

**CLEMSON UNIVERSITY LAND STEWARDSHIP
FOUNDATION, INC.**

(A Component Unit of Clemson University)

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2025 and 2024

And Report of Independent Auditor

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

(A Component Unit of Clemson University)

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Report of Independent Auditor

To the Board of Directors
Clemson University Land Stewardship Foundation, Inc.
Clemson, South Carolina

Opinion

We have audited the accompanying consolidated financial statements of Clemson University Land Stewardship Foundation, Inc. (the "Foundation"), a component unit of Clemson University, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, 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, 2025 and 2024, 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.

Cherry Bekaert LLP

Greenville, South Carolina
September 17, 2025

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

(A Component Unit of Clemson University)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION*JUNE 30, 2025 AND 2024*

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 3,038,533	\$ 3,886,340
Other assets	1,556,557	1,121,807
Real estate investments	94,518,948	91,761,592
Real estate and equipment, net	10,921,468	11,032,236
Direct financing lease	7,297,451	7,871,859
Development costs	774,944	751,552
Total Assets	<u>\$ 118,107,901</u>	<u>\$ 116,425,386</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 104,857	\$ 857,777
Accrued interest payable	50,198	51,231
Deposits held for others	140,172	140,675
Retainage payable	-	138,252
Unearned revenue	149,375	144,834
Deferred rent revenue	3,700,892	1,706,051
Due to Clemson University Foundation	23,516,373	23,594,295
Notes payable, net	44,442,703	45,665,485
Total Liabilities	<u>72,104,570</u>	<u>72,298,600</u>
Net Assets Without Donor Restrictions	<u>46,003,331</u>	<u>44,126,786</u>
Total Net Assets	<u>46,003,331</u>	<u>44,126,786</u>
Total Liabilities and Net Assets	<u>\$ 118,107,901</u>	<u>\$ 116,425,386</u>

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

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

(A Component Unit of Clemson University)

CONSOLIDATED STATEMENTS OF ACTIVITIES*YEARS ENDED JUNE 30, 2025 AND 2024*

	<u>2025</u>	<u>2024</u>
Revenues, Gains, and Other Support:		
Rental revenues	\$ 6,436,367	\$ 5,756,417
Direct financing interest	2,537	2,728
Federal grant	-	289,668
Common area and management fees	221,479	201,888
Income on short-term investments	68,620	94,672
Miscellaneous reimbursements	9,600	-
Change in fair value of real estate investments and development costs	-	(8,740,137)
Total Revenues and Gains	<u>6,738,603</u>	<u>(2,394,764)</u>
Program Expenses:		
CU-ICAR campus	2,290,330	2,412,767
Greenville One	389,975	357,027
Administrative and other	446,144	474,025
Interest expense	1,833,541	1,637,052
Total Expenses	<u>4,959,990</u>	<u>4,880,871</u>
Revenue over (under) expenses	1,778,613	(7,275,635)
Contributions from a related party (Note 9)	<u>97,932</u>	<u>-</u>
Change in net assets without donor restrictions	1,876,545	(7,275,635)
Net assets without donor restrictions, beginning of year	<u>44,126,786</u>	<u>51,402,421</u>
Net assets without donor restrictions, end of year	<u>\$ 46,003,331</u>	<u>\$ 44,126,786</u>

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

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

(A Component Unit of Clemson University)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,876,545	\$ (7,275,635)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in fair value of real estate investments and development costs	-	8,740,137
Depreciation expense	208,700	218,892
Interest expense related to amortized debt issuance costs	14,619	14,619
Contributions from a related party	(97,932)	-
Change in operating assets and liabilities:		
Other assets	(434,750)	(289,923)
Direct financing lease	574,408	574,408
Real estate investments and development costs	(2,780,748)	(4,845,702)
Accounts payable	(752,920)	553,135
Accrued interest payable	(1,033)	302
Deposits held for others	(503)	30,955
Retainage payable	(138,252)	(522,824)
Unearned and deferred revenue	1,999,382	1,655,926
Due to Clemson University Foundation	(77,922)	721,389
Net cash flows from operating activities	<u>389,594</u>	<u>(424,321)</u>
Cash flows from financing activities:		
Proceeds from notes payable	404,559	795,618
Principal payments on notes payable	(1,641,960)	(1,346,677)
Net cash flows from financing activities	<u>(1,237,401)</u>	<u>(551,059)</u>
Net change in cash and cash equivalents	(847,807)	(975,380)
Cash and cash equivalents, beginning of year	3,886,340	4,861,720
Cash and cash equivalents, end of year	<u>\$ 3,038,533</u>	<u>\$ 3,886,340</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 1,842,196</u>	<u>\$ 1,872,464</u>

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

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

(A Component Unit of Clemson University)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 1—Nature of organization

Clemson University Land Stewardship Foundation, Inc., (the "Foundation") is an independent, nonprofit, tax-exempt public charity incorporated in South Carolina in December 2010 to serve the needs of Clemson University (the "University") in the management, development, and investment of real property and related assets. The Foundation includes the wholly-owned subsidiaries of LICAM, LLC; LICAR, LLC; and CULSF One, 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 provisions of Governmental Accounting Standards Board Statement 14, *The Financial Reporting Entity*, as amended, with its financial data and other information presented discretely in the financial reporting of the University.

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 in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of Presentation – 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 Foundation and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of Foundation and/or the passage of time. The Foundation did not have any net assets with donor restrictions as of June 30, 2025 and 2024.

The Foundation recognizes revenue in accordance with Financial Accounting Standards Board's ("FASB") Accounting Standard Codification ("ASC") *Topic 606, Revenue from Contracts with Customers, Topic 325, Investments – Other, Topic 842, Leases*, 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 with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional contributions – 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.

Revenues under federal and nongovernmental grants and contracts are recognized as performance requirements, if applicable, and related qualifying expenses are incurred for the grant and contract purposes.

Income on short-term investments and investment return, net on real estate investments are reported as revenues without donor restrictions.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2—Summary of significant accounting policies (continued)

Principles of Consolidation – The consolidated financial statements include the financial statements of the Foundation and its wholly-owned subsidiaries LICAM, LLC; LICAR, LLC; and CULSF One, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents – The Foundation places its cash on deposit with financial institutions in the United States. The Federal Depository Insurance Corporation (“FDIC”) covers \$250,000 for substantially all depository accounts. For certain accounts, the Foundation participates in an Insured Cash Sweep Deposit Placement Agreement, which allows access to multi-million dollar FDIC protection. This type of account diversifies the balance between several banking institutions protected by the FDIC with coverage of \$250,000 for substantially all depository accounts at each banking institution. At June 30, 2025 and 2024, the carrying value of cash deposits totaled \$3,038,533 and \$3,886,340, respectively, with a corresponding bank balance of \$3,096,327 and \$4,121,028, respectively. At June 30, 2025 and 2024, cash deposits that were uninsured totaled \$499,951 and \$663,077, respectively.

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.

Real Estate Investments – Real estate investments consist of land held for development, and buildings and land held for investment. Real estate investments are appraised every two to three years and reviewed annually by management for impairment:

Land held for development is recorded at fair value at the time of acquisition. The land is being marketed as commercial property for long-term development over an approximate 25-year period. Improvements to land held for development, including the active construction of new facilities on such land, are recorded at cost until active development is completed and an appraisal can be obtained. Construction costs approximate fair value during the development period.

The Center for Emerging Technology (“CET”), One Research Drive (“ORD”), Seven Research Drive (“7RD”), and Flex Lab One buildings are recorded at fair value established by appraisal plus improvements at cost, which approximate fair value.

Real Estate and Equipment, Net – Real estate and equipment, net consists of land, buildings, equipment, and infrastructure held for programmatic purposes. Real estate is recorded at the lower of cost or the appraised fair value on the date of donation.

Buildings and infrastructure are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging from 15 to 25 years. Equipment is depreciated over five years using the straight-line method.

Operating Leases (Lessor) – The Foundation determines whether contractual arrangements contain a lease. These leases require monthly rental payments and are generally conditioned upon receipt of security deposits made at the inception of the lease. At all times, the Foundation retains title to the underlying assets. The standard leases are typically repayable on a monthly basis with terms ranging from three to 20 years. The lease terms reflect any renewal or termination options that the Foundation is reasonably certain will be exercised. The Foundation’s operating lease portfolio does not contain any purchase options that the Foundation is reasonably certain to be exercised.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2—Summary of significant accounting policies (continued)

In cases for which operating lease treatment is appropriate, lease payments received from tenants are recognized as revenue over the lease term on a straight-line basis unless another systematic and rational basis is more representative of the pattern in which benefit is expected to be derived from the use of the underlying asset. In certain instances, operating leases include various lease incentives that are required to be deferred and recognized as a reduction of rent revenue over the term of the related lease on a straight-line basis (see Note 11). Operating lease assets are reported as real estate investments on the consolidated statements of financial position.

The Foundation has elected to not combine lease and nonlease components. The nonlease components primarily relate to property taxes, insurance, and other operating expenses incurred in connection with operating the leased assets.

For leases with a term of 12 months or less, the Foundation has made an accounting policy election to not recognize qualifying leases on the consolidated statements of financial position. For these leases, the Foundation recognizes revenue on a straight-line basis over the lease term.

Direct Financing Lease – The Foundation has recorded its investment in Greenville One as a direct financing lease. Under this lease recognition method, the difference between the future minimum lease payments to be received from the University and the Foundation's investment in the facility is recorded as unearned revenue and is recognized ratably over the term of the lease. Lease payments received reduce the Foundation's investment in the facility (see Note 10).

Development Costs – Development costs include costs related to the master plan, civil engineering, and site preparation at the Clemson University International Center for Automotive Research (“CU-ICAR”) campus development. Development costs are reviewed annually by management and are adjusted, as needed, to accurately reflect the future economic benefit of the development costs. During the years ended June 30, 2025 and 2024, respectively, there were no such reductions of development costs. During the years ended June 30, 2025 and 2024, the Foundation incurred development costs, on land being actively developed, of \$23,392 and \$65,063, respectively.

Income Taxes – The Foundation is recognized as an organization exempt from federal income tax on related income under Section 501(a) of the Internal Revenue Code (the “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.

The Foundation's policy is to record a liability for any tax position taken that is beneficial to the Foundation, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes that there are no such positions as of June 30, 2025 and, accordingly, no liability has been accrued.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2—Summary of significant accounting policies (continued)

Use of Estimates – The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management of the Foundation to make estimates and assumptions that affect the reported amount 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.

Debt Issuance Costs – Debt issuance costs consist primarily of commitment fees, legal fees, and other direct costs incurred to obtain debt financing. These costs are amortized using the straight-line method over the life of the related loan, which approximates the effective interest method. The Foundation observes Accounting Standards Update (“ASU”) 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This guidance requires amortization of debt issuance costs to be included as interest expense. Amortization expense was \$14,619 for both of the years ended June 30, 2025 and 2024. Additionally, the ASU requires that unamortized debt issuance costs be presented as reduction of the carrying amount of the related debt (see Note 6).

Allowance for Credit Losses - The Foundation follows the guidance of ASC Topic 326, *Financial Instruments - Credit Losses*, with the only financial asset within scope being the Foundation's direct finance lease with the University. As required under Topic 326, the Foundation makes ongoing estimates relating to the collectability of the direct finance lease and records an allowance for estimated losses expected from the inability of the University to make required payments. The Foundation establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect the University's ability to pay, and creditworthiness of the University. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Based upon this assessment, management has estimated the allowance for credit losses at June 30, 2025 and 2024 to be immaterial.

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.

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.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 3—Fair value measurements (continued)

The following tables summarize the valuation of the Foundation's financial assets measured at fair value as of June 30, 2025 and 2024. Fair value for Level 2 measures is based on appraisals by licensed third party appraisers performed every two to three years, including an appraisal of any real estate acquired in the current year. There were no changes in the fair value measurement techniques during the current year.

Measurement at fair value on a nonrecurring basis at June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Building and land held for investment	\$ -	\$ 64,275,671	\$ -
Land held for development	-	30,243,277	-
Total assets measured on a nonrecurring basis	<u>\$ -</u>	<u>\$ 94,518,948</u>	<u>\$ -</u>

Measurement at fair value on a nonrecurring basis at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Building and land held for investment	\$ -	\$ 51,520,000	\$ -
Land held for development	-	40,241,592	-
Total assets measured on a nonrecurring basis	<u>\$ -</u>	<u>\$ 91,761,592</u>	<u>\$ -</u>

Note 4—Real estate investments

In December 2005, Clemson University Real Estate Foundation ("CUREF") entered into a 65-year ground lease for 3.53 acres transferred to the Foundation in 2013. The lease required additional rental payments from the lessee within the initial six years of the lease. In November 2020, the Foundation entered into an agreement of purchase and sale of the interest in the ground lease, the "land" and the improvements "premises" located on the land. The ground lease was terminated. The agreement transferred assignment and assumption of the tenant's lease of the premises to the Foundation. The premises (7RD) consist of 117,100 rentable square feet and one tenant. The term of the lease is 10 years through August 2031.

The Foundation leases space in the CET, ORD, and Flex Lab One buildings to tenants. The lease periods range from seven to 10 years and required additional payments from the lessee for capital improvement upfit. The payments have been recorded as deferred rent revenue and are being recognized as rent revenue over the lease terms. Deferred revenue related to tenant reimbursed capital improvement upfits at CET, ORD, and Flex Lab One totaled \$3,497,768 and \$1,528,420 at June 30, 2025 and 2024, respectively. The remaining \$203,124 and \$177,631 of deferred rent revenue relates to rents received in advance at June 30, 2025 and 2024, respectively.

Beginning in the year ended June 30, 2019, the Foundation leased space to the University for land, camp facilities, and infrastructure known as Camp Hannon at Pinnacle Falls. The initial lease term is seven years.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*JUNE 30, 2025 AND 2024***Note 4—Real estate investments (continued)**

The fair value of the Foundation's real estate investments consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
ORD	\$ 16,842,387	\$ 16,800,000
CET	11,099,403	10,970,000
7RD	24,118,068	23,750,000
Flex Lab One	12,215,813	-
Building and land held for investment	64,276,671	51,520,000
Land held for development	30,243,277	40,241,592
	<u>\$ 94,518,948</u>	<u>\$ 91,761,592</u>

Rental revenues (including common area maintenance) for the years ended June 30, 2025 and 2024 were associated with the following properties. The properties had the following rental revenues at June 30:

	<u>2025</u>	<u>2024</u>
ORD	\$ 1,960,314	\$ 1,987,059
CET	1,380,371	1,487,789
7RD	1,812,009	1,810,591
Flex Lab One	770,878	-
Greenville One (see Note 10)	410,079	377,131
Camp Hannon at Pinnacle Falls (see above and Note 5)	102,716	93,847
	<u>\$ 6,436,367</u>	<u>\$ 5,756,417</u>

Note 5—Real estate and equipment, net

Land, buildings, equipment, and infrastructure located throughout the state of South Carolina have been acquired or donated to the Foundation and are restricted for the use and benefit of University educational programs. The properties have the following balance at June 30:

	<u>2025</u>	<u>2024</u>
Equipment	\$ 19,514	\$ 19,514
Land	8,638,022	8,570,067
Buildings and infrastructure	5,012,634	4,982,657
	13,670,170	13,572,238
Accumulated depreciation	(2,748,702)	(2,540,002)
Total	<u>\$ 10,921,468</u>	<u>\$ 11,032,236</u>

Through June 30, 2017, included in the land was 853.53 acres of timberland in Camden, South Carolina that had an appraised value of \$7,750,000. The Foundation sold approximately 100 acres of the land during the year ended June 30, 2018, resulting in 754.09 remaining acres of timberland with an appraised value of \$7,493,067. The Foundation has assigned a Conservation Easement requiring the land remain in its undeveloped state except for construction, operation, and management of facilities for educational purposes. At June 30, 2025 and 2024, the market value was comprised of land at \$1,936,067 and a Conservation Easement at \$5,557,000 both of which are included in land in the above table.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 5—Real estate and equipment, net (continued)

79.73 acres of land, camp facilities, and infrastructure known as Camp Hannon at Pinnacle Falls located in Pickens County, South Carolina was donated to the Foundation and recorded at the appraised fair value during the year ended June 30, 2008. The land has an appraised value of \$917,000. Restrictive covenants that required the land to remain largely in its natural state and used for the benefit of University educational programs were removed during the year ended June 30, 2015. During the year ended June 30, 2019, the Foundation entered into a contract for the design and construction of a multipurpose building located at Camp Hannon at Pinnacle Falls. Construction was complete and the building became operational during the year ended June 30, 2020.

Depreciation expense was \$208,700 and \$218,892 for the years ended June 30, 2025 and 2024, respectively.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

(A Component Unit of Clemson University)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*JUNE 30, 2025 AND 2024***Note 6—Notes payable, net**

The notes payable, net were as follows at June 30:

Description	2025	2024
Loan payable to a bank bearing interest at 3.67% with monthly payments of \$26,163. The loan is payable in full in March 2038.	\$ 3,182,820	\$ 3,374,453
Loan payable to a bank bearing interest at 3.50% with monthly payments of \$56,197. The loan is payable in full with a final balloon payment in March 2032. The loan is secured by the ORD building which had a fair value of \$16,842,387 and \$16,800,000 at June 30, 2025 and 2024, respectively.	10,208,304	10,514,469
Loan payable to a bank bearing interest at 3.50% with monthly payments of \$20,454. The loan is payable in full with a final balloon payment in March 2032. The loan is secured by the CET building which had a fair value of \$11,099,403 and \$10,970,000 at June 30, 2025 and 2024, respectively.	3,715,516	3,826,950
Loan payable to a bank bearing interest at 3.50% with monthly payments of \$7,550. The loan is payable in full with a final balloon payment in January 2031. The loan (the "Land Note") is secured by a 57.02-acre tract of vacant land known as TNV owned by the Foundation.	1,321,715	1,364,585
Loan payable to a bank bearing interest at 3.50% with monthly payments of \$112,694. The loan is payable in full with a final balloon payment in January 2031. Pursuant to certain future terms, conditions, obligations and requirements, as defined in the loan agreement, the maturity date may be extended to January 2041. The loan (the "Building Note") is secured by the 7RD building.	19,727,245	20,367,098
Loan payable to a bank bearing interest at 4.25% with monthly payments of \$10,115. The loan was payable in full with a final balloon payment in August 2026. The loan is secured by multiple properties and their respective rents. The loan was paid in full on July 31, 2024.	-	350,005
Loan payable to a bank bearing interest at 4.35%. Phase One (construction) requires interest only payments which are capitalized to the Flex Lab One building. Capitalized interest totaled \$22,241 and \$250,333 during the years ended June 30, 2025 and 2024, respectively. The construction loan will convert to a term loan upon completion of the interest only period requiring 84 monthly principal and interest payments of \$36,031 based upon a 300-month amortization period with a final balloon payment in August 2032. Upon completion of Phase One, Phase Two is payable in full with a final balloon payment in August 2032.	6,540,000	6,135,441
Total notes payable	44,695,600	45,933,001
Less unamortized debt issuance cost	(252,897)	(267,516)
Total notes payable, net	\$ 44,442,703	\$ 45,665,485

The Building and Land Notes are cross collateralized with a building and land with a combined fair value of \$31,818,068 and \$31,450,000 at June 30, 2025 and 2024, respectively.

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Note 6—Notes payable, net (continued)

A revolving line of credit for \$1,000,000 was available through February 25, 2025. There was no outstanding balance at June 30, 2024.

In March 2025, the Foundation entered into a revolving line of credit agreement for \$2,000,000. The line of credit agreement matures in March 2027. There was no outstanding balance at June 30, 2025.

Certain notes payable include restrictive covenants.

Aggregate maturities of long-term notes payable at June 30 are as follows:

2026	\$ 1,460,977
2027	1,539,914
2028	1,593,791
2029	1,656,477
2030	1,718,107
Thereafter	36,726,334
	<u>\$ 44,695,600</u>

Note 7—Expenditures by functional and natural classification

Expenses have been assigned to the following Foundation's functional categories at the time the expenditure was incurred. The allocation of expenses at June 30, 2025 and 2024 are based upon direct expenditures to each functional category.

The following represents the expenditures by functional and natural classifications for the year ended June 30, 2025:

	CU-ICAR Campus	Greenville One	Administrative and Other	Interest Expense	Total
Contract services	\$ 583,733	\$ 222,412	\$ -	\$ -	\$ 806,145
Professional fees	59,266	-	45,704	-	104,970
Occupancy	1,004,101	156,903	4,316	-	1,165,320
Taxes and fees	193,589	5,599	-	-	199,188
Insurance	101,860	5,061	25,954	-	132,875
Depreciation	25,682	-	183,018	-	208,700
Interest	-	-	-	1,833,541	1,833,541
Foundation salary reimbursements	322,099	-	187,152	-	509,251
Total	<u>\$ 2,290,330</u>	<u>\$ 389,975</u>	<u>\$ 446,144</u>	<u>\$ 1,833,541</u>	<u>\$ 4,959,990</u>

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Note 7—Expenditures by functional and natural classification (continued)

The following represents the expenditures by functional and natural classifications for the year ended June 30, 2024:

	CU-ICAR Campus	Greenville One	Administrative and Other	Interest Expense	Total
Contract services	\$ 620,452	\$ 201,670	\$ 9,600	\$ -	\$ 831,722
Professional fees	308,257	-	47,513	-	355,770
Occupancy	859,437	144,805	17,620	-	1,021,862
Taxes and fees	193,300	5,497	-	-	198,797
Insurance	94,642	5,055	38,708	-	138,405
Depreciation	25,682	-	193,210	-	218,892
Interest	-	-	-	1,637,052	1,637,052
Foundation salary reimbursements	310,997	-	167,374	-	478,371
Total	<u>\$ 2,412,767</u>	<u>\$ 357,027</u>	<u>\$ 474,025</u>	<u>\$ 1,637,052</u>	<u>\$ 4,880,871</u>

Note 8—Availability of financial assets

As described in Note 2, all Foundation net assets are without donor restrictions. As such, all current Foundation assets are available for general expenditures over the next 12 months. For purposes of analyzing resources available to meet general expenditures, the Foundation considers all expenditures related to its leasing and property management services to be general expenditures. The following are the Foundation's financial assets without donor restrictions at June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 3,038,533	\$ 3,886,340
Receivables, included in other assets	37,496	26,230
Direct financing lease, short-term	574,408	574,408
Total	<u>\$ 3,650,437</u>	<u>\$ 4,486,978</u>

The Foundation's real estate generate substantial rental income, which provides additional support for general expenditures in the next 12 months.

Note 9—Related party

At June 30, 2025 and 2024, amounts due to CUF are as follows.

Due to CUF:	2025	2024
Expenditures associated with development of CU-ICAR campus	\$ 932,472	\$ 932,472
CU-ICAR land acquisitions	20,000,000	20,000,000
Purchase of real estate investments and accrued interest	2,583,901	2,661,823
	<u>\$ 23,516,373</u>	<u>\$ 23,594,295</u>

In December 2007, CUF approved a loan of \$20,000,000 to CUREF for land acquisitions and improvements at CU-ICAR. The CUF note is unsecured and carries no interest payment obligation. This note is subordinate to the Foundation's notes payable to banks (see Note 6) and is due on demand only after repayment of such notes payable and amendments thereof. This note was transferred by CUREF to the Foundation during the year ended June 30, 2013.

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Note 9—Related party (continued)

On June 9, 2022, the Foundation entered into an agreement with CUF to borrow funds to purchase land for development for the future use and benefit of the University at a cost of \$2,006,072, with balances of \$1,817,471 and \$1,877,904 at June 30, 2025 and 2024, 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 closing date or greater than the interest rate on the purchasing close date plus 1.00%. The interest rate on the purchase closing date was 4.25%. The interest rate was 5.25% at both June 30, 2025 and 2024. 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. Future fiscal year maturities are \$63,606 in 2026, \$66,945 in 2027, and \$1,686,920 in 2028.

On September 26, 2023, the Foundation entered into an agreement with CUF to borrow funds to purchase one lot adjacent to the CU-ICAR campus for the future use and benefit of the University at a cost of \$800,000 with a balance of \$766,430 and \$783,919 at June 30, 2025 and 2024, 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 closing date or greater than the interest rate on the purchasing close date plus 1.00%. The interest rate on the purchase closing date was 8.5%. The interest rate was 8.75% at both June 30, 2025 and 2024. The loan allows for either monthly or annual payments with a maturity of September 2029. The loan is based upon a 20-year amortization with a final balloon payment at maturity. Future fiscal year maturities are \$19,019 in 2026, \$20,683 in 2027, \$22,493 in 2028, and \$704,235 in 2029.

In January 2025, the Foundation was granted title to 286 acres of land near Andrews, South Carolina to facilitate a 5-year research project by the University, sponsored by the United States Department of Agriculture. The Foundation will lease the land back to the University at a nominal cost, with the University covering any associated expenses related to the transaction. While the Foundation holds title to the land, the related deed and agreements contain certain land usage restrictions, including the grantor's ability to repurchase the title for \$100, regardless of the status of the research project. Based upon the fact pattern, the guidance within FASB ASC 958-605 classifies the Foundation as an agent in the transaction, which includes a condition to the land gift. Such activity is permitted to be recorded with an offsetting asset and liability in the statements of financial position or, if elected, as a disclosure only. The Foundation has elected to solely disclose such activity in the current and future reporting periods.

In May 2025, the Bishop Material Lab and adjacent lot located in Anderson, South Carolina held by the Clemson University Research Foundation was transferred to the Foundation as a programmatic property to be used by the University. The Bishop Lab and adjacent lot were recorded by the Foundation at the net book value of the transferring entity, totaling \$97,932, and is included in the Foundation's real estate and equipment, net (see Note 5).

The Foundation leases portions of various properties to the University. During the years ended June 30, 2025 and 2024, the Foundation received \$1,797,547 and \$1,688,581, respectively, which is included in rental revenues and common area and management fees on the consolidated statements of activities. At June 30, 2025 and 2024, the Foundation had advance rent payments of \$9,275 and \$-0-, respectively, from the University, which is included in deferred rent revenue on the statements of financial position.

The University provides certain personnel to assist in the day-to-day operations of the Foundation. During the years ended June 30, 2025 and 2024, the Foundation reimbursed the University \$509,251 and \$478,371, respectively, for these services.

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Note 10—Direct financing lease

As discussed in Note 2, *Direct Financing Lease*, the Foundation holds Greenville One to provide the University a facility to support the academic enterprise and serve University constituent groups in the Greenville market. The Foundation's investment in Greenville One represents the future minimum lease payments to be received from the University. As lease payments are received, the direct financing lease is reduced by an equal amount. Additionally, during the years ended June 30, 2025 and 2024, \$2,537 and \$2,728, respectively, of the revenue representing interest income from the financing component of the lease receivable was reflected in the consolidated statements of activities. Included in the ending balance of the direct financing lease is unearned income of \$15,571 and \$18,108 at June 30, 2025 and 2024, respectively.

The components of the direct financing lease are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 7,871,859	\$ 8,446,267
Lease payments collected during the year	(574,408)	(574,408)
Ending balance	<u>\$ 7,297,451</u>	<u>\$ 7,871,859</u>

At June 30, 2025, minimum lease payments to be collected are as follows:

2026	\$ 574,408
2027	574,408
2028	574,408
2029	574,408
2030	574,408
Thereafter	<u>4,425,411</u>
	<u>\$ 7,297,451</u>

Note 11—Leases (lessor)

As discussed in Note 2, the Foundation, as lessor, leases certain building space to tenants. The Foundation's tenants are of high credit quality. As of both June 30, 2025 and 2024, the credit quality of lease receivables did not require a material allowance for credit losses.

The components of lease revenue for the years ended June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease revenue	\$ 4,190,136	\$ 3,809,160
Variable lease revenue	2,246,231	1,947,257
Total	<u>\$ 6,436,367</u>	<u>\$ 5,756,417</u>

As of June 30, 2025, minimum lease payments expected to be collected are as follows:

2026	\$ 3,867,470
2027	3,647,868
2028	3,237,180
2029	3,125,004
2030	3,157,603
Thereafter	<u>4,108,876</u>
	<u>\$ 21,144,001</u>

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Note 11—Leases (lessor) (continued)

From time to time, the Foundation provides tenant incentives at the initiation of new lease agreements. In accordance with ASC 842, *Leases*, such incentives are recorded as a tenant incentive asset which is recognized ratably, against revenue, over the life of the related lease. At June 30, 2025 and 2024, the Foundation included \$756,704 and \$475,844, respectively, of tenant incentive assets recorded in the other assets line item of the consolidated statements of financial position. Further, certain leases include annual rent escalation terms. Such escalations are required to be recognized on a straight-line basis over the life of the related lease. At June 30, 2025 and 2024, the Foundation included \$768,839 and \$619,734, respectively, of straight-line rent receivable recorded in the other assets line item of the consolidated statements of financial position. Related straight-line revenue recognized during the years ended June 30, 2025 and 2024 were \$149,105 and \$274,191, respectively.

Note 12—Subsequent events

The Foundation has evaluated subsequent events through September 17, 2025, in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued.