

**Clemson University Real Estate Foundation, Inc.**

Consolidated Financial Statements  
June 30, 2009 and 2008  
(With Independent Auditors' Report Thereon)

# Clemson University Real Estate Foundation, Inc.

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## Independent Auditors' Report

Board of Directors  
Clemson University Real Estate Foundation, Inc.  
Clemson, South Carolina

We have audited the accompanying consolidated statements of financial position of Clemson University Real Estate Foundation, Inc. (the "Foundation") as of June 30, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2009 and 2008, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Cherry, Bekaert & Holland, C.P.A.*

Greenville, South Carolina  
October 26, 2009

## Clemson University Real Estate Foundation, Inc.

### Consolidated Statements of Financial Position June 30, 2009 and 2008

<b>Assets</b>	<b>2009</b>	<b>2008</b>
Cash and cash equivalents	\$ 160,998	\$ 56,742
Accounts receivable	7,956	1,870
Real estate held for resale	3,362,000	3,209,000
Life estate properties, net	561,931	211,715
Real estate, net	1,063,102	-
Development costs	1,335,451	1,244,352
Land held for lease to tenants	1,719,000	445,166
Land held for development	20,831,000	19,630,037
Land	9,528,000	7,911,000
Total assets	\$ 38,569,438	\$ 32,709,882
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 27,300	\$ 6,728
Accrued interest payable	1,303	9,091
Deferred revenue	1,285,984	1,137,744
Due to Clemson University Foundation	21,001,260	20,989,409
Notes payable	1,489,787	1,630,894
Total liabilities	23,805,634	23,773,866
Net assets:		
Unrestricted	123,057	(2,338,763)
Temporarily restricted	14,640,747	11,274,779
Total net assets	14,763,804	8,936,016
Total liabilities and net assets	\$ 38,569,438	\$ 32,709,882

See accompanying notes to financial statements

## Clemson University Real Estate Foundation, Inc.

Consolidated Statements of Activities  
Year ended June 30, 2009  
(with comparative information for 2008)

	Unrestricted	Temporarily restricted	Totals	
			2009	2008
Revenues, gains, and other support:				
Gifts	\$ 265,000	\$ 3,812,916	\$ 4,077,916	\$ 3,528,967
Rental revenues	103,558	-	103,558	103,558
Net realized losses on real estate	-	(115,968)	(115,968)	-
Unrealized gain on real estate investments	2,280,297	110,800	2,391,097	-
Common area fees	449,739	-	449,739	412,519
Other fees	2,001	-	2,001	25,000
Total revenues and gains	<u>3,100,595</u>	<u>3,807,748</u>	<u>6,908,343</u>	<u>4,070,044</u>
Net assets released from restrictions	<u>441,780</u>	<u>(441,780)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>3,542,375</u>	<u>3,365,968</u>	<u>6,908,343</u>	<u>4,070,044</u>
Program expenses:				
Gifted property	441,780	-	441,780	40,724
CU-ICAR campus	<u>600,674</u>	<u>-</u>	<u>600,674</u>	<u>576,902</u>
Total program expenses	1,042,454	-	1,042,454	617,626
Interest expense	<u>38,101</u>	<u>-</u>	<u>38,101</u>	<u>376,197</u>
Total expenses	<u>1,080,555</u>	<u>-</u>	<u>1,080,555</u>	<u>993,823</u>
Change in net assets	2,461,820	3,365,968	5,827,788	3,076,221
Net assets at beginning of year	<u>(2,338,763)</u>	<u>11,274,779</u>	<u>8,936,016</u>	<u>5,859,795</u>
Net assets at end of year	<u>\$ 123,057</u>	<u>\$ 14,640,747</u>	<u>\$ 14,763,804</u>	<u>\$ 8,936,016</u>

See accompanying notes to financial statements.

## Clemson University Real Estate Foundation, Inc.

Consolidated Statements of Activities  
Year ended June 30, 2008  
(with comparative information for 2007)

	Unrestricted	Temporarily restricted	Totals 2008	Totals 2007
Revenues, gains, and other support:				
Gifts	\$ 1,067,200	\$ 2,461,767	\$ 3,528,967	\$ 273,846
Rental revenues	103,558	-	103,558	103,558
Net realized losses on real estate	-	-	-	(14,400)
Common area fees	412,519	-	412,519	1,886
Legal fees reimbursement	25,000	-	25,000	-
Total revenues and gains	1,608,277	2,461,767	4,070,044	364,890
 Net assets released from restrictions	 40,724	 (40,724)	 -	 -
Total revenues, gains, and other support	1,649,001	2,421,043	4,070,044	364,890
Program expenses:				
Gifted property	40,724	-	40,724	201,092
CU-ICAR campus	576,902	-	576,902	540,838
Total program expenses	617,626	-	617,626	741,930
 Interest expense	 376,197	 -	 376,197	 580,720
Total expenses	993,823	-	993,823	1,322,650
Change in net assets	655,178	2,421,043	3,076,221	(957,760)
Net assets at beginning of year	(2,993,941)	8,853,736	5,859,795	6,817,555
Net assets at end of year	\$ (2,338,763)	\$ 11,274,779	\$ 8,936,016	\$ 5,859,795

See accompanying notes to financial statements

## Clemson University Real Estate Foundation, Inc.

### Consolidated Statements of Cash Flows Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 5,827,788	\$ 3,076,221
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized losses on real estate	115,968	-
Unrealized gain on real estate investments	(2,391,097)	-
Noncash gifts	(3,812,916)	(2,461,767)
Depreciation Expense	29,898	-
(Increase) decrease in assets:		
Accounts receivable	(6,086)	(1,870)
Other assets	-	75,000
Increase (decrease) in liabilities:		
Deferred revenue	148,240	(63,170)
Accounts payable	20,572	(90,019)
Accrued interest payable	(7,788)	(72,266)
Due to Clemson University Foundation	11,851	40,716
Net cash (used in) provided by operating activities	<u>(63,570)</u>	<u>502,845</u>
Cash flows from investing activities:		
Proceeds from sales of land held for resale	400,032	-
Development costs	(91,099)	(282,780)
Purchase of land held for development	-	(11,580,771)
Net cash provided by (used in) investing activities	<u>308,933</u>	<u>(11,863,551)</u>
Cash flows from financing activities:		
Proceeds from note payable	-	20,955,300
Principal payments on notes payable	(141,107)	(9,538,096)
Net cash (used in) provided by financing activities	<u>(141,107)</u>	<u>11,417,204</u>
Net increase in cash and cash equivalents	104,256	56,498
Cash and cash equivalents, beginning of year	56,742	244
Cash and cash equivalents, end of year	<u>\$ 160,998</u>	<u>\$ 56,742</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 45,890</u>	<u>\$ 448,463</u>

See accompanying notes to financial statements.

## **Clemson University Real Estate Foundation, Inc.**

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### **Note 1 - Organization**

The Clemson University Real Estate Foundation, Inc. (the “Foundation”) was formed to serve the needs of Clemson University (the “University”) and/or Clemson University Foundation (“CUF”) in the acceptance of gifts and the acquisition and development of property and real estate. Proceeds from sales of property and real estate are contributed to CUF and/or the University for the benefit of donor imposed programs and endowments.

### **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.

#### **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:

*Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – 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.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (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.

Gifts of property and real estate, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give 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.



## **Clemson University Real Estate Foundation, Inc.**

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### **Note 2 - Summary of Significant Accounting Policies, continued**

#### **Basis of Presentation, continued**

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

As increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income;

As increases (decreases) in unrestricted net assets in all other cases.

#### **Principles of Consolidation**

The consolidated financial statements include the financial statements of the Foundation and its wholly owned subsidiaries LICAM LLC and LICAR 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 with an initial maturity of three months or less at the date of purchase to be cash equivalents. In October and November 2008, the Federal Deposit Insurance Corporation ("FDIC") temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The increased coverage is scheduled to end on December 31, 2013, at which time it is anticipated amounts insured by the FDIC will return to \$100,000. During the year, the Foundation from time to time may have had amounts on deposit in excess of the insured limits.

#### **Real Estate Held for Resale**

Real Estate held for resale is recorded at fair value. Donated land is appraised by a certified, independent appraiser and recorded at fair value at the time of donation. A certified title examination is performed and if appropriate, an environmental survey is obtained. Real Estate held for resale is reviewed every two to three years and reappraised as deemed necessary.

#### **Life Estate Properties**

Life estate properties are restricted gifts whereby the Foundation's right to realize the economic benefits is restricted for a defined time period. As a result, the gifts are recorded at the discounted present value at applicable interest rates at the time of the gift. Life estate properties are reviewed every two to three years and reappraised as deemed necessary.

## **Clemson University Real Estate Foundation, Inc.**

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### **Note 2 - Summary of Significant Accounting Policies, continued**

#### **Real Estate**

Buildings and infrastructure are stated at cost at the date of acquisition or the appraised fair market 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 20 years.

#### **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 have been capitalized and will be amortized over the estimated benefited life when the property is ready for its intended use.

#### **Land Held for Lease to Tenants**

Land held for lease to tenants in CU-ICAR is recorded at fair value at the time of acquisition. The land is leased to tenants for a sixty-five year period with option to renew for three ten year periods. Land leased to tenants is reviewed every two to three years and reappraised as deemed necessary.

#### **Land Held for Development**

Land held for development in CU-ICAR is recorded at fair value. The land is being marketed as commercial property for long term development over an approximate twenty-five year period. Land held for development is reviewed every two to three years and reappraised as deemed necessary.

#### **Land**

Land is recorded at the lower of cost or fair value. Cost of donated assets is stated at the appraised fair market value at the date of donation.

#### **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 “Code”) and described as an organization in Section 501 (c)(3) of the Code. Accordingly, only unrelated business income, as defined by Section 513 of the Code is subject to Federal income tax.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. (“FIN”) 48, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income tax recognized in an entity’s financial statements in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. FIN 48 requires entities to determine whether it is more-likely-than-not that a tax position will be

## **Clemson University Real Estate Foundation, Inc.**

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### **Note 2 - Summary of Significant Accounting Policies, continued**

#### **Income Taxes, continued**

sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. This interpretation also provides guidance on derecognition, classification, accounting in interim periods, and expanded disclosure requirements.

FASB Staff Position (FSP) 48-3 defers the effective date of FIN 48 for certain non-public enterprises for fiscal years beginning after December 15, 2008. The Foundation has elected to defer the application of FIN 48 in accordance with FSP 48-3. During the deferral period of the application of FIN 48, the Foundation will continue to evaluate uncertain tax positions utilizing the underlying principles of SFAS 109 and Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*.

#### **Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Adoption of New Accounting Standard**

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 157, Fair Value Measurements (“SFAS No. 157”) which defines fair value, establishes a framework for measuring fair value under current accounting pronouncements that require or permit fair value measurement and enhances disclosures about fair value measurements. Effective July 1, 2008, the Foundation adopted SFAS No. 157. SFAS No. 157 defines fair value as 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 statement established a framework for measuring fair value and expands disclosures regarding fair value measurements in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

A key component of the implementation of SFAS No. 157 includes the development of a three-tiered fair value hierarchy. Assets and liabilities reported at fair value are placed in one of the three tiers based upon the “inputs” used to determine fair value at the measurement date. These inputs are summarized in the three broad levels listed below:

## Clemson University Real Estate Foundation, Inc.

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### Note 2 - Summary of Significant Accounting Policies, continued

#### Adoption of New Accounting Standard, continued

Level 1 – financial investments with quoted prices in active markets for identical assets or liabilities.

Level 2 – financial investments with valuations based on quoted priced in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - financial investments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the investment manager.

Implementation of the new standard required the Foundation to obtain appraisals on its land and real estate investments including real estate held for resale, life estate properties, land held for lease to tenants and land held for development and adjust to fair value accordingly.

#### Note 3 – Fair Value Measurements

See “Adoption of New Accounting Standard” in Note 2 for discussions of the methodologies and assumptions used to determine the fair value of the Foundation’s investments in land.

The following table summarizes the valuation of the Foundation’s financial assets measured at fair value as of June 30, 2009, based on the level of input utilized to measure fair value:

Measurement at fair value on a non-recurring basis:

	Level 1	Level 2	Level 3
Real Estate held for resale	\$ -	\$ 3,362,000	\$ -
Life estate properties, net	-	561,931	-
Land held for lease to tenants	-	1,719,000	-
Land held for development	-	20,831,000	-
Total assets measured on a non-recurring basis	<u>\$ -</u>	<u>\$ 26,473,931</u>	<u>\$ -</u>

## Clemson University Real Estate Foundation, Inc.

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### Note 4 - Real Estate Held for Resale

Land held for resale at June 30, 2009 and 2008 is as follows:

Description/Location	2009	2008
Lake Hartwell, Anderson South Carolina		
Lot 2, Clearwater Shores	\$ 23,000	\$ 23,000
Powdersville, South Carolina		
Lot 1 – 1.827 acres and lot 3 – 2.283 acres	685,000	727,000
Florence, South Carolina		
Lot 3 – 1.88 acres; lot 4 – 2.34 acres; and tract C - .64 acres	1,554,000	1,943,000
Aiken, South Carolina		
198.57 acres	-	516,000
Lake Wylie, Charlotte, North Carolina		
11100 Limehurst Place	1,100,000	-
Total land held for resale	<u>\$ 3,362,000</u>	<u>\$ 3,209,000</u>

### Note 5 - Life Estate Properties, net

The Foundation has received two gifts of real estate from donors who have retained the right to use the property until their deaths. At the date of donation the gifts had an appraised value of \$126,000 and \$157,700, respectively. The Foundation has recorded the gifts at fair market value and discounted the gifts at the present value of the appraised amounts because the economic benefit of the properties will not be realized until the restriction of the right to use the properties ends. The present value calculation considered the life expectancy of the donors and discounted the gifts at applicable interest rates, at the time of the gifts. Accretion recorded was \$2,916 and \$2,767 in 2009 and 2008, respectively. Total accreted value was \$214,631 in 2009 and \$211,715 in 2008. The properties were reappraised in 2009 and valued at \$260,000 and \$371,000, respectively.

Life estate properties consist of the following at June 30, 2009 and 2008:

Description/Location	2009	2008
Riverpoint Condominium, Clemson, South Carolina, Unit 38	\$ 371,000	\$ 157,713
Houston Street, Clemson, South Carolina Lot 5	190,931	54,002
	<u>\$ 561,931</u>	<u>\$ 211,715</u>

### Note 6 - Land Held for Development

The Foundation has acquired land to be developed into the CU-ICAR. See “Adoption of New Accounting Standard” in Note 2 above for discussions of the methodologies and assumptions used to determine the fair value of the Foundation’s land investments. Land held for development is reviewed every two to three years and reappraised as deemed necessary.

## **Clemson University Real Estate Foundation, Inc.**

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### **Note 7 Development Costs**

Development costs for the comprehensive master plan for the CU-ICAR campus and site preparation costs for Technology Neighborhood I have been capitalized and will be amortized over the estimated benefited life when the property is ready for its intended use. Development costs capitalized were \$91,099 in fiscal year 2009 and \$282,780 in fiscal year 2008. Other development costs have been expensed.

### **Note 8 - Land**

In March 2006, 853.53 acres of timberland in Camden, South Carolina was donated to the Foundation for the use and benefit of University educational programs. The property has an appraised value of \$7,750,000. The Foundation is required to assign a Conservation Easement to 753.53 acres requiring the land remain in its undeveloped state but allow for construction, operation, and management of a facility for educational purposes. Accordingly, the property was reappraised and the market value is comprised of land of \$2,193,000 and the Conservation Easement to be applied of \$5,557,000.

In October 2008 and June 2009, 175.96 acres of land in Pickens County, South Carolina was donated to the Foundation. The land has an appraised value of \$1,617,000. Restrictive covenants require the land to remain in its natural state and used for the benefit of University educational programs.

### **Note 9 - Land Lease**

In December 2005, the Foundation entered into a sixty-five year ground lease for 3.53 acres with CU-ICAR 3 Investors, LLC. The lease required additional rental payments from CU-ICAR 3 Investors, LLC within the initial six years of the lease. The lease terms include an escalation clause at the end of every fifth year based on the Consumer Price Index for All Urban Consumers ("CPI-U") and an option to renew for three ten-year terms. The Foundation has estimated the rent over the initial lease term and recorded deferred revenue for the difference between actual rent received and rental revenue recognized on a straight-line basis over the lease term.

## Clemson University Real Estate Foundation, Inc.

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### Note 9 - Land Lease, continued

Future minimum lease receipts under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2009 are:

2010	\$	56,250
2011		56,250
2012		611,875
2013		75,000
2014		75,000
2015 through year 2070		<u>4,237,500</u>
Total minimum lease payments	\$	<u><u>5,111,875</u></u>

In September 2006, the Foundation entered into a sixty-five year ground lease for 1.27 acres with ICAR 2 Investors, LLC. The lease required a \$25,000 deposit and cash development contributions to be received during the construction phase of the lease. Construction on the lease with ICAR 2 Investors, LLC is scheduled to begin no later than September 29, 2009.

The lease terms include a ground rent escalation clause effective on the earlier of either the sixth year anniversary of the lease execution or the fifth anniversary of issuance of certificate of occupancy and the end of every fifth year thereafter based on the cumulative annual increase in the CPI-U. The lease includes three ten-year renewal options. These lease terms commence at the earlier of the twelfth month after start of construction or the date of occupancy. As construction has not yet begun, at this time, the future minimum lease payments cannot be reasonably determined.

Rental revenues were \$103,558 for the years ending June 30, 2009 and 2008, respectively.

### Note 10 – Real Estate, net

In October 2008, camp facilities and infrastructure known as Pinnacle Falls Camp were donated to the Foundation and recorded at the appraised fair value. These facilities are located on the Pickens County land donation described in Note 8. Depreciation expense was \$29,898 and zero for the years ending June 30, 2009 and 2008, respectively.

## Clemson University Real Estate Foundation, Inc.

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### Note 11 - Notes Payable

The notes payable at June 30, 2009 and 2008 were as follows:

Description	2009	2008
Non-revolving note payable to a bank Bearing interest at 30 day LIBOR plus 1.25%, which was 1.57% and 3.709% at June 30, 2009 and 2008, respectively. The note is payable in full July 1, 2012.	\$ 1,068,357	\$ 1,168,357
Non-revolving note payable to a bank Bearing interest at 30 day LIBOR plus 1.25%, which was 1.57% and 3.709% at June 30, 2009 and 2008, respectively. The note is payable in full July 1, 2016.	421,430	462,537
	<u>\$ 1,489,787</u>	<u>\$ 1,630,894</u>

The non-revolving note payable with a year-end balance totaling \$1,068,357 includes a balloon payment for the outstanding balance at July 1, 2012.

The non-revolving note payable with a year-end balance totaling \$421,430 includes a fixed monthly payment of \$4,500 through June 2011 and \$7,000 thereafter with varying portions being applied to principal and interest depending on the current interest rate with a balloon payment for the outstanding balance at July 1, 2016.

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

2010	\$ 46,167
2011	45,661
2012	77,071
2013	1,147,260
2014	80,779
Thereafter	92,849
	<u>\$ 1,489,787</u>

### Note 12 - Related Party

At June 30, 2009 and 2008, amounts due to CUF are due in the normal course of business, bear no interest and are as follows:

	2009	2008
Due to Clemson University Foundation:		
Expenditures associated with development of CU-ICAR campus	\$ 932,472	\$ 932,472
Expenditures associated with gifted land held for resale	68,788	56,937
CU-ICAR land acquisitions	20,000,000	20,000,000
	<u>\$ 21,001,260</u>	<u>\$ 20,989,409</u>



## Clemson University Real Estate Foundation, Inc.

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### Note 12 - Related Party, continued

In December 2007 the Clemson University Foundation approved a loan of \$20,000,000 to the Foundation for land acquisitions and improvements at CU-ICAR. The CUF note is unsecured, carries no interest payment obligation, is subordinate to the notes payable to a bank dated December 20, 2006, and is due on demand only after repayment of that note payable and amendments thereof.

### Note 13 - Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Purpose restrictions released in 2009 and 2008 were \$441,780 and \$40,724, respectively.

### Note 14 - Net Assets

Temporarily restricted net assets consist of the following at June 30, 2009 and 2008:

	2009	2008
Contributions restricted for educational programs of CUF	\$ 14,640,747	\$ 11,274,779

### Note 15 - Schedule of Operations by Activity

A schedule of operations by activity for the year ending June 30, 2009 is as follows:

	CU-ICAR	Gifted Properties	Total
Revenues, gains and other support			
Gifts	\$ 265,000	\$ 3,812,916	\$ 4,077,916
Rental revenues	103,558	-	103,558
Net realized losses on real estate	-	(115,968)	(115,968)
Unrealized gain on real estate investments	2,280,297	110,800	2,391,097
Common area fees	449,739	-	449,739
Other fees	2,001	-	2,001
Total revenues and gains	3,100,595	3,807,748	6,908,343
Program expenses			
Contracted employees	278,160	-	278,160
Attorney fees	30,114	-	30,114
Common area operations	191,470	-	191,470
Management and general	100,930	441,780	542,710
Total program expenses	600,674	441,780	1,042,454
Interest expense	38,101	-	38,101
Total expenses	638,775	441,780	1,080,555
Change in net assets	\$ 181,523	\$ 3,255,168	\$ 5,827,788

## Clemson University Real Estate Foundation, Inc.

Notes to Consolidated Financial Statements  
June 30, 2009 and 2008

### Note 15 - Schedule of Operations by Activity, continued

A schedule of operations by activity for the year ending June 30, 2008 is as follows:

	CU-ICAR	Gifted Properties	Total
Revenues, gains and other support			
Rental revenue	\$ 103,558	\$ -	\$ 103,558
Gifts	1,067,200	2,461,767	3,528,967
Common area fees	412,519	-	412,519
Other fees	25,000	-	25,000
Total revenues and gains	1,608,277	2,461,767	4,070,044
Program expenses			
Contracted employees	270,777	-	270,777
Attorney fees	90,233	968	91,201
Common area operations	93,007	-	93,007
Management and general	122,885	39,756	162,641
Total program expenses	576,902	40,724	617,626
Interest expense	376,197	-	376,197
Total expenses	953,099	40,724	993,823
Change in net assets	\$ 655,178	\$ 2,421,043	\$ 3,076,221

### Note 16 – Subsequent Events

In September, 2009, the Economic Development Authority awarded the Foundation \$3,000,000 for the construction of an \$11,000,000 incubator facility to be located in the CU-ICAR complex in Greenville, SC. The award is contingent on the Foundation's ability to secure financing for the remaining cost of the project.

ICAR 2 Investors, LLC did not fulfill the requirements of the land lease executed in September 2006 and have forfeited the \$25,000 deposit.