

**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)

CONSOLIDATED FINANCIAL STATEMENTS

*As of and for the Years Ended June 30, 2023 and 2022*

*And Report of Independent Auditor*

**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)  
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## Report of Independent Auditor

To the Board of Directors  
Clemson University Foundation  
Clemson, South Carolina

### Opinion

We have audited the accompanying consolidated financial statements of the Clemson University Foundation (the "Foundation"), a component unit of Clemson University, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited the Foundation's June 30, 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 10, 2021. In our opinion, the summarized comparative information presented on the consolidated statement of activities herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Cherry Bekaert LLP*

Greenville, South Carolina  
September 7, 2023

**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*JUNE 30, 2023 AND 2022*

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 69,110,202	\$ 76,978,527
Contributions receivable, net	69,549,349	72,997,389
Trusts held by others	6,219,604	6,014,155
Due from related organizations	3,537,581	3,716,667
Investments	768,955,469	699,188,068
Investments held for Clemson University	243,957,147	240,447,398
Cash surrender value of life insurance	4,564,917	3,749,580
Land, buildings, and equipment, net	9,128,830	9,156,613
Funds held in trust for affiliates:		
Non-pooled assets, net	11,921,606	22,821,161
Pooled investments	43,657,020	52,979,235
Contributions receivable, net	76,836,763	29,163,512
Other assets	737,654	1,467,426
<b>Total Assets</b>	<u><u>\$ 1,308,176,142</u></u>	<u><u>\$ 1,218,679,731</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,579,989	\$ 426,439
Due to related organizations	1,470,828	708,793
Accrued liability to Clemson University due to net investment appreciation	97,279,492	93,769,743
Note payable to Clemson University	146,677,655	146,677,655
Actuarial liability of annuities payable	3,136,746	3,240,933
Funds administered for affiliates	132,415,389	104,963,908
<b>Total Liabilities</b>	<u>382,560,099</u>	<u>349,787,471</u>
Net Assets:		
Without donor restrictions	65,830,000	59,045,075
With donor restrictions	859,786,043	809,847,185
<b>Total Net Assets</b>	<u>925,616,043</u>	<u>868,892,260</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,308,176,142</u></u>	<u><u>\$ 1,218,679,731</u></u>

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

**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)  
**CONSOLIDATED STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023 (WITH SUMMARIZED INFORMATION FOR 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
Revenues, Gains, and Other Support:				
Gifts and bequests	\$ 5,501,975	\$ 38,977,795	\$ 44,479,770	\$ 41,390,983
Investment return, net	13,240,072	41,074,141	54,314,213	(17,394,624)
Program income	1,294,846	984,668	2,279,514	773,823
Other income	771,326	27,984	799,310	547,987
Change in value of split-interest agreements	28,912	455,716	484,628	(1,852,429)
Total	20,837,131	81,520,304	102,357,435	23,465,740
Net assets released from restrictions	31,840,639	(31,840,639)	-	-
Total Revenues, Gains, and Other Support	52,677,770	49,679,665	102,357,435	23,465,740
Expenses:				
Program expenses in support of Clemson University	35,995,098	-	35,995,098	31,431,179
Administrative and investment support	5,491,953	-	5,491,953	3,241,201
Fundraising	4,865,749	-	4,865,749	4,955,977
Total Expenses	46,352,800	-	46,352,800	39,628,357
Change in net assets before other changes	6,324,970	49,679,665	56,004,635	(16,162,617)
Other Changes:				
Transfers from related entities	459,955	259,193	719,148	128,542
Total Other Changes	459,955	259,193	719,148	128,542
Change in net assets	6,784,925	49,938,858	56,723,783	(16,034,075)
Net assets, beginning of year	59,045,075	809,847,185	868,892,260	884,926,335
Net assets, end of year	\$ 65,830,000	\$ 859,786,043	\$ 925,616,043	\$ 868,892,260

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

**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)  
**CONSOLIDATED STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022 (WITH SUMMARIZED INFORMATION FOR 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Revenues, Gains, and Other Support:				
Gifts and bequests	\$ 5,115,739	\$ 36,275,244	\$ 41,390,983	\$ 90,280,592
Investment return, net	1,186,746	(18,581,370)	(17,394,624)	172,751,251
Program income	522,225	251,598	773,823	849,351
Other income	539,051	8,936	547,987	883,231
Change in value of split-interest agreements	39,117	(1,891,546)	(1,852,429)	3,184,040
Total	7,402,878	16,062,862	23,465,740	267,948,465
Net assets released from restrictions	28,716,013	(28,716,013)	-	-
Total Revenues, Gains, and Other Support	36,118,891	(12,653,151)	23,465,740	267,948,465
Expenses:				
Program expenses in support of Clemson University	31,431,179	-	31,431,179	26,751,344
Administrative and investment support	3,241,201	-	3,241,201	3,227,232
Fundraising	4,955,977	-	4,955,977	3,668,315
Total Expenses	39,628,357	-	39,628,357	33,646,891
Change in net assets before other changes	(3,509,466)	(12,653,151)	(16,162,617)	234,301,574
Other Changes:				
Transfers (to) from related entities	(100,287)	228,829	128,542	672,915
Total Other Changes	(100,287)	228,829	128,542	672,915
Change in net assets	(3,609,753)	(12,424,322)	(16,034,075)	234,974,489
Net assets, beginning of year	62,654,828	822,271,507	884,926,335	649,954,846
Net assets, end of year	\$ 59,045,075	\$ 809,847,185	\$ 868,892,260	\$ 884,929,335

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

**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 56,723,783	\$ (16,034,075)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net realized and unrealized (gains) losses on investments	(43,328,663)	25,350,327
Depreciation expense	27,783	27,783
Change in value of split-interest agreements on long-term investments	(349,670)	1,824,183
Gifts restricted for long-term investments	(17,744,291)	(23,830,099)
Other income – permanently restricted	(25,997)	(6,944)
Change in operating assets and liabilities:		
Contributions receivable, net	3,448,040	6,489,799
Trusts held by others	(205,449)	1,007,579
Due from related organizations	179,086	1,773,295
Cash surrender value of life insurance	(815,337)	(1,140,678)
Net change in funds held in trust for affiliates	(27,451,481)	(5,936,787)
Other assets	729,772	(245,051)
Accounts payable and accrued liabilities	1,153,550	(475,207)
Due to related organizations	762,035	(339,023)
Actuarial liability of annuities payable	(104,187)	(668,077)
Net change in funds administered for affiliates	27,451,481	5,936,787
Net cash flows from operating activities	<u>450,455</u>	<u>(6,266,188)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	82,227,335	145,767,240
Purchases of investments	<u>(108,666,073)</u>	<u>(154,435,555)</u>
Net cash flows from investing activities	<u>(26,438,738)</u>	<u>(8,668,315)</u>
<b>Cash flows from financing activities:</b>		
Gifts restricted for long-term investments	17,744,291	23,830,099
Change in value of split-interest agreements on long-term investments	349,670	(1,824,183)
Other income – permanently restricted	<u>25,997</u>	<u>6,944</u>
Net cash flows from financing activities	<u>18,119,958</u>	<u>22,012,860</u>
Net change in cash and cash equivalents	(7,868,325)	7,078,357
Cash and cash equivalents, beginning of year	<u>76,978,527</u>	<u>69,900,170</u>
Cash and cash equivalents, end of year	<u>\$ 69,110,202</u>	<u>\$ 76,978,527</u>

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



**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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**Note 1—Organization**

The Clemson University Foundation (the “Foundation”), an independent, nonprofit, tax-exempt public charity, was incorporated in 1933 under the laws of South Carolina for the purposes of promoting the welfare and future development of Clemson University (the “University”) in its educational and scientific research and to seek gifts or public funds for the benefit of the University through endowment giving, fundraising, or other programs and to prudently manage and disburse such funds. The Foundation includes the wholly-owned subsidiaries of Clemson University Foundation Holdings, LLC, CUF Data Administrator, LLC and CUF East Bay Property, LLC. Due to the nature and significance of its relationship with the University, the Foundation is considered a component unit of the University as defined by the provision of the Governmental Accounting Standards Board Statement 14, *The Financial Reporting Entity*, with Foundation financial information presented discretely in the financial reporting of the University. The Foundation is governed by an independent, 27-member volunteer Board of Directors, with additional honorary and ex-officio directors.

**Note 2—Summary of significant accounting policies**

*Basis of Accounting* – The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting under the financial reporting framework of the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”), *Financial Statements of Not-for-Profit Organizations*.

*Basis of Presentation* – The Foundation’s net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. This includes funds that are designated for discretionary use by the Foundation and board-designated funds functioning as endowments.

*With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. This includes annuity and life income funds, term endowments, contributions receivable, and earnings on investments. Some net assets with donor restrictions are required by donors to be held in perpetuity. The donors of substantially all net assets to be held in perpetuity permit the Foundation to use a portion of the income earned on the related investments for specified purposes.

The Foundation recognizes revenue in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*, Topic 320, *Investments – Debt Securities*, Topic 321, *Investments – Equity Securities*, and ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as released between the applicable classes of net assets. Revenues with donor restrictions that are used in the year of receipt are classified as net assets with donor restrictions and released from restrictions.

**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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**Note 2—Summary of significant accounting policies (continued)**

Contributions, including unconditional contributions receivable, are recognized as revenues in the period received. Conditional contributions receivable – that is, those with a measurable performance or other barrier and a right of return or release – are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Income and realized and unrealized net gains or losses on investments are reported as follows:

*Without Donor Restrictions* – As increases or decreases in net assets if the terms of the gift are not considered to have donor restrictions.

*With Donor Restrictions* – As increases or decreases in net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund or if the terms of the gift impose restrictions on the timing or the use of the income or by law.

The Foundation's investment management fees, as included in investment return, net on the consolidated statements of activities, are governed by FASB ASC Topic 606, which contains a single performance obligation via a provided service or series of services that are substantially the same with the same pattern of service delivery to the related organization. The Foundation follows the "as-invoiced" practical expedient provided within FASB ASC Topic 606, and as such, revenue is recognized at a single point-in-time, for services provided through the billing date.

*Principles of Consolidation* – The consolidated financial statements include the financial statements of the Foundation and its wholly-owned subsidiaries of Clemson University Foundation Holdings, LLC, CUF Data Administrator, LLC and CUF East Bay Property, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

*Cash and Cash Equivalents* – The Foundation considers all interest-bearing money market accounts and short-term investments with an initial maturity of three months or less at the date of purchase to be cash equivalents. Certificates of Deposits are considered as cash equivalents irrespective of maturity date. The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts.

At June 30, 2023 and 2022, the Foundation had \$66,593,593 and \$75,049,082, respectively, on deposit in excess of the insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

*Investments* – Investment securities are generally recorded at fair value. In the case of certain less marketable investments, principally private equity and real estate investments, value is established based on either external events which substantiate a change in value or a reasonable methodology that exists to capture and quantify changes in value. In some instances, those changes in value may require use of estimates. Accordingly, such values may differ from the values that would have been used had a ready market for the investments existed.

Investment income, net of external and internal management expenses and fees, and gains and losses arising from the sale or other disposition of investments and other noncash assets is distributed to the various endowments using a pooled income approach. This approach distributes income following the fair value unit method, which is based on the number of units each endowment owns in the managed investment pool.

**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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**Note 2—Summary of significant accounting policies (continued)**

Endowment and board-designated funds are invested on the basis of a total return policy to provide income and to realize appreciation in investment values. Under this policy, earnings, not to exceed a specified percentage, could be used to support the intended purposes. An appropriation from the endowment for expenditures that support the intended purpose may be made to the extent it is deemed prudent, unless otherwise restricted by the donor in the gift instrument.

The Foundation's investments include various types of investment securities and investment vehicles. Investment securities are exposed to several risks, such as interest rate, currency, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Foundation's consolidated financial statements.

*Land, Buildings, and Equipment, Net* – Land, buildings, and equipment are stated at cost at the date of acquisition. Cost for donated assets is stated at the appraised fair value on the date of donation. Equipment with a value in excess of \$5,000 and a useful life in excess of one year is capitalized and depreciated using the straight-line method over the estimated useful lives of the respective assets, ranging from five to seven years. Buildings are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging from 15 to 20 years.

*Split-Interest Agreements* – The Foundation has been named as beneficiary of split-interest agreements consisting of irrevocable charitable remainder trusts and charitable gift annuities. The assets for trusts and annuities where the Foundation serves as trustee are included in investments. Contribution revenues are recognized at the dates the trusts are established and liabilities recorded for the present value of the estimated future payments to be made to donors or other beneficiaries. The liabilities are adjusted annually for changes in the value of the assets, accretion of the discount, and other changes related to estimated future donor-related payments. Trust assets administered by others are recorded as trusts held by others and are adjusted annually for changes in fair value.

*Tax Status* – The Foundation is recognized as an organization exempt from federal income tax on related income under Section 501(a) of the Internal Revenue Code ("IRC") and described as an organization in Section 501(c)(3) of the IRC. Accordingly, only unrelated business income, as defined by Section 513 of the IRC, is subject to federal income tax. Because any unrelated business income tax liability is primarily the result of flow through business income from private investment partnerships, unrelated business income tax is included as an endowment expense on the consolidated statements of activities. The single member LLCs are disregarded for tax purposes.

*Fair Value of Financial Instruments* – The carrying values of cash and cash equivalents, other receivables, due to (from) related organizations, and accounts payable and accruals approximate fair value because of the terms and relative short maturity of financial instruments. The carrying values, which are the fair value of investments, are based on values provided by an external investment manager or comparison to quoted fair values. The liabilities for notes payable are related to investments and investments held in trust for affiliate and, accordingly, are reported at fair value. Contributions receivable and actuarial liability of annuities payable are reported at the discounted present value, which approximates fair value.

**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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**Note 2—Summary of significant accounting policies (continued)**

*Concentrations of Credit Risk* – Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of investments. The exposure to concentrations of credit risk relative to investments is limited due to the Foundation's investment objectives and policies, as adopted by its Board of Directors. The investment policies prohibit the acquisition of certain securities and require, among other things, that securities be diversified and meet investment grade quality criteria.

*Use of Estimates* – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management of the Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Comparative Information* – The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended June 30, 2021 from which the summarized information was derived.

*New Accounting Pronouncements* – In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*, which requires operating leases to be recorded in the statement of financial position as assets and liabilities. This new standard creates a distinction in classification criteria between finance leases and operating leases, which is similar to the classification criteria used to distinguish between capital leases and operating leases under current U.S. GAAP. However, for leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. In June 2020, FASB issued ASU 2020-05 which deferred the adoption of ASU 2016-02. The Foundation adopted these ASUs effective July 1, 2022 using the modified retrospective approach. The adoption of this standard did not have a material effect on the Foundation's consolidated financial statements.

*Upcoming Pronouncements* – In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* and subsequently related amendments (ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, and ASU 2022-02). This guidance replaces the existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. This ASU will be effective for the Foundation's fiscal year ended June 30, 2024. The Foundation is currently evaluating the effect the adoption of this ASU will have on the consolidated financial statements.

**CLEMSON UNIVERSITY FOUNDATION**  
(A Component Unit of Clemson University)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

**Note 3—Fair value measurements**

Fair value, as defined under U.S. GAAP, is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes market data or assumptions that market participants would use in pricing the asset or liability. The Foundation has characterized its financial assets and liabilities which are measured at fair value and recorded in the consolidated statements of financial position, based on a three-level fair value hierarchy based on the inputs to valuation techniques as follows:

*Level 1* – Valuations based on quoted prices in active markets for identical assets or liabilities.

*Level 2* – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, for substantially the full term of the financial instrument.

*Level 3* – Valuations based on unobservable inputs reflecting the Foundation’s own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment or estimation by the investment manager.

Investments measured at net asset value (“NAV”) are those which the Foundation has applied a practical expedient and concluded that NAV reported by the underlying fund approximated the fair value of investments, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. The Foundation has no plans to sell these investments in the secondary market at amounts substantially different from NAV.

The following tables summarize the valuation of the Foundation’s financial assets and liabilities measured at fair value as of June 30, 2023 and 2022, based on the level of input utilized to measure fair value.

Measurement at fair value on a recurring or quarterly basis at June 30, 2023:

Description	Investments Measured at NAV	Level 1	Level 2	Level 3	Total
Investments – recurring basis:					
Publicly traded funds:					
Money market funds	\$ -	\$ 11,582,050	\$ -	\$ -	\$ 11,582,050
Treasury/agency	-	75,268,823	-	-	75,268,823
Mortgage backed securities	-	24,386,113	-	-	24,386,113
Corporate bonds	-	19,315,222	-	-	19,315,222
International bonds	-	3,552,494	-	-	3,552,494
U.S. equities	-	369,931,723	-	-	369,931,723
Global equities	-	124,471,909	-	-	124,471,909
Commodities	-	15,576,487	31,684,061	-	47,260,548
Public real assets	-	257,860	-	-	257,860
Hedge funds	147,637,874	-	-	-	147,637,874
Private equity	171,868,938	-	-	-	171,868,938
Private real assets	34,238,759	-	-	-	34,238,759
Other	-	6,527,323	-	-	6,527,323
Total investments – recurring basis	353,745,571	650,870,004	31,684,061	-	1,036,299,636
Investments – nonrecurring basis:					
Real estate	-	-	270,000	-	270,000
Total marketable investments	\$ 353,745,571	\$ 650,870,004	\$ 31,954,061	\$ -	\$ 1,036,569,636
Trusts held by others (Note 9)	\$ -	\$ -	\$ -	\$ 6,219,604	\$ 6,219,604

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**Note 3—Fair value measurements (continued)**

Measurement at fair value on a recurring or quarterly basis at June 30, 2022:

Description	Investments Measured at NAV	Level 1	Level 2	Level 3	Total
Investments – recurring basis:					
Publicly traded funds:					
Money market funds	\$ -	\$ 4,552,234	\$ -	\$ -	\$ 4,552,234
Treasury/agency	-	51,700,860	-	-	51,700,860
Mortgage backed securities	-	27,190,783	-	-	27,190,783
Corporate bonds	-	16,799,772	-	-	16,799,772
International bonds	-	1,359,965	-	-	1,359,965
U.S. equities	-	362,228,522	-	-	362,228,522
Global equities	-	126,415,790	-	-	126,415,790
Commodities	-	19,228,058	32,664,126	-	51,892,184
Public real assets	-	1,124,541	-	-	1,124,541
Hedge funds	128,915,163	-	-	-	128,915,163
Private equity	166,334,051	-	-	-	166,334,051
Private real assets	32,357,630	-	-	-	32,357,630
Other	-	1,473,206	-	-	1,473,206
Total investments – recurring basis	<u>327,606,844</u>	<u>612,073,731</u>	<u>32,664,126</u>	<u>-</u>	<u>972,344,701</u>
Investments – nonrecurring basis:					
Real estate	-	-	270,000	-	270,000
Total marketable investments	<u>\$ 327,606,844</u>	<u>\$ 612,073,731</u>	<u>\$ 32,934,126</u>	<u>\$ -</u>	<u>\$ 972,614,701</u>
Trusts held by others (Note 9)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,014,155</u>	<u>\$ 6,014,155</u>

The majority of the Foundation's underlying fund managers use a market approach to value an investment. In addition, the following inputs/valuation techniques are used-comparable security analysis, recent transactions, earnings and cash flow forecasts, market multiple analysis, discounted cash flow/time value of money, internal valuation models, third party appraisals, bona fide offers, and at cost for the period just subsequent to acquisition.

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**Note 3—Fair value measurements (continued)**

For investments in entities that calculate NAV or its equivalent whose fair value is not readily determinable, the following tables provide additional information about the unfunded commitments and redemption availability at June 30, 2023 and 2022.

	<u>Fair Value at June 30, 2023</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private partnerships <sup>(1)</sup>				
Private equity	\$ 171,868,938	\$ 103,526,586	N/A	N/A
Private real assets	34,238,759	22,007,903	N/A	N/A
Hedge funds <sup>(2)</sup>	<u>147,637,874</u>		Monthly to Annually	33-95 days
Total	<u>\$ 353,745,571</u>			
	<u>Fair Value at June 30, 2022</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private partnerships <sup>(1)</sup>				
Private equity	\$ 166,334,051	\$ 112,288,472	N/A	N/A
Private real assets	32,357,630	26,927,325	N/A	N/A
Hedge funds <sup>(2)</sup>	<u>128,915,163</u>		Monthly to Annually	33-95 days
Total	<u>\$ 327,606,844</u>			

- (1) This category includes investments in private equity, buyout, real assets, and venture capital funds. These funds invest primarily in domestic companies across a broad spectrum of industries. Fair value of the partnerships is determined by the Fund Manager using NAV reported by the underlying partnerships. For real assets, fair value is estimated by the general partner based on an internal valuation of the underlying projects. Generally, these funds cannot be redeemed; instead, the nature of the investments is that distributions will be received as the underlying investments of the fund are liquidated.
- (2) This category includes investments which seek to generate superior risk adjusted returns through a range of investment strategies. In addition to lock-up periods, some investments include early redemption fees or “gates” which limit the percentage of the investments that can be redeemed at one time.

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**Note 4—Investments**

A summary of investments at fair value that is presented on the consolidated statements of financial position under investments, investments held for Clemson University, and pooled investments held in trust for affiliates as of June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 11,582,050	\$ 4,552,234
Treasury/agency	75,268,823	51,700,860
Mortgage backed securities	24,386,113	27,190,783
Corporate bonds	19,315,222	16,799,772
International bonds	3,552,494	1,359,965
U.S. equities	369,931,723	362,228,522
Global equities	124,471,909	126,415,790
Commodities	47,260,548	51,892,184
Hedge funds	147,637,874	128,915,163
Private equity	171,868,938	166,334,051
Public real assets	257,860	1,124,541
Private real assets	34,508,759	32,627,630
Other	6,527,323	1,473,206
Subtotal-marketable investments	<u>1,036,569,636</u>	<u>972,614,701</u>
Subordinated note receivable from Clemson University Land Stewardship Foundation, Inc. (Note 8)	<u>20,000,000</u>	<u>20,000,000</u>
Total investments	<u>\$1,056,569,636</u>	<u>\$ 992,614,701</u>

	<u>2023</u>	<u>2022</u>
Reconciliation to the consolidated statements of financial position:		
Investments	\$ 768,955,469	\$ 699,188,068
Investments held for Clemson University	243,957,147	240,447,398
Funds held in trust for affiliates - pooled investments	<u>43,657,020</u>	<u>52,979,235</u>
	<u>\$1,056,569,636</u>	<u>\$ 992,614,701</u>

The Foundation's investment returns, net for the years ended June 30 follows:

	<u>2023</u>	<u>2022</u>
Net realized gains from sales of investments	\$ 14,931,706	\$ 27,400,665
Net unrealized appreciation (depreciation) of investments	<u>28,396,957</u>	<u>(52,750,992)</u>
Total net gains (losses)	43,328,663	(25,350,327)
Investment income, net	<u>10,985,550</u>	<u>7,955,703</u>
Total investment return, net	<u>\$ 54,314,213</u>	<u>\$ (17,394,624)</u>

The Foundation assesses a management fee, as included in investment return, net on the consolidated statements of activities, to individual endowment funds to provide support for fundraising, donor stewardship, and endowment administration. For 2023 and 2022, this fee was 1.25% of the 12-quarter trailing average fair value of endowment funds and totaled approximately \$9.3 million and \$8.5 million, respectively.



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**Note 4—Investments (continued)**

The South Carolina Code of Laws allows the University's Board of Trustees to loan endowment funds to the Foundation for the purpose of maximizing the investment yield and increasing the available funds for scholarships and other programs. For the years ended June 30, 2023 and 2022, University endowment funds of \$243,957,147 and \$240,447,398, respectively, were loaned to the Foundation and are included in investments held for the University in the consolidated statements of financial position.

**Note 5—Contributions receivable, net**

Contributions receivable, net are summarized as follows at June 30:

	<u>2023</u>	<u>2022</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 21,080,902	\$ 20,426,207
One year to five years	33,626,407	33,468,094
Over five years	<u>24,313,925</u>	<u>28,457,850</u>
	79,021,234	82,352,151
Less allowance for uncollectible contributions receivable	(5,702,123)	(5,835,215)
Less unamortized discount (discount rates of 0.29% to 4.13%)	<u>(3,769,762)</u>	<u>(3,519,547)</u>
	<u>\$ 69,549,349</u>	<u>\$ 72,997,389</u>

**Note 6—Land, buildings, and equipment, net**

A summary of land, buildings, and equipment, net at June 30 follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 8,971,049	\$ 8,971,049
Buildings	1,785,818	1,785,818
Equipment	<u>113,878</u>	<u>113,878</u>
	10,870,745	10,870,745
Less accumulated depreciation	<u>(1,741,915)</u>	<u>(1,714,132)</u>
	<u>\$ 9,128,830</u>	<u>\$ 9,156,613</u>

Included in land, buildings, and equipment at June 30, 2023 and 2022 is land donated to the Foundation which had an appraised value of \$8,971,049 in the year it was acquired. Conservation easements have been assigned to property located in Georgetown County, South Carolina which requires the land to remain in its undeveloped state but allow for the construction, operation, and management of a research and educational facility. The carrying value is comprised of land of \$917,418 and conservation easements of \$8,053,631. Depreciation expense for each of the years ended June 30, 2023 and 2022 was \$27,783.

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**Note 7—Endowment assets**

The Foundation’s endowment consists of approximately 2,300 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors of the Foundation to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law* – The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) enacted July 1, 2008, in the state of South Carolina as setting forth the standard of conduct for preserving the value of the original gift. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated (b) the original value of subsequent gifts required to be maintained in perpetuity, and (c) accumulation of earnings required to be added to the net assets with donor restrictions required to be maintained in perpetuity as stipulated by the donor applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not required to be maintained in perpetuity is classified as net assets with donor restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

Endowment net assets consist of the following at June 30, 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 681,549,004	\$ 681,549,004
Board-designated endowment funds	56,618,868	-	56,618,868
Total endowed net assets	<u>\$ 56,618,868</u>	<u>\$ 681,549,004</u>	<u>\$ 738,167,872</u>

Endowment net assets consist of the following at June 30, 2022:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 640,711,294	\$ 640,711,294
Board-designated endowment funds	46,109,560	-	46,109,560
Total endowed net assets	<u>\$ 46,109,560</u>	<u>\$ 640,711,294</u>	<u>\$ 686,820,854</u>

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**Note 7—Endowment assets (continued)**

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 640,711,294	\$ 640,711,294
Board-designated endowment funds	46,109,560	-	46,109,560
Total endowed net assets, June 30, 2022	<u>46,109,560</u>	<u>640,711,294</u>	<u>686,820,854</u>
Investment return, net	<u>3,358,701</u>	<u>41,061,018</u>	<u>44,419,719</u>
	49,468,261	681,772,312	731,240,573
Contributions	8,931,044	18,979,619	27,910,663
Additions to endowments from trusts or donor designation changes	451,198	1,873,742	2,324,940
Appropriation of endowment assets for expenditure	<u>(2,231,635)</u>	<u>(21,076,669)</u>	<u>(23,308,304)</u>
Endowment net assets, June 30, 2023	<u>\$ 56,618,868</u>	<u>\$ 681,549,004</u>	<u>\$ 738,167,872</u>

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 651,141,999	\$ 651,141,999
Board-designated endowment funds	42,609,189	-	42,609,189
Total endowed net assets, June 30, 2021	<u>42,609,189</u>	<u>651,141,999</u>	<u>693,751,188</u>
Investment return, net	<u>(1,390,433)</u>	<u>(18,560,609)</u>	<u>(19,951,042)</u>
	41,218,756	632,581,390	673,800,146
Contributions	3,446,026	24,829,115	28,275,141
Additions to endowments from trusts or donor designation changes	2,390,654	2,315,179	4,705,833
Appropriation of endowment assets for expenditure	<u>(945,876)</u>	<u>(19,014,390)</u>	<u>(19,960,266)</u>
Endowment net assets, June 30, 2022	<u>\$ 46,109,560</u>	<u>\$ 640,711,294</u>	<u>\$ 686,820,854</u>

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**Note 7—Endowment assets (continued)**

*Funds with Deficiencies* – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in net assets with donor restrictions or underwater endowments were \$46,375 and \$661,031 at June 30, 2023 and 2022, respectively. Deficiencies would result from unfavorable market fluctuations occurring after the investment of permanently restricted contributions and, to a degree by continued appropriation for certain programs deemed prudent by the Board of Directors.

*Return Objectives and Risk Parameters* – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable, stable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. As authorized by board approved policies, these assets are invested to maximize long-term returns, while simultaneously mitigating risk through maintaining a diversified portfolio. A multi-generational window not only allows for the typical diversification across asset classes, but also for time diversification across both up and down markets.

The assets are invested in a manner that is intended to produce results, in the long term, that meet or exceed the composite return and are within the risk parameters of a benchmark composed of 42% Russell 3000 Index, 28% MSCI All Country World Ex US Index, 5% Bloomberg Commodity Total Return Index, 5% S&P Global Natural Resources Index, 5% FTSE/EPRA NAREIT Global Real Estate Index, and 15% Barclays Aggregate Bond Index.

The long-term objective is to attain, within acceptable risk parameters, an average annual total return that exceeds the sum of the Foundation's approved payout rate plus inflation, plus investment management and related fees. The objective is expected to be obtained over time but not in each and every reporting period.

*Strategies Employed for Achieving Objectives* – To address its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

*Spending Policy and How the Investment Objectives Relate to Spending Policy* – The Foundation endowment spending policy appropriates for distribution each year a certain percentage of its endowment funds based on fair value averages. For 2023 and 2022, the spending percentage was 4% based on average fair value of endowment funds as of the end of the 12 prior quarters. The goal of such spending policy is to allow the endowment to maintain its purchasing power, achieve a reasonable degree of stability and predictability in income availability for operations and to achieve a balance between present and future needs.

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**Note 8—Related party transactions**

At June 30, 2023 and 2022, amounts due from and due to organizations related to the Foundation through their affiliation with the University are as follows:

	<u>2023</u>	<u>2022</u>
Due from:		
Clemson University Real Estate Foundation	\$ 103,029	\$ 240,023
Clemson University Land Stewardship Foundation	2,872,906	2,938,544
Clemson University	561,646	538,100
	<u>\$ 3,537,581</u>	<u>\$ 3,716,667</u>
Due to:		
IPTAY	\$ 19,549	\$ 33,690
Clemson Architectural Foundation	23,044	8,131
Clemson University Land Stewardship Foundation	-	692
Clemson Alumni Association	781	8,288
Clemson University	1,427,454	657,992
	<u>\$ 1,470,828</u>	<u>\$ 708,793</u>

The Foundation charged an annual fee of 1.25% in 2023 and 2022 for managing endowments. These funds are managed with an asset allocation similar to that of the Foundation. Administrative management fees, as included in investment return, net on the consolidated statements of activities, from related parties for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Clemson University	\$ 2,258,674	\$ 2,152,398
IPTAY	365,649	345,367
Clemson Alumni Association	146,390	138,793
Clemson Architectural Foundation	36,104	32,766
	<u>\$ 2,806,817</u>	<u>\$ 2,669,324</u>

The Foundation transfers certain assets (to) from related parties, as disclosed in Note 19.

In accordance with the Affiliation Agreement between the University and the Foundation, the Foundation reimburses the University for services provided by University employees and University resources utilized in support of activities of the Foundation. In this regard, the Foundation reimbursed the University approximately \$1.5 million in compensation expenses directly related to services of University employees. The Foundation also provided in excess of \$6.5 million in unrestricted funds for Development and University purposes which is greater than and covers the cost of University resources utilized by the Foundation.

In October 2020, the Foundation entered a loan agreement with Clemson University Land Stewardship Foundation (“CULSF”), for CULSF to purchase an office building for the use and benefit of Clemson University. The loan amount advanced to CULSF was \$3,765,177 and accrued interest at the rate of 1% was \$25,762 at June 30, 2021. In April 2022, the loan proceeds were received in full from CULSF and the accrued interest was forgiven and recognized in investment return, net on the consolidated statement of activities.

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**Note 8—Related party transactions (continued)**

In June 2022, the Foundation entered into a loan agreement with CULSF to purchase land for development for the future use and benefit of Clemson University. The loan amount advanced was \$2,006,075. The funds advanced to CULSF are included in the due from related organizations on the consolidated statements of financial position at June 30, 2023 and 2022, with balances of \$1,940,434 and \$2,006,075, respectively. Interest will be accrued based on the prime rate plus 25 basis points and calculated annually with annual adjustments on the anniversary date, but shall never be less than the interest rate on the purchase close date or greater than the interest rate on the purchase closing date plus 1.00%. The interest rate on the purchase closing date was 4.25%. The interest rate was 5.25% at June 30, 2023 and 2022. The loan allows for either monthly or annual payments with a maturity of June 2028. The loan is based upon a 20-year amortization with a final balloon payment at maturity.

The University and the Foundation have a Memorandum of Understanding (“MOU”) whereby the University loans certain endowment funds to the Foundation for the purpose of maximizing the investment yield and increasing the funds available for scholarships and other University programs. The principal balance outstanding at June 30, 2023 and 2022 was \$146,677,655 and the accrued liability to the University due to net investment appreciation on the principal outstanding was \$97,279,492 and \$93,769,743, respectively. The MOU was for a term of 10 years beginning on July 11, 2003 and is reviewed annually by the University and the Foundation prior to the anniversary date and the term is automatically renewed each year for a 12-month period unless either party provides written notice of its objection to the extension at least 30 days prior to the anniversary date. Should the University determine the loaned funds are to be repaid, pursuant to the MOU the Foundation is required to pay back the funds to the University with interest at a rate equal to the total cumulative return (consisting of appreciation and income less any payouts to the University) earned from the investment of such funds by the Foundation. The University is prohibited from requesting a return of the loaned funds if the total cumulative return is negative.

In December 2007, the Foundation approved a non-interest-bearing loan of \$20,000,000 to the Clemson University Real Estate Foundation (“CUREF”) for investment in land acquisitions and improvements at Clemson University-International Center for Automotive Research. This loan was assigned to CULSF in December 2012 with the transfer of the underlying asset.

**Note 9—Split-interest agreements**

The Foundation has entered into charitable remainder annuity and unitrust agreements whereby assets are made available on the condition that income is paid periodically to designated individuals. Payments of such amounts terminate at a time specified in the agreements. Included in investments at June 30, 2023 and 2022 are \$7,618,784 and \$7,689,876, respectively, of assets held under the agreements and are comprised of U.S. government obligations, corporate bonds, and U.S. and global equities.

The Foundation has reported in the accompanying consolidated statements of financial position an actuarial liability of \$2,020,169 and \$2,053,807 at June 30, 2023 and 2022, respectively, which represents the present value of estimated future payments to beneficiaries of the charitable remainder annuity trusts and unitrusts, taking into consideration their life expectancy and discounted at applicable interest rates.

The Foundation has entered into charitable gift annuity agreements whereby donors contribute assets in exchange for the Foundation’s promise to pay a fixed amount to a designated individual for a specified period of time. The assets contributed are held as general assets of the Foundation and an actuarial liability which represents the present value of estimated future payments to beneficiaries of charitable gift annuities of \$1,116,577 and \$1,187,126 at June 30, 2023 and 2022, respectively, has been reported in the accompanying consolidated statements of financial position.

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**Note 9—Split-interest agreements (continued)**

Trusts held and managed by trustees other than the Foundation, but the Foundation is the remainder beneficiary are included at fair value as of the end of 2023 and 2022 on the consolidated statements of financial position. The fair value less the present value of the remainder interest based on donor or beneficiary is as follows:

	<u>2023</u>	<u>2022</u>
Fair value	\$ 11,685,452	\$ 11,236,134
Less unamortized discount	(5,465,848)	(5,221,979)
Trusts held by others	<u>\$ 6,219,604</u>	<u>\$ 6,014,155</u>

**Note 10—Life insurance policies**

The Foundation is owner and beneficiary of various life insurance policies on 24 individuals with an aggregate face value of \$4,028,412 and \$5,064,412 for the years ended June 30, 2023 and 2022, respectively. The cash surrender value at June 30, 2023 and 2022 was \$4,564,917 and \$3,749,580, respectively.

**Note 11—Funds held in trust for affiliates**

The Foundation holds and invests funds belonging to the Clemson Architectural Foundation (“CAF”), IPTAY, Clemson Alumni Association (“CAA”) and Clemson University Research Foundation (“CURF”) in a custodial capacity. Funds are either held or invested in an externally managed investment pool in accordance with CUF investment policy or by separate agreement. Assets under CUF management at June 30, 2023 and 2022 were \$132,415,389 and \$104,963,908, respectively.

At June 30, 2023:

	<u>Non-Pooled Assets, Net</u>	<u>Pooled Investments</u>	<u>Contributions Receivable, Net</u>	<u>Total</u>
IPTAY	\$ 11,324,164	\$ 23,240,285	\$ 76,752,122	\$ 111,316,571
CAA	328,743	15,581,689	-	15,910,432
CAF	268,699	3,799,073	84,641	4,152,413
CURF	-	1,035,973	-	1,035,973
	<u>\$ 11,921,606</u>	<u>\$ 43,657,020</u>	<u>\$ 76,836,763</u>	<u>\$ 132,415,389</u>

At June 30, 2022:

	<u>Non-Pooled Assets, Net</u>	<u>Pooled Investments</u>	<u>Contributions Receivable, Net</u>	<u>Total</u>
IPTAY	\$ 21,563,004	\$ 34,992,223	\$ 29,063,043	\$ 85,618,270
CAA	836,558	14,421,100	-	15,257,658
CAF	421,599	3,565,912	100,469	4,087,980
	<u>\$ 22,821,161</u>	<u>\$ 52,979,235</u>	<u>\$ 29,163,512</u>	<u>\$ 104,963,908</u>

**CLEMSON UNIVERSITY FOUNDATION**  
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**Note 12—Commitments and contingencies**

The Foundation has committed \$14,970,926 and \$15,660,613, at June 30, 2023 and 2022, respectively, for building projects for the benefit of the University. At June 30, 2023, the Foundation continues to pursue fundraising from donors to fund these commitments.

**Note 13—Designations of net assets without donor restrictions**

The Foundation's governing body has established endowments and reserves to support Foundation operations as follows at June 30:

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions:		
Special initiative reserves	\$ 4,455,438	\$ 4,076,893
Quasi-endowment	58,522,333	46,726,325
Other designated	5,013,504	4,192,929
Undesignated	<u>(2,161,275)</u>	<u>4,048,928</u>
Net assets without donor restrictions	<u>\$ 65,830,000</u>	<u>\$ 59,045,075</u>

**Note 14—Net assets with donor restrictions**

Net assets with donor restrictions consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Specific future periods:		
Unconditional contributions receivable-not received	\$ 69,549,349	\$ 72,997,389
Specific to expenditure for specific purpose	82,488,352	77,478,758
Specific to spending policy and appropriation	251,377,772	231,023,661
Perpetual endowments	392,397,975	374,580,189
Specific to passage of time or specific event:		
Gifts awaiting donor direction	11,749,355	4,573,944
Trusts held by others	6,219,604	6,014,155
Charitable remainder trusts and unitrusts	5,598,615	5,635,469
Term endowments	<u>40,405,021</u>	<u>37,543,620</u>
Net assets with donor restrictions	<u>\$859,786,043</u>	<u>\$809,847,185</u>

**Note 15—Net assets released from restrictions**

Net assets released from donor restrictions during the year ended June 30, 2023 and 2022 supported the following programs:

	<u>2023</u>	<u>2022</u>
Scholarships, fellowships, and awards	\$ 6,865,354	\$ 6,392,373
Chairs, professorships, and faculty awards	5,545,043	4,933,975
Departments and University programs	18,841,299	15,867,196
Capital, facilities, and equipment	<u>588,943</u>	<u>1,522,469</u>
Net assets released from donor restrictions	<u>\$ 31,840,639</u>	<u>\$ 28,716,013</u>



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**Note 16—Expenditures by functional and natural classifications**

Expenses have been assigned to the following functional categories at the time the expenditure was incurred. The following represents the expenditures by functional and natural classifications for the year ended June 30, 2023:

	<b>Program Expenses in Support of Clemson University</b>	<b>Administrative and Investment Support</b>	<b>Fundraising</b>	<b>Total</b>
Clemson University program support	\$ 29,338,090	\$ -	\$ -	\$ 29,338,090
Functions and events	2,819,188	92,473	1,169,069	4,080,730
Contract and professional services	1,746,357	1,160,622	457,065	3,364,044
Compensation and shared services costs	-	3,368,932	1,999,388	5,638,320
Travel and fundraising operations	272,733	71,138	373,317	717,188
Material, supplies, and other operating costs	461,116	79,579	207,685	748,380
IT services and operations	26,006	88,915	19,041	133,962
Development fees	793,121	59,766	-	852,887
Rent and occupancy	157,301	91,588	58,640	307,529
Promotions and sponsorships	368,457	4,501	581,544	954,502
Insurance	12,729	176,656	-	189,385
Depreciation	-	27,783	-	27,783
<b>Total</b>	<b>\$ 35,995,098</b>	<b>\$ 5,491,953</b>	<b>\$ 4,865,749</b>	<b>\$ 46,352,800</b>

The following represents the expenditures by functional and natural classifications for the year ended June 30, 2022:

	<b>Program Expenses in Support of Clemson University</b>	<b>Administrative and Investment Support</b>	<b>Fundraising</b>	<b>Total</b>
Clemson University program support	\$ 26,182,749	\$ -	\$ -	\$ 26,182,749
Functions and events	2,216,811	59,964	807,034	3,083,809
Contract and professional services	1,205,881	1,013,096	370,758	2,589,735
Compensation and shared services costs	-	1,140,170	2,533,908	3,674,078
Travel and fundraising operations	303,455	30,165	668,115	1,001,735
Material, supplies, and other operating costs	390,418	60,722	410,173	861,313
IT services and operations	18,132	628,371	16,902	663,405
Development fees	683,378	71,256	-	754,634
Rent and occupancy	164,716	90,211	83,246	338,173
Promotions and sponsorships	254,611	3,000	65,841	323,452
Insurance	11,028	116,463	-	127,491
Depreciation	-	27,783	-	27,783
<b>Total</b>	<b>\$ 31,431,179</b>	<b>\$ 3,241,201</b>	<b>\$ 4,955,977</b>	<b>\$ 39,628,357</b>

The above allocation of expenses at June 30, 2023 and 2022 are based upon direct expenditures to each functional category.

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**Note 17—Availability of financial assets**

The following reflects the Foundation’s financial assets available for general expenditures over the next 12 months as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date. Amounts not available include amounts set aside for long-term investing in quasi-endowments and board-designated funds that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowments or quasi-endowments for general expenditure within one year of the consolidated statements of financial position date have not been subtracted as unavailable. The Foundation’s general expenditures consist of direct program support to the University, as well as fundraising, donor stewardship, and endowment administration activity related expenditures.

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end, excluding funds held for related entities	\$ 921,937,122	\$ 862,644,386
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time restrictions	(506,756,732)	(481,753,239)
Subject to appropriation and satisfaction of donor restrictions	(333,919,738)	(308,588,032)
Investments held in annuity trust	(13,838,388)	(13,704,032)
Board designations:		
Special initiative reserves and other designated funds	(9,468,942)	(8,269,822)
Quasi-endowment fund, net of perpetual fixed assets	(43,435,385)	(35,273,059)
Plus: Board approved endowment appropriation	<u>22,750,967</u>	<u>20,131,597</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 37,268,904</u>	<u>\$ 35,187,799</u>

**Note 18—Risk management**

The Foundation is exposed to various risks of loss related to torts, theft of assets, and errors and omissions. The risks are managed through the purchase of commercial insurance and self-retention of certain risks. The Foundation’s affairs are conducted by the employees of the University and exposures to loss resulting from this arrangement are managed by the University through a combination of methods, including participation in various risk pools administered by the state of South Carolina, purchase of commercial insurance and self-retention of certain risks. Additional details on the University’s risk management program are disclosed in the financial report of the University.

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**Note 19—Transfers (to) from related entities**

Transfers (to) from related entities consisted of the following at June 30, 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
CAA	\$ -	\$ (30,155)	\$ (30,155)
CUREF	474,955	290,126	765,081
IPTAY	(15,000)	(778)	(15,778)
Total	<u>\$ 459,955</u>	<u>\$ 259,193</u>	<u>\$ 719,148</u>

Transfers (to) from related entities consisted of the following at June 30, 2022:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
CAA	\$ -	\$ 2,254	\$ 2,254
CUREF	28,385	226,675	255,060
IPTAY	(738)	-	(738)
CU	(127,934)	(100)	(128,034)
Total	<u>\$ (100,287)</u>	<u>\$ 228,829</u>	<u>\$ 128,542</u>

**Note 20—Subsequent events**

The Foundation has evaluated subsequent events through September 7, 2023, in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued.