CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

(A Component Unit of Clemson University)

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2024 and 2023

And Report of Independent Auditor

Cherry Bekaert LLP

Your Guide Forward

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.
(A Component Unit of Clemson University)
TABLE OF CONTENTS

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, 2024 and 2023, 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, 2024 and 2023, 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. 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.

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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 audits, significant audit findings, and certain internal control related matters that we identified during the audit.

Cherry Bekaert LLP

Greenville, South Carolina
September 10, 2024

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.
(A Component Unit of Clemson University)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 3,886,340	$ 4,861,720
Other assets	1,121,807	831,884
Real estate investments	91,761,592	95,592,648
Real estate and equipment, net	11,032,236	11,251,128
Direct financing lease	7,871,859	8,446,267
Development costs	751,552	814,931
Total Assets	$ 116,425,386	$ 121,798,578
LIABILITIES AND NET ASSETS		
Accounts payable	$ 857,777	$ 304,642
Accrued interest payable	51,231	50,929
Deposits held for others	140,675	109,720
Retainage payable	138,252	661,076
Unearned revenue	144,834	108,248
Deferred rent revenue	1,706,051	86,711
Due to Clemson University Foundation	23,594,295	22,872,906
Notes payable, net	45,665,485	46,201,925
Total Liabilities	72,298,600	70,396,157
Net Assets Without Donor Restrictions	44,126,786	51,402,421
Total Net Assets	44,126,786	51,402,421
Total Liabilities and Net Assets	$ 116,425,386	$ 121,798,578

The accompanying notes to the 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, 2024 AND 2023

	2024	2023
Revenues, Gains, and Other Support:		
Rental revenues	$ 5,756,417	$ 5,392,325
Direct financing interest	2,728	2,919
Federal grant	289,668	1,710,332
Common area and management fees	201,888	200,343
Income on short-term investments	94,672	39,368
Change in fair value of real estate investments and development costs	(8,740,137)	-
Total Revenues and Gains	(2,394,764)	7,345,287
Program Expenses:		
CU-ICAR campus	2,412,767	1,973,750
Greenville One	357,027	332,283
Administrative and other	474,025	433,276
Interest expense	1,637,052	1,594,049
Total Expenses	4,880,871	4,333,358
Change in net assets without donor restrictions	(7,275,635)	3,011,929
Net assets without donor restrictions, beginning of year	51,402,421	48,390,492
Net assets without donor restrictions, end of year	$ 44,126,786	$ 51,402,421

The accompanying notes to the 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, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ (7,275,635)	$ 3,011,929
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	218,892	229,186
Interest expense related to amortized debt issuance costs	14,619	14,619
Change in operating assets and liabilities:		
Other assets	(289,923)	(671,483)
Direct financing lease	574,408	574,408
Real estate investments and development costs	(4,845,702)	(7,164,920)
Accounts payable	553,135	175,373
Accrued interest payable	302	5,670
Deposits held for others	30,955	53,341
Retainage payable	(522,824)	661,076
Unearned and deferred revenue	1,655,926	(186,084)
Due to Clemson University Foundation	721,389	(65,638)
Net cash flows from operating activities	(424,321)	(3,362,523)
Cash flows from financing activities:		
Proceeds from notes payable	795,618	5,339,823
Principal payments on notes payable	(1,346,677)	(1,302,565)
Net cash flows from financing activities	(551,059)	4,037,258
Net change in cash and cash equivalents	(975,380)	674,735
Cash and cash equivalents, beginning of year	4,861,720	4,186,985
Cash and cash equivalents, end of year	$ 3,886,340	$ 4,861,720
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,872,464	$ 1,671,033

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

Note 1—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, 2024 and 2023.

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 change in fair value of real estate investments and development costs are reported as revenues without donor restrictions.

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 (the "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, 2024 and 2023, the carrying value of cash deposits totaled $3,886,340 and $4,861,720, respectively, with a corresponding bank balance of $4,121,028, and $4,998,374, respectively. At June 30, 2024 and 2023, cash deposits that were uninsured totaled $663,077 and $1,055,985, 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. All real estate investments are presented at fair value. 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") and Seven Research Drive ("7RD") buildings are recorded at fair value established by appraisal plus improvements at cost.

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 3 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.

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. These costs are capitalized and will be amortized over the estimated benefited life when the property is ready for its intended use. 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 year ended June 30, 2024, $128,442 of development costs on land no longer being developed were reduced through the consolidated statement of activities, as presented in the change in fair value of real estate investments and development costs line item. There were no such reductions of development costs during the year ended June 30, 2023. During the years ended June 30, 2024 and 2023, the Foundation incurred development costs, on land being actively developed, of $65,063 and $77,584, 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, 2024 and, accordingly, no liability has been accrued.

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 years ended June 30, 2024 and 2023. 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, the allowance for credit losses at June 30, 2024 and 2023 to be zero.

Change in Accounting Principle and Adoption of New Accounting Pronouncement – In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* and subsequent 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. The Foundation adopted this standard effective July 1, 2023. The adoption of this standard did not have a significant effect on the Foundation's consolidated financial statements.

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.

The following tables summarize the valuation of the Foundation's financial assets measured at fair value as of June 30, 2024 and 2023. Fair value for Level 2 measures are based on appraisals by licensed third party appraisers performed every two to three years, including an appraisal of all 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, 2024:

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

Measurement at fair value on a nonrecurring basis at June 30, 2023:

	Level 1	Level 2	Level 3
Building and land held for investment	$ -	$ 57,529,360	$ -
Land held for development	-	38,063,288	-
Total assets measured on a nonrecurring basis	$ -	$ 95,592,648	$ -

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 ten years through August 2031.

The Foundation leases space in the CET and ORD buildings to tenants. Additionally, the Foundation is actively constructing its Flex Lab One facility, which is included in land held for development on the consolidated statements of financial position. Completion of construction and initial leasing activity is expected to occur during the year ended June 30, 2025 (see Note 12). The lease periods range from seven to ten 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 $1,528,420 and $7,585 at June 30, 2024 and 2023, 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.

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

	2024	2023
ORD	$ 16,800,000	$ 18,618,167
CET	10,970,000	13,843,843
7RD	23,750,000	25,067,350
Building and land held for investment	51,520,000	57,529,360
Land held for development	40,241,592	38,063,288
	$ 91,761,592	$ 95,592,648

Rental revenues (including common area maintenance) for the years ended June 30, 2024 and 2023 were associated with the following properties. The properties had the following rental revenues at June 30:

	2024	2023
ORD	$ 1,931,444	$ 1,899,923
CET	1,543,404	1,135,795
7RD	1,810,591	1,912,214
Greenville One (Note 10)	377,131	352,386
Camp Hannon at Pinnacle Falls (see above and Note 5)	93,847	92,007
	$ 5,756,417	$ 5,392,325

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:

	2024	2023
Equipment	$ 19,514	$ 19,514
Land	8,570,067	8,570,067
Buildings and infrastructure	4,982,657	4,982,657
	13,572,238	13,572,238
Accumulated depreciation	(2,540,002)	(2,321,110)
Total	$ 11,032,236	$ 11,251,128

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, 2024 and 2023, 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.

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 $218,892 and $229,186 for the years ended June 30, 2024 and 2023, respectively.

Note 6—Notes payable, net

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

Description	2024	2023
Loan payable to a bank bearing interest at 3.67%. The loan is payable in full in March 2038.	$ 3,374,453	$ 3,558,756
Loan payable to a bank bearing interest at 3.50%. The loan is payable in full with a final balloon payment in March 2032.	10,514,469	10,808,971
Loan payable to a bank bearing interest at 3.50%. The loan is payable in full with a final balloon payment in March 2032.	3,826,950	3,934,139
Loan payable to a bank bearing interest at 3.50%. The loan is payable in full with a final balloon payment in January 2031.	1,364,585	1,405,831
Loan payable to a bank bearing interest at 3.50%. The loan is payable in full 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.	20,367,098	20,982,729
Loan payable to a bank bearing interest at 4.25%. The loan is payable in full with a final balloon payment in August 2026.	350,005	453,811
Loan payable to a bank bearing interest at 4.25%. Phase One (construction) requires interest only payments. Upon completion of Phase One, Phase Two is payable in full with a final balloon payment in August 2032.	6,135,441	5,339,823
Total notes payable	45,933,001	46,484,060
Less unamortized debt issuance cost	(267,516)	(282,135)
Total notes payable, net	$ 45,665,485	$ 46,201,925

A non-revolving note payable with a balance totaling $3,374,453 and $3,558,756 at June 30, 2024 and 2023, respectively, includes a fixed monthly payment of $26,163. The loan carries a 25-year term and matures in March 2038.

A bank loan with a balance of $10,514,469 and $10,808,971 at June 30, 2024 and 2023, respectively, including interest at 3.50% with monthly payments of $56,197. The loan requires 120 payments and matures in March 2032. The loan is secured by the ORD building which had a fair value of $16,800,000 and $18,618,167 June 30, 2024 and 2023, respectively.

A bank loan with a balance of $3,826,950 and $3,934,139 at June 30, 2024 and 2023, respectively, including interest at 3.50% with monthly payments of $20,454. The loan requires 120 payments and matures in March 2032. The CET building's fair value was $10,970,000 and $13,843,843 at June 30, 2024 and 2023, respectively.

Note 6—Notes payable, net (continued)

A bank loan with a balance of $1,364,585 and $1,405,831 at June 30, 2024 and 2023, respectively, bears interest at 3.50% with monthly payments of $7,550. The loan requires 120 payments with a balloon payment for the outstanding balance due 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.

A bank loan with a balance of $20,367,098 and $20,982,729 at June 30, 2024 and 2023, respectively, bears interest at 3.50% with monthly payments of $112,694. The loan requires 120 payments with a balloon payment for the outstanding balance due 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.

The Building and Land Notes are cross collateralized with a building and land with a combined fair value of $31,450,000 and $28,917,350 at June 30, 2024 and 2023, respectively.

A bank loan with a balance of $350,005 and $453,811 at June 30, 2024 and 2023, respectively, bears interest at 4.25% with monthly payments of $10,115. The loan requires 83 monthly payments with a balloon payment for the outstanding balance due August 2026. The loan is secured by multiple properties and their respective rents.

A bank loan with a balance of $6,135,441 and $5,339,823 at June 30, 2024 and 2023, respectively, is payable in two phases for a total of 120 monthly payments. The loan agreement provides for a maximum principal balance of $6,450,000 for the construction of the Flex Lab One building. Interest only payments, at 4.35%, are required for 36 months starting in September 2022. 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 at maturity in August 2032. During the construction phase, the Foundation is capitalizing interest costs into the Flex Lab One building. Capitalized interest totaled $250,333 and $97,273 during the years ended June 30, 2024 and 2023, respectively.

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

Certain notes payable include restrictive covenants.

Aggregate maturities of long-term notes payable at June 30, 2024 are as follows:

2025	$ 1,399,711
2026	1,589,251
2027	1,676,969
2028	1,623,797
2029	1,677,102
Thereafter	37,966,171
	$ 45,933,001

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, 2024 and 2023 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, 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 reimbursement	310,997	-	167,374	-	478,371
Total	$ 2,412,767	$ 357,027	$ 474,025	$ 1,637,052	$ 4,880,871

Expenses have been assigned to the following Foundation's 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:

	CU-ICAR Campus	Greenville One	Administrative and Other	Interest Expense	Total
Contract services	$ 338,304	$ 189,753	$ -	$ -	$ 528,057
Professional fees	58,010	-	17,836	-	75,846
Occupancy	927,933	131,971	17,054	-	1,076,958
Taxes and fees	171,066	5,504	-	-	176,570
Insurance	84,937	5,055	30,886	-	120,878
Depreciation	25,683	-	203,503	-	229,186
Interest	-	-	-	1,594,049	1,594,049
Foundation salary reimbursement	367,817	-	163,997	-	531,814
Total	$ 1,973,750	$ 332,283	$ 433,276	$ 1,594,049	$ 4,333,358

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, 2024 and 2023.

	2024	2023
Cash and cash equivalents	$ 3,886,340	$ 4,861,720
Receivables, included in other assets	26,230	369,041
Direct financing lease, short-term	574,408	574,408
Total	$ 4,486,978	$ 5,805,169

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, 2024 and 2023, amounts due to CUF are as follows.

Due to CUF:	2024	2023
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	2,661,823	1,940,434
	$ 23,594,295	$ 22,872,906

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.

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 Clemson University at a cost of $2,006,072, with balances of $1,877,904 and $1,940,434 at June 30, 2024 and 2023, 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, 2024 and 2023. 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 $60,433 in 2025, $63,606 in 2026, $66,945 in 2027, and $1,686,920 in 2028.

Note 9—Related party (continued)

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 Clemson University at a cost of $800,000 with a balance of $783,919 at June 30, 2024. 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 that 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 June 30, 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 $17,489 in 2025, $19,019 in 2026, $20,683 in 2027, $22,493 in 2028, and $704,235 in 2029.

The Foundation leases portions of various properties to the University. During the years ended June 30, 2024 and 2023, the Foundation received $1,688,581 and $1,523,507, respectively, which is included in rental revenues and common area and management fees on the consolidated statements of activities. At both June 30, 2024 and 2023, the Foundation has no advance rent payments.

The University provides certain personnel to assist in the day-to-day operations of the Foundation. During the years ended June 30, 2024 and 2023, the Foundation reimbursed the University $478,371 and $531,814, respectively, for these services.

Note 10—Direct financing lease

As discussed in Note 2, *Direct Financing Lease*, the Foundation acquired 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, 2024 and 2023, $2,728 and $2,919, respectively, of the revenue representing interest income from the financing component of the lease receivable is reflected in the consolidated statements of activities. Included in the ending balance of the direct financing lease is unearned income of $18,108 and $20,836 at June 30, 2024 and 2023, respectively.

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

	2024	2023
Beginning balance	$ 8,446,267	$ 9,020,675
Lease payments collected during the year	(574,408)	(574,408)
Ending balance	$ 7,871,859	$ 8,446,267

At June 30, 2024, minimum lease payments to be collected are as follows:

2025	$ 574,408
2026	574,408
2027	574,408
2028	574,408
2029	574,408
Thereafter	4,999,819
	$ 7,871,859

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 June 30, 2024 and 2023, 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:

	2024	2023
Operating lease revenue	$ 3,809,160	$ 3,496,400
Variable lease revenue	1,947,257	1,895,925
Total	$ 5,756,417	$ 5,392,325

As of June 30, 2024, minimum lease payments expected to be collected as follows:

2025	$ 3,864,331
2026	3,651,835
2027	3,429,447
2028	3,046,644
2029	2,946,571
Thereafter	6,763,709
	$ 23,702,537

From time-to-time the Foundation provide 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. t June 30, 2024 and 2023, the Foundation included $475,844 and $-0-, 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, 2024 and 2023, the Foundation included $619,734 and $345,543, 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, 2024 and 2023 was $274,191 and $345,543, respectively.

Note 12—Subsequent events

The Foundation has evaluated subsequent events through September 10, 2024, in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued.

During August 2024, the first tenants occupied a portion of the Flex Lab One building, with final construction expected to be completed during the year ended June 30, 2025.