The VMI Alumni Agencies

Combined Financial Statements and Supplementary Information

Years Ended June 30, 2020 and 2019

DIXON HUGHES GOODMAN LLP

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DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

Board of Directors
The VMI Alumni Association;
Board of Trustees,
VMI Foundation, Incorporated and Subsidiaries;
Board of Directors,
VMI Alumni Agencies Board, Incorporated; and
Board of Governors,
VMI Keydet Club, Incorporated
Lexington, Virginia

Report on the Financial Statements

We have audited the accompanying combined financial statements of The VMI Alumni Agencies (nonprofit corporations), which comprise the combined statements of financial position as of June 30, 2020 and 2019, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements (as defined in Note 1) 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

DHG
DIXON HUGHES GOODMAN LLP

Opinion
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of The VMI Alumni Agencies as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supporting information shown on pages 22-29 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Dixon Hughes Goodman LLP

Richmond, Virginia
September 25, 2020

The VMI Alumni Agencies
Combined Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 27,445,862	$ 18,592,410
Current portion of contributions receivable	7,101,542	8,768,152
Current portion of notes receivable	9,966	106,672
Other assets	189,534	194,451
Total current assets	34,746,904	27,661,685
Noncurrent assets:		
Contributions receivable, less current portion	9,450,540	9,193,601
Investments held by trustees	484,229,509	492,262,136
Investments, other	19,826,618	18,934,228
Note receivable, less current portion	332,433	-
Cash surrender value of life insurance	5,339,278	5,466,998
Property and equipment, net	156,878	291,048
Total assets	$ 554,082,160	$ 553,809,696
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 910,906	$ 1,488,396
Current portion of trust and annuity obligations	608,449	619,027
Current portion of long-term debt	10,184,359	-
Total current liabilities	11,703,714	2,107,423
Noncurrent liabilities:		
Trust and annuity obligations, less current portion	4,272,387	4,746,268
Long-term debt, less current portion	37,017,728	46,556,473
Total liabilities	52,993,829	53,410,164
Net assets:		
Without donor restrictions	62,414,356	62,503,236
With donor restrictions	438,673,975	437,896,296
Total net assets	501,088,331	500,399,532
Total liabilities and net assets	$ 554,082,160	$ 553,809,696

See accompanying notes.

The VMI Alumni Agencies
Combined Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Amounts raised on behalf of VMI	$ 11,202,311	$ 20,362,285	$ 31,564,596
Investment income and other revenue, net	3,803,414	-	3,803,414
Actuarial gain on trust and annuity obligations	63,543	422,790	486,333
Net assets released from restrictions	14,610,082	(14,610,082)	-
Total revenues	29,679,350	6,174,993	35,854,343
Expenses:			
Amounts remitted directly to and on behalf of VMI:			
Undesignated	6,005,170	-	6,005,170
Designated	14,610,082	-	14,610,082
Cost of operations	7,281,461	-	7,281,461
Total expenses	27,896,713	-	27,896,713
Change in net assets before net realized and unrealized loss on investments	1,782,637	6,174,993	7,957,630
Net realized and unrealized loss on investments	(1,871,517)	(5,397,314)	(7,268,831)
Change in net assets	(88,880)	777,679	688,799
Net assets, beginning of year	62,503,236	437,896,296	500,399,532
Net assets, end of year	$ 62,414,356	$ 438,673,975	$ 501,088,331

See accompanying notes.

The VMI Alumni Agencies
Combined Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Amounts raised on behalf of VMI	$ 6,770,013	$ 17,277,407	$ 24,047,420
Investment income and other revenue, net	(439,515)	2,840,105	2,400,590
Actuarial loss on trust and annuity obligations	(356,866)	(274,483)	(631,349)
Net assets released from restrictions	13,401,396	(13,401,396)	-
Total revenues	19,375,028	6,441,633	25,816,661
Expenses:			
Amounts remitted directly to and on behalf of VMI:			
Undesignated	5,512,870	-	5,512,870
Designated	13,538,032	-	13,538,032
Cost of operations	7,558,793	-	7,558,793
Total expenses	26,609,695	-	26,609,695
Change in net assets before net realized and unrealized gains on investments	(7,234,667)	6,441,633	(793,034)
Net realized and unrealized gain on investments	6,910,188	16,512,779	23,422,967
Change in net assets	(324,479)	22,954,412	22,629,933
Net assets, beginning of year (as adjusted)	62,827,715	414,941,884	477,769,599
Net assets, end of year (as adjusted)	$ 62,503,236	$ 437,896,296	$ 500,399,532

See accompanying notes.

The VMI Alumni Agencies
Combined Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	**$ 688,799**	$ 22,629,933
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Contributions restricted for long-term investment	**(9,453,537)**	(12,355,316)
Depreciation	**31,235**	32,853
Amortization of bond premiums	**(184,639)**	(184,639)
Net realized and unrealized loss (gain) on investments	**7,268,831**	(23,422,967)
Loss on disposal of property and equipment	**102,935**	-
Cash surrender value of life insurance	**127,720**	(114,282)
Actuarial loss on trust and annuity obligations	**(486,333)**	631,349
Change in operating assets and liabilities:		
Contributions receivable	**1,409,671**	3,321,384
Notes receivable	**(235,727)**	-
Other assets	**4,917**	(13,374)
Accounts payable and accrued expenses	**(577,490)**	728,580
Trust and annuity obligations	**608,566**	16,100
Net cash used by operating activities	**(695,052)**	(8,730,379)
Cash flows from investing activities:		
Purchases of investments	**(71,309,447)**	(78,684,302)
Proceeds from sales of investments	**71,180,853**	82,485,175
Net cash provided (used) by investing activities	**(128,594)**	3,800,873
Cash flows from financing activities:		
Proceeds from long-term debt	**830,253**	-
Contributions restricted for long-term investment	**9,453,537**	12,355,316
Payments on trust and annuity obligations	**(606,692)**	(606,692)
Net cash provided by financing activities	**9,677,098**	11,748,624
Net increase in cash and cash equivalents	**8,853,452**	6,819,118
Cash and cash equivalents, beginning of year	**18,592,410**	11,773,292
Cash and cash equivalents, end of year	**$ 27,445,862**	$ 18,592,410
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 1,609,400**	$ 1,609,400

Notes to Combined Financial Statements

1. Organization and Nature of Activities

The VMI Alumni Agencies ("Agencies") are comprised of four organizations that share the common purpose of raising funds, investing funds, and performing other activities on behalf of VMI alumni and other donors in support of Virginia Military Institute (VMI). Significant sources of revenue consist of contributions and investment return. Due to their shared purpose, the Agencies have elected to present their financial statements on a combined basis. All significant interagency accounts and transactions have been eliminated in combination. The individual organizations comprising the Agencies and their purposes are as follows:

The VMI Alumni Association

The purpose of the VMI Alumni Association ("Alumni Association") is to organize the alumni of VMI into one general body.

VMI Foundation, Incorporated and Subsidiary

The purpose of the VMI Foundation, Incorporated and Subsidiary ("Foundation") is to solicit and to accept various funds and to disburse such funds, or income earned from those funds, for the advancement of VMI and the Alumni Association. The Foundation is the sole member of VMI Investment Holdings, LLC (see Note 4) and Neikirk Holdings, LLC.

VMI Alumni Agencies Board, Incorporated (formerly VMI Development Board, Incorporated)

During fiscal year 2018, the VMI Development Board, Incorporated amended its bylaws and changed its name to the VMI Alumni Agencies Board, Incorporated. The purpose of the VMI Alumni Agencies Board, Incorporated ("Alumni Agencies Board") is to receive, hold, and manage assets for any purpose on behalf of the Agencies and VMI.

VMI Keydet Club, Incorporated

The purpose of the VMI Keydet Club, Incorporated ("Keydet Club") is to support, strengthen, and develop the intercollegiate athletic program at VMI.

2. Summary of Significant Accounting Policies

Basis of presentation

The Agencies are required to report information regarding their financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The combined financial statements report amounts separately by class of assets as follows:

Net assets without donor restrictions are free from donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Boards or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not restricted by the donors are included in this classification. Expenses are reported as reductions in this classification.

Net assets with donor restrictions are subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agencies or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the combined financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash equivalents

Highly-liquid investments with an original maturity of three months or less are considered to be cash equivalents. Cash and cash equivalents not held in Agencies' operating bank accounts are included in investments held by trustees and investments, other on the combined statements of financial position.

The Agencies follow the common cash management practice of consolidating certain of their operating cash and cash equivalent accounts into one account, which includes various designated and restricted current operating accounts. As a result of this practice, cash and cash equivalents specifically associated with the original gift of certain designated and restricted monies can be spent from the consolidated account.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the combined statements of financial position. Net unrealized and realized gains or losses are reflected in the combined statements of activities. Certain land and other investments which are not readily marketable are carried at cost.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of gift. Purchases and sales of investments are recorded on the trade date.

Cash surrender value of life insurance

The Agencies record the cash surrender value of life insurance policies when it's the owner and the beneficiary on a policy contributed by a donor. The cash surrender value approximates the amount to be realized if a policy was to be cancelled or otherwise terminated.

Property and equipment

Property and equipment are stated at cost at the date of acquisition, or fair value at the date of gift, less accumulated depreciation. Depreciation is recorded using the straight-line basis over the estimated useful lives as follows for the major classes of assets:

Furniture and fixtures	3 – 15 years

Furniture and fixtures are removed from the records and any gain or loss is recognized at the time of disposal. Expenditures for new construction, major renewals, and replacements and betterments exceeding $5,000 are capitalized.

Use of office space

Use of certain office space which is owned by VMI is provided to the Agencies at little or no cost. No amounts (other than negligible annual charges) have been reflected in the statements for use of this space since no objective basis is available to measure its value.

Split-interest agreements

The Agencies participate in various split-interest agreements that are unconditional and irrevocable. These arrangements are established when a donor makes a gift to the Agencies or a trust in which the Agencies share benefits with other beneficiaries. Generally, the Agencies account for these agreements by recording their share of the related assets at fair market value (which approximates the present value of the estimated future cash receipts). Liabilities are recorded for any portion of the assets held for donors or other beneficiaries equal to the present value of the expected future payments to be made. The liabilities are adjusted annually for changes in the value of assets, accretion of the discount, and other changes in the estimates of future benefits. Contribution revenues are recognized at the dates the agreements are established for the difference between the assets and the liabilities.

If the Agencies hold the assets or are the trustees, the assets are included in investments and the liabilities are included in trust and annuity obligations. If a third party is the trustee until the termination of the trust and then the remaining assets are transferred to the beneficiaries, the assets less related liabilities are included in contributions receivable.

The Agencies have beneficial interests in approximately 130 various split-interest agreements, including charitable remainder trusts, charitable gift annuities and pooled income funds. The average discount rates for these agreements range from 3.4% to 10.6% and payment rates range from 5% to 8%, paid primarily quarterly.

Contributions

Contributions, including unconditional promises to give or contributions receivable, are recognized as either with or without donor restrictions support, depending on the existence and/or nature of any donor restrictions, in the period the donor's commitment is received. Unconditional promises to give without donor restrictions are recognized as restricted operating revenues unless the donor explicitly stipulates its use to support current period activities due to implied time restrictions.

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 the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of the fundraising activity.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues with donor restrictions and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire property and equipment, with such donor stipulations are reported as revenues of the with donor restrictions class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Concentrations of credit risk

Financial instruments which potentially subject the Agencies to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Agencies have deposits in financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) totaling $27,393,060 at June 30, 2020. Concentration of credit risk for investments is limited by the Agencies' policy of diversification of investments.

Functional expenses

The Agencies allocate on a functional basis among their various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

Adoption of new accounting standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Agencies adopted the new standard effective July 1, 2019, the first day of the Agencies' fiscal year using the modified retrospective approach. There was not a material impact on the combined financial statements as a result of the adoption.

During 2019, the Agencies adopted ASU No. 2018-08: *Not-for-profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The Update addresses the evaluation of whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and determining whether a contribution is conditional. The Agencies adopted the Update as of July 1, 2019 under the modified prospective approach. There was not a material impact on the combined financial statements as a result of the adoption.

Income taxes

All four entities comprising the Agencies are classified as exempt from federal and state income taxes as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia. In addition, the individual entities have been classified as organizations that are not private foundations under Section 509(a) of the Internal Revenue Code.

Subsequent events

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impacts on the Foundation's donors, customers, employees and vendors, and governmental, regulatory, and private sector responses. The combined financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

In addition, as of the combined statement of financial position date, the Company has significant contributions receivable balances outstanding. The full economic impact of this pandemic has not been determined, including the impact on the creditworthiness of the Agencies' donors.

In preparing these combined financial statements, the Agencies have evaluated events and transactions for potential recognition or disclosure through September 25, 2020, the date the combined financial statements were issued.

3. Contributions Receivable

Contributions receivable consist of the following as of June 30:

	2020	2019
Unconditional promises to give	**$ 16,552,082**	$ 17,961,753
Current portion	**(7,101,542)**	8,768,152
Contributions receivable	**$ 9,450,540**	$ 9,193,601

Gross amounts expected to be collected in:

	2020	2019
Less than one year	**$ 8,016,027**	$ 9,893,764
One to five years	**10,644,199**	10,769,812
More than five years	**228,556**	32,808
	18,888,782	20,696,384
Discount	**(447,822)**	(664,993)
Allowance for uncollectible contributions	**(1,888,878)**	(2,069,638)
Fair value	**$ 16,552,082**	$ 17,961,753

Gross contributions receivable activity for the years ended June 30 is reflected in the table below:

	2020	2019
Gross contributions receivable, beginning of year	**$ 20,696,384**	$ 24,608,815
New contributions receivable	**7,543,249**	4,911,270
Payments received	**(8,154,254)**	(7,295,587)
Write-offs and other adjustments	**(1,196,597)**	(1,528,114)
Gross contributions receivable, end of year	**$ 18,888,782**	$ 20,696,384

All contributions receivable are included in net assets with donor restrictions based on donor restrictions or implied time restrictions.

The fair value adjustment for 2020 and 2019 was $217,171 and $199,804, respectively, and is included in amounts raised on behalf of VMI in the combined statements of activities. The discount rate for 2020 and 2019 was 0.6% and 2.8%, respectively. No changes in the fair value measurement were attributable to instrument specific credit risk.

At June 30, 2020 and 2019, the Agencies had also received bequests and other intentions of approximately $159 million and $164 million, respectively. These intentions to give are not recognized as assets and, if they are received, they will generally be restricted for specific purposes stipulated by the donors.

For 2020 and 2019, approximately 36% of the contributions receivable balance was from five donors.

4. Investments Held by Trustees

The Agencies participate in a combined investment fund (Fund) controlled by the VMI Investment Holdings, LLC. BNY Mellon, N.A. serves as custodian for the Fund's assets. The Fund's investments consist of the following as of June 30:

	2020		2019	
Equities	**$ 259,983,413**	**53.7%**	$ 256,675,789	52.1%
Private equities	**104,147,294**	**21.5%**	97,758,459	19.9%
Absolute return funds	**59,313,522**	**12.2%**	74,631,009	15.2%
Fixed income	**54,523,185**	**11.3%**	60,111,862	12.2%
Cash and cash equivalents	**6,262,095**	**1.3%**	2,515,500	0.5%
Master limited partnership	**-**	**0%**	569,517	0.1%
	$ 484,229,509	**100%**	$ 492,262,136	100%

These investments, which comprise the majority of the Agencies' assets, are subject to market risk. However, the Agencies' investment funds are managed by a number of investment managers, which limits the amount of risk in any one fund. VMI Investment Holdings, LLC establishes investment guidelines and performance standards which further reduce its exposure to market risk.

Investments held by trustees activity for the years ended June 30 is reflected in the table below:

	2020	2019
Investments, beginning of year	**$ 492,262,136**	$ 473,341,310
Gifts and amounts available for investments	**8,000,000**	4,000,000
	500,262,136	477,341,310
Investment returns:		
Dividends and interest	**5,816,324**	5,253,709
Net realized and unrealized (loss) gain	**(7,384,419)**	22,605,366
Investment fees	**(2,415,311)**	(3,218,249)
Total return on investments held by trustee, net	**(3,983,406)**	24,640,826
Net disbursements used to fund operations	**(12,049,221)**	(9,720,000)
Investments, end of year	**$ 484,229,509**	$ 492,262,136

The following summarizes the total investment return and its classification in the combined statements of activities for the years ended June 30:

	2020	2019
Investment return:		
Dividends and interest:		
Investments held by trustees	**$ 5,816,324**	$ 5,253,709
Investments, other	**307,125**	260,544
Total dividends and interest	**6,123,449**	5,514,253
Net realized and unrealized (loss) gain:		
Investments held by trustees	**(7,384,419)**	22,605,366
Investments, other	**(72,233)**	621,581
Total realized and unrealized (loss) gain	**(7,456,652)**	23,226,947
Investment fees	**(2,415,311)**	(3,218,249)
Other activity:		
Net realized gains from the sales of gifted stock and property, rent and royalty income, changes in cash surrender value of life insurance, dividends on insurance policies and other	**283,097**	300,606
Total investment return	**$ (3,465,417)**	$ 25,823,557

Included in the combined statements of activities as follows:

Investment income and other revenue, net	**$ 3,803,414**	$ 2,400,590
Net realized and unrealized loss (gain) on investments	**(7,268,831)**	23,422,967
Investment return	**$ (3,465,417)**	$ 25,823,557

Investment Holdings, LLC

On April 29, 2009, VMI Investment Holdings, LLC (LLC) was formed to manage the investments held by trustees. On June 1, 2009, all investments held by trustees and for which BNY Mellon, N.A. serves as custodian were transferred to the LLC. The Foundation is the sole member of the LLC, and acts as an intermediary between the LLC and the other agencies. As stated in the Deposit and Management Agreement, the LLC will operate the unitized investment pool and issue a number of units in the pool to each depositor based on the amount of its deposit divided by the then unit value. Each depositor is entitled to its pro rata share of the value, taking into account aggregate investment returns. Deposits to and withdrawals from the pool by the other agencies will be made through the Foundation. A separate board of directors was established to manage the LLC.

5. Investments, Other

Investments, other consist of the following as of June 30:

	2020			
	Held by Agent	**Held by Foundation**	**Held in Irrevocable Trusts***	**Total at Fair Value****
Equities	**$ 1,130,646**	**$ 9**	**$ 9,271,377**	**$ 10,402,032**
Fixed income	**4,596**	**5,891**	**2,969,704**	**2,980,191**
Real estate	**-**	**5,127,048**	**-**	**5,127,048**
Alternative investments	**-**	**-**	**820,257**	**820,257**
Cash and cash equivalents	**68,677**	**792**	**410,493**	**479,962**
Limited partnerships	**-**	**17,128**	**-**	**17,128**
Investments, other	**$ 1,203,919**	**$ 5,150,868**	**$ 13,471,831**	**$ 19,826,618**

	2019			
	Held by Agent	**Held by Foundation**	**Held in Irrevocable Trusts***	**Total at Fair Value****
Equities	$ 1,170,454	$ 9	$ 9,830,825	$ 11,001,288
Fixed income	4,434	5,891	3,309,563	3,319,888
Real estate	-	3,151,064	-	3,151,064
Alternative investments	-	-	871,333	871,333
Cash and cash equivalents	172,330	792	400,405	573,527
Limited partnerships	-	17,128	-	17,128
Investments, other	$ 1,347,218	$ 3,174,884	$ 14,412,126	$ 18,934,228

*Investments held in irrevocable trusts are not available for use until the occurrence of a future event as noted in the applicable trust agreements.

**For certain components of these investments, primarily real estate, limited partnerships, and common stocks of closely held companies where fair values were not readily determinable, cost was used.

Investments, other activity is reflected in the table below for the years ended June 30:

	2020	2019
Investments, beginning of year	**$ 18,934,228**	$ 18,232,960
Gifts and amounts available for investment	**2,922,641**	1,032,935
	21,856,869	19,265,895
Investment returns:		
Dividends and interest	**307,125**	260,544
Net realized and unrealized (losses) gains	**(72,233)**	621,581
Total return on investments	**234,892**	882,125
Amounts appropriated for operations, net transfers to operational accounts and other activity	**(2,265,143)**	(1,213,792)
Investments, end of year	**$ 19,826,618**	$ 18,934,228

6. Investment Commitments

The Agencies have investments and future investment commitments in partnerships that are subject to capital calls and mandatory lock-in periods. The following is a schedule of total funds subject to commitments and lock-in periods.

	Lock In Fiscal Year	Dollars Committed	Dollars Called To Date	Market Value*
Total funds	2021	$ 134,963,480	$ 136,940,378	$ 3,063,734
Total funds	2022	$ 33,488,264	$ 33,086,974	$ 5,908,496
Total funds	2023	$ 5,773,839	$ 5,815,389	$ 428,440
Total funds	2024	$ 25,019,968	$ 21,296,150	$ 6,674,329
Total funds	2025	$ 34,578,558	$ 29,057,325	$ 8,184,354
Total funds	2026	$ 8,660,758	$ 3,531,460	$ 5,255,529
Total funds	2027	$ 6,543,684	$ 5,055,577	$ 1,888,601
Total funds	2028	$ 16,359,210	$ 7,132,588	$ 9,226,622
Total funds	2029	$ 24,538,814	$ 10,256,114	$ 14,282,701
Total funds	2030	$ 22,133,048	$ 3,811,210	$ 18,339,299
Total funds	2034	$ 4,811,532	$ 350,193	$ 4,461,339

*Market value may be significantly lower than dollars called to date based on capital returns since initial calls.

7. Fair Value Measurements

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agencies have the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. All assets reported at fair value have been valued using a market approach, except for Level 3 assets.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

Contributions receivable

Valued using the income approach based on discounted cash flows.

Equities and fixed income securities

Valued at the closing price reported on the active market on which the individual securities are traded or valued based on pricing models using standard inputs such as benchmark yields, reported trades, and broker/dealer quotes.

Beneficial interest in perpetual trusts

Valued by estimating future cash flows from the trusts (which hold diversified portfolios) and discounting them into perpetuity using a market participant's expected return on endowments and investments. This has typically been measured by the fair value of the underlying assets in the trust.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agencies believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Agencies' assets at fair value as of June 30:

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Contributions receivable	**$ -**	**$ -**	**$ 16,552,082**	**$ 16,552,082**
Equities:				
U.S. Equities	**1,130,654**	**137,823,833**	**-**	**138,954,487**
Non-U.S. Equities	**34,357,288**	**24,317,463**	**-**	**58,674,751**
Emerging markets	**-**	**22,712,802**	**-**	**22,712,802**
Public REITs	**20,301,832**	**-**	**-**	**20,301,832**
Fixed income securities	**43,044,031**	**-**	**-**	**43,044,031**
Beneficial interest in perpetual trusts	**-**	**-**	**13,471,831**	**13,471,831**
Total assets in the fair value hierarchy	**$ 98,833,805**	**$184,854,098**	**$ 30,023,913**	**$313,711,816**
Investments measured at NAV (a)				**195,437,787**
Total assets at fair value				**$ 509,149,603**

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Contributions receivable	$ -	$ -	$ 17,961,753	$ 17,961,753
Equities:				
U.S. Equities	1,170,463	133,872,511	-	119,252,579
Non-U.S. Equities	33,041,318	26,044,741	-	52,142,016
Emerging markets	-	19,668,791	-	17,357,232
Public REITs	20,634,370	-	-	18,209,332
Fixed income securities	48,669,985	-	-	42,951,297
Beneficial interest in perpetual trusts	-	-	14,412,126	14,412,126
Total assets in the fair value hierarchy	$ 103,516,136	$179,586,043	$ 32,373,879	$ 315,476,058
Investments measured at NAV (a)				207,842,373
Total assets at fair value				$523,318,431

(a) Certain investments that are measured at fair value using the net asset value per share (or equivalent) practical expedient have not been recognized in the fair value hierarchy. The fair value amounts presented in this table are intended to show reconciliation to the amounts presented in the combined statements of financial position.

Fixed income funds, private equity funds, emerging market equity funds, absolute return funds, master limited partnerships, and limited partnerships are valued using the practical expedient at the Agencies' pro-rata interest in the net assets of these entities. Investments held by these entities are valued at prices which approximate fair value. The fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors of the respective entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Net asset valuations are provided daily, monthly, or quarterly by these entities. Appreciation of investments in these entities is net of all allocations to the investment advisors.

The following table sets forth quantitative information about Level 3 fair value measurements at June 30, 2020:

	Valuation Techniques	Unobservable Input	Range
Contributions receivable	Discounted cash flow	Present value discount	.6% - 3.4%
		Allowance for uncollectible contributions	10%
Beneficial interest in perpetual trusts	Discounted cash flow	Present value discount	3% - 10%
		Participant payment range	5% - 8%

The tables below set forth a summary of changes in the fair value of the Agencies' level 3 investment assets for the year ended June 30:

	Contributions Receivable	Beneficial Interest In Perpetual Trusts
Balance, June 30, 2018	$ 21,283,137	$ 14,409,523
New pledges received	4,911,270	-
Pledge collections	(7,295,587)	-
Bad debt recoveries and other pledge adjustments	(1,136,871)	-
Change in fair value	199,804	-
Unrealized gain	-	530,851
Trust distributions	-	(1,043,436)
Purchases, issuances, and settlements	-	515,188
Balance, June 30, 2019	**17,961,753**	**14,412,126**
New pledges received	**7,543,249**	**-**
Pledge collections	**(8,154,254)**	**-**
Bad debts and other pledge adjustments	**(1,015,837)**	**-**
Change in fair value	**217,171**	**-**
Unrealized loss	**-**	**(28,931)**
Trust distributions	**-**	**(1,174,482)**
Purchases, issuances, and settlements	**-**	**263,118**
Balance, June 30, 2020	**$ 16,552,082**	**$ 13,471,831**

In general, a significant increase or decrease in the assumptions used in the unobservable inputs listed above would result in a directionally similar change in the fair value measurement.

8. Property and Equipment

Property and equipment consist of the following at June 30:

	2020	2019
Furniture and fixtures	**$ 1,017,961**	$ 1,146,629
Accumulated depreciation	**(861,083)**	(855,581)
Property and equipment, net	**$ 156,878**	$ 291,048

9. Long-Term Debt

Long-term debt consists of the following as of June 30:

	2020	2019
Fixed Rate Educational Facilities Revenue Bonds, Series 2006, payable in installments of $5,000,000 in 2021.	**$ 10,000,000**	$ 10,000,000
Fixed Rate Educational Facilities Revenue Refunding Bonds, Series 2016, payable in varying installments from $4,370,000 to $25,860,000, commencing 2031 through 2037.	**36,230,000**	36,230,000
Unsecured note payable at 1%, payable in monthly installments of $46,724, due April, 2022.	**830,253**	-
Bond premiums, net	**141,834**	326,473
	47,202,087	46,556,473
Current maturities	**(10,184,359)**	-
	$ 37,017,728	$ 46,556,473

Effective July 15, 2010, the Industrial Development Authority of the City of Lexington, Virginia approved a request by the Agencies to remarket Variable Rate Educational Facilities Revenue Bonds, Series 2006. This remarketing superseded the original issuance, dated July 13, 2006. The bonds were initially issued in a single series bearing interest at a variable rate. The bonds were remarketed in three series, Series 2006A-1 ($5,000,000) and 2006A-2 ($5,000,000), 2006B ($10,000,000), and 2006C ($22,475,000), and interest was converted to a fixed rate on each series. Series 2006B and 2006C were redeemed in exchange for the 2016 Fixed Rate Educational Facilities Revenue Refunding Bonds.

Series 2006A-1 bears interest of 4.25%; Series 2006A-2 bears interest at 5.0%. The 2016 bonds bear fixed interest of 3.0% (on $30,230,000 of principal) and 4.0% (on $6,000,000 of principal). Interest payments are due each June 1 and December 1.

The principal payment of $10,000,000 on Series 2006A-1 and 2006A-2 is due in fiscal year 2021. Upon this conversion, the bonds are no longer collateralized by any credit or liquidity facility, nor are the bonds collateralized by any of the Agencies' assets. Management believes the fair value of long-term debt at June 30, 2020 and 2019 approximated carrying value, in all material respects.

Bond premiums, net of expenses, totaling $1,132,290 at June 30, 2020 and 2019, are being amortized over the life of the loan using the interest method.

10. Net Assets

Net assets consist of the following as of June 30:

	2020	2019
Without donor restrictions:		
Quasi endowment funds, net of amounts held for future operations and financial aid	**$ 61,626,330**	$ 61,526,497
Charitable gift annuity agreements	**788,026**	976,739
	62,414,356	62,503,236
With donor restrictions:		
Endowment principal and amounts restricted for future operations, and accumulated endowment investment return, net	**414,318,926**	411,864,453
Charitable gift annuity and trust agreements	**7,802,967**	8.070,090
Contributions receivable	**16,552,082**	17,961,753
	438,673,975	437,896,296
Total net assets	**$ 501,088,331**	$ 500,399,532

11. Net Assets Released from Restrictions

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes or by occurrence of other events as specified by donors. Restrictions were satisfied as follows for the years ended June 30:

	2020	2019
Scholarships	**$ 4,588,033**	$ 4,745,629
Instruction and academic support	**5,482,891**	4,443,358
Intercollegiate athletics	**2,929,421**	3,044,590
Physical plant	**226,831**	299,483
Other purposes	**1,382,906**	868,336
	$ 14,610,082	$ 13,401,396

12. Retirement Plan

The Agencies participate in the VMI Affiliated Organizations' Retirement Plan (Retirement Plan) which is a defined contribution plan. All full-time employees are eligible to participate and may contribute a percentage of their compensation. The Agencies' contribution is determined each year at the Agencies' sole discretion. For 2020 and 2019, the Agencies contributed to each eligible participant 8% of the participant's compensation. Additionally, a matching contribution up to 4% is available to eligible participants. Retirement plan expense totaled $360,516 and $341,964 for 2020 and 2019, respectively.

13. Availability and Liquidity of Financial Assets

The following represents the Agencies' financial assets at June 30:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	**$ 27,445,862**	$ 18,592,410
Contributions receivable, current portion	**7,101,542**	8,768,152
Investments held by trustees	**484,229,509**	492,262,136
Investments, other	**19,826,618**	18,934,228
Total financial assets	**538,603,531**	538,556,926
Less amounts not available to be used within one year:		
Quasi endowment funds, net of amounts held for future operations and financial aid	**(61,626,330)**	(61,526,497)
Net assets with donor restrictions	**(438,673,975)**	(437,896,296)
Financial assets available to meet general expenditures over the next twelve months	**$ 38,303,226**	$ 39,134,133

The Agencies' policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, the Agencies transfer excess cash into pooled investments managed in accordance with their investment policy.

14. Functional Expenses

A breakdown of expenses by function for year ended June 30 is as follows:

	2020			
	Program Services	Management and General	Fundraising	Total
Grants and allocations	**$ 18,469,442**	**$ -**	**$ -**	**$ 18,469,442**
Personnel	**1,216,690**	**1,130,343**	**2,434,078**	**4,781,111**
Office administration	**214,369**	**325,496**	**518,568**	**1,058,433**
Other operating expenses	**440,479**	**620,464**	**498,226**	**1,559,169**
Alumni events	**131,056**	**32,764**	**-**	**163,820**
Professional fees	**41,791**	**201,606**	**196,580**	**439,977**
Interest	**1,282,285**	**142,476**	**-**	**1,424,761**
	$ 21,796,112	**$ 2,453,149**	**$ 3,647,452**	**$ 27,896,713**

	2019			
	Program Services	Management and General	Fundraising	Total
Grants and allocations	$ 16,542,616	$ -	$ -	$ 16,542,616
Personnel	1,437,675	1,500,588	1,974,125	4,912,388
Office administration	353,476	423,250	313,022	1,089,748
Other operating expenses	498,129	1,071,440	556,211	2,125,780
Alumni events	222,598	55,649	-	278,247
Professional fees	57,832	129,469	48,854	236,155
Interest	1,282,285	142,476	-	1,424,761
	$ 20,394,611	$ 3,322,872	$ 2,892,212	$ 26,609,695

15. Endowment Funds

The Agencies' endowment consists of approximately 600 individual funds held in donor-restricted funds. The endowment includes only donor-restricted endowment funds. These funds were established for a variety of purposes. As required by U.S. GAAP, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The management of donor-restricted endowment funds is governed by state law under the Uniform Prudent Management of Institutional Funds (UPMIFA) law as adopted by the state legislature. Virginia's version of UPMIFA was enacted during 2008. The Boards have interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agencies classify as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

A summary of the activity in endowment funds for the years ended June 30 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, June 30, 2018	-	264,742,183	264,742,183
Investment return:			
Investment income, net	-	2,754,147	2,754,147
Net realized and unrealized gains	-	12,325,675	12,325,675
Total investment return	-	15,079,822	15,079,822
Contributions	-	12,355,316	12,355,316
Appropriation for expenditure	-	(12,230,559)	(12,230,559)
Actuarial change	-	(18,070)	(18,070)
Endowment net assets, June 30, 2019	$ -	$ 279,928,692	$ 279,928,692
Investment return:			
Investment income, net	**-**	**3,128,855**	**3,128,855**
Net realized and unrealized losses	**-**	**(3,634,798)**	**(3,634,798)**
Total investment return	**-**	**(505,943)**	**(505,943)**
Contributions	**-**	**9,453,537**	**9,453,537**
Appropriation for expenditure	**-**	**(11,960,706)**	**(11,960,706)**
Actuarial change	**-**	**4,644**	**4,644**
Endowment net assets, June 30, 2020	**$ -**	**$ 276,920,224**	**$ 276,920,224**

In accordance with state UPMIFA law, the Agencies consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Agencies and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Agencies and (7) the investment policies of the Agencies.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Agencies to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies as of June 30, 2020 and 2019.

The Agencies employ a total return spending policy that establishes the amount of investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long-term value. For 2020 and 2019, the Board approved spending formula for the endowment provided for an annual spending rate of 4.6% and 4.75%, respectively of the average of the prior twelve quarters' market values adjusting these market values upward to reflect subsequent receipt of gifts, or downward to reflect extraordinary withdrawals. If cash yield (interest and dividends) is less that the spending rate, realized gains can be used to make up the deficiency. Any income in excess of the spending rate is to be reinvested in the endowment. The primary investment objective is long-term capital appreciation and total return. The Agencies utilize diversified investment classes that provide the opportunity to achieve the return objective without exposing the funds to unnecessary risk.

The VMI Alumni Agencies

Supplementary Information

Year Ended June 30, 2020

The VMI Alumni Agencies
Combining Statement of Financial Position
June 30, 2020, with Comparative Totals for June 30, 2019

	VMI Foundation, Incorporated, and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club, Incorporated	The VMI Alumni Association	Eliminations	Total 2020	Total 2019
ASSETS							
Current assets:							
Cash and cash equivalents	$ 34,155,026	$ (11,586,902)	$ 5,818,376	$ (940,638)	$ -	**$ 27,445,862**	$ 18,592,410
Current portion of contributions receivable	4,559,558	-	2,541,984	-	-	**7,101,542**	8,768,152
Current portion of notes receivable	9,966	-	-	-	-	**9,966**	106,672
Due from (to) other entities	(2,629,747)	3,438,568	(2,176,741)	1,367,920	-	**-**	-
Other assets	2,459,815	(3,143)	20,609	37,289	(2,325,036)	**189,534**	194,451
Total current assets	38,554,618	(8,151,477)	6,204,228	464,571	(2,325,036)	**34,746,904**	27,661,685
Noncurrent assets:							
Contributions receivable, less current portion	4,899,158	-	4,551,382	-	-	**9,450,540**	9,193,601
Investments held by trustees	352,821,622	73,477,793	57,930,094	-	-	**484,229,509**	492,262,136
Investments, other	18,574,100	944,485	308,033	-	-	**19,826,618**	18,934,228
Note receivable, less current portion	322,611	-	9,822	-	-	**332,433**	-
Cash surrender value of life insurance	3,308,856	1,531,715	498,707	-	-	**5,339,278**	5,466,998
Property and equipment, net	147,128	-	-	9,750	-	**156,878**	291,048
Total assets	$ 418,628,093	$ 67,802,516	$ 69,502,266	$ 474,321	$ (2,325,036)	**$ 554,082,160**	$ 553,809,696
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable and accrued expenses	$ 350,198	$ 226,504	$ 68,032	$ 266,172	$ -	**$ 910,906**	$ 1,488,396
Current portion of trust and annuity obligations	582,892	14,518	11,039	-	-	**608,449**	619,027
Current portion of long-term debt	184,359	10,000,000	-	-	-	**10,184,359**	-
Total current liabilities	1,117,449	10,241,022	79,071	266,172	-	**11,703,714**	2,107,423
Noncurrent liabilities:							
Trust and annuity obligations, less current portion	4,221,350	51,037	-	-	-	**4,272,387**	4,746,268
Long-term debt, less current portion	645,894	38,696,870	-	-	(2,325,036)	**37,017,728**	46,556,473
	5,984,693	48,988,929	79,071	266,172	(2,325,036)	**52,993,829**	53,410,164
Net assets	412,643,400	18,813,587	69,423,195	208,149	-	**501,088,331**	500,399,532
Total liabilities and net assets	$ 418,628,093	$ 67,802,516	$ 69,502,266	$ 474,321	$ (2,325,036)	**$ 554,082,160**	$ 553,809,696

See independent auditors' report.

	VMI Foundation, Incorporated, and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club, Incorporated	The VMI Alumni Association	Eliminations	Total 2020	Total 2019
Revenues:							
Amounts raised on behalf of VMI	$ 23,931,842	$ 768,239	$ 6,864,515	$ -	$ -	**$ 31,564,596**	$ 24,047,420
Investment income and other revenue, net	2,854,680	515,645	413,772	19,317	-	**3,803,414**	2,400,590
Actuarial gain (loss) on trust and annuity obligations	460,774	21,177	4,382	-	-	**486,333**	(631,349)
Administrative fees	7,062	3,134,052	28,344	1,199,647	(4,369,105)	**-**	-
Total revenues	27,254,358	4,439,113	7,311,013	1,218,964	(4,369,105)	**35,854,343**	25,816,661
Expenses:							
Amounts remitted directly to and on behalf of VMI, undesignated:							
Athletic scholarships	-	-	2,066,403	-	-	**2,066,403**	1,986,047
Undesignated aid	2,052,871	400,000	-	-	-	**2,452,871**	2,009,659
Debt service	-	1,424,761	-	-	-	**1,424,761**	1,424,761
Moody Hall operations	-	-	-	12,604	-	**12,604**	11,452
New cadet recruiting	-	-	-	40,070	-	**40,070**	63,174
Placement	-	-	-	8,461	-	**8,461**	17,777
Total amounts remitted directly to VMI and to others on behalf of VMI, undesignated	2,052,871	1,824,761	2,066,403	61,135	-	**6,005,170**	5,512,870

	VMI Foundation, Incorporated, and Subsidiary	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club, Incorporated	The VMI Alumni Association	Eliminations	Total 2020	Total 2019
Expenses (continued):							
Amounts remitted directly to and on behalf of VMI, designated:							
Scholarships	4,588,033	-	-	-	-	**4,588,033**	4,745,629
Faculty awards	77,400	-	-	-	-	**77,400**	43,230
Professional chairs	1,338,166	-	-	-	-	**1,338,166**	453,305
Instruction	1,512,426	-	-	-	-	**1,512,426**	1,543,572
Student services	11,000	-	-	-	-	**11,000**	18,830
Insurance premiums	92,551	4,322	37,601	-	-	**134,474**	136,637
Cadet awards	32,136	-	-	-	-	**32,136**	60,192
Academic support	215,440	-	-	-	-	**215,440**	306,994
Public support	197,650	-	-	-	-	**197,650**	471,294
Library	3,500	-	-	-	-	**3,500**	48,360
Intercollegiate athletics	35,702	606,901	2,286,818	-	-	**2,929,421**	3,044,590
Trust distributions	766,592	20,996	27,761	-	-	**815,349**	95,347
Physical plant	226,831	-	-	-	-	**226,831**	299,483
Jackson Hope	1,703,473	-	-	-	-	**1,703,473**	1,118,780
Leadership	391,700	-	-	-	-	**391,700**	378,800
Other	425,083	8,000	-	-	-	**433,083**	772,989
Total amounts remitted directly to VMI and to others on behalf of VMI, designated	11,617,683	640,219	2,352,180	-	-	**14,610,082**	13,538,032
Total amounts remitted directly to VMI and to others on behalf of VMI	13,670,554	2,464,980	4,418,583	61,135	-	**20,615,252**	19,050,902

	VMI Foundation, Incorporated, and Subsidiary	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club, Incorporated	The VMI Alumni Association	Eliminations	Total 2020	Total 2019
Cost of operations:							
Personnel	1,341,073	2,270,127	301,686	868,225	-	**4,781,111**	4,912,388
Office	297,036	1,217,803	12,577	62,166	-	**1,589,582**	1,607,460
Special functions	1,379	1,923	160,715	-	-	**164,017**	220,090
Alumni review	-	22,704	-	-	-	**22,704**	77,995
Travel and entertainment	114,764	55,043	28,862	31,696	-	**230,365**	283,611
Administrative fee to Foundation	3,185,769	-	278,398	-	(3,464,167)	**-**	-
Chapter promotions	-	-	-	55,499	-	**55,499**	126,563
Alumni activities	-	-	-	176,390	-	**176,390**	186,394
Alumni Association	904,938	-	-	-	(904,938)	**-**	-
Campaign expenses	-	-	-	888	-	**888**	119,799
Other	110,224	144,542	-	6,139	-	**260,905**	24,493
Total cost of operations	5,955,183	3,712,142	782,238	1,201,003	(4,369,105)	**7,281,461**	7,558,793
Total expenses	19,625,737	6,177,122	5,200,821	1,262,138	(4,369,105)	**27,896,713**	26,609,695
Change in net assets before net realized and unrealized (loss) gain on investments	7,628,621	(1,738,009)	2,110,192	(43,174)	-	**7,957,630**	(793,034)
Net realized and unrealized (loss) gain on investments	(5,350,566)	(1,019,131)	(899,134)	-	-	**(7,268,831)**	23,422,967
Change in net assets	2,278,055	(2,757,140)	1,211,058	(43,174)	-	**688,799**	22,629,933
Net assets, beginning of year	410,365,345	21,570,727	68,212,137	251,323	-	**500,399,532**	477,769,599
Net assets, end of year	$ 412,643,400	$ 18,813,587	$ 69,423,195	$ 208,149	$ -	**$ 501,088,331**	$ 500,399,532

The VMI Alumni Agencies

Investments Held by Trustees Financial Statements

Year Ended June 30, 2020

Statement of Assets, Liabilities, and Equity of Participating Entities
June 30, 2020

ASSETS	
Investments, at fair value:	
Cash and cash equivalents	$ 6,262,095
Fixed income	54,523,185
Equities	259,983,413
Private equities	104,147,294
Absolute return funds	59,313,522
Total assets	$ 484,229,509
NET ASSETS OF PARTICIPATING ENTITIES	
VMI Foundation, Incorporated and Subsidiaries	$ 352,821,622
VMI Alumni Agencies Board, Incorporated	73,477,793
VMI Keydet Club, Incorporated	57,930,094
Net assets	$ 484,229,509

VMI Investment Holdings, LLC
Investments Held by Trustees Financial Statements
Statement of Investments
June 30, 2020

	Cash and Cash Equivalents	Fixed Income	Equities	Private Equities	Absolute Return Funds	Total Investments, at Cost	Total Investments, at Fair Value
Investment managers:							
SSGA Russell 3000	$ -	$ -	$ 72,449,098	$ -	$ -	$ 72,449,098	$ 137,823,833
BDC Portfolio	-	23,719,101	-	-	-	23,719,101	18,434,708
Vanguard Developed Markets ETF	-	-	37,196,151	-	-	37,196,151	34,357,288
TCW Core Fixed Income	-	27,771,013	-	-	-	27,771,013	24,598,829
Various managers	-	5,774,512	50,482,762	87,248,543	40,686,158	184,191,975	242,450,924
Vanguard Real Estate Investment Trust	-	-	15,306,055	-	-	15,306,055	20,301,832
Dreyfus Government Cash Fund	6,262,095	-	-	-	-	6,262,095	6,262,095
Total cost basis	$ 6,262,095	$ 57,264,626	$ 175,434,066	$ 87,248,543	$ 40,686,158	$ 366,895,488	
Fair value	$ 6,262,095	$ 54,523,185	$ 259,983,413	$ 104,147,294	$ 59,313,522		$ 484,229,509

Statement of Activity and Changes in Equity of Participating Entities
Year Ended June 30, 2020

	VMI Foundation, Incorporated, and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club, Incorporated	Total
Additions:				
Income earned	$ 4,245,318	$ 877,564	$ 693,442	$ 5,816,324
Net realized and unrealized loss on investments	(5,378,222)	(1,077,124)	(929,073)	(7,384,419)
Contributions	5,000,000	-	3,000,000	8,000,000
Total additions	3,867,096	(199,560)	2,764,369	6,431,905
Deductions:				
Withdrawals	7,249,221	2,400,000	2,400,000	12,049,221
Fees	1,761,762	366,560	286,989	2,415,311
Total deductions	9,010,983	2,766,560	2,686,989	14,464,532
Excess (deficiency) of additions over deductions	(5,143,887)	(2,966,120)	77,380	(8,032,627)
Net assets of participating entities, beginning of year	357,965,509	76,443,913	57,852,714	492,262,136
Net assets of participating entities, end of year	$ 352,821,622	$ 73,477,793	$ 57,930,094	$ 484,229,509

Note to Investments Held by Trustees Financial Statements

1. Significant Accounting Policies

Accounting policies of the VMI Investment Holdings, LLC considered to be significant are described below:

VMI Investment Holdings, LLC, which is comprised of representatives of each equity participant, is responsible for management of the funds. The following were equity participants during fiscal year 2019:

VMI Foundation, Incorporated and Subsidiaries

VMI Alumni Agencies Board, Incorporated

VMI Keydet Club, Incorporated

On July 1, 1984, certain assets of the above entities were combined into a single portfolio; each entity was assigned an ownership interest in the portfolio based upon the fair market value of the assets contributed at that date. BNY Mellon, N.A. serves as custodian of VMI Investment Holding, LLC's assets.

Marketable securities are recorded at fair market value at the end of the year (see Note 4 of the combined financial statements). All other investments are recorded at cost as the date of acquisition.

In determining fair value, the VMI Investment Holdings, LLC uses the "market value unit method" whereby each participating entity acquires or disposes of units on the basis of the per-unit market value at the beginning of the month within which the transaction takes place. Income is allocated monthly to the participating entities based upon their respective ownership units.

Cash and cash equivalents include cash in banks and securities with maturities of three months or less.