOMA IMMUNOTHERAPY

Dr. Rukiyah Van Dross-Anderson's East Carolina University project is advancing PMJ2, a small-molecule immunotherapy intended to overcome resistance to checkpoint inhibitors used to treat advanced melanoma. The technology is being commercialized through Claradele Pharmaceuticals, an ECU-affiliated company pursuing an asset-licensing strategy with an established pharmaceutical company rather than independently bringing the therapy through full clinical development and product launch.

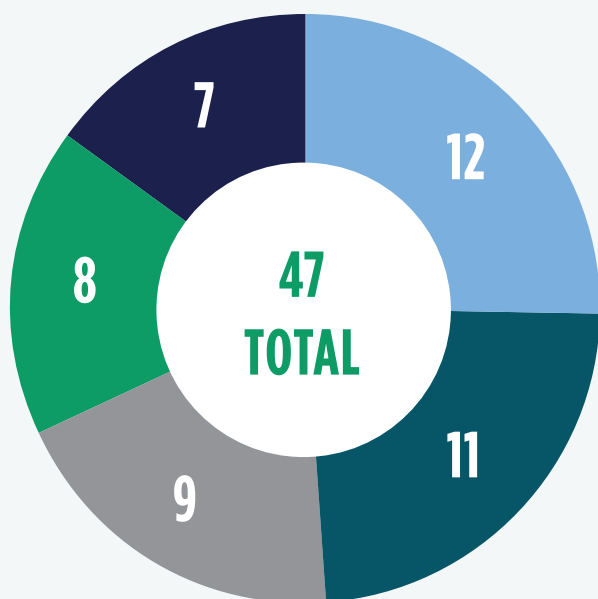
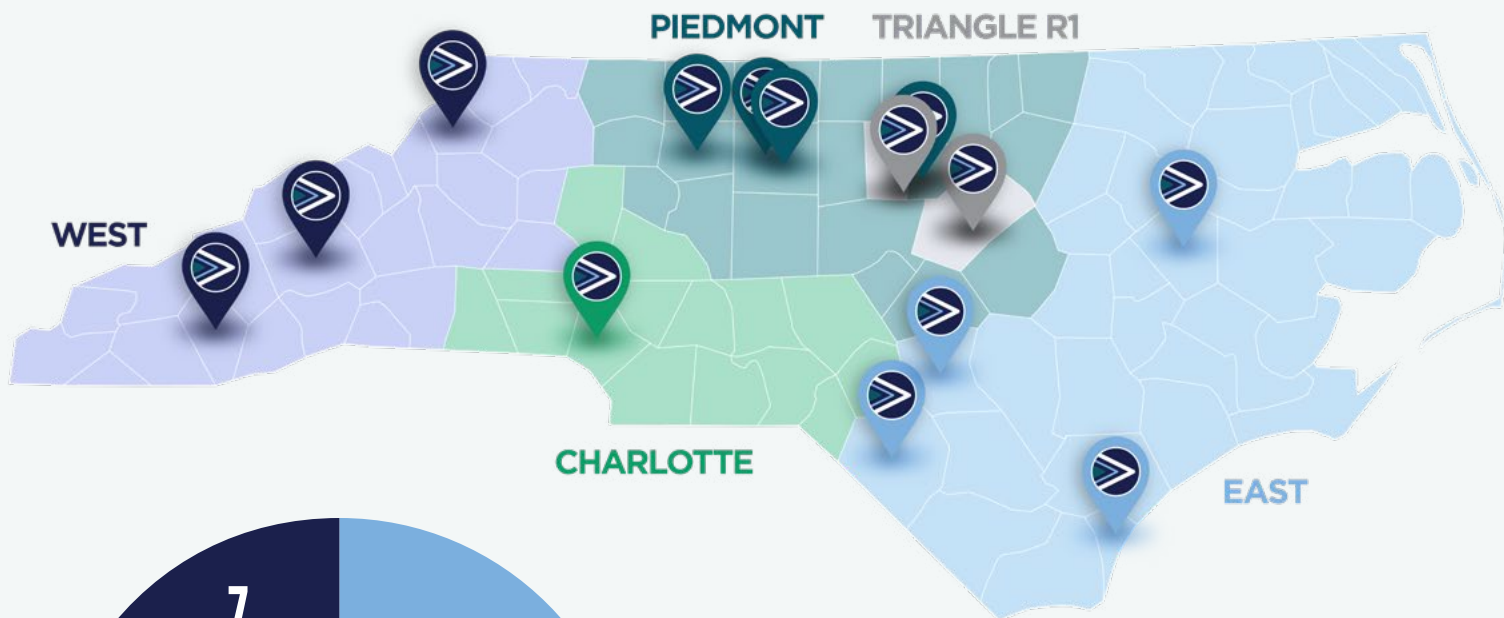
During the NCInnovation grant period, the project made substantial progress toward Investigational New Drug, or IND, readiness. A scalable and reproducible manufacturing process was developed, producing more than 35 grams of drug substance. Independent contractors conducted metabolic-stability, genotoxicity, and safety testing; developed analytical methods and stability data; and identified two potential formulations for parenteral administration. Regulatory consultants also prepared an initial drug-substance section for a future IND submission. Together, these accomplishments advanced the technology from laboratory validation toward the IND-enabling toxicology and regulatory work required before human clinical trials.

The project also developed the business infrastructure required for commercialization. Claradele Pharmaceuticals was incorporated, an experienced biotechnology executive was recruited to serve as CEO, and a board was established with an independent chair. The team refined its market and investment strategy, created an updated investor presentation, developed a staged capital plan, and submitted nonconfidential materials to the business-development or venture groups of six pharmaceutical companies that market checkpoint inhibitors. The company's current financing strategy calls for an initial convertible-note raise, followed by seed financing to support IND-enabling activities and a later clinical-stage financing round.

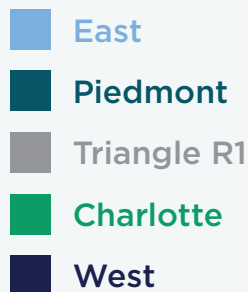
By July 2026, the project had entered Commercial Transition planning. The planning process identified several remaining gates to private investment and pharmaceutical licensing: completing follow-up genotoxicity testing; selecting the appropriate species for formal toxicology studies; establishing a consistent pathway and timeline for a pre-IND meeting and IND submission; completing the ECU-to-Claradele licensing documentation; and preparing an investor-grade financial model, capitalization table, and due-diligence data room. The team is also evaluating an Orphan Drug Designation application for an initial melanoma indication as a potential means of strengthening the asset's regulatory and commercial position.

The objective is to clear the specific scientific, regulatory, legal, and financial barriers preventing Claradele from securing the private capital required for its full IND-enabling program. This project illustrates the purpose of Commercial Transition: the NCInnovation grant advanced a promising university technology and established initial commercial readiness; the next phase is designed to convert that progress into an investable, licensable pharmaceutical asset with a defined regulatory and industry-partnership pathway.

IMPACT BY REGION



ALL AWARDED PROJECTS



CHARLOTTE

- ▶ Industry Partners: 53
- ▶ Ecosystem Partners: 32
- ▶ Number of Spinouts Associated with Funded Projects: 4

Charlotte is where NCInnovation's model is already translating into market-facing activity—projects are not just advancing technically, they are forming companies, generating IP, and engaging industry early. The density of corporate partners is accelerating commercialization timelines and positioning this region as a proving ground for scale.



EAST

- ▶ **Industry Partners: 29**
- ▶ **Ecosystem Partners: 55**
- ▶ **Number of Spinouts Associated with Funded Projects: 5**

The East is showing how a distributed innovation model works—strong ecosystem partnerships are compensating for less dense industry presence, enabling projects to move forward through collaboration. The volume of IP and startup formation signals that commercialization activity is not confined to major metros—it’s being built statewide.



PIEDMONT

- ▶ **Industry Partners: 7**
- ▶ **Ecosystem Partners: 8**
- ▶ **Number of Spinouts Associated with Funded Projects: 4**

The Piedmont reflects early-stage portfolio buildout—fewer but targeted partnerships supporting projects that are moving through foundational commercialization steps. What matters here is trajectory: this region is converting research into startups with a leaner ecosystem footprint, which is exactly where NCInnovation’s support matters most



TRIANGLE R1

- ▶ **Industry Partners: 7**
- ▶ **Ecosystem Partners: 6**
- ▶ **Number of Spinouts Associated with Funded Projects: 8**

The Triangle is producing high-output, research-driven commercialization—strong startup formation and IP generation anchored in R1 universities. NCInnovation’s role here is not access, but acceleration—moving already strong research environments toward faster market entry and broader economic return.



WEST

- ▶ **Industry Partners: 7**
- ▶ **Ecosystem Partners: 15**
- ▶ **Number of Spinouts Associated with Funded Projects: 5**

The West demonstrates the importance of expanding commercialization capacity in regions where capital and specialized commercialization resources are less concentrated. With targeted support, projects are advancing toward pilots and real-world deployment, proving that innovation-driven economic growth can extend beyond traditional hubs.

Strategic Partnerships and Federal Investment

NCInnovation's statewide model depends on collaboration among public universities, industry, economic development organizations, workforce partners, investors, entrepreneurs, and commercialization specialists. During the reporting period, NCInnovation strengthened these relationships while becoming more directly integrated into several major regional and statewide initiatives designed to translate research strengths into economic growth.

NSF GRID MODERNIZATION ENGINE IN THE CAROLINAS

The National Science Foundation selected the UNC Charlotte-led Grid Modernization Engine in the Carolinas as one of the nation's newest NSF Regional Innovation Engines. The award provides an initial federal investment of \$15 million over two years and the potential for up to \$160 million over 10 years, subject to performance milestones. The initiative encompasses 36 counties in North Carolina and South Carolina and includes more than 100 partners representing universities, utilities, manufacturers, workforce organizations, investors, entrepreneurs, government, and economic development organizations.



The Engine will focus on accelerating grid-technology commercialization, strengthening domestic supply chains, supporting entrepreneurship and venture creation, developing workforce pathways, and improving grid reliability and resilience. These priorities are particularly important as North Carolina experiences growing electricity demand associated with advanced manufacturing, data centers, artificial intelligence, population growth, and other economic activity.

NCInnovation supported development of the proposal and participated in the NSF review process as part of the broader coalition. During the site visit, NCInnovation addressed research translation, university innovation leadership, and the importance of strong commercialization ecosystems in attracting industry partners. NCInnovation-supported energy projects at UNC Charlotte, including the Grid-Aware Uninterruptible Power Supply technology, also demonstrate the type of university innovation pipeline that the Engine can help move into industry testing, commercialization, and deployment.





WESTERN NORTH CAROLINA FUTURES FACTORY

NCInnovation also joined the partnership establishing the Western North Carolina Futures Factory, a planned 70,000-square-foot advanced manufacturing, workforce-training, and research hub led by Asheville-Buncombe Technical Community College.

The U.S. Economic Development Administration awarded A-B Tech and Buncombe County \$29.2 million to construct the facility as part of the federal response to Hurricane Helene and the region's longer-term economic recovery. The Futures Factory will bring together universities, community colleges, manufacturers, workforce organizations, economic developers, and commercialization partners in a shared environment for research, prototyping, product testing, pilot manufacturing, workforce development, and technology commercialization.

NCInnovation will serve as a strategic commercialization partner, helping connect university discoveries with manufacturers, industry needs, validation opportunities, and market pathways. University research partners include North Carolina A&T State University, Appalachian State University, UNC Charlotte, Western Carolina University, UNC Asheville, and North Carolina State University. The initiative is intended to strengthen Western North Carolina's manufacturing base, improve supply-chain resilience, and create a regional pathway from university proof of concept through commercial production.

The economic-development projections prepared for the EDA application estimate that the Futures Factory could train 800 workers annually, support the creation of 2,747 jobs, and generate \$189 million in regional labor income by 2035. These are project-level projections rather than outcomes already achieved, but they demonstrate the scale of the opportunity represented by the partnership.

ANNUAL REPORT ON PROGRAMS AND ACTIVITIES

PLANNED ACTIVITIES & GOALS



A Statewide Platform for the Next Phase of Growth

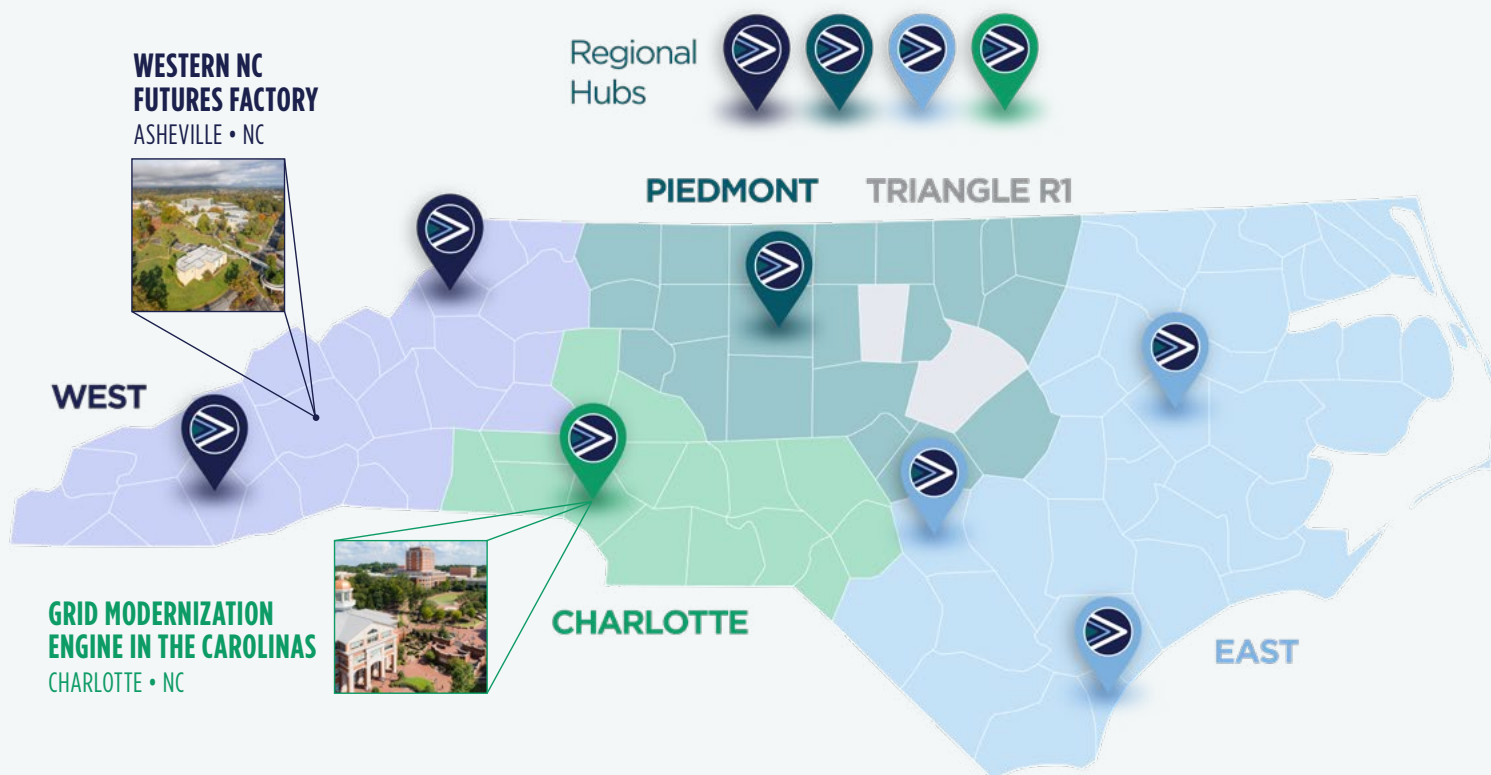
In fiscal year 2027, NCInnovation will focus on converting a larger and more mature project portfolio into measurable commercial outcomes. That means expanding early-stage pipeline support, strengthening project execution, formalizing post-grant transition services, and improving the systems used to track jobs, startups, intellectual property, partnerships, and follow-on capital.

NCInnovation is on track to select our next round of grant recipients in November 2026. The FY2027-1 Grant Cycle will be NCInnovation's fourth statewide RFP — selecting among 26 full applications from university researchers seeking to advance their research breakthroughs to the point of commercial viability.

The organization will also continue aligning university commercialization with major economic development initiatives. The UNC Charlotte-led Grid Modernization Engine in the Carolinas creates a regional platform for energy innovation, workforce development and industry collaboration. In Western North Carolina, the Futures Factory will connect advanced manufacturing, university research, workforce training and commercialization in a shared 70,000-square-foot facility. NCInnovation's role in both efforts is to help ensure that university discoveries have a path into the companies and supply chains that initiatives are designed to grow.

These partnerships demonstrate an evolution in North Carolina's innovation strategy. Rather than treating research, workforce development and business recruitment as separate activities, the state is building connected regional systems in which each

DEEPEN the Pipeline → **EXPAND** Our Portfolio → **ACCELERATE** Commercial Transition → **CONNECT** Research to Industry → **MEASURE** Economic Return





strengthens the others. NCInnovation provides the commercialization infrastructure that helps those systems produce technologies, companies, and economic opportunities.

Through Commercial Transition, NCInnovation is creating a more reliable statewide pathway for turning public-university research into North Carolina companies, products, industry partnerships, investment opportunities, and high-skill employment.

The most significant economic development progress during this early period is therefore the movement of university technologies from research projects toward market-facing assets with identifiable customers, partners, leadership, capital needs, and commercialization pathways. Mature outcomes including executed licenses, recurring revenue, private investment,

company growth, and job creation will develop over longer periods and will vary by sector.

As projects in our portfolio near commercial transition, our organization is assessing how best to measure and track progress and outcomes for Pillar 3: Commercial Transition. NCInnovation's expanded performance metrics plan will document this progression. Measures will include industry pilots, customers, licenses, startup formation, follow-on capital, jobs, company location and growth, and the amount of external funding leveraged by NCInnovation investments.

ANNUAL REPORT ON PROGRAMS AND ACTIVITIES

ECONOMIC DEVELOPMENT DRIVEN



Innovation as Regional Economic Development

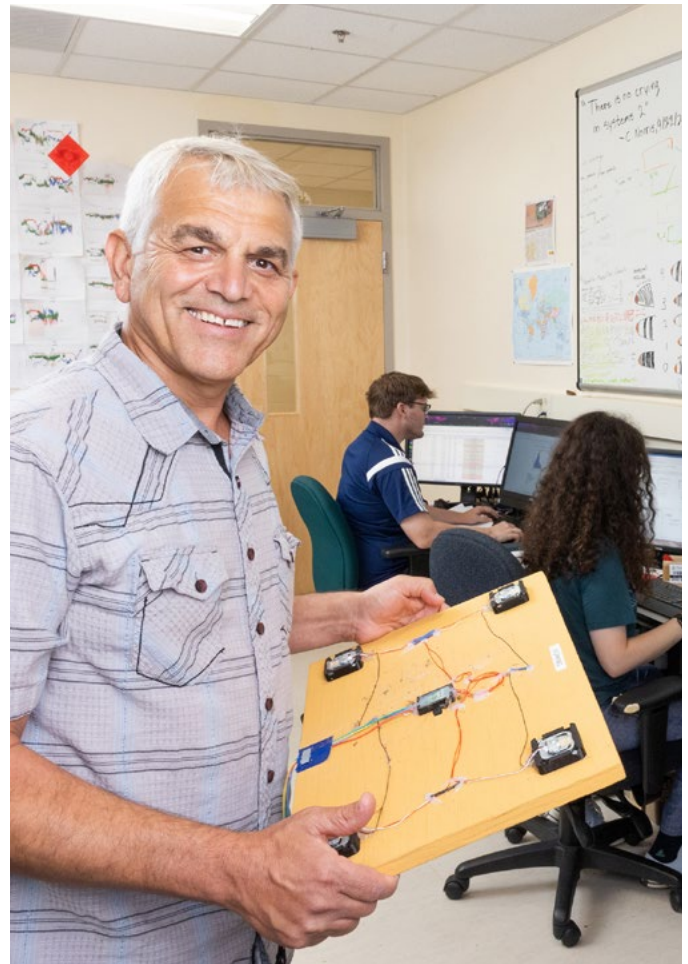
NCInnovation's economic development role begins before a company is formed, or a job is announced. It begins by creating the conditions that allow a university discovery to become commercially viable in the first place: early capital, market validation, intellectual-property support, experienced operators and connections to industry.

That infrastructure matters most in rural and economically transitioning communities, where promising research may be present, but commercialization resources are less concentrated. NCInnovation's regional model places directors and partners close to universities across the state, helping faculty identify opportunities, connect with local industries and move projects into statewide funding and support pathways.

Entrepreneurs-in-Residence extend that capacity. Regional and project EIRs bring commercial experience directly to research teams, helping them test assumptions, understand customers, develop market-entry strategies, and prepare for investment. Their work turns commercialization from an occasional campus activity into a repeatable discipline.

Strategic partners—including universities, community colleges, economic development organizations, industry groups, investors and specialized service providers—help connect funded technologies with the workforce, facilities and markets required for growth. The Futures Factory, the Grid Modernization Engine in the Carolinas, and Western Carolina University's RAPID Center illustrate how shared infrastructure can serve multiple institutions and regions rather than duplicating capacity campus by campus.

The impact is already visible in the breadth of the portfolio. Projects are addressing agricultural productivity in the mountains and eastern North Carolina, maternal and trauma care in rural communities, grid reliability and



data-center growth in the Charlotte region, advanced materials and manufacturing in the Piedmont, and defense and emergency-response needs across the state.

NCInnovation retained 306 full- and part-time jobs supported by NCInnovation funding. Those figures capture only one dimension of the model. The longer-term economic return will also include startups formed, companies expanded, licenses executed, private capital attracted, students trained, and regional industry clusters strengthened.

PUTTING INNOVATION TO WORK ACROSS EVERY REGION OF NORTH CAROLINA

NCInnovation was created with a simple but ambitious goal: ensure that groundbreaking research benefits every region of North Carolina—not just the communities where discoveries are made.

By helping universities translate research into products, companies and industry partnerships, NCInnovation strengthens regional economies, expands opportunities for entrepreneurs and creates pathways for high-quality jobs across the state.

Unlike traditional research funding, NCInnovation focuses on commercialization—the critical work required to move promising discoveries beyond the laboratory and into the marketplace. Every investment is evaluated not only for scientific merit, but also for its potential to generate long-term economic value for North Carolina through new companies, industry partnerships, workforce development, and private investment.

This statewide strategy helps build innovation ecosystems that reflect the unique strengths of each region—from advanced manufacturing and aerospace to agriculture, biohealth, energy, health care, and defense. By supporting technologies with strong commercial potential, NCInnovation helps create conditions where businesses can grow, talent can remain in North Carolina, and local economies become more competitive.

Rather than concentrating investment in one geographic area, NCInnovation intentionally builds commercialization capacity across the state, ensuring rural and economically distressed communities have greater access to the resources, partnerships and expertise needed to participate in North Carolina's innovation economy.

FOSTERING EMPLOYMENT IN RURAL AND ECONOMICALLY DISTRESSED COMMUNITIES

Many of North Carolina's greatest research assets are located outside the state's largest metropolitan areas. Historically, however, the commercialization infrastructure needed to move discoveries into the marketplace has not been evenly distributed.

NCInnovation addresses this challenge by investing in researchers statewide and

connecting them with entrepreneurs, investors, manufacturers, industry partners and commercialization experts who can help technologies reach the market.

These investments create opportunities that extend beyond university campuses. As technologies mature, they stimulate demand for engineering, manufacturing, regulatory affairs, product development, quality assurance, sales, business development and technical support—creating high-quality jobs throughout North Carolina.

By supporting commercialization where research occurs, NCInnovation helps retain talent, strengthen regional industries and expand economic opportunities in communities that have historically received fewer commercialization resources.

HOW NCINNOVATION CREATES ECONOMIC OPPORTUNITY



University Research



Commercialization Support



Industry Partnerships



New Products and Companies



High-Quality Jobs



Stronger Regional Economies



BUILDING REGIONAL INNOVATION CLUSTERS

NCInnovation's investments strengthen technology sectors where North Carolina has both world-class research capabilities and significant opportunities for long-term economic growth. While remaining technology agnostic in its funding decisions, the organization aligns its commercialization strategy with six strategic technology focus areas identified through NCInnovation's *Statewide Strategic Technology Development Plan*.

These focus areas create opportunities for researchers, entrepreneurs, manufacturers and industry partners to build innovation clusters that generate new products, companies and high-quality jobs across the state.

North Carolina's Six Strategic Technology Focus Areas

- ▶ **Advanced Manufacturing:** Automation, robotics, additive manufacturing and advanced production technologies that strengthen North Carolina's manufacturing economy.
- ▶ **AgTech:** Agricultural, food and environmental technologies that improve productivity, sustainability and value-added products.
- ▶ **Biohealth:** Human health innovations spanning therapeutics, medical devices, diagnostics and biotechnology.
- ▶ **Computing & Informatics:** Artificial intelligence, cybersecurity, data science, advanced computing and digital technologies.
- ▶ **Defense Innovation:** Technologies supporting national security, resilience, aerospace and dual-use applications.
- ▶ **Energy Transition & Electrification:** Technologies advancing batteries, grid modernization, power electronics, clean energy and transportation electrification.

ENTREPRENEURS-IN-RESIDENCE EXPAND COMMERCIAL CAPACITY

NCInnovation's Entrepreneurs-in-Residence (EIR) program provides researchers with experienced commercialization leaders who understand both technology development and business formation.

EIRs help research teams:

- ▶ **evaluate market opportunities**
- ▶ **identify customers**
- ▶ **refine commercialization strategies**
- ▶ **connect with industry partners**
- ▶ **prepare for investment**
- ▶ **strengthen business planning**
- ▶ **navigate startup formation**

This expertise helps researchers avoid common commercialization barriers while accelerating the transition from university research to market-ready technologies.

By embedding commercialization expertise across multiple regions, the EIR program expands North Carolina's innovation capacity while strengthening local entrepreneurial ecosystems.

COMMERCIAL TRANSITION PARTNERS ACCELERATE MARKET READINESS

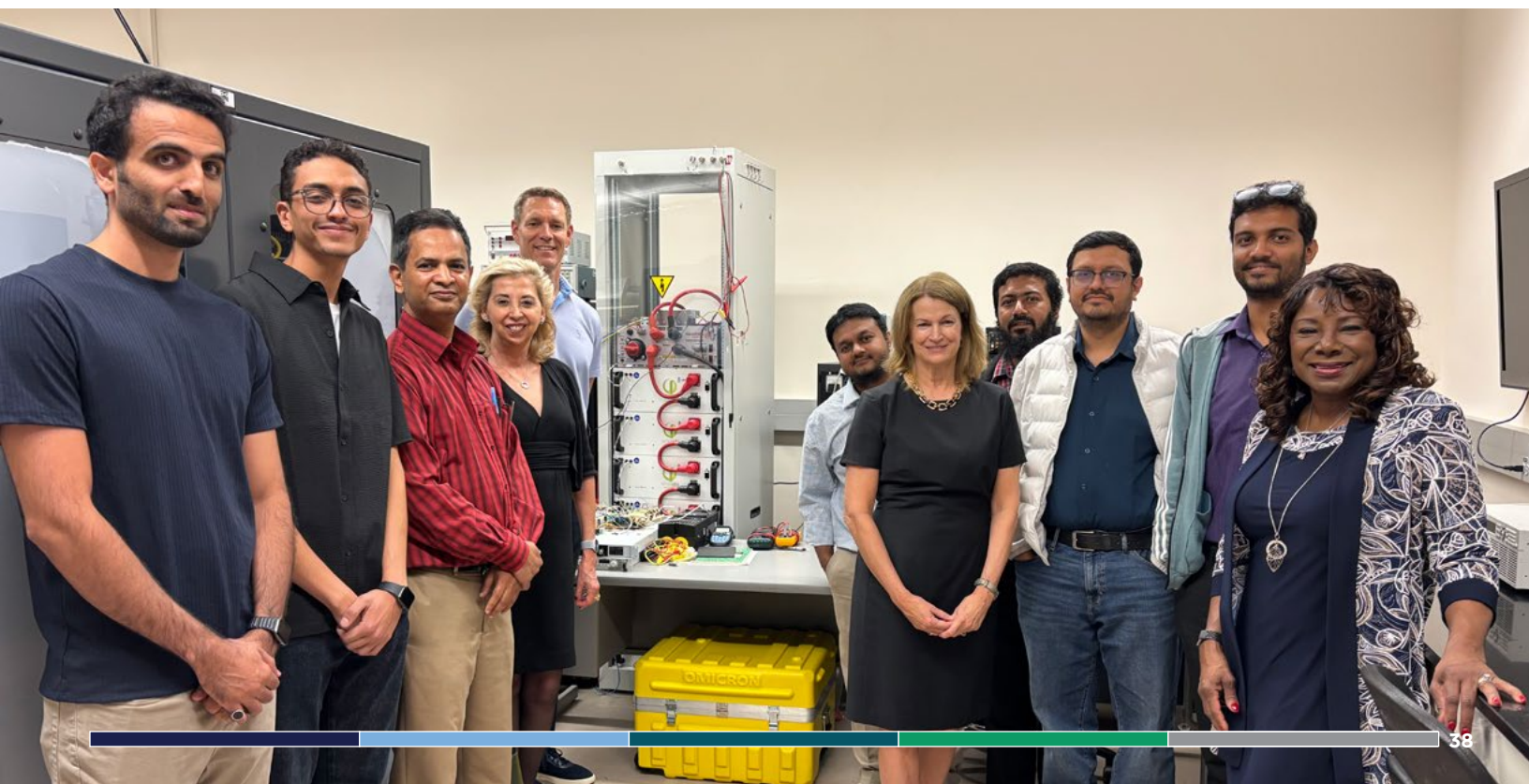
Commercialization rarely happens in isolation.

NCInnovation works alongside a statewide network of commercial transition partners that provide specialized expertise in manufacturing, regulatory strategy, prototyping, testing, product development, market validation, investment readiness and company formation.

These partnerships allow researchers to access capabilities that often do not exist within university laboratories alone.

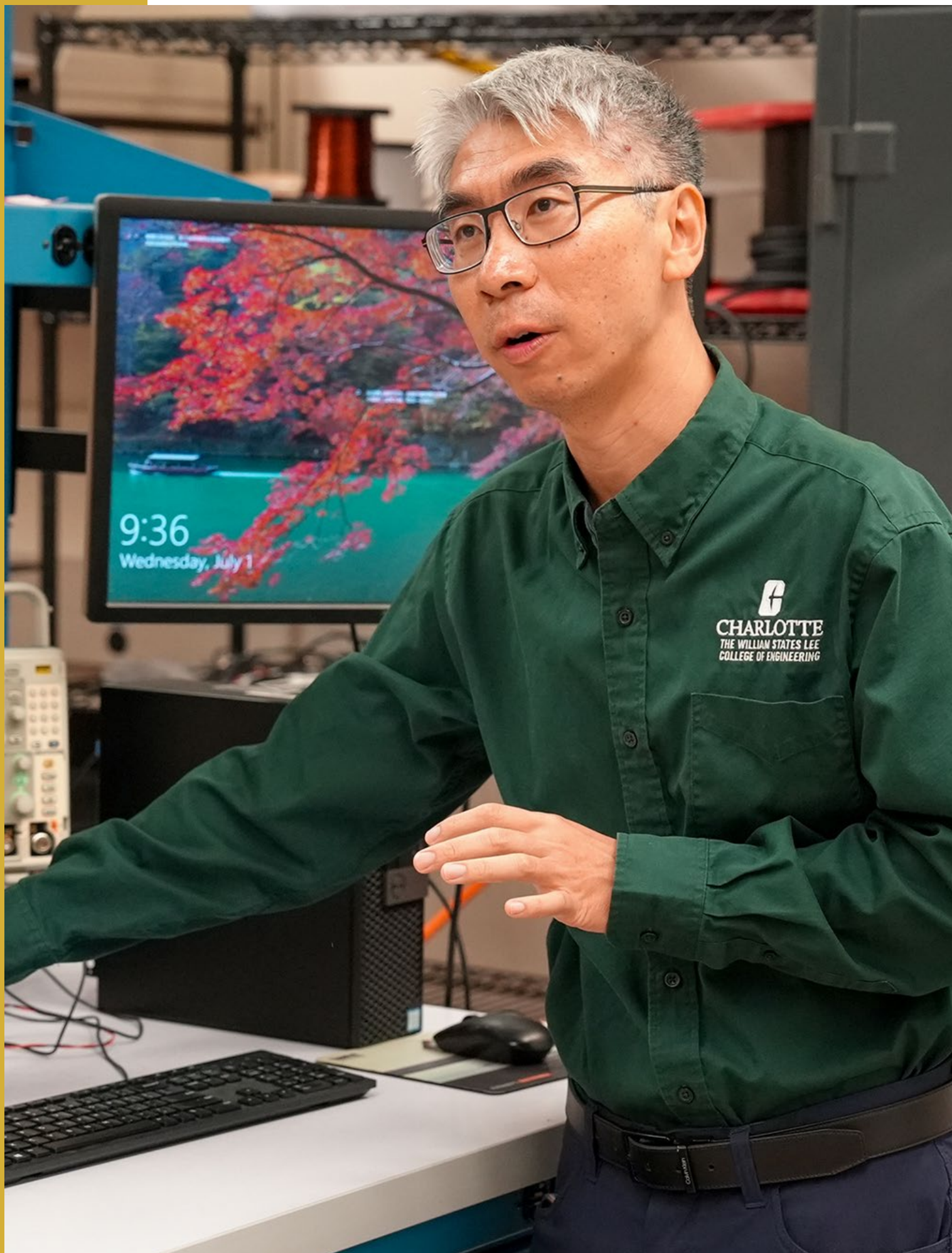
Rather than duplicating existing resources, NCInnovation coordinates expertise across North Carolina's innovation ecosystem, creating a stronger commercialization pipeline that benefits researchers, startups, established companies and regional economies alike.

Together, these partnerships reduce commercialization risk while accelerating the movement of technologies toward industry adoption.



ANNUAL REPORT ON PROGRAMS AND ACTIVITIES

APPENDIX



VIDEO RESOURCES

Regional Hub Model



NCInnovation

Wireless Rail Electrification



UNC Charlotte

Light-Activated Cancer Drugs



UNC Chapel-Hill

ROOTSII



Appalachian State University

Vaar-Gate Honeybee Miticide



East Carolina University

Regional Economy



NCInnovation

AI Microscope



Appalachian State University

Cyber-PARK



UNC Wilmington

Sustainable Fiber Production



NC State University

Vaccine Storage



UNC Charlotte

Patient Ready



Winston-Salem State University

Statutory Requirements at a Glance

North Carolina General Statute § 143-728(d)(2)a lists seven requirements that must be reported on or before September 15 of each year and submitted to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and the Fiscal Research Division.

REQUIREMENT 1

Every expenditure for establishing and supporting a network of regional innovation hubs and every award of grants, funds, or other support by NCInnovation in the prior fiscal year. This information shall include, at a minimum, the recipient, amount, term, and purpose of the award.

REQUIREMENT 2

Outcome data collected by NCInnovation, including the number of jobs created.

REQUIREMENT 3

Cumulative regional innovation hub network expenditure and funding award data by program and by county.

REQUIREMENT 4

An unaudited report, itemized by category, of overhead and administrative costs for the previous fiscal year.

REQUIREMENT 5

Current fiscal year budget, planned activities, and goals for the current fiscal year.

REQUIREMENT 6

Developed performance metrics for recipients of funding and support by NCInnovation.

REQUIREMENT 7

A detailed explanation of how annual salaries are determined, including base pay schedules and any additional salary amounts or bonuses that may be earned as a result of job performance. The explanation shall include the means used by NCInnovation to foster employee efforts in rural and low-income areas in the State.



Appendix Tables and Narratives by Requirement

The following is a list of each statutory requirement coupled with the narrative section where it is discussed or the appendix table where detailed data appears.

REQUIREMENT 1

TABLE 1.1: Program Expenditures for the Fiscal Year Ended June 30, 2026..... [44](#)

TABLE 1.2: FY2025 Grants Detailed Budget by Year of Spending [45](#)

TABLE 1.3: FY2025 Grants Funded Projects..... [46](#)

TABLE 1.4: FY2026-1 Grants Detailed Budget by Year of Spending [47](#)

TABLE 1.5: FY2026-1 Grants Funded Projects [48](#)

TABLE 1.6: FY2026-2 Grants Detailed Budget by Year of Spending [49](#)

TABLE 1.7: FY2026-2 Grants Funded Projects [50](#)

REQUIREMENT 2

03 NCInnovation Outcomes

State Level Impact of Our Pillars..... [21](#)

Impact by Region..... [25](#)

Strategic Partnerships and Federal Investment..... [27](#)

REQUIREMENT 3

TABLE 3.1: Regional Hub Network Cumulative Program Expenditures by Region and County [51](#)

TABLE 3.2: Grants Cumulative Funding by Region and County [52](#)

REQUIREMENT 4

TABLE 4.1: FY2026 Unaudited Financial Statements..... [53](#)

REQUIREMENT 5

04 Planned Activities & Goals

A Statewide Platform for the Next Phase of Growth..... [31](#)

TABLE 5.1: FY2027 Budget..... [56](#)

REQUIREMENT 6

02 Measuring Innovation Success

Measuring Outcomes Demonstrates Our Impact..... [17](#)

Strategy for Tracking Metrics..... [18](#)

REQUIREMENT 7

05 Economic Development Driven

Putting Innovation to Work Across Every Region of North Carolina..... [35](#)

Fostering Employment in Rural and Economically Distressed Communities..... [36](#)

Building Regional Innovation Clusters..... [37](#)

Entrepreneurs-in-Residence Expand Commercial Capacity..... [38](#)

Commercial Transition Partners Accelerate Market Readiness..... [38](#)

TABLE 7.1: How Annual Salaries Are Determined, and Bonus Compensation is Earned..... [58](#)

TABLE 1.1: Program Expenditures for the Fiscal Year Ended June 30, 2026

Preliminary draft and unaudited

	TOTAL EXPENDITURES BY DETAIL	
GRANT AWARDS		
Statewide RFP Grants		\$15,988,628
SALARIES & BENEFITS		
Regional Hub Directors	\$1,443,877	
University & Ecosystem Support to Hubs	\$1,937,102	
TOTAL SALARIES & BENEFITS		\$3,380,980
REGIONAL HUB EXPENSES		
Contract Research Services	\$144,035	
University & Ecosystem Support Programs	\$3,301,865	
Travel Expenses, Excludes out of State travel & travel to NCI HQ	\$97,299	
Marketing & Public Relations	\$71,944	
Meetings Expenses, Including program related meals	\$5,981	
Dues, Membership, Professional Development	\$2,955	
Office Expenses, Supplies, Printing & Postage	\$42,515	
Computer Equipment, Communications & Tech Services	\$49,081	
TOTAL REGIONAL HUB EXPENSES		3,715,676
TOTAL PROGRAM EXPENSES		\$23,085,284

Note: The above program expenditures comply with all state law requirements, including the following:

G.S. 143-728(d)(1)e. The amount of State funds that may be used for the annual salary of any one officer or employee of NCInnovation shall not exceed the greater of (i) one hundred forty thousand dollars (\$140,000) or (ii) the amount most recently set by the General Assembly in a Current Operations Appropriations Act.

G.S. 143-728(d)(5). NCInnovation may draw from, distribute, and otherwise expend investment income, including, without limitation, to make funding awards and establish or support a network of regional innovation hubs, in accordance with this Article, and such activities are subject to the reporting requirements of this Article.

TABLE 1.2: FY2025 Grants Detailed Budget by Year of Spending

CATEGORY	DESCRIPTION	BUDGET SPEND	
PERSONNEL	<i>Researcher time/effort, course-buyout, administration, and oversight of grant management and reporting</i>	Year 1	Year 2
Faculty		\$999,624	\$850,679
Non-faculty research staff (e.g., technicians, staff scientists)		\$845,375	\$753,216
Trainees (undergraduate, graduate, and postdoctoral researchers)		\$563,310	\$554,158
Grants administration (post-award support)		\$64,019	\$47,992
Project managers		\$247,609	\$252,986
Administrative support		\$33,917	\$20,547
Programmatic support (e.g., innovation and entrepreneurship staff)		\$-	\$-
Other (Including Fringe Benefits)		\$57,490	\$59,021
TOTAL		\$2,811,345	\$2,538,598
MATERIALS, SUPPLIES & EQUIPMENT	<i>Equipment, rent, utilities, and materials to conduct research</i>		
Equipment, consumables, materials, etc		\$898,814	\$332,273
TOTAL		\$898,814	\$332,273
IN-STATE TRAVEL	<i>Travel to meetings with partners, conferences, etc.</i>		
Travel		\$55,357	\$53,833
TOTAL		\$55,357	\$53,833
COMMERCIALIZATION ACTIVITIES	<i>Market fit research, patent landscaping, technical validation, legal fees, etc.</i>		
Services, consulting fees, market fit research, patent landscaping, technical validation, IP/ legal fees, Executives in Residence, etc.		\$1,575,595	\$1,123,837
TOTAL		\$1,575,595	\$1,123,837
SUBAWARDS			
Subawards		\$1,064,117	\$812,759
TOTAL		\$1,064,117	\$812,759
OTHER EXPENSES			
Contract research organization regulatory testing & other expenses		\$1,187,037	\$1,122,261
TOTAL		\$1,187,037	\$1,122,261
TOTAL ANNUAL SPEND		\$7,592,266	\$5,983,562

The above FY2025 Grants budget summary details the 17 grants awarded by the NCI Board in May 2025.

TABLE 1.3: FY2025 Grants Funded Projects

REGION	UNIVERSITY	PI NAME	PROJECT	TERM	AMOUNT
Charlotte	UNCC	Pinku Mukherjee	Pancreatic cancer therapeutic	2-years	\$1,120,542
Charlotte	UNCC	Susan Trammell	Vaccine cold storage	2-years	\$810,505
East	ECU	Patrick Briley	Stuttering platform for supporting speech language pathologists	2-years	\$435,655
East	ECU	Stephanie Richards	Miniature wind tunnel for the testing of pesticides; will lead to creation of a CRO in eastern NC	2-years	\$497,882
East	FSU	Shirley Lee Chao	Hemp-based bio pesticide for use in commercial poultry houses	2-years	\$1,088,986
East	UNCP	Ben A. Bahr	Alzheimer's / Traumatic Brain Injury therapeutic	2-years	\$1,113,758
East	UNCW	Lindsey H. Schroeder	Neck Strength Assessment Device with broad military and sports application	2-years	\$850,644
Piedmont	NC A&T	Randy Schmitz	Clinical knee arthrometer to measure knee laxity	2-years	\$578,904
Piedmont	UNCG	Kaira Wagoner	Pheromone-based technology for pest and disease resistant honeybees	2-years	\$553,567
Piedmont	UNCG	Liam Michael Duffy	Analytical method for identifying molecular isomers	1-year	\$253,000
Piedmont	WSSU	Tori Brown	AI-enabled Saas clinical training platform for nurses	2-years	\$1,246,200
Triangle	NCSU	Amay J Bandodkar	Wound bandage for rapid healing	2-years	\$699,923
Triangle	NCSU	Ericka Ford	New process for manufacturing synthetic wool more sustainably and with less health risk	2-years	\$445,823
Triangle	UNC-CH	Jeffrey S. A. Stringer	Ultrasound for rural settings	1-year	\$500,000
Triangle	UNC-CH	Ronit Freeman	Treatment for lung fibrosis	2-years	\$967,974
West	ASU	Zachary E. Russell	AI Microscopy for Livestock Intestinal Parasite Detection	2-years	\$2,309,865
West	UNCA	Amanda L. Wolfe	Patent Discovery for Unique Antibiotic Compounds	1-year	\$102,600

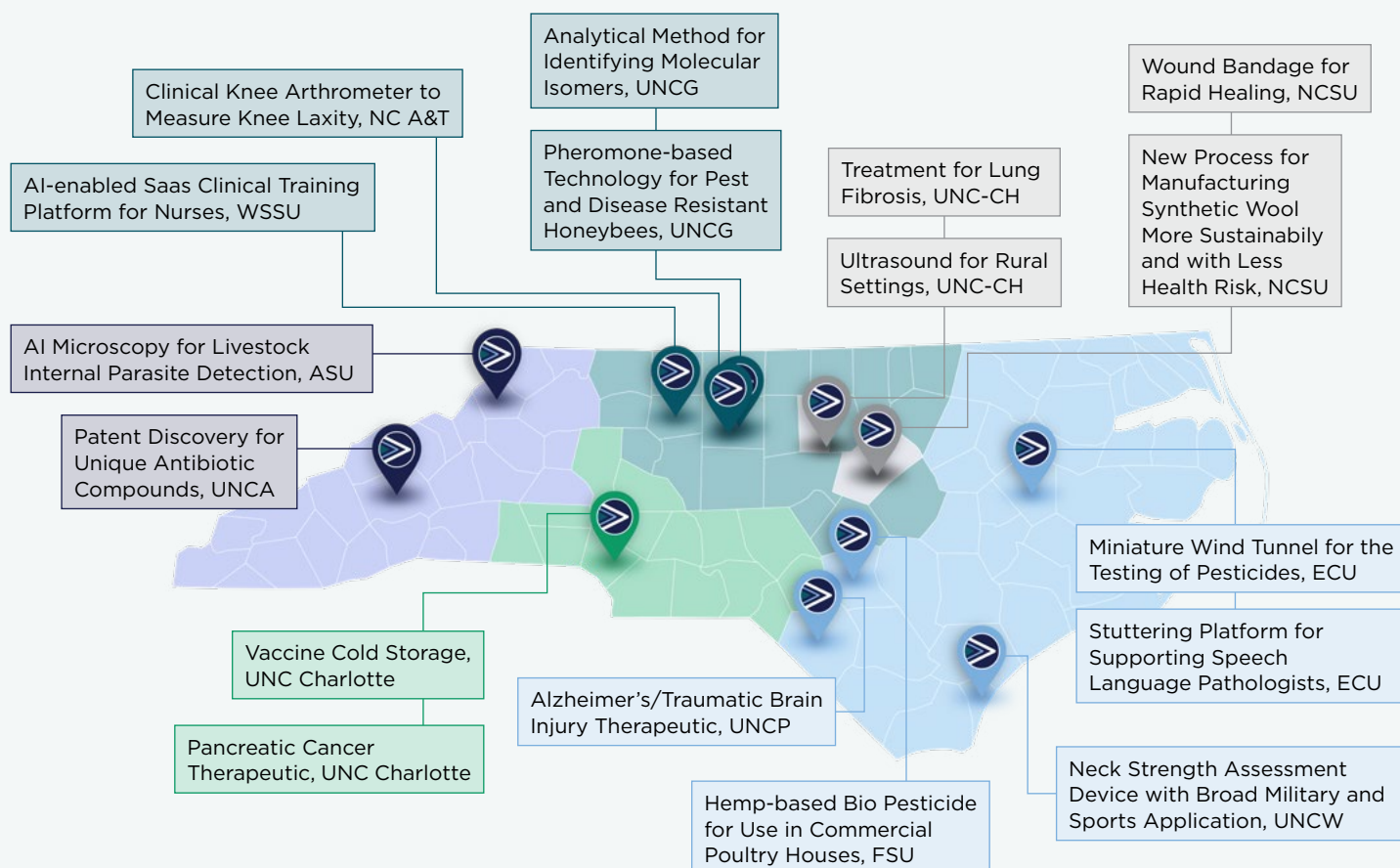


TABLE 1.4: FY2026-1 Grants Detailed Budget by Year of Spending

CATEGORY	DESCRIPTION	BUDGET SPEND	
PERSONNEL	<i>Researcher time/effort, course-buyout, administration and oversight of grant management and reporting</i>	Year 1	Year 2
Faculty		\$401,773	\$475,074
Non-faculty research staff (e.g., technicians, staff scientists)		\$638,110	\$731,625
Trainees (undergraduate, graduate, and postdoctoral researchers)		\$551,475	\$538,432
Grants administration (post-award support)		\$53,491	\$54,558
Project managers		\$162,611	\$173,785
Administrative support		\$22,419	\$16,956
Programmatic support (e.g., innovation and entrepreneurship staff)		\$118,373	\$169,612
Other (Including Fringe Benefits Expense)		\$-	\$-
TOTAL		\$1,948,252	\$2,160,042
MATERIALS, SUPPLIES & EQUIPMENT	<i>Equipment, rent, utilities, and materials to conduct research</i>		
Equipment, consumables, materials, etc		\$1,072,185	\$395,910
TOTAL		\$1,072,185	\$395,910
IN-STATE TRAVEL	<i>Travel to meetings with partners, conferences, etc.</i>		
Travel		\$78,300	\$87,800
TOTAL		\$78,300	\$87,800
COMMERCIALIZATION ACTIVITIES	<i>Market fit research, patent landscaping, technical validation, legal fees, etc.</i>		
Services, consulting fees, market fit research, patent landscaping, technical validation, IP/ legal fees, Executives in Residence, etc.		\$807,604	\$843,354
TOTAL		\$807,604	\$843,354
SUBAWARDS			
Subawards		\$1,364,472	\$1,157,019
TOTAL		\$1,364,472	\$1,157,019
OTHER EXPENSES			
Contract research organization regulatory testing & other expenses		\$125,269	\$209,034
TOTAL		\$125,269	\$209,034
TOTAL ANNUAL SPEND		\$5,396,082	\$4,853,159

The above FY2026-1 Grants budget summary details the 13 grants awarded by the NCI Board in December 2025.

TABLE 1.5: FY2026-1 Grants Funded Projects

REGION	UNIVERSITY	PI NAME	PROJECT	TERM	AMOUNT
Charlotte	UNCC	Babak Parkhideh	Advanced reliability monitoring tools	2-years	\$787,474
Charlotte	UNCC	Rosario Porras-Aguilar	4D Quantitative Phase Microscopy attachment	2-years	\$959,972
East	ECU	Robert M Hughes	Antifouling and bilge coatings	2-years	\$723,493
East	FSU	Sambit Bhattacharya	KINESYS provides a unified platform delivering unprecedented realism and physical accuracy across both defense and healthcare applications.	2-years	\$749,752
East	UNCW	Ellie Ebrahimi	Browser-based interactive cybersecurity platform for elementary school students.	2-years	\$332,379
Piedmont	NCCU	TinChung Leung	Convergent Threat Risk Assessment System (CTRAS)- multi-component system for biodefense designed to revolutionize biosurveillance and risk analysis.	2-years	\$1,097,158
Piedmont	UNCG	Kerui Wu	Precision Macrophage-targeted Magnesium Delivery	2-years	\$396,602
Piedmont	WSSU	Rafael Loureiro	biofertilizer- additive to traditional fertilizers, specifically designed to reactivate soil biological functions and enhance nutrient availability	2-years	\$998,996
Triangle	NCSU	Ashley Brown	SymClot, highly wound-targeted synthetic platelets	2-years	\$975,817
Triangle	NCSU	Jason Fredrick Patrick	Interlaminar delamination	2-years	\$668,418
Triangle	UNC-CH	Jason Franz	Lower extremity osteoarthritis- cost-effective wearable sensor and machine learning system	2-years	\$400,000
West	ASU	Gavin Colquitt	3 Moves Ahead (Motor skills, Milestones, Momentum for Children Under 3) provides the first scalable, web-based solution for families of young children with movement delays	2-years	\$1,160,078
West	WCU	Martin Tanaka	A biodegradable polymeric stent- maintain the open structure of the vessel during the post-surgical period	2-years	\$999,102

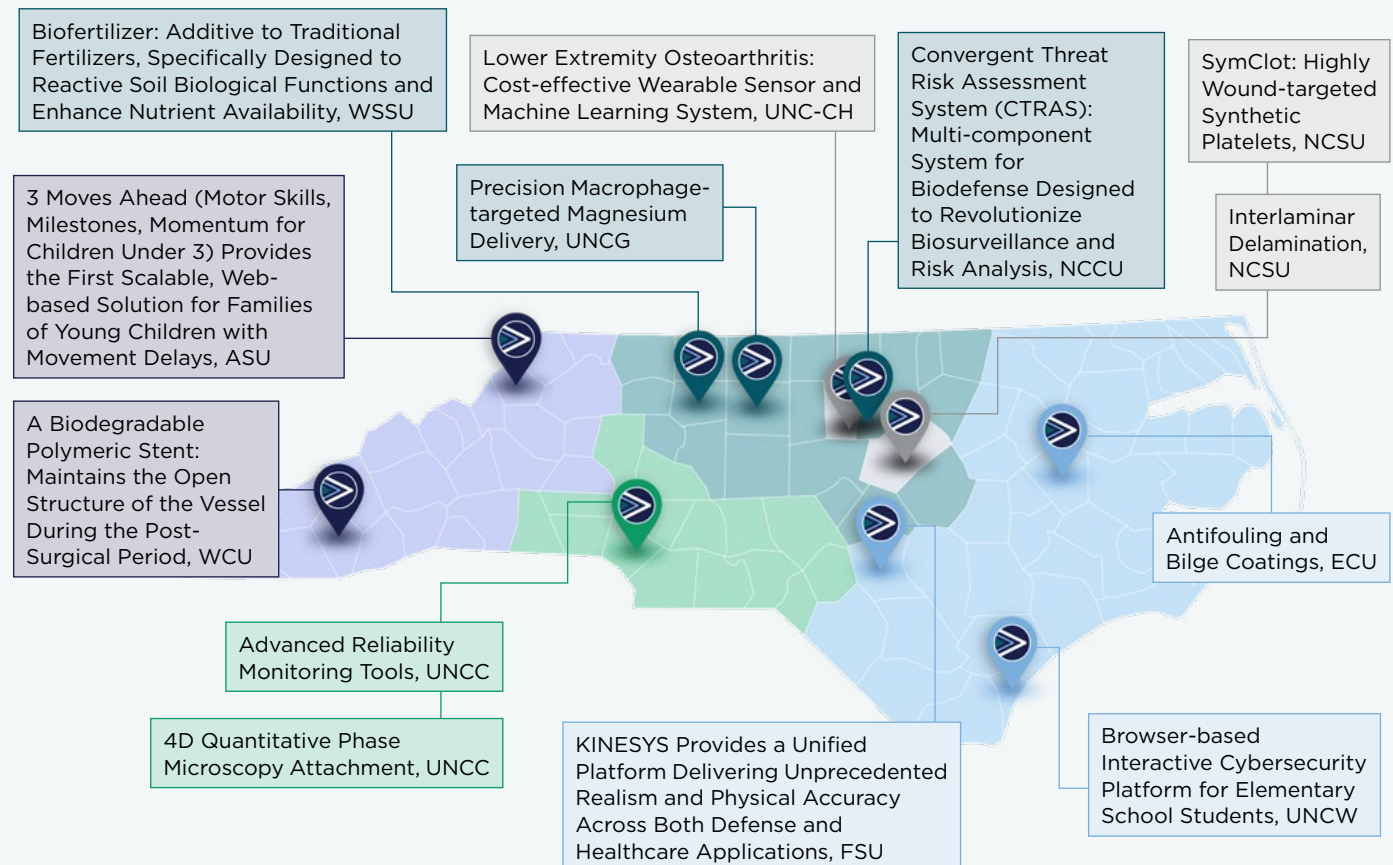


TABLE 1.6: FY2026-2 Grants Detailed Budget by Year of Spending

CATEGORY	DESCRIPTION	BUDGET SPEND	
PERSONNEL	<i>Researcher time/effort, course-buyout, administration and oversight of grant management and reporting</i>	Year 1	Year 2
Faculty		\$345,493	\$353,100
Non-faculty research staff (e.g., technicians, staff scientists)		\$196,904	\$194,627
Trainees (undergraduate, graduate, and postdoctoral researchers)		\$575,031	\$548,664
Grants administration (post-award support)		\$126,735	\$126,735
Project managers		\$8,135	\$4,890
Administrative support		\$25,810	\$25,810
Programmatic support (e.g., innovation and entrepreneurship staff)		\$-	\$-
Other (Including Fringe Benefits Expense)		\$150,635	\$115,773
TOTAL		\$1,428,743	\$1,369,599
MATERIALS, SUPPLIES & EQUIPMENT	<i>Equipment, rent, utilities, and materials to conduct research</i>		
Equipment, consumables, materials, etc		\$1,741,949	\$501,419
TOTAL		\$1,741,949	\$501,419
IN-STATE TRAVEL	<i>Travel to meetings with partners, conferences, etc.</i>		
Travel		\$45,500	\$43,000
TOTAL		\$45,500	\$43,000
COMMERCIALIZATION ACTIVITIES	<i>Market fit research, patent landscaping, technical validation, legal fees, etc.</i>		
Services, consulting fees, market fit research, patent landscaping, technical validation, IP/ legal fees, Executives in Residence, etc.		\$1,043,537	\$765,410
TOTAL		\$1,043,537	\$765,410
SUBAWARDS			
Subawards		\$274,293	\$386,109
TOTAL		\$274,293	\$386,109
OTHER EXPENSES			
Contract research organization regulatory testing & other expenses		\$166,522	\$212,128
TOTAL		\$166,522	\$212,128
TOTAL ANNUAL SPEND		\$4,700,544	\$3,277,665

The above FY2026-2 Grants budget summary details the 9 grants awarded by the NCInnovation Board in May 2026.

TABLE 1.7: FY2026-2 Grants Funded Projects

REGION	UNIVERSITY	PI NAME	PROJECT	TERM	AMOUNT
Charlotte	UNCC	Shenen Chen	Belmont Battery Train with Wireless Power Charging Technology Demonstration	2-years	\$835,451
Charlotte	UNCC	Tiefu Zhao	AI-Enabled DC Solid-State Circuit Breaker for Next-Generation Data Centers	2-years	\$849,559
East	ECU	Lok Pokhrel	Precision Varr-Gate-Delivered Miticide for Sustainable Varroa Management in Honeybee Colonies	2-years	\$673,332
East	UNCW	Karl Ricanek	Transforming Life at the Intersection of NeuroHealth and AI	2-years	\$1,309,209
Piedmont	NC A&T	Debasish Kuila	Energy-rich Ionized Gas (Non-Thermal Plasma) Assisted Catalytic Conversion of Plastic-waste to Jet Fuels and Value-added Chemicals	2-years	\$499,243
Piedmont	UNCG	Hemali Rathnayake	Cathode Powder Production Technology at Scale for Batteries	2-years	\$975,914
Triangle	NCSU	Ricardo Hernandez	Replanting the Future: CE Agriculture for Resilient Strawberry Supply Chains	2-years	\$500,001
Triangle	UNC-CH	Brianna Vickerman	Activating Cancer Drugs with Light for Safer, More Precise Treatment	2-years	\$515,452
West	ASU	Brett Taubman	Rootsii: A Novel Solution for Agricultural Resilience and Sustainable Nutrition	2-years	\$1,820,048

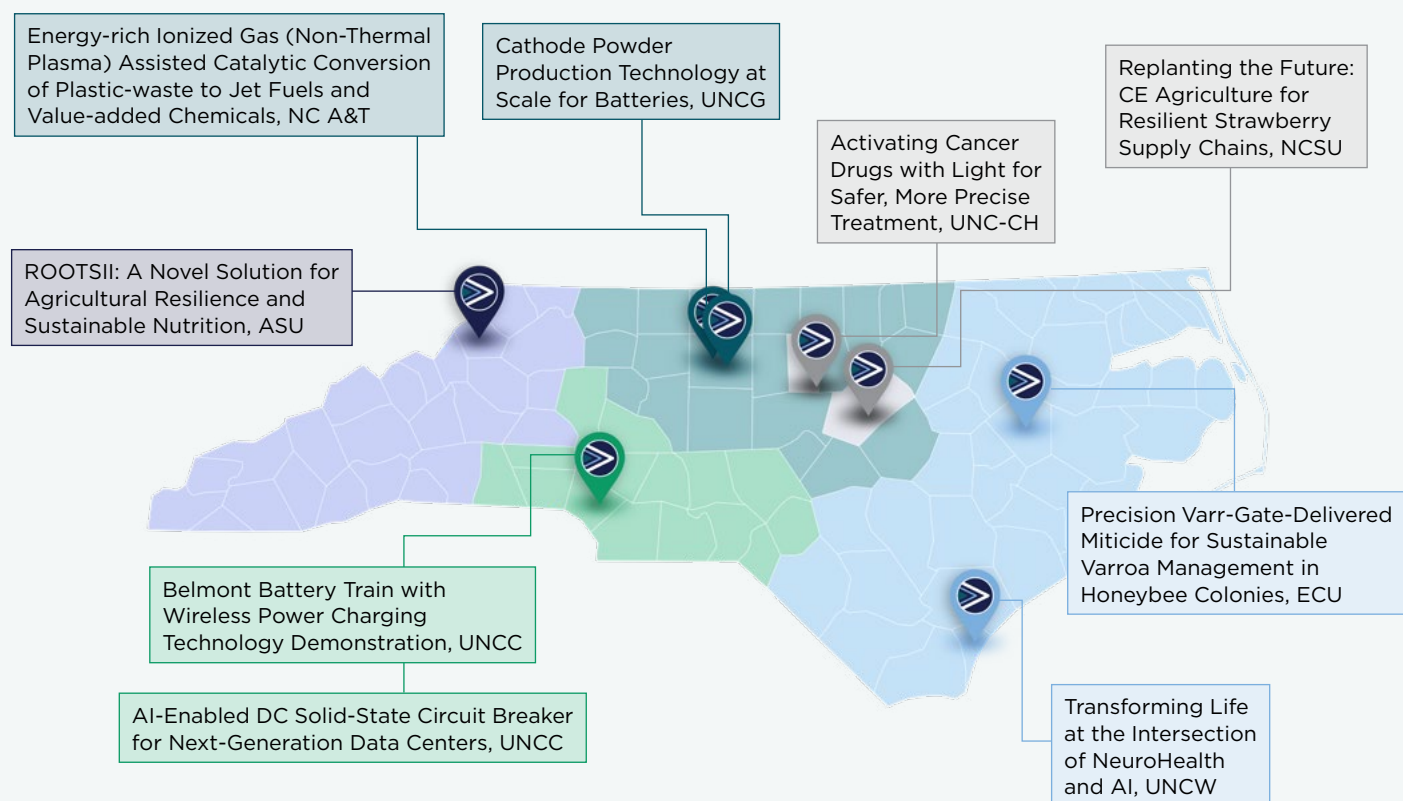


TABLE 3.1: Regional Hub Network Cumulative Program Expenditures by Region and County

Preliminary draft and unaudited

	CUMULATIVE EXPENDITURES			
REGION & COUNTY	SALARIES & BENEFITS	HUB EXPENDITURES	COUNTY TOTAL	REGION TOTAL
PIEDMONT				
Guilford County (NC A&T & UNCG)	\$716,410	\$646,185	\$1,362,595	\$2,780,398
Wake County (NCSU)	\$207,370	\$114,512	\$321,883	
Orange County (UNC-CH)	\$207,291	\$105,012	\$312,303	
Forsyth County (WSSU)	\$250,120	\$140,980	\$391,100	
Durham County (NCCU)	\$250,199	\$142,318	\$392,518	
EAST				
New Hanover County (UNCW)	\$518,090	\$264,762	\$782,852	\$2,902,040
Pitt County (ECU)	\$380,509	\$348,181	\$728,690	
Cumberland County (FSU)	\$344,467	\$197,305	\$541,772	
Robeson County (UNCP)	\$252,629	\$198,054	\$450,683	
Pasquotank County (ECSU)	\$228,662	\$169,381	\$398,043	
WEST				
Watauga County (ASU)	\$318,703	\$419,593	\$738,296	\$2,078,450
Jackson County (WCU)	\$395,965	\$397,797	\$793,762	
Buncombe County (UNCA)	\$272,972	\$273,420	\$546,392	
CHARLOTTE				
Mecklenburg County (UNCC)	\$583,996	\$1,145,549	\$1,729,545	\$1,729,545
TOTALS	\$4,927,385	\$4,563,048	\$9,490,432	\$9,490,432

TABLE 3.2: Grants Cumulative Funding by Region and County

Preliminary draft and unaudited

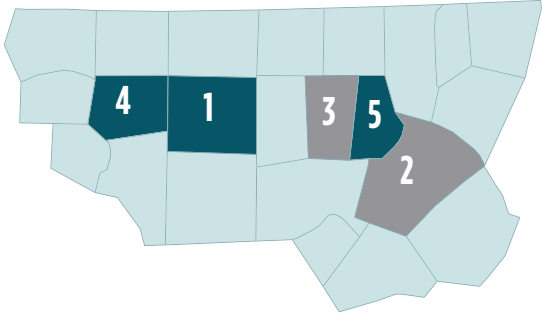
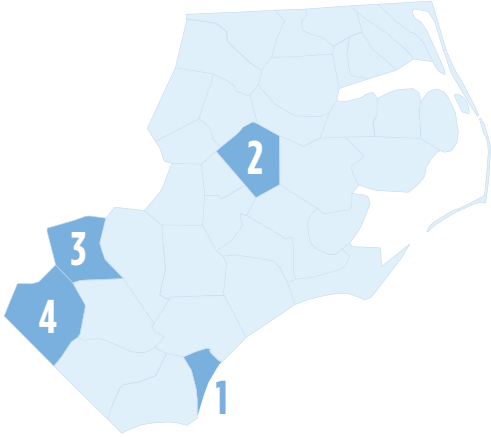
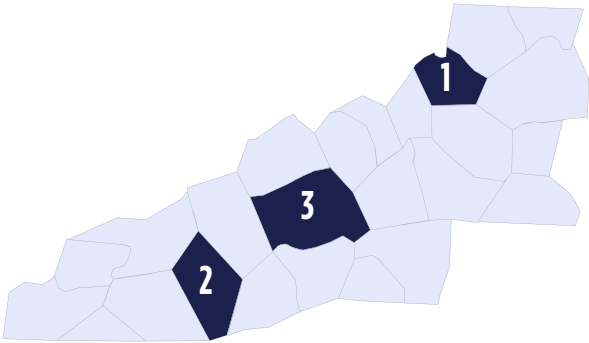
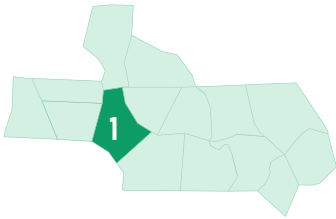
	<table> <tr> <th colspan="2">PIEDMONT</th></tr> <tr> <td>1. Guilford County</td><td>\$4,031,253</td></tr> <tr> <td>2. Wake County</td><td>\$3,289,982</td></tr> <tr> <td>3. Orange County</td><td>\$2,383,426</td></tr> <tr> <td>4. Forsyth County</td><td>\$2,245,196</td></tr> <tr> <td>5. Durham County</td><td>\$1,097,158</td></tr> <tr> <td>TOTAL</td><td>\$13,047,015</td></tr> </table>	PIEDMONT		1. Guilford County	\$4,031,253	2. Wake County	\$3,289,982	3. Orange County	\$2,383,426	4. Forsyth County	\$2,245,196	5. Durham County	\$1,097,158	TOTAL	\$13,047,015
PIEDMONT															
1. Guilford County	\$4,031,253														
2. Wake County	\$3,289,982														
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4. Forsyth County	\$2,245,196														
5. Durham County	\$1,097,158														
TOTAL	\$13,047,015														
	<table> <tr> <th colspan="2">EAST</th></tr> <tr> <td>1. New Hanover County</td><td>\$3,574,928</td></tr> <tr> <td>2. Pitt County</td><td>\$3,304,362</td></tr> <tr> <td>3. Cumberland County</td><td>\$1,838,738</td></tr> <tr> <td>4. Robeson County</td><td>\$1,113,758</td></tr> <tr> <td>TOTAL</td><td>\$9,831,786</td></tr> </table>	EAST		1. New Hanover County	\$3,574,928	2. Pitt County	\$3,304,362	3. Cumberland County	\$1,838,738	4. Robeson County	\$1,113,758	TOTAL	\$9,831,786		
EAST															
1. New Hanover County	\$3,574,928														
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TOTAL	\$8,033,607														
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CHARLOTTE															
1. Mecklenburg County	\$6,119,081														
TOTAL	\$6,119,081														
TOTAL: \$37,031,489															

TABLE 4.1: FY2026 Unaudited Financial Statements

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2026 & 2025

Unaudited for Interim Reporting Purposes Only — Preliminary Draft

	June 30, 2026	June 30, 2025
ASSETS		
Current Assets		
Cash & Cash Equivalents		
Checking and Investment Accounts	\$2,994,827	\$2,750,184
Cash and Cash Equivalents	\$2,994,827	\$2,750,184
Current Portion of Pledges Receivable, net	\$3,050,000	\$5,316,667
Grant Refunds Receivable	\$91,479	\$-
Prepaid Expenses	\$99,999	\$91,355
Total Current Assets	\$6,236,305	\$8,158,206
Other Assets		
Investments - State Funds (Endowment)	\$517,945,840	\$521,783,336
Property and Equipment, net	\$147,329	\$50,358
Leasehold Improvements, net	\$427,664	\$-
Long-Term Portion of Pledges Receivable, net	\$1,312,203	\$4,253,751
Construction in Progress	\$-	\$26,763
Security Deposits	\$18,047	\$14,666
Total Other Assets	\$519,851,083	\$526,128,874
TOTAL ASSETS	\$526,087,388	\$534,287,081
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Grants Payable	\$10,475,214	\$9,595,467
Accounts Payable	\$490,387	\$481,834
Other Current Liabilities	\$1,830,129	\$1,250,554
Total Current Liabilities	\$12,795,730	\$11,327,855
Total Liabilities	\$12,795,730	\$11,327,855
Net Assets		
Without Donor Restrictions	\$1,367,350	\$1,200,938
With Donor Restrictions - Private Funds	\$4,362,203	\$9,570,418
With Donor Restrictions - State Endowment	\$507,562,105	\$512,187,869
Total Net Assets	\$513,291,658	\$522,959,225
TOTAL LIABILITIES AND NET ASSETS	\$526,087,388	\$534,287,081

TABLE 4.1: FY2026 Unaudited Financial Statements *(continued)*

STATEMENT OF FINANCIAL ACTIVITIES BUDGET TO ACTUAL FOR THE PERIOD ENDED JUNE 30, 2026

Unaudited for Interim Reporting Purposes Only — Preliminary Draft

	06/30/2026 TOTAL			
	BUDGET	ACTUAL	VARIANCE (\$)	VARIANCE (%)
INVESTMENT INCOME				
Interest & Unrealized Gains - State Investment	\$20,457,132	\$17,628,869	\$(2,828,263)	(14%)
Interest - Private Investment	\$ 76,719	\$54,568	\$(22,151)	(29%)
TOTAL INVESTMENT INCOME	\$20,533,851	\$17,683,436	\$(2,850,415)	(14%)
Other Income	\$-	\$641,025	\$641,025	0%
TOTAL REVENUE & INCOME	\$20,533,851	\$18,324,461	\$(2,209,390)	(11%)

OPERATIONAL EXPENSES				
Program Expenses				
Grants	\$16,379,644	\$15,988,628	\$(391,016)	(2%)
Salaries & Benefits	\$3,473,692	\$3,380,980	\$(92,713)	0%
General & Administrative	\$115,109	\$115,109	\$-	0%
Grant Management & Operations	\$40,000	\$36,816	\$(3,184)	(8%)
Contract Research Services	\$297,000	\$186,623	\$(110,377)	(37%)
Regional Hub Expenses				
Core NCI	\$755,925	\$1,368,845	\$612,920	81%
Pipeline Development	\$1,991,747	\$1,642,125	\$(349,622)	(18%)
Commercial Transition	\$191,250	\$211,491	\$20,241	11%
Operational Expenses	\$212,691	\$154,667	\$(58,024)	(27%)
TOTAL PROGRAM EXPENSES	\$23,457,059	\$23,085,284	\$(371,775)	(2%)

Salaries & Benefits				
Salaries & Incentive Expense	\$5,498,810	\$4,680,051	\$(818,759)	(15%)
Payroll Tax Expense	\$427,095	\$287,443	\$(139,652)	(33%)
Medical & Health Benefits	\$676,092	\$560,880	\$(115,212)	(17%)
Employer 401K Contributions	\$243,396	\$196,516	\$(46,880)	(19%)
Payroll Administration Fees	\$105,900	\$90,918	\$(14,981)	(14%)
TOTAL SALARIES & BENEFITS	\$6,951,293	\$5,815,810	\$(1,135,483)	(16%)
Allocation to Program Expense	\$(3,473,692)	\$(3,380,980)	\$92,713	(3%)
TOTAL SALARIES & BENEFITS, ADMINISTRATIVE	\$3,477,600	\$2,434,830	\$(1,042,770)	(30%)

General & Administrative Expenses				
Accounting Fees	\$103,124	\$193,872	\$90,748	88%
Investment Management Fees	\$269,987	\$261,167	\$(8,820)	(3%)
Investment Consulting Fees	\$9,000	\$-	\$(9,000)	(100%)
Research & Consulting Fees	\$30,000	\$2,644	\$(27,356)	(91%)
Legal Fees	\$150,000	\$830,196	\$680,196	>100%
Public Relations Expenses	\$198,000	\$167,930	\$(30,070)	(15%)
Lobbying Expenses	\$150,000	\$444,114	\$294,114	>100%
Bank Service Fees	\$4,007	\$740	\$(3,266)	(82%)

TABLE 4.1: FY2026 Unaudited Financial Statements *(continued)*

	BUDGET	ACTUAL	VARIANCE (\$)	VARIANCE (%)
General & Administrative Expenses <i>(continued)</i>				
Business Registration Fees	\$1,371	\$706	\$(665)	(49%)
Computer Expenses	\$106,879	\$101,222	\$(5,657)	(5%)
Insurance	\$20,109	\$20,371	\$262	1%
Postage, Mailing Service	\$1,854	\$699	\$(1,155)	(62%)
Printing and Copying	\$12,360	\$4,107	\$(8,253)	(67%)
Professional Development	\$25,282	\$3,842	\$(21,439)	(85%)
Regional Sponsorship	\$16,500	\$2,500	\$(14,000)	(85%)
Dues & Membership	\$13,496	\$14,100	\$604	4%
Office Expense	\$15,000	\$12,132	\$(2,868)	(19%)
Depreciation Expense	\$17,689	\$102,359	\$84,670	>100%
Staff Recruiting Fees	\$4,080	\$137,340	\$133,261	>100%
Rent & Utilities	\$226,767	\$197,399	\$(29,367)	(13%)
Supplies	\$10,658	\$8,851	\$(1,807)	(17%)
Telephone, Telecommunications	\$7,900	\$5,016	\$(2,884)	(37%)
Travel, Conferences & Meetings	\$94,900	\$66,809	\$(28,091)	(30%)
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$1,488,962	\$2,578,117	\$1,089,155	73%
Allocation to Program Expense	\$(115,109)	\$(115,109)	\$-	0%
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$1,373,852	\$2,463,008	\$1,089,155	79%
Other Expenses				
Moving Expenses	\$12,500	\$8,907	\$(3,593)	(29%)
TOTAL OTHER EXPENSES	\$12,500	\$8,907	\$(3,593)	(29%)
Total Expenses	\$28,321,011	\$27,992,028	\$(328,983)	(1%)
Change in Net Assets	\$(7,787,161)	\$(9,667,567)	\$(1,880,407)	24%
Net Beginning of the Period	\$522,959,225	\$522,959,225	\$-	0%
Net Assets End of the Period	\$515,172,065	\$513,291,658	\$(1,880,407)	(0%)

TABLE 5.1: FY2027 Budget

FISCAL YEAR ENDING JUNE 30, 2027 BUDGET

As approved by the Board of Directors May 12, 2026

REVENUE & INCOME	
Public & Private Revenue	
State Endowment Revenue	\$-
Private Pledge Contributions	\$-
TOTAL PUBLIC & PRIVATE REVENUE	\$-
Investment Income	
Interest - Private Investment	\$42,929
Interest - State Investment	\$29,375,617
TOTAL INVESTMENT INCOME	\$29,418,547
Other Income	
	\$12,000
TOTAL REVENUE & INCOME	\$29,430,547

OPERATIONAL EXPENSES	
Program Expenses	
Grants	\$16,130,824
Salaries & Benefits	\$4,175,008
Grant Management & Operations	\$44,398
Contract Research Services	\$295,328
Regional Hub Expenses	
Core NCI	\$1,191,061
Pipeline Development	\$2,537,788
Commercial Transition	\$889,649
Operational Expenses	\$357,219
TOTAL PROGRAM EXPENSES	\$25,621,275
Salaries & Benefits	
Salaries & Incentive Expense	\$5,145,206
Payroll Tax Expense	\$411,003
Medical & Health Benefits	\$613,851
Employer 401K Contributions	\$275,428
Payroll Administration Fees	\$107,941
TOTAL SALARIES & BENEFITS	\$6,553,429
Allocation to Program Expense	(\$4,175,008)
TOTAL SALARIES & BENEFITS, ADMINISTRATIVE	\$2,378,421
General & Administrative Expenses	
Accounting Fees	\$98,833

TABLE 5.1: FY2027 Budget *(continued)*

General & Administrative Expenses <i>(continued)</i>	
Investment Management Fees	\$259,228
Research & Consulting Fees	\$39,000
Legal Fees	\$150,000
Public Relations Expenses	\$14,400
Lobbying Expenses	\$274,000
Bank Service Fees	\$500
Business Registration Fees	\$314
Computer Expenses	\$84,448
Fundraising Expenses	\$125,000
Insurance	\$17,333
Postage, Mailing Service	\$856
Printing and Copying	\$5,987
Professional Development	\$31,000
Regional Sponsorship	\$15,450
Dues & Membership	\$12,792
Office Expense	\$8,000
Depreciation Expense	\$141,612
Staff Recruiting Fees	\$7,701
Rent & Utilities	\$180,300
Supplies	\$6,658
Telephone, Telecommunications	\$4,147
Travel, Conferences & Meetings	\$55,180
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$1,532,741
TOTAL EXPENSES	\$29,532,437
CHANGE IN NET ASSETS	(\$101,890)

SUMMARY OF EXPENSES LESS GRANTS	
PROGRAM EXPENSE	
Regional Hubs	\$5,315,443
Salaries & Benefits	\$4,175,008
TOTAL PROGRAM EXPENSE	\$9,490,451
GENERAL & ADMINISTRATIVE	
Salaries & Benefits	\$2,378,421
Other G&A Expenses	\$1,532,741
TOTAL GENERAL & ADMINISTRATIVE	\$3,911,162
TOTAL EXPENSES	\$13,401,613

TABLE 7.1: How Annual Salaries are Determined, and Bonus Compensation is Earned

Since September 2022, NCInnovation has partnered with Insperity, Inc., a national professional employer organization, to provide comprehensive human resources and employment services, including recruitment and retention support, compensation benchmarking, and performance evaluations.

Each NCInnovation position has a defined job description outlining its responsibilities, reporting structure, duties, and required qualifications. Before creating a position, NCInnovation obtains an independent compensation benchmark from Insperity based on market analysis of comparable roles, organizations, and geographic factors. NCInnovation uses this information, along with a candidate’s qualifications and experience, to determine competitive salary and discretionary performance-based compensation.

Annual salaries reflect each position’s responsibilities, scope, complexity, and salary range; the employee’s experience, qualifications, and expertise; internal equity; and relevant labor-market data.

Employees may also be eligible for discretionary performance-based compensation tied to achieving individual and organizational objectives, including statewide and regional engagement, university and community partnerships, support for projects in underserved areas, and effective deployment of commercialization resources across North Carolina.

On May 14, 2025, the NCInnovation Board of Directors (the “Board”) adopted a “one-up” policy requiring human resources matters to be reviewed by each employee’s immediate supervisor and overseen by the next-level supervisor. On June 10, 2025, the Executive Committee approved a human resources policy establishing the operating framework for the “one-up” policy for consideration and adoption by the Board. On August 13, 2025, the Board adopted the *Oversight of Human Resource Policies, Procedures, and Practices* policy. The policy also established a new timeline for annual performance appraisals, transitioning the organization from appraisals based on each employee’s hire date to a standardized annual appraisal cycle.

Using Insperity’s online performance evaluation tools and the “one-up” policy, each employee receives an annual performance appraisal. Any discretionary performance-based compensation, if applicable, are based on the appraisal and the performance metrics established by the employee and their supervisor.

In compliance with North Carolina General Statute § 143-728(d)(1)e, no officer or employee receives more than \$140,000 annually in salary or discretionary performance-based compensation from State funds.

