The VMI Alumni Agencies

Combined Financial Statements and Supplementary Information

Years Ended June 30, 2022 and 2021

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FORVIS

Independent Auditor's 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

Opinion

We have audited the combined financial statements of The VMI Alumni Agencies (nonprofit corporations), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of The VMI Alumni Agencies as of June 30, 2022 and 2021, 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.

Basis of Opinion

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

Responsibilities of Management for the Combined Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The VMI Alumni Agencies' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The VMI Alumni Agencies' ability to continue as a going concern for a reasonable period of time.

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

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.

FORVIS, LLP

Richmond, VA
September 29, 2022

The VMI Alumni Agencies
Combined Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 18,036,576**	$ 16,155,833
Current portion of contributions receivable	**5,566,165**	4,392,321
Current portion of notes receivable	**10,903**	10,424
Other assets	**185,887**	240,692
Total current assets	**23,799,531**	20,799,270
Noncurrent assets:		
Contributions receivable, less current portion	**10,615,691**	7,664,734
Investments held by trustees	**625,651,979**	662,892,576
Investments, other	**20,430,004**	23,301,845
Note receivable, less current portion	**322,307**	332,359
Cash surrender value of life insurance	**5,682,560**	5,522,760
Property and equipment, net	**69,505**	128,789
Total assets	**$ 686,571,577**	$ 720,642,333
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	**$ 972,478**	$ 1,215,497
Current portion of trust and annuity obligations	**598,355**	697,149
Total current liabilities	**1,570,833**	1,912,646
Noncurrent liabilities:		
Trust and annuity obligations, less current portion	**4,216,364**	5,214,213
Long-term debt	**36,353,909**	36,291,786
Total liabilities	**42,141,106**	43,418,645
Net assets:		
Without donor restrictions	**107,807,864**	108,957,604
With donor restrictions	**536,622,607**	568,266,084
Total net assets	**644,430,471**	677,223,688
Total liabilities and net assets	**$ 686,571,577**	$ 720,642,333

See accompanying notes.

The VMI Alumni Agencies
Combined Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Amounts raised on behalf of VMI	$ 13,245,145	$ 19,444,027	$ 32,689,172
Investment loss and other revenue, net	(686,355)	-	(686,355)
Actuarial gain (loss) on trust and annuity obligations	(129,364)	573,410	444,046
Change in donor restrictions	8,984,361	(8,984,361)	-
Net assets released from restrictions	14,488,597	(14,488,597)	-
Total revenues	35,902,384	(3,455,521)	32,446,863
Expenses:			
Amounts remitted directly to and on behalf of VMI:			
Undesignated	5,792,892	-	5,792,892
Designated	14,488,597	-	14,488,597
Cost of operations	7,484,632	-	7,484,632
Total expenses	27,766,121	-	27,766,121
Change in net assets before net realized and unrealized loss on investments	8,136,263	(3,455,521)	4,680,742
Net realized and unrealized loss on investments	(9,286,003)	(28,187,956)	(37,473,959)
Change in net assets	(1,149,740)	(31,643,477)	(32,793,217)
Net assets, beginning of year	108,957,604	568,266,084	677,223,688
Net assets, end of year	$ 107,807,864	$ 536,622,607	$ 644,430,471

See accompanying notes.

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Amounts raised on behalf of VMI	$ 7,530,004	$ 15,358,721	$ 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	24,963,755	647,638	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	(2,002,200)	647,638	(1,354,562)
Net realized and unrealized gain on investments	48,545,448	128,944,471	177,489,919
Change in net assets	46,543,248	129,592,109	176,135,357
Net assets, beginning of year	62,414,356	438,673,975	501,088,331
Net assets, end of year	$ 108,957,604	$ 568,266,084	$ 677,223,688

The VMI Alumni Agencies
Combined Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	**$ (32,793,217)**	$ 176,135,357
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Contributions restricted for long-term investment	**(22,394,902)**	(12,283,075)
Depreciation	**36,883**	28,089
Amortization of bond premiums	**(12,301)**	(80,048)
Net realized and unrealized loss (gain) on investments	**37,473,959**	(177,489,919)
Loss (gain) on extinguishment of debt	**74,424**	(830,253)
Loss on disposal of property and equipment	**53,369**	-
Cash surrender value of life insurance	**(159,800)**	(183,482)
Actuarial (gain) loss on trust and annuity obligations	**(444,046)**	1,021,451
Change in operating assets and liabilities:		
Contributions receivable	**(4,124,801)**	4,495,027
Notes receivable	**9,573**	(384)
Other assets	**54,805**	(51,158)
Accounts payable and accrued expenses	**(243,019)**	304,591
Trust and annuity obligations	**-**	625,703
Net cash used by operating activities	**(22,469,073)**	(8,308,101)
Cash flows from investing activities:		
Purchase of property and equipment	**(30,968)**	-
Purchases of investments	**(395,154,958)**	(222,867,608)
Proceeds from sales of investments	**397,793,437**	218,219,233
Net cash provided (used) by investing activities	**2,607,511**	(4,648,375)
Cash flows from financing activities:		
Payments on long-term debt	**-**	(10,000,000)
Contributions restricted for long-term investment	**22,394,902**	12,283,075
Payments on trust and annuity obligations	**(652,597)**	(616,628)
Net cash provided by financing activities	**21,742,305**	1,666,447
Net increase (decrease) in cash and cash equivalents	**1,880,743**	(11,290,029)
Cash and cash equivalents, beginning of year	**16,155,833**	27,445,862
Cash and cash equivalents, end of year	**$ 18,036,576**	$ 16,155,833
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 945,583**	$ 1,378,150

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 at the date of gift. Purchases and sales of investments are recorded based 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.

Subsequent events

In preparing these combined financial statements, the Agencies have evaluated events and transactions for potential recognition or disclosure through September 29, 2022, the date the combined financial statements were issued.

Subsequent to year end, there were significant market declines that have negatively affected the fair value of the Agencies' investments. Such impacts are not included in the amounts reported herein and, based on investment reporting timelines, an estimate of unrealized losses cannot be reasonably established as of September 29, 2022.

3. Contributions Receivable

Contributions receivable consist of the following as of June 30:

	2022	2021
Unconditional promises to give	**$ 16,181,856**	$ 12,057,055
Current portion	**(5,566,165)**	(4,392,321)
Contributions receivable	**$ 10,615,691**	$ 7,664,734

Gross amounts expected to be collected in:

	2022	2021
Less than one year	**$ 6,187,948**	$ 4,883,145
One to five years	**12,425,539**	8,567,532
More than five years	**408,119**	194,898
	19,021,606	13,645,575
Discount	**(937,590)**	(223,962)
Allowance for uncollectible contributions	**(1,902,160)**	(1,364,558)
Fair value	**$ 16,181,856**	$ 12,057,055

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

	2022	2021
Gross contributions receivable, beginning of year	**$ 13,645,575**	$ 18,888,782
New contributions receivable	**14,071,926**	7,082,132
Payments received	**(8,047,533)**	(7,478,101)
Write-offs and other adjustments	**(648,362)**	(4,847,238)
Gross contributions receivable, end of year	**$ 19,021,606**	$ 13,645,575

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

The fair value adjustment for 2022 and 2021 was $(713,628) and $223,860, respectively, and is included in amounts raised on behalf of VMI in the combined statements of activities. The discount rate for 2022 and 2021 was 3.6% and 1.2%, respectively. No changes in the fair value measurement were attributable to instrument specific credit risk.

At June 30, 2022 and 2021, the Agencies had also received bequests and other intentions of approximately $151 million and $155 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 2022 and 2021, approximately 34% and 19% 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:

	2022		2021	
Equities	**$ 334,828,728**	**53.5%**	$ 344,883,536	52.0%
Private equities	**222,401,486**	**35.5%**	175,353,992	26.5%
Absolute return funds	**41,025,099**	**6.6%**	57,767,917	8.7%
Fixed income	**13,922,722**	**2.2%**	69,012,807	10.4%
Cash and cash equivalents	**13,473,944**	**2.2%**	15,874,324	2.4%
	$ 625,651,979	**100%**	$ 662,892,576	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:

	2022	2021
Investments, beginning of year	**$ 662,892,576**	$ 484,299,509
Gifts and amounts available for investments	**12,000,000**	17,000,000
	674,892,576	501,229,509
Investment returns:		
Dividends and interest	**8,685,244**	8,110,188
Net realized and unrealized gain (loss)	**(35,130,883)**	172,784,827
Investment fees	**(9,594,958)**	(6,031,948)
Total return on investments held by trustee, net	**(36,040,597)**	174,863,067
Net disbursements used to fund operations	**(13,200,000)**	(13,200,000)
Investments, end of year	**$ 625,651,979**	$ 662,892,576

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

	2022	2021
Investment return:		
Dividends and interest:		
Investments held by trustees	**$ 8,685,244**	$ 8,110,188
Investments, other	**325,470**	259,616
Total dividends and interest	**9,010,714**	8,369,804
Net realized and unrealized gain (loss):		
Investments held by trustees	**(35,130,883)**	172,784,827
Investments, other	**(2,639,915)**	4,348,279
Total realized and unrealized (loss) gain	**(37,770,798)**	177,133,106
Investment fees	**(9,594,958)**	(6,031,948)
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	**194,728**	1,763,076
Total investment return	**$ (38,160,314)**	$ 181,234,038

Included in the combined statements of activities as follows:

Investment income and other revenue, net	**$ (686,355)**	$ 3,744,119
Net realized and unrealized gain (loss) on investments	**(37,473,959)**	177,489,919
Investment return	**$ (38,160,314)**	$ 181,234,038

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:

	2022			
	Held by Agent	Held by Foundation	Held in Irrevocable Trusts*	Total at Fair Value**
Equities	**$ 1,403,232**	**$ 9**	**$ 9,668,097**	**$ 11,071,338**
Fixed income	**4,392**	**5,891**	**3,425,489**	**3,435,772**
Real estate	**-**	**5,317,019**	**-**	**5,317,019**
Alternative investments	**-**	**-**	**183,766**	**183,766**
Cash and cash equivalents	**115,372**	**783**	**288,826**	**404,981**
Limited partnerships	**-**	**17,128**	**-**	**17,128**
Investments, other	**$ 1,522,996**	**$ 5,340,830**	**$ 13,566,178**	**$ 20,430,004**

	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

*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:

	2022	2021
Investments, beginning of year	**$ 23,301,845**	$ 19,826,618
Gifts and amounts available for investment	**866,720**	670,093
	24,168,565	20,496,711
Investment returns:		
Dividends and interest	**325,470**	259,616
Net realized and unrealized gains (losses)	**(2,639,915)**	4,348,279
Total return on investments	**(2,314,445)**	4,607,895
Amounts appropriated for operations, net transfers to operational accounts and other activity	**(1,424,116)**	(1,802,761)
Investments, end of year	**$ 20,430,004**	$ 23,301,845

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	2023	$ 46,779,335	$ 51,218,984	$ 825,899
Total funds	2024	$ 18,325,925	$ 19,250,221	$ 1,172,286
Total funds	2025	$ 50,090,540	$ 50,390,521	$ 8,365,932
Total funds	2026	$ 3,858,089	$ 3,525,195	$ 429,347
Total funds	2027	$ 20,062,065	$ 10,763,877	$ 9,950,304
Total funds	2028	$ 30,864,716	$ 24,647,114	$ 6,376,629
Total funds	2029	$ 26,524,365	$ 20,954,328	$ 7,927,203
Total funds	2030	$ 22,184,014	$ 17,902,808	$ 5,428,424
Total funds	2031	$ 39,545,417	$ 15,983,662	$ 23,712,560
Total funds	2032	$ 17,361,403	$ 5,345,990	$ 12,230,038

*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, 2022 or 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:

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Contributions receivable	**$ -**	**$ -**	**$ 16,181,856**	**$ 16,181,856**
Equities:				
U.S. Equities	**17,545,575**	**148,911,993**	**-**	**166,457,568**
Non-U.S. Equities	**58,155,061**	**-**	**-**	**58,155,061**
Emerging markets	**-**	**45,851,841**	**-**	**45,851,841**
Public REITs	**21,707,223**	**-**	**-**	**21,707,223**
Fixed income securities	**57,993,279**	**-**	**-**	**57,993,279**
Beneficial interest in perpetual trusts	**-**	**-**	**13,566,178**	**13,566,178**
Total assets in the fair value hierarchy	**$155,401,138**	**$194,763,834**	**$ 29,784,034**	**$379,913,006**
Investments measured at NAV (a)				**263,443,713**
Total assets at fair value				**$ 643,356,719**

	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

(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, 2022:

	Valuation Techniques	Unobservable Input	Range
Contributions receivable	Discounted cash flow	Present value discount	0.6% - 3.6%
		Allowance for uncollectible contributions	10%

For contributions receivable, the arithmetic average of the present value discount for 2022 and 2021 was 4.9% and 1.6%, respectively. The arithmetic average of the allowance for uncollectable contributions for 2022 and 2021 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, 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 loss	-	(3,802,545)
Trust distributions	-	(974,395)
Purchases, issuances, and settlements	-	723,086
Balance, June 30, 2021	**12,057,055**	**17,023,067**
New pledges received	**14,071,926**	**-**
Pledge collections	**(8,047,533)**	**-**
Bad debts and other pledge adjustments	**(1,185,964)**	**-**
Change in fair value	**(713,628)**	**-**
Unrealized gain	**-**	**(2,413,902)**
Trust distributions	**-**	**(1,231,007)**
Purchases, issuances, and settlements	**-**	**188,020**
Balance, June 30, 2022	**$ 16,181,856**	**$ 13,566,178**

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:

	2022	2021
Furniture and fixtures	**$ 995,559**	$ 1,017,961
Accumulated depreciation	**(926,054)**	(889,172)
Property and equipment, net	**$ 69,505**	$ 128,789

9. Long-Term Debt

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

	2022	2021
Fixed Rate Educational Facilities Revenue Refunding Bonds, Series 2016, payable in varying installments from $4,370,000 to $25,860,000, commencing 2031 through 2037.	**$ 10,370,000**	$ 36,230,000
Fixed Rate Educational Facilities Revenue Refunding Bonds, Series 2021, payable in full in 2036.	**25,810,000**	-
Bond premiums, net	**173,909**	61,786
	36,353,909	36,291,786
Current maturities	**-**	-
	$ 36,353,909	$ 36,291,786

The 2016 bonds bear fixed interest of 3.0% (on $4,370,000 of principal) and 4.0% (on $6,000,000 of principal). Interest payments are due each June 1 and December 1.

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. Interest payments are due each June 1 and December 1.

Management believes the fair value of long-term debt at June 30, June 30, 2022 and 2021 approximate carrying value, in all material respects.

Bond premiums, net of expenses, totaling $230,311 and $93,830 at June 30, 2022 and 2021, respectively, 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:

	2022	2021
Without donor restrictions:		
Quasi endowment funds, net of amounts held for future operations and financial aid	**$ 107,213,234**	$ 107,705,129
Charitable gift annuity agreements	**594,630**	1,252,475
	107,807,864	108,957,604
With donor restrictions:		
Endowment principal and amounts restricted for future operations, and accumulated endowment investment return, net	**512,284,036**	546,349,804
Charitable gift annuity and trust agreements	**8,156,823**	9,859,225
Contributions receivable	**16,181,856**	12,057,055
	536,622,607	568,266,084
Total net assets	**$ 644,430,471**	$ 677,223,688

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:

	2022	2021
Scholarships	**$ 5,382,196**	$ 5,135,472
Instruction and academic support	**5,115,809**	4,706,204
Intercollegiate athletics	**3,432,104**	3,632,970
Physical plant	**296,972**	195,054
Other purposes	**261,516**	1,127,140
	$ 14,488,597	$ 14,796,840

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 2022 and 2021, 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 $361,952 and $357,804 for 2022 and 2021, respectively.

13. Availability and Liquidity of Financial Assets

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

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	**$ 18,036,576**	$ 16,155,833
Contributions receivable, current portion	**5,566,165**	4,392,321
Investments held by trustees	**625,651,979**	662,892,576
Investments, other	**20,430,004**	23,301,845
Total financial assets	**669,684,724**	706,742,575
Less amounts not available to be used within one year:		
Quasi endowment funds, net of amounts held for future operations and financial aid	**(107,213,234)**	(107,705,129)
Net assets with donor restrictions	**(536,622,607)**	(568,266,084
Financial assets available to meet general expenditures over the next twelve months	**$ 25,848,883**	$ 30,771,362

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:

	2022			
	Program Services	**Management and General**	**Fundraising**	**Total**
Grants and allocations	**$ 18,915,257**	**$ -**	**$ -**	**$ 18,915,257**
Personnel	**1,292,418**	**1,640,382**	**1,761,861**	**4,694,661**
Office administration	**216,924**	**350,016**	**494,828**	**1,061,768**
Other operating expenses	**596,525**	**333,338**	**515,811**	**1,445,674**
Alumni events	**79,903**	**19,976**	**-**	**99,879**
Professional fees	**44,505**	**397,889**	**217,072**	**659,466**
Interest	**800,474**	**88,942**	**-**	**889,416**
	$ 21,946,006	**$ 2,830,543**	**$ 2,989,572**	**$ 27,766,121**

	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

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, 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	$370,633,080
Investment return:			
Investment income, net	**-**	**9,470,844**	**9,470,844**
Net realized and unrealized losses	**-**	**(22,021,800)**	**(22,021,800)**
Total investment return	**-**	**(12,550,956)**	**(12,550,956)**
Contributions	**-**	**22,394,902**	**22,394,902**
Appropriation for expenditure	**-**	**(17,371,265)**	**(17,371,265)**
Actuarial change	**-**	**411,165**	**411,165**
Endowment net assets, June 30, 2022	**$ -**	**$363,516,926**	**$363,516,926**

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, 2022 and 2021.

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 2022 and 2021, the Board approved spending formula for the endowment provided for an annual spending rate of 4.3% and 4.5%, 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, 2022

The VMI Alumni Agencies
Combining Statement of Financial Position
June 30, 2022, with Comparative Totals for June 30, 2021

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2022	Total 2021
ASSETS							
Current assets:							
Cash and cash equivalents	$ 26,260,847	$ (11,349,142)	$ 6,383,494	$ (3,258,623)	$ -	**$ 18,036,576**	$ 16,155,833
Current portion of contributions receivable	3,382,065	-	2,184,100	-	-	**5,566,165**	4,392,321
Current portion of notes receivable	10,903	-	-	-	-	**10,903**	10,424
Due from (to) other entities	(15,912,985)	19,036,969	(6,985,715)	3,861,731	-	**-**	-
Other assets	2,460,562	(3,321)	20,592	33,090	(2,325,036)	**185,887**	240,692
Total current assets	16,201,392	7,684,506	1,602,471	636,198	(2,325,036)	**23,799,531**	20,799,270
Noncurrent assets:							
Contributions receivable, less current portion	6,680,226	-	3,935,465	-	-	**10,615,691**	7,664,734
Investments held by trustees	477,705,506	65,818,768	82,127,705	-	-	**625,651,979**	662,892,576
Investments, other	18,935,808	1,178,786	315,410	-	-	**20,430,004**	23,301,845
Note receivable, less current portion	313,029	-	9,278	-	-	**322,307**	332,359
Cash surrender value of life insurance	3,605,213	1,569,978	507,369	-	-	**5,682,560**	5,522,760
Property and equipment, net	32,953	29,513	-	7,039	-	**69,505**	128,789
Total assets	$ 523,474,127	$ 76,281,551	$ 88,497,698	$ 643,237	$ (2,325,036)	**$ 686,571,577**	$ 720,642,333
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable and accrued expenses	$ 333,149	$ 155,826	$ 6,076	$ 477,427	$ -	**$ 972,478**	$ 1,215,497
Current portion of trust and annuity obligations	548,306	39,999	10,050	-	-	**598,355**	697,149
Total current liabilities	881,455	195,825	16,126	477,427	-	**1,570,833**	1,912,646
Noncurrent liabilities:							
Trust and annuity obligations, less current portion	3,999,193	217,171	-	-	-	**4,216,364**	5,214,213
Long-term debt, less current portion	-	38,678,945	-	-	(2,325,036)	**36,353,909**	36,291,786
	4,880,648	39,091,941	16,126	477,427	(2,325,036)	**42,141,106**	43,418,645
Net assets	518,593,479	37,189,610	88,481,572	165,810	-	**644,430,471**	677,223,688
Total liabilities and net assets	$ 523,474,127	$ 76,281,551	$ 88,497,698	$ 643,237	$ (2,325,036)	**$ 686,571,577**	$ 720,642,333

The VMI Alumni Agencies
Combining Statement of Activities
Year Ended June 30, 2022, with Comparative Totals for Year Ended June 30, 2021

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2022	Total 2021
Revenues:							
Amounts raised on behalf of VMI	$ 17,404,788	$ 7,009,070	$ 8,275,314	$ -	$ -	**$ 32,689,172**	$ 22,888,725
Investment income and other revenue, net	(480,971)	(100,288)	(112,503)	7,407	-	**(686,355)**	3,744,119
Actuarial gain (loss) on trust and annuity obligations	433,323	34,759	(24,036)	-	-	**444,046**	(1,021,451)
Administrative fees	(13,060)	3,021,650	73,792	1,380,291	(4,462,673)	**-**	-
Total revenues	17,344,080	9,965,191	8,212,567	1,387,698	(4,462,673)	**32,446,863**	25,611,393
Expenses:							
Amounts remitted directly to and on behalf of VMI, undesignated:							
Athletic scholarships	-	-	2,698,939	-	-	**2,698,939**	2,184,844
Undesignated aid	1,748,760	400,000	-	-	-	**2,148,760**	2,276,580
Debt service	-	889,415	-	-	-	**889,415**	1,298,102
Placement	-	-	-	32,879	-	**32,879**	57
Moody Hall operations	-	-	-	16,926	-	**16,926**	4,981
New cadet recruiting	-	-	-	5,973	-	**5,973**	1,608
Total amounts remitted directly to VMI and to others on behalf of VMI, undesignated	1,748,760	1,289,415	2,698,939	55,778	-	**5,792,892**	5,766,172

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2022	Total 2021
Expenses (continued):							
Amounts remitted directly to and on behalf of VMI, designated:							
Scholarships	5,382,196	-	-	-	-	**5,382,196**	5,135,472
Faculty awards	38,000	-	-	-	-	**38,000**	22,000
Professional chairs	1,288,845	-	-	-	-	**1,288,845**	1,126,485
Instruction	1,355,119	-	-	-	-	**1,355,119**	1,354,662
Student services	36,300	-	-	-	-	**36,300**	1,100
Insurance premiums	109,103	4,943	16,217	-	-	**130,263**	129,467
Cadet awards	35,273	-	-	-	-	**35,273**	43,120
Academic support	283,280	-	-	-	-	**283,280**	200,990
Public support	74,255	-	-	-	-	**74,255**	40,850
Library	9,000	-	-	-	-	**9,000**	16,500
Intercollegiate athletics	38,170	604,463	2,789,471	-	-	**3,432,104**	3,632,970
Trust distributions	132,000	3,333	2,116	-	-	**137,449**	727,930
Physical plant	218,643	81,620	-	-	-	**300,263**	195,054
Jackson Hope	1,429,264	-	-	-	-	**1,429,264**	1,336,590
Leadership	436,210	-	-	-	-	**436,210**	434,440
Other	120,776	-	-	-	-	**120,776**	399,209
Total amounts remitted directly to VMI and to others on behalf of VMI, designated	10,986,434	694,359	2,807,804	-	-	**14,488,597**	14,796,839
Total amounts remitted directly to VMI and to others on behalf of VMI	12,735,194	1,983,774	5,506,743	55,778	-	**20,281,489**	20,563,011

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2022	Total 2021
Cost of operations:							
Personnel	1,387,327	2,256,440	301,253	812,727	-	**4,757,747**	4,488,149
Office	250,631	1,254,022	10,166	287,445	-	**1,802,264**	1,515,244
Special functions	17,683	6,464	203,924	129,572	-	**357,643**	103,188
Alumni review	-	8,701	-	-	-	**8,701**	10,436
Travel and entertainment	110,452	44,363	20,327	30,585	-	**205,727**	48,218
Administrative fee to Foundation	2,785,414	-	296,968	-	(3,082,382)	**-**	-
Chapter promotions	-	-	-	64,920	-	**64,920**	16,711
Alumni activities	-	-	-	43,201	-	**43,201**	1,628
Alumni Association	1,380,291	-	-	-	(1,380,291)	**-**	-
Other	53,369	176,328	-	14,732	-	**244,429**	219,370
Total cost of operations	5,985,167	3,746,318	832,638	1,383,182	(4,462,673)	**7,484,632**	6,402,944
Total expenses	18,720,361	5,730,092	6,339,381	1,438,960	(4,462,673)	**27,766,121**	26,965,955
Change in net assets before net realized and unrealized (loss) gain on investments	(1,376,281)	4,235,099	1,873,186	(51,262)	-	**4,680,742**	(1,354,562)
Net realized and unrealized (loss) gain on investments	(29,215,253)	(3,693,332)	(4,565,374)	-	-	**(37,473,959)**	177,489,919
Change in net assets	(30,591,534)	541,767	(2,692,188)	(51,262)	-	**(32,793,217)**	176,135,357
Net assets, beginning of year	549,185,013	36,647,843	91,173,760	217,072	-	**677,223,688**	501,088,331
Net assets, end of year	$ 518,593,479	$ 37,189,610	$ 88,481,572	$ 165,810	$ -	**$ 644,430,471**	$ 677,223,688

The VMI Alumni Agencies

Investments Held by Trustees Financial Statements

Year Ended June 30, 2022

VMI Investment Holdings, LLC
Investments Held by Trustees Financial Statements
Statement of Assets, Liabilities, and Equity of Participating Entities
June 30, 2022

ASSETS		
Investments, at fair value:		
Cash and cash equivalents	$	13,473,944
Fixed income		13,922,722
Equities		334,828,728
Private equities		222,401,486
Absolute return funds		41,025,099
Total assets	$	625,651,979
NET ASSETS OF PARTICIPATING ENTITIES		
VMI Foundation and Subsidiaries	$	477,705,506
VMI Alumni Agencies Board, Incorporated		65,818,768
VMI Keydet Club		82,127,705
Net assets	$	625,651,979

VMI Investment Holdings, LLC
Investments Held by Trustees Financial Statements
Statement of Investments
June 30, 2022

	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	$ -	$ -	$ 60,576,925	$ -	$ -	$ 60,576,925	$ 148,911,993
BDC Portfolio	-	15,481,203	-	-	-	15,481,203	13,922,722
Various managers	-	-	167,147,168	152,504,905	22,755,877	342,407,950	427,636,097
Vanguard Real Estate Investment Trust	-	-	17,789,358	-	-	17,789,358	21,707,223
Dreyfus Government Cash Fund	13,473,944	-	-	-	-	13,473,944	13,473,944
Total cost basis	$ 13,473,944	$ 15,481,203	$ 245,513,451	$ 152,504,905	$ 22,755,877	$ 449,729,380	
Fair value	$ 13,473,944	$ 13,922,722	$ 334,828,728	$ 222,401,486	$ 41,025,099		$ 625,651,979

See independent auditors' report.

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	Total
Additions:				
Income earned	$ 6,670,315	$ 907,246	$ 1,107,683	$ 8,685,244
Net realized and unrealized loss on investments	(26,975,583)	(3,619,520)	(4,535,780)	(35,130,883)
Contributions	9,000,000	-	3,000,000	12,000,000
Total additions	(11,305,268)	(2,712,274)	(428,097)	(14,445,639)
Deductions:				
Withdrawals	7,500,000	2,700,000	3,000,000	13,200,000
Fees	7,338,151	1,017,797	1,239,010	9,594,958
Total deductions	14,838,151	3,717,797	4,239,010	22,794,958
Excess (deficiency) of additions over deductions	(26,143,419)	(6,430,071)	(4,667,107)	(37,240,597)
Net assets of participating entities, beginning of year	503,848,925	72,248,839	86,794,812	662,892,576
Net assets of participating entities, end of year	$ 477,705,506	$ 65,818,768	$ 82,127,705	$ 625,651,979

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 2022:

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.