CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION

(A Component Unit of Clemson University)

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2017 and 2016

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION

(A Component Unit of Clemson University)

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Clemson University Land Stewardship Foundation (the "Foundation"), a component unit of Clemson University, which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cherry Bekaert LLP

Greenville, South Carolina
September 27, 2017

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION

(A Component Unit of Clemson University)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 3,180,632	$ 2,556,107
Receivables	8,008	221,226
Real estate investments	45,657,439	42,424,649
Real estate and equipment, net	11,205,769	11,476,374
Direct financing lease	11,892,715	12,467,123
Investments held in trust by affiliate	900,000	-
Development costs	1,335,452	1,335,452
Prepaid expense	1,416	6,600
Total Assets	$ 74,181,431	$ 70,487,531
LIABILITIES AND NET ASSETS		
Accounts payable	$ 225,527	$ 1,256,819
Accrued interest payable	28,639	25,812
Deposits held for others	28,495	28,495
Retainage payable	-	25,627
Unearned revenue	131,877	120,724
Deferred rent revenue	2,800,097	2,246,021
Due to Clemson University Foundation	20,932,472	20,932,472
Notes payable, net	22,887,894	20,911,806
Total Liabilities	47,035,001	45,547,776
Unrestricted net assets	27,146,430	24,939,755
Total Net Assets	27,146,430	24,939,755
Total Liabilities and Net Assets	$ 74,181,431	$ 70,487,531

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

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION

(A Component Unit of Clemson University)

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Revenues, gains, and other support:		
Gifts and contributions at fair value	$ 915,859	$ 150,000
Rental revenues	3,353,751	2,761,137
Direct financing	4,064	4,254
Federal grant	278,543	1,258,075
Common area fees	364,113	462,730
Loss on sale of real estate and equipment	(4,294)	(69,224)
Total revenues and gains	4,912,036	4,566,972
Program expenses:		
Administrative and other	315,358	289,500
Greenville One	307,888	296,186
CU-ICAR campus	1,477,182	1,637,587
Total program expenses	2,100,428	2,223,273
Interest expense	604,933	424,063
Total expenses	2,705,361	2,647,336
Change in net assets	2,206,675	1,919,636
Unrestricted net assets at beginning of year	24,939,755	23,020,119
Unrestricted net assets at end of year	$ 27,146,430	$ 24,939,755

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION

(A Component Unit of Clemson University)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 2,206,675	$ 1,919,636
Adjustments to reconcile change in net assets to net cash from operating activities:		
Loss on sale of real estate and equipment	4,294	69,224
Gifts of real estate at fair value	(379,078)	-
Depreciation expense	159,720	161,672
Interest expense related to amortized debt issuance costs	3,878	3,879
(Increase) decrease in assets:		
Receivables	213,218	637,156
Direct financing lease	574,408	574,408
Real estate investments	(2,853,712)	(6,156,280)
Other assets	5,184	58,381
Increase (decrease) in liabilities:		
Accounts payable	(1,031,292)	(1,130,852)
Accrued interest payable	2,827	8,611
Deposits held for others	-	1,889
Retainage payable	(25,627)	(167,645)
Unearned and deferred revenue	565,229	(762,987)
Net cash from operating activities	(554,276)	(4,782,908)
Cash flows from investing activities:		
Proceeds from sale of land	156,706	-
Construction in progress	(50,115)	-
Transfers to investments held in trust by an affiliate	(900,000)	-
Net cash from investing activities	(793,409)	-
Cash flows from financing activities:		
Proceeds from notes payable	2,583,132	6,510,612
Principal payments on notes payable	(610,922)	(512,280)
Net cash from financing activities	1,972,210	5,998,332
Net increase in cash and cash equivalents	624,525	1,215,424
Cash and cash equivalents, beginning of year	2,556,107	1,340,683
Cash and cash equivalents, end of year	$ 3,180,632	$ 2,556,107
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 598,228	$ 411,573

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

Note 1—Organization

The Clemson University Land Stewardship Foundation (the "Foundation"), a component unit of Clemson University (the "University") as defined by the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity,* is an independent, nonprofit, tax-exempt public charity incorporated in South Carolina. The Foundation was formed in December 2010 to serve the needs of 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. The Foundation is considered a component unit of the University, and is discretely presented in the University's financial statements, because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete.

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.

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. The Foundation did not have any temporarily restricted net assets as of June 30, 2017 and 2016.

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.

Revenues under federal and nongovernmental grants and contracts are recognized as expenses are incurred for the grant and contract purposes.

Income and net realized and unrealized gains (losses) on real estate investments are reported as unrestricted revenues.

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.

Note 2—Summary of significant accounting policies (continued)

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. At June 30, 2017, the carrying value of cash deposits totaled $3,180,632 with a corresponding bank balance of $3,194,372. At June 30, 2017, $2,130,667 of cash deposits was uninsured.

Investments Held in Trust by Affiliate – The Foundation transferred funds to the Clemson University Foundation ("CUF") on June 2017, to participate in CUF's Certificate of Deposit Account Registry Service ("CDARS") program provided by a financial institution. The CDARS program provides competitive interest rates while maintaining FDIC insurance coverage on the transferred funds.

Receivables – Receivables primarily consist of amounts due from the federal government and private sources in connection with grants and contracts. The Foundation's management reviews the outstanding receivables balance and determines the appropriate valuation reserve based on a historical percentage. Accounts are charged off when management believes the account will not be realized. Based on the payment history, management believes that no allowance for possible uncollectible amounts is necessary.

Real Estate Investments – Real estate investments consist of land leased to tenants, land held for development, and two buildings. 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 leased to tenants is recorded at fair value at the time of acquisition. The land is leased for a 65-year period with an option to renew for three ten-year periods.

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.

A constructed building, the Center for Emerging Technology ("CET"), is recorded at fair value established by appraisal and capitalized upfit costs since the appraisal.

One Research Drive ("ORD") is recorded at fair value established by construction costs, capitalized interest, and capitalized upfit costs incurred. For the years ended June 30, 2017 and 2016, capitalized interest totaled $302,202 and $361,709, respectively.

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.

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 11.

Note 2—Summary of significant accounting policies (continued)

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.

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.

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, 2017 and, accordingly, no liability has been accrued.

Use of Estimates – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("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.

Recently Adopted Accounting Pronouncements – During the year ended June 30, 2017, the Foundation retrospectively adopted the requirements of Accounting Standards Update ("ASU") 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, to present debt costs as a reduction of the carrying amount of the debt rather than as an asset. Notes payable as of June 30, 2016 was previously reported on the consolidated statement of financial position as $20,996,162 with the associated unamortized debt issuance costs of $84,356 included on the consolidated statement of financial position as an asset. Amortization of the debt issuance costs of $3,879 for the year ended June 30, 2016 is reported as interest expense on the consolidated statements of activities and was previously presented as amortization expense.

Recently Issued Accounting Pronouncements – On May 28 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of consolidated financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the calendar year ending December 31, 2019. The Foundation is currently in the process of evaluating the impact of the adoption of this ASU on the consolidated financial statements.

Note 2—Summary of significant accounting policies (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the consolidated statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the consolidated statement of activities. This standard will be effective for the calendar year ending December 31, 2020. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

Note 3—Receivables

Receivables reported on the statements of net assets as of June 30, 2017 and 2016 were $8,008 and $221,226, respectively. Receivables as of June 30, 2017 consisted of rent from private sources. Receivables as of June 30, 2016 consisted of the United States Department of Commerce Economic Development Administration's ("US EDA") portion of expenses related to the Campus Master Plan project ($27,650) and construction costs for ORD ($193,576).

Note 4—Fair value measurements

Fair value, as defined under 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 balance sheet, 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, 2017 and 2016. 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 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 non-recurring basis at June 30, 2017:

	Level 1	Level 2	Level 3
Building and land held for investment	$ -	$ 26,138,361	$ -
Land held for development	-	19,519,078	-
Total assets measured on a non-recurring basis	$ -	$ 45,657,439	$ -

Note 4—Fair value measurements (continued)

Measurement at fair value on a non-recurring basis at June 30, 2016:

		Level 1		Level 2		Level 3
Building and land held for investment	$	-	$	23,284,649	$	-
Land held for development		-		19,140,000		-
Total assets measured on a non-recurring basis	$	-	$	42,424,649	$	-

Note 5—Investments held in trust by affiliate

The Foundation invested $900,000 through CUF on June 2017 for the purchase of laddered Certificates of Deposits (“CDs”) in a CDARS program with a financial institution. The CDs have a six-month maturity and will mature on December 2017. The CDs earn interest at the rate of .97%.

Note 6—Gifts

During the year ended June 30, 2017, one gift of real estate with an estimated fair value of $379,078 and cash gifts of $536,781 were received. During the year ended June 30, 2016, one gift of cash of $150,000 was received.

Note 7—Real estate investments

In December 2005, 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. The lease terms include an escalation clause at the end of every fifth year based on the Consumer Price Index for All Urban Consumers and an option to renew for three ten-year terms. The Foundation has estimated the rent over the initial lease term and recorded deferred rent revenue for the difference between actual rent received and rental revenue recognized on a straight-line basis over the lease term.

Future minimum rental payments to be received under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2017 are:

2018	$	97,891
2019		97,891
2020		97,891
2021		97,891
2022		97,891
Thereafter		4,731,407
Total minimum lease payments to be received	$	5,220,862

Note 7—Real estate investments (continued)

In June 2014, the USEDA awarded the Foundation $2,000,000 for the construction of the CU-ICAR ORD facility located in the CU-ICAR complex in Greenville, South Carolina. The multi-tenant 84,500 square foot structure provides office and laboratory space for companies developing new technologies in the automotive, mobility, and energy fields, and will serve as an incubator and start-up space for companies developing new innovative automotive technologies. Construction was completed and the ORD building became operational during the year ended June 30, 2016. Leases for approximately 62% of the facility have been secured.

The Foundation leases space in the CET and ORD buildings. The lease periods range from three to ten years and required additional payments from the lessee for upfit. The payments have been recorded as deferred rent revenue and are being recognized as rent revenue over the lease terms.

Rental revenues were $3,353,751 and $2,761,137 for the years ended June 30, 2017 and 2016, respectively. Fiscal year 2017 revenues were associated with three properties, the CET ($1,670,518), the ORD ($1,375,346), and Greenville One ($307,887). Fiscal year 2016 revenues were associated with three properties, the CET ($2,290,600), the ORD ($174,350), and Greenville One ($296,187).

Note 8—Real estate and equipment, net

Land, buildings, equipment, and infrastructure located throughout the state 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:

	2017	2016
Equipment	$ 19,514	$ 19,514
Land	8,827,000	8,988,000
Buildings and infrastructure	3,485,441	3,435,326
	12,331,955	12,442,840
Accumulated depreciation	(1,126,186)	(966,466)
Total	$ 11,205,769	$ 11,476,374

Included in land is 853.53 acres of timberland in Camden, South Carolina that has an appraised value of $7,750,000. The Foundation has assigned a Conservation Easement to 753.53 acres requiring the land remain in its undeveloped state but allow for construction, operation, and management of facilities for educational purposes. The market value is comprised of land at $2,193,000 and a Conservation Easement at $5,557,000.

79.73 acres of land, camp facilities, and infrastructure known as Pinnacle Falls Camp located in Pickens County, South Carolina was donated to the Foundation and recorded at the appraised fair value. 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.

The Foundation entered into a contract for the design and construction of a multipurpose building located at Pinnacle Falls Camp. The proposed budget for the building is $800,000. Construction costs through June 30, 2017 totaled $50,115 and are included in real estate and equipment, net on the consolidated statements of financial position.

Note 8—Real estate and equipment, net (continued)

The Charles K. Cheezem OLLI Education Center at Patrick Square includes a 7,700 square foot facility which provides opportunities for adults to further their knowledge in academic and recreational pursuits through programs operated by volunteers through the University.

Depreciation expense was $159,720 and $161,672 for the years ended June 30, 2017 and 2016, respectively.

Note 9—Notes payable, net

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

Description	2017	2016
Non-revolving note payable to a bank bearing interest at 30 day LIBOR plus 2%, which was 3.17% at June 30, 2017. The note is payable in full on July 1, 2018.	$ 428,276	$ 528,276
US Department of Agriculture non-interest bearing note payable with monthly payments of $6,852 payable in full on May 10, 2021.	315,176	397,400
Loan payable to a bank bearing interest at 3.67% for 25 years. This loan is payable in full in March 2038.	4,533,195	4,675,581
Loan payable to a bank bearing interest at 4.25% with 95 monthly payments and a balloon payment on February 20, 2025.	12,644,061	10,159,340
Loan payable to a bank bearing interest at 4.25% for the first 84 months, and will reset each 84 months thereafter at the prevailing fixed rate. The loan is payable in full on December 20, 2034.	5,047,664	5,235,565
Total notes payable	22,968,372	20,996,162
Less unamortized debt issuance cost	(80,478)	(84,356)
Total notes payable, net	$ 22,887,894	$ 20,911,806

The non-revolving note payable with a balance totaling $428,276 and $528,276 at June 30, 2017 and 2016, respectively, requires interest payments quarterly and an annual payment of $100,000. A balloon payment for the outstanding balance is due July 1, 2018. This note is secured by a title insured first mortgage on the real estate acquired plus an assignment of all rents, leases, and other revenues derived from the real estate. The fair value of the real estate was $18,059,078 and $17,680,000 at June 30, 2017 and 2016, respectively.

A non-interest bearing loan with a balance totaling $315,176 and $397,400 at June 30, 2017 and 2016, respectively, has been awarded from the United States Department of Agriculture. The note is payable in fixed monthly payments of $6,852 which began May 2012 and continue for 108 months. The note is secured with a standby letter of credit which declines as payments on the note are made.

Note 9—Notes payable, net (continued)

A non-revolving note payable with a balance totaling $4,533,195 and $4,675,581 at June 30, 2017 and 2016, 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 $12,644,061 and $10,159,340 at June 30, 2017 and 2016, respectively, bears interest at 4.25% with monthly payments of $69,472. The loan requires 95 payments with a balloon payment for the outstanding balance due February 20, 2025. The loan is secured by the ORD building which had a fair value of $15,263,361 and $12,322,588 at June 30, 2017 and 2016, respectively. During the year ended June 30, 2017, this bank loan converted from a construction loan to a permanent loan.

A bank loan with a balance of $5,047,664 and $5,235,566 at June 30, 2017 and 2016, respectively, bears interest at 4.25% with monthly payments of $34,154 until the loan resets on January 27, 2024. Each successive 84 months, the interest rate will reset to the best fixed rate quoted by the bank on similar loans with similar terms. The loan is secured by a shared first mortgage on the CET building with the USDA. The loan requires 274 payments and matures in December 2034. The CET building's fair value was $10,875,000 at June 30, 2017 and 2016.

A revolving line of credit for $1,000,000 is available through July 1, 2018. There was no outstanding balance at June 30, 2017 and 2016.

The CUF has guaranteed any interest and principal payments related to the CET building that are not otherwise paid by LICAR LLC. In addition, CUF entered into a Guaranty Agreement with the lender associated with a loan facility for the construction and permanent financing of ORD. The guaranty is for an amount not to exceed $600,000 per annum to cover the debt service. The guaranty will be reduced dollar-for-dollar for third-party lease agreements acceptable to the lender.

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

2018	$	820,731
2019		1,076,169
2020		773,840
2021		791,924
2022		755,986
Thereafter		18,749,722
	$	22,968,372

Note 10—Related party

At June 30, 2017 and 2016, amounts due to CUF are due in the normal course of business, bear no interest and are as follows:

Due to CUF:		
Expenditures associated with development of CU-ICAR campus	$	932,472
CU-ICAR land acquisitions		20,000,000
	$	20,932,472

Note 10—Related party (continued)

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 a bank and is due on demand only after repayment of that note payable and amendments thereof. This note was transferred to the Foundation during the year ended June 30, 2013.

Note 11—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 by the University. As lease payments are received, the direct financing lease is reduced by an equal amount. The initial difference between the future minimum lease payments and the Foundation's investment in the direct finance lease was $60,199 which represents unearned revenue. This unearned revenue is recognized ratably over the term of the initial lease. Revenue recognized for June 30, 2017 and 2016 was $4,064 and $4,254, respectively. The amounts included in unearned revenue on the consolidated statements of financial position at June 30, 2017 and 2016 were $41,214 and $45,278, respectively.

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

		2017		2016
Beginning balance	$	12,467,123	$	13,041,531
Lease payments collected during the year		(574,408)		(574,408)
Ending balance	$	11,892,715	$	12,467,123

At June 30, 2017, minimum lease payments to be collected are as follows:

2018	$	574,408
2019		574,408
2020		574,408
2021		574,408
2022		574,408
Thereafter		9,020,675
	$	11,892,715

Note 12—Commitments

At June 30, 2017, the Architectural Design contract for the Pinnacle Fall Camp multipurpose facility totaled $55,000 and had an unbilled balance of $5,116.

Note 13—Subsequent events

The Foundation has evaluated subsequent events through September 27, 2017 in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued.