CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION, INC.

(A Component Unit of Clemson University)

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2022 and 2021

And Report of Independent Auditor

Cherry Bekaert LLP

CPAs & Advisors

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

Cherry Bekaert LLP
Your Guide Forward

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, 2022 and 2021, 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, 2022 and 2021, and the changes in its consolidated net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Cherry Bekaert LLP

Greenville, South Carolina
August 23, 2022

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION

(A Component Unit of Clemson University)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 4,186,985	$ 4,164,576
Other assets	160,401	134,357
Real estate investments	88,505,312	89,869,126
Real estate and equipment, net	11,480,314	11,698,508
Direct financing lease	9,020,675	9,595,083
Development costs	737,347	690,097
Total Assets	$ 114,091,034	$ 116,151,747
LIABILITIES AND NET ASSETS		
Accounts payable	$ 129,269	$ 147,518
Accrued interest payable	45,259	50,241
Deposits held for others	56,379	38,657
Retainage payable	-	79,630
Unearned revenue	24,771	74,808
Deferred rent revenue	356,272	51,226
Due to Clemson University Foundation	22,938,544	24,723,411
Notes payable, net	42,150,048	43,562,513
Total Liabilities	65,700,542	68,728,004
Net Assets Without Donor Restrictions	48,390,492	47,423,743
Total Net Assets	48,390,492	47,423,743
Total Liabilities and Net Assets	$ 114,091,034	$ 116,151,747

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, 2022 AND 2021

	2022	2021
Revenues, Gains, and Other Support:		
Gifts and contributions	$ -	$ 95,741
Rental revenues	4,937,800	4,725,480
Direct financing	3,110	3,301
Common area and management fees	224,930	311,740
Income on short-term investments	1,154	3,294
Miscellaneous reimbursements	-	79,024
Real estate investment, net	62,920	15,030,455
Deferred revenue from cancelled land lease	-	1,417,370
Total Revenues and Gains	5,229,914	21,666,405
Program Expenses:		
CU-ICAR campus	1,831,293	1,603,457
Greenville One	389,176	310,113
Administrative and other	402,163	403,358
Interest expense	1,640,533	1,272,968
Total Expenses	4,263,165	3,589,896
Change in net assets without donor restrictions	966,749	18,076,509
Net assets without donor restrictions, beginning of year	47,423,743	29,347,234
Net assets without donor restrictions, end of year	$ 48,390,492	$ 47,423,743

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

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 966,749	$ 18,076,509
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized gain on investments	(62,920)	(15,030,455)
Depreciation expense	229,184	228,087
Deferred revenue from cancelled land lease	-	(1,417,370)
Interest expense related to amortized debt issuance costs	12,262	7,680
Change in operating assets and liabilities:		
Other assets	(26,044)	71,603
Direct financing lease	574,408	574,408
Real estate investments and development costs	1,379,484	(28,234,224)
Accounts payable	(18,249)	87,069
Accrued interest payable	(4,982)	22,878
Deposits held for others	17,722	10,162
Retainage payable	(79,630)	79,630
Unearned and deferred revenue	255,009	(453,464)
Due to Clemson University Foundation	(1,784,867)	3,790,939
Net cash flows from operating activities	1,458,126	(22,186,548)
Cash flows from investing activities:		
Purchase of real estate equipment, net	(10,990)	-
Net cash flows from investing activities	(10,990)	-
Cash flows from financing activities:		
Proceeds from notes payable	79,339	23,888,239
Payment of debt issuance costs	(78,565)	(162,762)
Principal payments on notes payable	(1,425,501)	(1,261,182)
Net cash flows from financing activities	(1,424,727)	22,464,295
Net change in cash and cash equivalents	22,409	277,747
Cash and cash equivalents, beginning of year	4,164,576	3,886,829
Cash and cash equivalents, end of year	$ 4,186,985	$ 4,164,576
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,633,252	$ 1,216,648

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

Note 1—Organization

The 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*, with its financial data and other information presented discretely in the financial reporting of the University.

The Foundation undertook certain restructuring steps, beginning with the formation of a new legal entity, CULSF 2.0, Inc., in November 2019. On March 30, 2020, the Clemson University Land Stewardship Foundation, Inc. was merged with CULSF 2.0, Inc., with CULSF 2.0, Inc. remaining as the surviving entity. On April 1, 2020, CULSF 2.0, Inc. formally amended its articles of incorporation to change its name to Clemson University Land Stewardship Foundation, Inc. As this was a related party transaction, there have been no changes in the bases of the assets and liabilities, as presented on the consolidated statements of financial position.

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

> *Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations.
>
> *With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. The Foundation did not have any net assets with donor restrictions as of June 30, 2022 and 2021.

The Foundation recognizes revenue in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standard Codification ("ASC") *Topic 606, Revenue from Contracts with Customers, Topic 325, Investments – Other, Topic 840, 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.

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

Note 2—Summary of significant accounting policies (continued)

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

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

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 covers $250,000 for substantially all depository accounts. At June 30, 2022 and 2021, the carrying value of cash deposits totaled $4,186,985 and $4,164,576, respectively, with a corresponding bank balance of $4,381,953, and $4,168,632, respectively. At June 30, 2022 and 2021, cash deposits that were uninsured totaled $3,183,205 and $2,698,504, 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 leased to tenants, 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:

> During the year ended June 30, 2021 and prior, land leased to tenants was recorded at fair value at the time of acquisition. Such land had been leased for a 65-year period with an option to renew for three, 10-year periods. During the year ended June 30, 2021, the lease was terminated with the purchase of the 7 Research Drive (“7RD”) building, which is located on the leased land. The effect of the lease termination is included on the June 30, 2021 consolidated statements of activities in the line item deferred revenue from cancelled land lease totaling $1,417,370. Subsequent to the lease termination, the Foundation holds no land leased to tenants.
>
> 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.
>
> The Center for Emerging Technology (“CET”) and One Research Drive (“ORD”) buildings are recorded at fair value established by appraisal plus improvements at cost.
>
> The 7RD and office buildings are recorded at fair value established by the purchase price which approximates the related appraisal.

Note 2—Summary of significant accounting policies (continued)

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).

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, 2021, $635,270 of development costs on land no longer being actively developed were reduced through the consolidated statements of activities, as presented in the real estate investment, net line item. There were no such reductions of development costs during the year ended June 30, 2022. During the years ended June 30, 2022 and 2021, the Foundation incurred development costs, on land being actively developed, of $47,250 and $690,097, 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, 2022 and, accordingly, no liability has been accrued.

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.

Note 2—Summary of significant accounting policies (continued)

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 $12,262 and $7,680 for the years ended June 30, 2022 and 2021, respectively. Additionally, the ASU requires that unamortized debt issuance costs be presented as reduction of the carrying amount of the related debt (see Note 7).

New Accounting Pronouncements – In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized. The adoption of this standard did not have a material effect on the Foundation's consolidated financial statements.

In February 2016, 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 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 statement of activities. This standard was effective for the fiscal year ended June 30, 2022. In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which provided for a deferral of the effective date of Topic 842 by one year, due to the ongoing uncertainties and difficulties related to the COVID-19 pandemic. Under this deferral, the effective date of Topic 842 is for the fiscal year ended June 30, 2023. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available.

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, 2022 and 2021. 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 nonrecurring basis at June 30, 2022:

	Level 1	Level 2	Level 3
Building and land held for investment	$ -	$ 57,511,193	$ -
Land held for development	-	30,994,119	-
Total assets measured on a nonrecurring basis	$ -	$ 88,505,312	$ -

Measurement at fair value on a nonrecurring basis at June 30, 2021:

	Level 1	Level 2	Level 3
Building and land held for investment	$ -	$ 60,932,526	$ -
Land held for development	-	28,936,600	-
Total assets measured on a nonrecurring basis	$ -	$ 89,869,126	$ -

Note 4—Gifts

During each of the years ended June 30, 2022 and 2021, cash gifts of $-0- and $95,741, respectively, were received from CUF.

Note 5—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 (7 Research Drive – 7RD) consist of 117,100 rentable square feet and one tenant. The term of the lease is 10 years through August 2031.

The Foundation leases space in the CET and ORD buildings to tenants. The lease periods range from three to 10 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. Beginning in the year ended June 30, 2019, the Foundation leased space to the University for land, camp facilities, and infrastructure known as Pinnacle Falls Camp. The initial lease term is seven years.

Rental revenues (including common area maintenance) for the years ended June 30, 2022 and 2021 were associated with the following four properties. The properties had the following rental revenues at June 30:

	2022	2021
ORD	$ 1,532,459	$ 1,888,762
CET	1,140,897	1,341,311
7RD	1,759,935	1,076,756
Greenville One (see Note 11)	414,306	330,217
Pinnacle Falls (see above and Note 6)	90,203	88,434
	$ 4,937,800	$ 4,725,480

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

	2022	2021
ORD	$ 18,600,000	$ 18,600,000
CET	13,843,843	13,600,000
7RD	25,067,350	25,067,350
Office building	-	3,665,176
Building and land held for investment	57,511,193	60,932,526
Land held for development	30,994,119	28,936,600
	$ 88,505,312	$ 89,869,126

Note 6—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:

	2022	2021
Equipment	$ 19,514	$ 19,514
Land	8,570,067	8,570,067
Buildings and infrastructure	4,982,657	4,971,667
	13,572,238	13,561,248
Accumulated depreciation	(2,091,924)	(1,862,740)
Total	$ 11,480,314	$ 11,698,508

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 to the 753.53 acres requiring the land remain in its undeveloped state except for construction, operation, and management of facilities for educational purposes. At June 30, 2022 and 2021, 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 Pinnacle Falls Camp 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 Pinnacle Falls Camp. Construction was complete and the building became operational during the year ended June 30, 2020.

Depreciation expense was $229,184 and $228,087 for the years ended June 30, 2022 and 2021, respectively.

Note 7—Notes payable, net

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

Description	2022	2021
Loan payable to a bank – bearing interest at 3.67% for 25 years. The loan is payable in full in March 2038.	$ 3,736,687	$ 3,908,123
Loan payable to a bank – bearing interest at 4.25% through March 2022 and 3.50% thereafter. The loan is payable in full with a final balloon payment on March 30, 2032.	11,094,221	11,387,349
Loan payable to a bank – bearing interest at 4.25% through March 2022 and 3.50% thereafter. The loan is payable in full with a final balloon payment on March 30, 2032.	4,037,963	4,210,326
Loan payable to a bank – bearing interest at 3.50% for 10 years. The loan is payable based upon a 25-year term with a final balloon payment in January 2031.	1,445,772	1,484,323
Loan payable to a bank – bearing interest at 3.50% for 10 years. 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.	21,578,867	22,154,257
Loan payable to a bank – bearing interest at 4.25% payable via 83 monthly payments with a final balloon payment on August 27, 2026.	553,292	648,586
Total notes payable	42,446,802	43,792,964
Less unamortized debt issuance cost	(296,754)	(230,451)
Total notes payable, net	$ 42,150,048	$ 43,562,513

A non-revolving note payable with a balance totaling $3,736,687 and $3,908,123 at June 30, 2022 and 2021, 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 $11,094,221 and $11,387,349 at June 30, 2022 and 2021, respectively, including interest at 4.25% with monthly payments of $69,472 through March 2022. Upon refinance in March 2022, $48,539 was added to principal with 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 $18,600,000 at both June 30, 2022 and 2021.

Note 7—Notes payable, net (continued)

A bank loan with a balance of $4,037,963 and $4,210,326 at June 30, 2022 and 2021, respectively, including interest at 4.25% with monthly payments of $34,154 through March 2022. Upon refinance in March 2022, $30,800 was added to principal with interest at 3.50% with monthly payments of $20,454. The loan is secured by a shared first mortgage on the CET building with the U.S. Department of Agriculture. The loan requires 120 payments and matures in March 2032. The CET building’s fair value was $13,843,843 and $13,600,000 at June 30, 2022 and 2021, respectively.

A bank loan with a balance of $1,445,772 and $1,484,323 at June 30, 2022 and 2021, 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 20, 2031. The loan (the “Land Note”) is secured by a 44.60-acre tract of vacant land known as TNV owned by the Foundation.

A bank loan with a balance of $21,578,867 and $22,154,257 at June 30, 2022 and 2021, 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 20, 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 fair value of $25,067,350 at June 30, 2022.

A bank loan with a balance of $553,292 and $648,586 at June 30, 2022 and 2021, 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 27, 2026. The loan is secured by multiple properties and their respective rents.

A revolving line of credit for $1,000,000 is available through February 25, 2025. There was no outstanding balance at June 30, 2022.

Certain notes payable include restrictive covenants that, at June 30, 2022, management is not aware of any violations.

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

2023	$ 1,302,609
2024	1,346,721
2025	1,399,711
2026	1,452,079
2027	1,505,729
Thereafter	35,439,953
	$ 42,446,802

Note 8—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, 2022 and 2021 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, 2022:

	CU-ICAR Campus	Greenville One	Administrative and Other	Interest Expense	Total
Contract services	$ 313,618	$ 173,912	$ -	$ -	$ 487,530
Professional fees	61,771	-	23,562	-	85,333
Occupancy	838,570	205,021	5,466	-	1,049,057
Taxes and fees	153,275	5,578	-	-	158,853
Insurance	54,796	4,665	51,058	-	110,519
Depreciation	25,681	-	203,503	-	229,184
Interest	-	-	-	1,640,533	1,640,533
Foundation salary reimbursements	383,582	-	118,574	-	502,156
Total	$ 1,831,293	$ 389,176	$ 402,163	$ 1,640,533	$ 4,263,165

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, 2021:

	CU-ICAR Campus	Greenville One	Administrative and Other	Interest Expense	Total
Contract services	$ 217,638	$ 145,807	$ -	$ -	$ 363,445
Professional fees	24,196	-	20,844	-	45,040
Occupancy	779,443	154,139	7,343	-	940,925
Taxes and fees	151,750	5,510	-	-	157,260
Insurance	40,224	4,657	35,100	-	79,981
Depreciation	24,583	-	203,504	-	228,087
Interest	-	-	-	1,272,968	1,272,968
Foundation salary reimbursements	365,623	-	136,567	-	502,190
Total	$ 1,603,457	$ 310,113	$ 403,358	$ 1,272,968	$ 3,589,896

Note 9—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, 2022 and 2021.

	2022	2021
Cash and cash equivalents	$ 4,186,985	$ 4,164,576
Receivables	28,483	134,357
Direct financing lease, short-term	574,408	574,408
Total	$ 4,789,876	$ 4,873,341

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

Note 10—Related party

At June 30, 2022 and 2021, amounts due to CUF are as follows.

Due to CUF:	2022	2021
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	2,006,072	3,790,939
	$ 22,938,544	$ 24,723,411

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 7) 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.

During the year ended June 30, 2021, the Foundation entered an agreement with CUF to borrow funds to purchase a building for the future use and benefit of Clemson University at a cost of $3,765,177. Interest is accrued at the rate of 1% quarterly, capitalized to the loan balance, to be payable upon maturity. Principal payments are permitted, but not required, until maturity in June 2022. The amount of interest payable to CUF was $25,762 at June 30, 2021. In April 2022, the building was transferred to the University and the proceeds of the loan in the amount of $3,765,177 was paid to CUF. The accrued interest was forgiven by CUF and recognized in real estate investment, net on the consolidated statements of activities.

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. Interest will be accrued based on the prime rate plus 25 basis points and calculated annually with annual adjustments on the anniversary date. The interest rate on the purchase closing date was 4.25%. 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 maturities are $65,638 in 2023, $68,428 in 2024, $71,336 in 2025, $74,368 in 2026, $77,529 in 2027, and $1,648,773 thereafter.

Note 10—Related party (continued)

The Foundation leases portions of various properties to the University. During the years ended June 30, 2022 and 2021, the Foundation received $1,182,589 and $1,134,578, respectively, which is included in rental revenues and common area and management fees on the consolidated statements of activities. At June 30, 2022 and 2021, the Foundation included $264,972 and $-0-, respectively, of advance rent payments in deferred rent revenue on the consolidated statements of financial position.

The University provides certain personnel to assist in the day-to-day operations of the Foundation. During the years ended June 30, 2022 and 2021, the Foundation reimbursed the University $502,156 and $502,190, respectively, for these services.

At June 30, 2022 and 2021, the Foundation has receivables due from CUF of $692 and $79,024 respectively, included in other assets on the consolidated statements of financial position.

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 from the University. As lease payments are received, the direct financing lease is reduced by an equal amount.

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

	2022	2021
Beginning balance	$ 9,595,083	$10,169,491
Lease payments collected during the year	(574,408)	(574,408)
Ending balance	$ 9,020,675	$ 9,595,083

At June 30, 2022, minimum lease payments to be collected are as follows:

2023	$ 574,408
2024	574,408
2025	574,408
2026	574,408
2027	574,408
Thereafter	6,148,635
	$ 9,020,675

Note 12—Subsequent events

The Foundation has evaluated subsequent events through August 23, 2022, in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued.

In July 2022, the Foundation began construction on the Flex Lab One building, a multi-tenant laboratory and office space. The total estimated contract costs are expected to be approximately $6.6 million.

Note 12—Subsequent events (continued)

During August 2022, the Foundation, through its wholly-owned subsidiary LICAR, LLC, entered into a construction loan agreement with a third-party financial institution. 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 the first 36 months subsequent to the initial loan draw. The construction loan will convert to a term loan upon completion of the interest only period, requiring 83 monthly principal and interest payments, based upon a 300-month amortization period, with a final balloon payment at maturity in August 2032.