The VMI Alumni Agencies

Combined Financial Statements and Supplementary Information

Years Ended June 30, 2021 and 2020

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Independent Auditors' Report

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

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, 2021 and 2020, 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.

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, 2021 and 2020, 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 23-30 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.

Richmond, VA
October 12, 2021

The VMI Alumni Agencies
Combined Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 16,155,833**	$ 27,445,862
Current portion of contributions receivable	**4,392,321**	7,101,542
Current portion of notes receivable	**10,424**	9,966
Other assets	**240,692**	189,534
Total current assets	**20,799,270**	34,746,904
Noncurrent assets:		
Contributions receivable, less current portion	**7,664,734**	9,450,540
Investments held by trustees	**662,892,576**	484,229,509
Investments, other	**23,301,845**	19,826,618
Note receivable, less current portion	**332,359**	332,433
Cash surrender value of life insurance	**5,522,760**	5,339,278
Property and equipment, net	**128,789**	156,878
Total assets	**$ 720,642,333**	$ 554,082,160
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	**$ 1,215,497**	$ 910,906
Current portion of trust and annuity obligations	**697,149**	608,449
Current portion of long-term debt	**-**	10,184,359
Total current liabilities	**1,912,646**	11,703,714
Noncurrent liabilities:		
Trust and annuity obligations, less current portion	**5,214,213**	4,272,387
Long-term debt, less current portion	**36,291,786**	37,017,728
Total liabilities	**43,418,645**	52,993,829
Net assets:		
Without donor restrictions	**114,466,177**	62,414,356
With donor restrictions	**562,757,511**	438,673,975
Total net assets	**677,223,688**	501,088,331
Total liabilities and net assets	**$ 720,642,333**	$ 554,082,160

See accompanying notes.

The VMI Alumni Agencies
Combined Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Amounts raised on behalf of VMI	$ 13,038,577	$ 9,850,148	$ 22,888,725
Investment income and other revenue, net	2,640,826	1,103,293	3,744,119
Actuarial loss on trust and annuity obligations	(3,915)	(1,017,536)	(1,021,451)
Net assets released from restrictions	14,796,840	(14,796,840)	-
Total revenues	30,472,328	(4,860,935)	25,611,393
Expenses:			
Amounts remitted directly to and on behalf of VMI:			
Undesignated	5,766,172	-	5,766,172
Designated	14,796,839	-	14,796,839
Cost of operations	6,402,944	-	6,402,944
Total expenses	26,965,955	-	26,965,955
Change in net assets before net realized and unrealized gain on investments	3,506,373	(4,860,935)	(1,354,562)
Net realized and unrealized gain on investments	48,545,448	128,944,471	177,489,919
Change in net assets	52,051,821	124,083,536	176,135,357
Net assets, beginning of year	62,414,356	438,673,975	501,088,331
Net assets, end of year	$ 114,466,177	$ 562,757,511	$ 677,223,688

See accompanying notes.

	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 losss 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

The VMI Alumni Agencies
Combined Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	**$ 176,135,357**	$ 688,799
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Contributions restricted for long-term investment	**(12,283,075)**	(9,453,537)
Depreciation	**28,089**	31,235
Amortization of bond premiums	**(80,048)**	(184,639)
Net realized and unrealized (gain) loss on investments	**(177,489,919)**	7,268,831
Gain on extinguishment of debt	**(830,253)**	-
Loss on disposal of property and equipment	**-**	102,935
Cash surrender value of life insurance	**(183,482)**	127,720
Actuarial loss (gain) on trust and annuity obligations	**1,021,451**	(486,333)
Change in operating assets and liabilities:		
Contributions receivable	**4,495,027**	1,409,671
Notes receivable	**(384)**	(235,727)
Other assets	**(51,158)**	4,917
Accounts payable and accrued expenses	**304,591**	(577,490)
Trust and annuity obligations	**625,703**	608,566
Net cash used by operating activities	**(8,308,101)**	(695,052)
Cash flows from investing activities:		
Purchases of investments	**(222,867,608)**	(71,309,447)
Proceeds from sales of investments	**218,219,233**	71,180,853
Net cash used by investing activities	**(4,648,375)**	(128,594)
Cash flows from financing activities:		
(Payments) proceeds on long-term debt	**(10,000,000)**	830,253
Contributions restricted for long-term investment	**12,283,075**	9,453,537
Payments on trust and annuity obligations	**(616,628)**	(606,692)
Net cash provided by financing activities	**1,666,447**	9,677,098
Net (decrease) increase in cash and cash equivalents	**(11,290,029)**	8,853,452
Cash and cash equivalents, beginning of year	**27,445,862**	18,592,410
Cash and cash equivalents, end of year	**$ 16,155,833**	$ 27,445,862
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 1,378,150**	$ 1,609,400

See accompanying notes.

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 and Subsidiaries

The purpose of the VMI Foundation and Subsidiaries ("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

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

The purpose of the VMI Keydet Club ("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 12.5%, 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). 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.

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.

Change in accounting principle

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018- 13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU removes, modifies, and adds certain disclosures required under Topic 820, Fair Value Measurement. The ASU is effective for fiscal years beginning after December 15, 2019. The most significant change applicable to the Agencies was modification of the disclosure requirements related to Level 3 unobservable inputs and the quantitative averages used in the assumptions. The Agencies adopted this guidance for the year ended June 30, 2021.

Subsequent events

In preparing these combined financial statements, the Agencies have evaluated events and transactions for potential recognition or disclosure through October 12, 2021, the date the combined financial statements were issued.

3. Contributions Receivable

Contributions receivable consist of the following as of June 30:

	2021	2020
Unconditional promises to give	**$ 12,057,055**	$ 16,552,082
Current portion	**(4,392,321)**	(7,101,542)
Contributions receivable	**$ 7,664,734**	$ 9,450,540

Gross amounts expected to be collected in:

	2021	2020
Less than one year	**$ 4,883,145**	$ 8,016,027
One to five years	**8,567,532**	10,644,199
More than five years	**194,898**	228,556
	13,645,575	18,888,782
Discount	**(223,962)**	(447,822)
Allowance for uncollectible contributions	**(1,364,558)**	(1,888,878)
Fair value	**$ 12,057,055**	$ 16,552,082

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

	2021	2020
Gross contributions receivable, beginning of year	**$ 18,888,782**	$ 24,696,384
New contributions receivable	**7,082,132**	7,543,249
Payments received	**(7,478,101)**	(8,154,254)
Write-offs and other adjustments	**(4,847,238)**	(1,196,597)
Gross contributions receivable, end of year	**$ 13,645,575**	$ 18,888,782

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

The fair value adjustment for 2021 and 2020 was $223,860 and $217,171, respectively, and is included in amounts raised on behalf of VMI in the combined statements of activities. The discount rate for 2021 and 2020 was 1.2% and 0.6%, respectively. No changes in the fair value measurement were attributable to instrument specific credit risk.

At June 30, 2021 and 2020, the Agencies had also received bequests and other intentions of approximately $155 million and $159 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 2021 and 2020, approximately 19% and 36% of the gross contributions receivable balance was from five donors, respectively. For 2021, approximately 62% of write-offs and other adjustments related to one donor.

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:

	2021		2020	
Equities	**$ 344,883,536**	**52.0%**	$ 259,983,413	53.7%
Private equities	**175,353,992**	**26.5%**	104,147,294	21.5%
Fixed income	**69,012,807**	**10.4%**	54,523,185	11.3%
Absolute return funds	**57,767,917**	**8.7%**	59,313,522	12.2%
Cash and cash equivalents	**15,874,324**	**2.4%**	6,262,095	1.3%
	$ 662,892,576	**100%**	$ 484,229,509	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:

	2021	2020
Investments, beginning of year	**$ 484,229,509**	$ 492,262,136
Gifts and amounts available for investments	**17,000,000**	8,000,000
	501,229,509	500,262,136
Investment returns:		
Dividends and interest	**8,110,188**	5,816,324
Net realized and unrealized gain (loss)	**172,784,827**	(7,384,419)
Investment fees	**(6,031,948)**	(2,415,311)
Total return on investments held by trustee, net	**174,863,067**	(3,983,406)
Net disbursements used to fund operations	**(13,200,000)**	(12,049,221)
Investments, end of year	**$ 662,892,576**	$ 484,229,509

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

	2021	2020
Investment return:		
Dividends and interest:		
Investments held by trustees	**$ 8,110,188**	$ 5,816,324
Investments, other	**259,616**	307,125
Total dividends and interest	**8,369,804**	6,123,449
Net realized and unrealized gain (loss):		
Investments held by trustees	**172,784,827**	(7,384,419)
Investments, other	**4,348,279**	(72,233)
Total realized and unrealized (loss) gain	**177,133,106**	(7,456,652)
Investment fees	**(6,031,948)**	(2,415,311)
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	**1,763,076**	283,097
Total investment return	**$ 181,234,038**	$ (3,465,417)

Included in the combined statements of activities as follows:

	2021	2020
Investment income and other revenue, net	**$ 3,744,119**	$ 3,803,414
Net realized and unrealized gain (loss) on investments	**177,489,919**	(7,268,831)
Investment return	**$ 181,234,038**	$ (3,465,417)

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:

	2021			
	Held by Agent	**Held by Foundation**	**Held in Irrevocable Trusts***	**Total at Fair Value****
Equities	**$ 1,638,667**	**$ 9**	**$ 12,755,601**	**$ 14,394,277**
Fixed income	**4,585**	**5,891**	**3,911,974**	**3,922,450**
Real estate	**-**	**4,505,299**	**-**	**4,505,299**
Alternative investments	**-**	**-**	**151,885**	**151,885**
Cash and cash equivalents	**106,416**	**783**	**203,607**	**310,806**
Limited partnerships	**-**	**17,128**	**-**	**17,128**
Investments, other	**$ 1,749,668**	**$ 4,529,110**	**$ 17,023,067**	**$ 23,301,845**

	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

*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:

	2021	2020
Investments, beginning of year	**$ 19,826,618**	$ 18,934,228
Gifts and amounts available for investment	**670,093**	2,922,641
	20,496,711	21,856,869
Investment returns:		
Dividends and interest	**259,616**	307,125
Net realized and unrealized gains (losses)	**4,348,279**	(72,233)
Total return on investments	**4,607,895**	234,892
Amounts appropriated for operations, net transfers to operational accounts and other activity	**(1,802,761)**	(2,265,143)
Investments, end of year	**$ 23,301,845**	$ 19,826,618

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	2022	$ 88,187,473	$ 87,867,216	$ 2,993,174
Total funds	2023	$ 21,191,645	$ 22,109,412	$ 1,413,366
Total funds	2024	$ 13,485,592	$ 8,549,023	$ 6,597,349
Total funds	2025	$ 51,534,228	$ 44,203,749	$ 14,329,167
Total funds	2026	$ 7,706,053	$ 3,335,599	$ 613,753
Total funds	2027	$ 14,256,198	$ 8,819,277	$ 7,021,672
Total funds	2028	$ 20,228,389	$ 14,460,881	$ 9,620,534
Total funds	2029	$ 26,489,557	$ 14,816,060	$ 12,871,823
Total funds	2030	$ 26,971,185	$ 10,311,547	$ 16,802,877
Total funds	2031	$ 18,301,876	$ 6,116,355	$ 17,053,127

*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, 2021.

<u>Contributions receivable</u>

Valued using the income approach based on discounted cash flows.

<u>Equities and fixed income securities</u>

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.

<u>Beneficial interest in perpetual trusts</u>

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:

	2021			
	Level 1	Level 2	Level 3	Total
Contributions receivable	$ -	$ -	$ 12,057,055	$ 12,057,055
Equities:				
U.S. Equities	19,207,700	172,401,406	-	191,609,106
Non-U.S. Equities	37,704,909	33,723,093	-	71,428,002
Emerging markets	24,142,928	35,770,745	-	59,913,673
Public REITs	23,571,432	-	-	23,571,432
Fixed income securities	14,654,856	41,315,063	-	55,969,919
Beneficial interest in perpetual trusts	-	-	17,023,067	17,023,067
Total assets in the fair value hierarchy	$119,281,825	$283,210,307	$ 29,080,122	$431,572,254
Investments measured at NAV (a)				246,192,403
Total assets at fair value				$ 677,764,657

	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

(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, 2021:

	Valuation Techniques	Unobservable Input	Range
Contributions receivable	Discounted cash flow	Present value discount	0.6% - 3.4%
		Allowance for uncollectible contributions	10%

For contributions receivable, the arithmetic average of the present value discount for 2021 and 2020 was 1.6% and 2.4%, respectively. The arithmetic average of the allowance for uncollectable contributions for 2021 and 2020 was 10%.

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, 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**
New pledges received	**7,082,132**	**-**
Pledge collections	**(7,478,101)**	**-**
Bad debts and other pledge adjustments	**(4,322,918)**	**-**
Change in fair value	**223,860**	**-**
Unrealized gain	**-**	**3,802,545**
Trust distributions	**-**	**(974,395)**
Purchases, issuances, and settlements	**-**	**723,086**
Balance, June 30, 2021	**$ 12,057,055**	**$ 17,023,067**

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 as of the reporting date.

8. Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
Furniture and fixtures	**$ 1,017,961**	$ 1,017,961
Accumulated depreciation	**(889,172)**	(861,083)
Property and equipment, net	**$ 128,789**	$ 156,878

9. Long-Term Debt and Subsequent Event

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

	2021	2020
Fixed Rate Educational Facilities Revenue Bonds, Series 2006, payable in installments of $5,000,000 in 2021. Fixed interests ranging from 4.25% and 5.00%	**$ -**	$ 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	**61,786**	141,834
	36,291,786	47,202,087
Current maturities	**-**	(10,184,359)
	$ 36,291,786	$ 37,017,728

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.

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 was due and paid December 2021. Management believes the fair value of long-term debt at June 30, June 30, 2021 and 2020 approximated carrying value, in all material respects.

Bond premiums, net of expenses, totaling $93,830 and $1,132,290 at June 30, 2021 and 2020, respectively, are being amortized over the life of the loan using the interest method.

Effective July 1, 2021, the Industrial Development Authority of the City of Lexington, Virginia approved a request by the Agencies to issue its Educational Facilities Revenue Refunding Bonds, Series 2021 in the amount of $25,810,000. The bonds were remarketed in two series: principal amount $15,810,000 with 2.0% coupon rate and principal amount $10,000,000 with a 3.0% coupon rate. These bonds mature December 2036 and were used to refund a portion of the Series 2016 bonds and cover the cost of issuance.

10. Net Assets

Net assets consist of the following as of June 30:

	2021	2020
Without donor restrictions:		
Quasi endowment funds, net of amounts held for future operations and financial aid	$ 113,213,702	$ 61,626,330
Charitable gift annuity agreements	1,252,475	788,026
	114,466,177	62,414,356
With donor restrictions:		
Endowment principal and amounts restricted for future operations, and accumulated endowment investment return, net	540,841,231	414,318,926
Charitable gift annuity and trust agreements	9,859,225	7,802,967
Contributions receivable	12,057,055	16,552,082
	562,757,511	438,673,975
Total net assets	$ 677,223,688	$ 501,088,331

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:

	2021	2020
Scholarships	$ 5,135,472	$ 4,588,033
Instruction and academic support	4,706,204	5,482,891
Intercollegiate athletics	3,632,970	2,929,421
Physical plant	195,054	226,831
Other purposes	1,127,140	1,382,906
	$ 14,796,840	$ 14,610,082

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 2021 and 2020, 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 $357,804 and $360,516 for 2021 and 2020, respectively.

13. Availability and Liquidity of Financial Assets

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

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	**$ 16,155,833**	$ 27,445,862
Contributions receivable, current portion	**4,392,321**	7,101,542
Investments held by trustees	**662,892,576**	484,229,509
Investments, other	**23,301,845**	19,826,618
Total financial assets	**706,742,575**	538,603,531
Less amounts not available to be used within one year:		
Quasi endowment funds, net of amounts held for future operations and financial aid	**(113,213,702)**	(61,626,330)
Net assets with donor restrictions	**(562,757,511)**	(438,673,975)
Financial assets available to meet general expenditures over the next twelve months	**$ 30,771,362**	$ 38,303,226

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:

	2021			
	Program Services	**Management and General**	**Fundraising**	**Total**
Grants and allocations	**$ 18,664,000**	**$ -**	**$ -**	**$ 18,664,000**
Personnel	**1,171,165**	**1,100,587**	**2,229,076**	**4,500,828**
Office administration	**202,212**	**375,695**	**513,494**	**1,091,401**
Other operating expenses	**315,937**	**419,180**	**251,335**	**986,452**
Alumni events	**1,302**	**326**	**-**	**1,628**
Professional fees	**26,374**	**202,633**	**194,537**	**423,544**
Interest	**1,168,292**	**129,810**	**-**	**1,298,152**
	$ 21,549,282	**$ 2,228,231**	**$ 3,188,442**	**$ 26,965,955**

	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

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, 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

Investment return:			
Investment income, net	-	1,246,721	1,246,721
Net realized and unrealized gains	-	94,625,083	94,625,083
Total investment return	-	95,871,804	95,871,804
Contributions	-	12,283,075	12,283,075
Appropriation for expenditure	-	(14,465,091)	(14,465,091)
Actuarial change	-	23,068	23,068
Endowment net assets, June 30, 2021	$ -	$ 370,633,080	$ 370,633,080

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, 2021 and 2020.

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 2021 and 2020, the Board approved spending formula for the endowment provided for an annual spending rate of 4.5% and 4.6%, 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, 2021

The VMI Alumni Agencies
Combining Statement of Financial Position
June 30, 2021, with Comparative Totals for June 30, 2020

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2021	Total 2020
ASSETS							
Current assets:							
Cash and cash equivalents	$ 28,945,728	$ (15,297,094)	$ 4,518,362	$ (2,011,163)	$ -	**$ 16,155,833**	$ 27,445,862
Current portion of contributions receivable	2,242,612	-	2,149,709	-	-	**4,392,321**	7,101,542
Current portion of notes receivable	10,424	-	-	-	-	**10,424**	9,966
Due from (to) other entities	(11,747,173)	15,954,587	(6,688,747)	2,481,333	-	**-**	-
Other assets	2,445,047	1,938	66,933	51,810	(2,325,036)	**240,692**	189,534
Total current assets	21,896,638	659,431	46,257	521,980	(2,325,036)	**20,799,270**	34,746,904
Noncurrent assets:							
Contributions receivable, less current portion	4,219,078	-	3,445,656	-	-	**7,664,734**	9,450,540
Investments held by trustees	503,848,925	72,248,839	86,794,812	-	-	**662,892,576**	484,229,509
Investments, other	21,627,363	1,293,785	380,697	-	-	**23,301,845**	19,826,618
Note receivable, less current portion	322,815	-	9,544	-	-	**332,359**	332,433
Cash surrender value of life insurance	3,439,490	1,567,282	515,988	-	-	**5,522,760**	5,339,278
Property and equipment, net	120,394	-	-	8,395	-	**128,789**	156,878
Total assets	$ 555,474,703	$ 75,769,337	$ 91,192,954	$ 530,375	$ (2,325,036)	**$ 720,642,333**	$ 554,082,160
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable and accrued expenses	$ 728,681	$ 167,359	$ 6,154	$ 313,303	$ -	**$ 1,215,497**	$ 910,906
Current portion of trust and annuity obligations	633,008	51,101	13,040	-	-	**697,149**	608,449
Current portion of long-term debt	-	-	-	-	-	**-**	10,184,359
Total current liabilities	1,361,689	218,460	19,194	313,303	-	**1,912,646**	11,703,714
Noncurrent liabilities:							
Trust and annuity obligations, less current portion	4,928,001	286,212	-	-	-	**5,214,213**	4,272,387
Long-term debt, less current portion	-	38,616,822	-	-	(2,325,036)	**36,291,786**	37,017,728
	6,289,690	39,121,494	19,194	313,303	(2,325,036)	**43,418,645**	52,993,829
Net assets	549,185,013	36,647,843	91,173,760	217,072	-	**677,223,688**	501,088,331
Total liabilities and net assets	$ 555,474,703	$ 75,769,337	$ 91,192,954	$ 530,375	$ (2,325,036)	**$ 720,642,333**	$ 554,082,160

The VMI Alumni Agencies
Combining Statement of Activities
Year Ended June 30, 2021, with Comparative Totals for Year Ended June 30, 2020

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2021	Total 2020
Revenues:							
Amounts raised on behalf of VMI	$ 16,334,244	$ 745,986	$ 5,808,495	$ -	$ -	**$ 22,888,725**	$ 31,564,596
Investment income and other revenue, net	3,057,898	346,183	323,988	16,050	-	**3,744,119**	3,803,414
Actuarial (loss) gain on trust and annuity obligations	(747,692)	(271,758)	(2,001)	-	-	**(1,021,451)**	486,333
Administrative fees	2,738,928	146,806	289,356	1,044,991	(4,220,081)	**-**	-
Total revenues	21,383,378	967,217	6,419,838	1,061,041	(4,220,081)	**25,611,393**	35,854,343
Expenses:							
Amounts remitted directly to and on behalf of VMI, undesignated:							
Athletic scholarships	-	-	2,184,844	-	-	**2,184,844**	2,066,403
Undesignated aid	1,874,830	401,750	-	-	-	**2,276,580**	2,452,871
Debt service	-	1,298,102	-	-	-	**1,298,102**	1,424,761
Moody Hall operations	-	-	-	4,981	-	**4,981**	12,604
New cadet recruiting	-	-	-	1,608	-	**1,608**	40,070
Placement	-	-	-	57	-	**57**	8,461
Total amounts remitted directly to VMI and to others on behalf of VMI, undesignated	1,874,830	1,699,852	2,184,844	6,646	-	**5,766,172**	6,005,170

The VMI Alumni Agencies
Combining Statement of Activities
Year Ended June 30, 2021, with Comparative Totals for Year Ended June 30, 2020

(Continued)

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2021	Total 2020
Expenses (continued):							
Amounts remitted directly to and on behalf of VMI, designated:							
Scholarships	5,135,472	-	-	-	-	**5,135,472**	4,588,033
Faculty awards	22,000	-	-	-	-	**22,000**	77,400
Professional chairs	1,126,485	-	-	-	-	**1,126,485**	1,338,166
Instruction	1,354,662	-	-	-	-	**1,354,662**	1,512,426
Student services	1,100	-	-	-	-	**1,100**	11,000
Insurance premiums	89,628	4,491	35,348	-	-	**129,467**	134,474
Cadet awards	43,120	-	-	-	-	**43,120**	32,136
Academic support	200,990	-	-	-	-	**200,990**	215,440
Public support	40,850	-	-	-	-	**40,850**	197,650
Library	16,500	-	-	-	-	**16,500**	3,500
Intercollegiate athletics	28,010	556,432	3,048,528	-	-	**3,632,970**	2,929,421
Trust distributions	689,253	11,589	27,088	-	-	**727,930**	815,349
Physical plant	195,054	-	-	-	-	**195,054**	226,831
Jackson Hope	1,336,590	-	-	-	-	**1,336,590**	1,703,473
Leadership	434,440	-	-	-	-	**434,440**	391,700
Other	399,209	-	-	-	-	**399,209**	433,083
Total amounts remitted directly to VMI and to others on behalf of VMI, designated	11,113,363	572,512	3,110,964	-	-	**14,796,839**	14,610,082
Total amounts remitted directly to VMI and to others on behalf of VMI	12,988,193	2,272,364	5,295,808	6,646	-	**20,563,011**	20,615,252

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2021	Total 2020
Cost of operations:							
Personnel	1,127,496	2,172,715	284,607	903,331	-	**4,488,149**	4,781,111
Office	196,465	1,206,492	16,910	95,377	-	**1,515,244**	1,589,582
Special functions	5,616	50	83,959	13,563	-	**103,188**	164,017
Alumni review	-	10,436	-	-	-	**10,436**	22,704
Travel and entertainment	21,491	10,333	6,566	9,828	-	**48,218**	230,365
Administrative fee to Foundation	2,913,987	-	261,103	-	(3,175,090)	**-**	-
Chapter promotions	-	-	-	16,711	-	**16,711**	55,499
Alumni activities	-	-	-	1,628	-	**1,628**	176,390
Alumni Association	1,044,991	-	-	-	(1,044,991)	**-**	-
Campaign expenses	-	-	-	-	-	**-**	888
Other	-	214,336	-	5,034	-	**219,370**	260,905
Total cost of operations	5,310,046	3,614,362	653,145	1,045,472	(4,220,081)	**6,402,944**	7,281,461
Total expenses	18,298,239	5,886,726	5,948,953	1,052,118	(4,220,081)	**26,965,955**	27,896,713
Change in net assets before net realized and unrealized gain (loss) on investments	3,085,139	(4,919,509)	470,885	8,923	-	**(1,354,562)**	7,957,630
Net realized and unrealized gain (loss) on investments	133,456,474	22,753,765	21,279,680	-	-	**177,489,919**	(7,268,831)
Change in net assets	136,541,613	17,834,256	21,750,565	8,923	-	**176,135,357**	688,799
Net assets, beginning of year	412,643,400	18,813,587	69,423,195	208,149	-	**501,088,331**	500,399,532
Net assets, end of year	$ 549,185,013	$ 36,647,843	$ 91,173,760	$ 217,072	$ -	**$ 677,223,688**	$ 501,088,331

The VMI Alumni Agencies

Investments Held by Trustees Financial Statements

Year Ended June 30, 2021

Statement of Assets, Liabilities, and Equity of Participating Entities
June 30, 2021

ASSETS	
Investments, at fair value:	
Cash and cash equivalents	$ 15,874,324
Fixed income	69,012,807
Equities	344,883,536
Private equities	175,353,992
Absolute return funds	57,767,917
Total assets	$ 662,892,576
NET ASSETS OF PARTICIPATING ENTITIES	
VMI Foundation and Subsidiaries	$ 503,848,925
VMI Alumni Agencies Board, Incorporated	72,248,839
VMI Keydet Club	86,794,812
Net assets	$ 662,892,576

VMI Investment Holdings, LLC
Investments Held by Trustees Financial Statements
Statement of Investments
June 30, 2021

	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	$ -	$ -	$ 60,532,398	$ -	$ -	$ 60,532,398	$ 172,401,406
BDC Portfolio	-	14,265,695	-	-	-	14,265,695	14,644,379
Vanguard Developed Markets ETF	-	-	30,996,806	-	-	30,996,806	37,704,909
TCW Core Fixed Income	-	40,699,380	-	-	-	40,699,380	41,315,063
Various managers	-	10,355,009	67,506,393	115,296,638	32,766,279	225,924,319	357,381,063
Vanguard Real Estate Investment Trust	-	-	16,462,517	-	-	16,462,517	23,571,432
Dreyfus Government Cash Fund	15,874,324	-	-	-	-	15,874,324	15,874,324
Total cost basis	$ 15,874,324	$ 65,320,084	$ 175,498,114	$ 115,296,638	$ 32,766,279	$ 404,755,439	
Fair value	$ 15,874,324	$ 69,012,807	$ 344,883,536	$ 175,353,992	$ 57,767,917		$ 662,892,576

Statement of Activity and Changes in Equity of Participating Entities
Year Ended June 30, 2021

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	Total
Additions:				
Income earned	$ 5,930,577	$ 1,118,649	$ 1,060,962	$ 8,110,188
Net realized and unrealized gain on investments	128,937,530	22,682,943	21,164,354	172,784,827
Transfers	16,174,369	(22,555,537)	6,381,168	-
Contributions	12,000,000	1,000,000	4,000,000	17,000,000
Total additions	163,042,476	2,246,055	32,606,484	197,895,015
Deductions:				
Withdrawals	7,500,000	2,700,000	3,000,000	13,200,000
Fees	4,515,173	775,009	741,766	6,031,948
Total deductions	12,015,173	3,475,009	3,741,766	19,231,948
Excess (deficiency) of additions over deductions	151,027,303	(1,228,954)	28,864,718	178,663,067
Net assets of participating entities, beginning of year	352,821,622	73,477,793	57,930,094	484,229,509
Net assets of participating entities, end of year	$ 503,848,925	$ 72,248,839	$ 86,794,812	$ 662,892,576

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 2021:

VMI Foundation and Subsidiaries

VMI Alumni Agencies Board, Incorporated

VMI Keydet Club

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.