The VMI Alumni Agencies

Independent Auditor's Report, Combined Financial Statements, and Supplementary Information

June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 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.

FORVIS, LLP

Richmond, VA
October 24, 2023

The VMI Alumni Agencies
Combined Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 11,352,703**	$ 18,036,576
Current portion of contributions receivable	**4,352,672**	5,566,165
Current portion of notes receivable	**-**	10,903
Other assets	**234,933**	185,887
Total current assets	**15,940,308**	23,799,531
Noncurrent assets:		
Contributions receivable, less current portion	**13,026,804**	10,615,691
Investments held by trustees	**677,813,288**	625,651,979
Investments, other	**21,701,541**	20,430,004
Note receivable, less current portion	**-**	322,307
Cash surrender value of life insurance	**5,569,911**	5,682,560
Property and equipment, net	**52,323**	69,505
Total assets	**$ 734,104,175**	$ 686,571,577
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	**$ 848,984**	$ 972,478
Current portion of trust and annuity obligations	**605,114**	598,355
Total current liabilities	**1,454,098**	1,570,833
Noncurrent liabilities:		
Trust and annuity obligations, less current portion	**4,173,297**	4,216,364
Long-term debt	**36,341,607**	36,353,909
Total liabilities	**41,969,002**	42,141,106
Net assets:		
Without donor restrictions	**120,844,871**	107,807,864
With donor restrictions	**571,290,302**	536,622,607
Total net assets	**692,135,173**	644,430,471
Total liabilities and net assets	**$ 734,104,175**	$ 686,571,577

See accompanying notes.

The VMI Alumni Agencies
Combined Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Amounts raised on behalf of VMI	$ 11,786,235	$ 21,442,058	$ 33,228,293
Investment income and other revenue, net	4,227,899	6,953,293	11,181,192
Actuarial loss on trust and annuity obligations	(164,002)	(453,737)	(617,739)
Net assets released from restrictions	27,079,383	(27,079,383)	-
Total revenues	42,929,515	862,231	43,791,746
Expenses:			
Amounts remitted directly to and on behalf of VMI:			
Undesignated	6,119,975	-	6,119,975
Designated	28,295,069	-	28,295,069
Cost of operations	7,581,707	-	7,581,707
Total expenses	41,996,751	-	41,996,751
Change in net assets before net realized and unrealized gain on investments	932,764	862,231	1,794,995
Net realized and unrealized gain on investments	12,104,243	33,805,464	45,909,707
Change in net assets	13,037,007	34,667,695	47,704,702
Net assets, beginning of year	107,807,864	536,622,607	644,430,471
Net assets, end of year	$ 120,844,871	$ 571,290,302	$ 692,135,173

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.

The VMI Alumni Agencies
Combined Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	**$ 47,704,702**	$ (32,793,217)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Contributions restricted for long-term investment	**(26,899,620)**	(22,394,902)
Depreciation	**17,182**	36,883
Amortization of bond premiums	**(12,302)**	(12,301)
Net realized and unrealized (gain) loss on investments	**(45,909,707)**	37,473,959
Loss on extinguishment of debt	**-**	74,424
Loss on disposal of property and equipment	**-**	53,369
Cash surrender value of life insurance	**112,649**	(159,800)
Actuarial (gain) loss on trust and annuity obligations	**617,739**	(444,046)
Change in operating assets and liabilities:		
Contributions receivable	**(1,197,620)**	(4,124,801)
Notes receivable	**333,210**	9,573
Other assets	**(49,046)**	54,805
Accounts payable and accrued expenses	**(123,494)**	(243,019)
Trust and annuity obligations	**1,231**	-
Net cash used by operating activities	**(25,405,076)**	(22,469,073)
Cash flows from investing activities:		
Purchase of property and equipment	**-**	(30,968)
Purchases of investments	**(144,481,320)**	(395,154,958)
Proceeds from sales of investments	**136,958,181**	397,793,437
Net cash provided (used) by investing activities	**(7,523,139)**	2,607,511
Cash flows from financing activities:		
Contributions restricted for long-term investment	**26,899,620**	22,394,902
Payments on trust and annuity obligations	**(655,278)**	(652,597)
Net cash provided by financing activities	**26,244,342**	21,742,305
Net increase (decrease) in cash and cash equivalents	**(6,683,873)**	1,880,743
Cash and cash equivalents, beginning of year	**18,036,576**	16,155,833
Cash and cash equivalents, end of year	**$ 11,352,703**	$ 18,036,576
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 987,300**	$ 945,583

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 October 24, 2023, the date the combined financial statements were issued.

3. Contributions Receivable

Contributions receivable consist of the following as of June 30:

	2023	2022
Unconditional promises to give	$ 17,379,476	$ 16,181,856
Current portion	(4,352,672)	(5,566,165)
Contributions receivable	$ 13,026,804	$ 10,615,691

Gross amounts expected to be collected in:

	2023	2022
Less than one year	$ 4,846,561	$ 6,187,948
One to five years	15,406,005	12,425,539
More than five years	324,042	408,119
	20,576,608	19,021,606
Discount	(1,139,471)	(937,590)
Allowance for uncollectible contributions	(2,057,661)	(1,902,160)
Fair value	$ 17,379,476	$ 16,181,856

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

	2023	2022
Gross contributions receivable, beginning of year	**$ 19,021,606**	$ 13,645,575
New contributions receivable	**11,009,042**	14,071,926
Payments received	**(8,894,303)**	(8,047,533)
Write-offs and other adjustments	**(559,737)**	(648,362)
Gross contributions receivable, end of year	**$ 20,576,608**	$ 19,021,606

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

The fair value adjustment for 2023 and 2022 was $(201,881) and $(713,628), respectively, and is included in amounts raised on behalf of VMI in the combined statements of activities. The discount rate for 2023 and 2022 was 4.2% and 3.6%, respectively. No changes in the fair value measurement were attributable to instrument specific credit risk.

At June 30, 2023 and 2022, the Agencies had also received bequests and other intentions of approximately $146 million and $151 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 2023 and 2022, approximately 28% and 34% of the gross contributions receivable balance was from five donors, respectively.

4. Investments Held by Trustees

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

	2023		2022	
Equities	**$ 370,865,331**	**54.7%**	$ 339,794,571	54.3%
Private equities	**230,538,563**	**34.0%**	217,435,643	34.8%
Absolute return funds	**39,244,979**	**5.8%**	41,025,099	6.6%
Fixed income	**31,192,533**	**4.6%**	13,922,722	2.2%
Cash and cash equivalents	**5,971,882**	**0.9%**	13,473,944	2.2%
	$ 677,813,288	**100%**	$625,651,979	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:

	2023	2022
Investments, beginning of year	**$ 625,651,979**	$ 662,892,576
Gifts and amounts available for investments	**10,439,750**	12,000,000
	636,091,729	674,892,576
Investment returns:		
Dividends and interest	**17,102,644**	8,685,244
Net realized and unrealized gain (loss)	**44,396,421**	(35,130,883)
Investment fees	**(6,577,506)**	(9,594,958)
Total return on investments held by trustee, net	**54,921,559**	(36,040,597)
Net disbursements used to fund operations	**(13,200,000)**	(13,200,000)
Investments, end of year	**$ 677,813,288**	$ 625,651,979

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

	2023	2022
Investment return:		
Dividends and interest:		
Investments held by trustees	**$ 17,102,644**	$ 8,685,244
Investments, other	**338,121**	325,470
Total dividends and interest	**17,440,765**	9,010,714
Net realized and unrealized gain (loss):		
Investments held by trustees	**44,396,421**	(35,130,883)
Investments, other	**1,456,787**	(2,639,915)
Total realized and unrealized (loss) gain	**45,853,208**	(37,770,798)
Investment fees	**(6,577,506)**	(9,594,958)
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	**374,432**	194,728
Total investment return	**$ 57,090,899**	$ (38,160,314)

Included in the combined statements of activities as follows:

	2023	2022
Investment income and other revenue, net	**$ 11,181,192**	$ (686,355)
Net realized and unrealized gain (loss) on investments	**45,909,707**	(37,473,959)
Investment return	**$ 57,090,899**	$ (38,160,314)

Investment Holdings, LLC

On April 29, 2009, VMI Investment Holdings, LLC (LLC) was formed to manage the investments held by trustees. 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:

	2023			
	Held by Agent	**Held by Foundation**	**Held in Irrevocable Trusts***	**Total at Fair Value****
Equities	**$ 1,634,487**	**$ 9**	**$ 10,082,064**	**$ 11,716,560**
Real estate	**-**	**5,532,924**	**-**	**5,532,924**
Fixed income	**4,416**	**5,891**	**3,837,181**	**3,847,488**
Cash and cash equivalents	**129,153**	**783**	**173,739**	**303,675**
Alternative investments	**-**	**-**	**283,766**	**283,766**
Limited partnerships	**-**	**17,128**	**-**	**17,128**
Investments, other	**$ 1,768,056**	**$ 5,556,735**	**$ 14,376,750**	**$ 21,701,541**

	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
Real estate	-	5,317,019	-	5,317,019
Fixed income	4,392	5,891	3,425,489	3,435,772
Cash and cash equivalents	115,372	783	288,826	404,981
Alternative investments	-	-	183,766	183,766
Limited partnerships	-	17,128	-	17,128
Investments, other	$ 1,522,996	$ 5,340,830	$ 13,566,178	$ 20,430,004

*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:

	2023	2022
Investments, beginning of year	**$ 20,430,004**	$ 23,301,845
Gifts and amounts available for investment	**181,163**	866,720
	20,611,167	24,168,565
Investment returns:		
Dividends and interest	**338,121**	325,470
Net realized and unrealized gains (losses)	**1,456,787**	(2,639,915)
Total return on investments	**1,794,908**	(2,314,445)
Amounts appropriated for operations, net transfers to operational accounts and other activity	**(704,534)**	(1,424,116)
Investments, end of year	**$ 21,701,541**	$ 20,430,004

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 lock-in periods.

	Lock In Fiscal Year	Approximate Fair Value
Total funds	2024	$ 64,387,000
Total funds	2025	$ 37,184,000
Total funds	2026	$ 18,965,000
Total funds	2027	$ 19,078,000
Total funds	2028	$ 38,688,000
Total funds	2029	$ 17,575,000
Total funds	2030	$ 19,234,000
Total funds	2031	$ 26,419,000
Total funds	2032	$ 11,134,000
Total funds	2033	$ 1,972,000

Unfunded capital call commitments total approximately $108,123,000 as of June 30, 2023.

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, 2023 and 2022.

Contributions receivable

Valued using the income approach based on discounted cash flows.

Equities and fixed income securities

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

Beneficial interest in perpetual trusts

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

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

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

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Contributions receivable	**$ -**	**$ -**	**$ 17,379,476**	**$ 17,379,476**
Equities:				
U.S. Equities	**64,674,390**	**177,284,042**	**-**	**241,958,432**
Non-U.S. Equities	**58,857,633**	**-**	**-**	**58,857,633**
Emerging markets	**-**	**46,518,461**	**-**	**46,518,461**
Public REITs	**25,165,301**	**-**	**-**	**25,165,301**
Fixed income securities	**31,202,840**	**-**	**-**	**31,202,840**
Beneficial interest in perpetual trusts	**-**	**-**	**14,376,750**	**14,376,750**
Total assets in the fair value hierarchy	**$179,900,164**	**$223,802,503**	**$ 31,756,226**	**$ 435,458,893**
Investments measured at NAV (a)				**269,800,670**
Total assets at fair value				**$ 705,259,563**

	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	26,855,723	-	-	26,855,723
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	$160,549,638	$194,763,834	$ 29,784,034	$385,061,506
Investments measured at NAV (a)				258,295,213
Total assets at fair value				$ 643,356,719

(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, 2023:

	Valuation Techniques	Unobservable Input	Range
Contributions receivable	Discounted cash flow	Present value discount	0.6% - 4.2%
		Allowance for uncollectible contributions	10%

For contributions receivable, the arithmetic average of the present value discount for 2023 and 2022 was 5.5% and 4.9%, respectively. The arithmetic average of the allowance for uncollectable contributions for 2023 and 2022 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, 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 loss	-	(2,413,902)
Trust distributions	-	(1,231,007)
Purchases, issuances, and settlements	-	188,020
Balance, June 30, 2022	**16,181,856**	**13,566,178**
New pledges received	**11,009,042**	**-**
Pledge collections	**(8,894,303)**	**-**
Bad debts and other pledge adjustments	**(715,238)**	**-**
Change in fair value	**(201,881)**	**-**
Unrealized gain	**-**	**1,211,727**
Trust distributions	**-**	**(655,278)**
Purchases, issuances, and settlements	**-**	**254,123**
Balance, June 30, 2023	**$ 17,379,476**	**$ 14,376,750**

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:

	2023	2022
Furniture and fixtures	$ **995,559**	$ 995,559
Accumulated depreciation	**(943,236)**	(926,054)
Property and equipment, net	$ **52,323**	$ 69,505

9. Long-Term Debt

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

	2023	2022
Fixed Rate Educational Facilities Revenue Refunding Bonds, Series 2016, payable in full in December 2030.	$ **10,370,000**	$ 10,370,000
Fixed Rate Educational Facilities Revenue Refunding Bonds, Series 2021, payable in full in December 2036.	**25,810,000**	25,810,000
Bond premiums, net	**161,607**	173,909
	36,341,607	36,353,909
Current maturities	**-**	-
	$ **36,341,607**	$ 36,353,909

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, 2023 totaled approximately $30,582,000. As of June 30, 2022 management believes the fair value of long-term debt materially approximated carrying value.

Bond premiums, net of expenses, totaling $230,311 at June 30, 2023 and 2022, 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:

	2023	2022
Without donor restrictions:		
Quasi endowment funds, net of amounts held for future operations and financial aid	**$ 120,216,258**	$ 107,213,234
Charitable gift annuity agreements	**628,613**	594,630
	120,844,871	107,807,864
With donor restrictions:		
Endowment principal and amounts restricted for future operations, and accumulated endowment investment return, net	**544,941,106**	512,284,036
Charitable gift annuity and trust agreements	**8,969,720**	8,156,823
Contributions receivable	**17,379,476**	16,181,856
	571,290,302	536,622,607
Total net assets	**$ 692,135,173**	$ 644,430,471

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:

	2023	2022
Scholarships	**$ 5,800,187**	$ 5,382,196
Instruction and academic support	**6,191,748**	5,115,809
Intercollegiate athletics	**4,612,800**	3,432,104
Physical plant	**10,143,310**	296,972
Other purposes	**331,338**	261,516
	$ 27,079,383	$ 14,488,597

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 2023 and 2022, 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 $341,319 and $361,952 for 2023 and 2022, respectively.

13. Availability and Liquidity of Financial Assets

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

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	**$ 11,352,703**	$ 18,036,576
Contributions receivable, current portion	**4,352,672**	5,566,165
Investments held by trustees	**677,813,288**	625,651,979
Investments, other	**21,701,541**	20,430,004
Total financial assets	**715,220,204**	669,684,724
Less amounts not available to be used within one year:		
Quasi endowment funds, net of amounts held for future operations and financial aid	**(120,216,258)**	(107,213,234)
Net assets with donor restrictions	**(571,290,302)**	(536,622,607)
Financial assets available to meet general expenditures over the next twelve months	**$ 23,713,644**	$ 25,848,883

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:

	2023			
	Program Services	**Management and General**	**Fundraising**	**Total**
Grants and allocations	**$ 22,818,334**	**$ -**	**$ -**	**$ 22,818,334**
Personnel	**1,228,764**	**1,575,449**	**1,985,549**	**4,789,762**
Office administration	**235,538**	**367,419**	**617,059**	**1,220,016**
Other operating expenses	**10,654,117**	**260,705**	**526,697**	**11,441,519**
Alumni events	**98,910**	**24,728**	**-**	**123,638**
Professional fees	**58,246**	**308,010**	**262,227**	**628,483**
Interest	**877,499**	**97,500**	**-**	**974,999**
	$ 35,971,408	**$ 2,633,811**	**$ 3,391,532**	**$ 41,996,751**

	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

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 Restrictions	With Donor Restrictions	Total
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**

Investment return:			
Investment income, net	-	10,572,608	10,572,608
Net realized and unrealized gains	-	27,909,549	27,909,549
Total investment return	-	38,482,157	38,482,157
Contributions	-	26,899,620	26,899,620
Appropriation for expenditure	-	(19,403,736)	(19,403,736)
Actuarial change	-	(28,421)	(28,421)
Endowment net assets, June 30, 2023	$ -	$409,466,544	$409,466,544

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, 2023 and 2022.

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 2023 and 2022, the Board approved spending formula for the endowment provided for an annual spending rate of 4.25% 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 and unrealized 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.

Supplementary Information

The VMI Alumni Agencies
Combining Statement of Financial Position
June 30, 2023, with Comparative Totals for 2022

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2023	Total 2022
ASSETS							
Current assets:							
Cash and cash equivalents	$ 25,028,760	$ (24,808,782)	$ 11,110,745	$ 21,980	$ -	**$ 11,352,703**	$ 18,036,576
Current portion of contributions receivable	2,326,404	-	2,026,268	-	-	**4,352,672**	5,566,165
Current portion of notes receivable	-	-	-	-	-	**-**	10,903
Due from (to) other entities	(15,946,956)	22,749,844	(7,327,719)	524,831	-	**-**	-
Other assets	2,503,489	5,043	22,823	28,614	(2,325,036)	**234,933**	185,887
Total current assets	13,911,697	(2,053,895)	5,832,117	575,425	(2,325,036)	**15,940,308**	23,799,531
Noncurrent assets:							
Contributions receivable, less current portion	7,763,865	4,601	5,258,338	-	-	**13,026,804**	10,615,691
Investments held by trustees	522,870,452	68,719,972	86,222,864	-	-	**677,813,288**	625,651,979
Investments, other	20,189,901	1,181,214	330,426	-	-	**21,701,541**	20,430,004
Note receivable, less current portion	-	-	-	-	-	**-**	322,307
Cash surrender value of life insurance	3,462,506	1,605,348	502,057	-	-	**5,569,911**	5,682,560
Property and equipment, net	23,320	23,319	-	5,684	-	**52,323**	69,505
Total assets	$ 568,221,741	$ 69,480,559	$ 98,145,802	$ 581,109	$ (2,325,036)	**$ 734,104,175**	$ 686,571,577
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable and accrued expenses	$ 188,476	$ 190,182	$ 56,326	$ 414,000	$ -	**$ 848,984**	$ 972,478
Current portion of trust and annuity obligations	555,029	40,199	9,886	-	-	**605,114**	598,355
Total current liabilities	743,505	230,381	66,212	414,000	-	**1,454,098**	1,570,833
Noncurrent liabilities:							
Trust and annuity obligations, less current portion	3,962,614	210,683	-	-	-	**4,173,297**	4,216,364
Long-term debt, less current portion	-	38,666,643	-	-	(2,325,036)	**36,341,607**	36,353,909
	4,706,119	39,107,707	66,212	414,000	(2,325,036)	**41,969,002**	42,141,106
Net assets	563,515,622	30,372,852	98,079,590	167,109	-	**692,135,173**	644,430,471
Total liabilities and net assets	$ 568,221,741	$ 69,480,559	$ 98,145,802	$ 581,109	$ (2,325,036)	**$ 734,104,175**	$ 686,571,577

The VMI Alumni Agencies
Combining Statement of Activities
Year Ended June 30, 2023, with Comparative Totals for 2022

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2023	Total 2022
Revenues:							
Amounts raised on behalf of VMI	$ 23,270,934	$ 209,920	$ 9,747,439	$ -	$ -	**$ 33,228,293**	$ 32,689,172
Investment income (loss) and other revenue, net	8,676,618	1,108,534	1,394,742	1,298	-	**11,181,192**	(686,355)
Actuarial gain (loss) on trust and annuity obligations	(558,285)	(34,429)	(25,025)	-	-	**(617,739)**	444,046
Administrative fees	(85,273)	3,508,056	102,196	1,000,024	(4,525,003)	**-**	-
Total revenues	31,303,994	4,792,081	11,219,352	1,001,322	(4,525,003)	**43,791,746**	32,446,863
Expenses:							
Amounts remitted directly to and on behalf of VMI, undesignated:							
Athletic scholarships	-	-	2,094,098	-	-	**2,094,098**	2,698,939
Undesignated aid	2,592,611	400,000	-	-	-	**2,992,611**	2,148,760
Debt service	-	974,999	-	-	-	**974,999**	889,415
Placement	-	-	-	16,570	-	**16,570**	32,879
Moody Hall operations	-	-	-	6,915	-	**6,915**	16,926
New cadet recruiting	-	-	-	34,782	-	**34,782**	5,973
Total amounts remitted directly to VMI and to others on behalf of VMI, undesignated	2,592,611	1,374,999	2,094,098	58,267	-	**6,119,975**	5,792,892

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2023	Total 2022
Expenses (continued):							
Amounts remitted directly to and on behalf of VMI, designated:							
Scholarships	6,013,560	-	-	-	-	**6,013,560**	5,382,196
Faculty awards	56,000	-	-	-	-	**56,000**	38,000
Professional chairs	1,809,646	-	-	-	-	**1,809,646**	1,288,845
Instruction	1,854,629	-	-	-	-	**1,854,629**	1,355,119
Student services	23,700	-	-	-	-	**23,700**	36,300
Insurance premiums	89,764	4,221	8,082	-	-	**102,067**	130,263
Cadet awards	36,232	-	-	-	-	**36,232**	35,273
Academic support	277,072	-	-	-	-	**277,072**	283,280
Public support	56,900	-	-	-	-	**56,900**	74,255
Library	40,000	-	-	-	-	**40,000**	9,000
Intercollegiate athletics	45,248	664,737	4,387,439	-	-	**5,097,424**	3,432,104
Trust distributions	66,768	2,895	1,448	-	-	**71,111**	137,449
Physical plant	332,936	10,091,998	-	-	-	**10,424,934**	300,263
Jackson Hope	1,317,200	-	-	-	-	**1,317,200**	1,429,264
Leadership	976,084	-	-	-	-	**976,084**	436,210
Other	134,514	-	3,996	-	-	**138,510**	120,776
Total amounts remitted directly to VMI and to others on behalf of VMI, designated	13,130,253	10,763,851	4,400,965	-	-	**28,295,069**	14,488,597
Total amounts remitted directly to VMI and to others on behalf of VMI	15,722,864	12,138,850	6,495,063	58,267	-	**34,415,044**	20,281,489

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	The VMI Alumni Association	Eliminations	Total 2023	Total 2022
Cost of operations:							
Personnel	1,679,102	2,292,206	286,631	518,439	-	**4,776,378**	4,757,747
Office	260,400	1,459,000	12,928	146,704	-	**1,879,032**	1,802,264
Special functions	20,495	2,840	219,235	120,694	-	**363,264**	357,643
Alumni review	-	88,281	-	-	-	**88,281**	8,701
Travel and entertainment	102,994	16,897	12,047	3,790	-	**135,728**	205,727
Administrative fee to Foundation	3,182,975	-	342,004	-	(3,524,979)	**-**	-
Chapter promotions	-	-	-	79,045	-	**79,045**	64,920
Alumni activities	-	-	-	53,270	-	**53,270**	43,201
Alumni Association	1,000,024	-	-	-	(1,000,024)	**-**	-
Other	-	186,895	-	19,814	-	**206,709**	244,429
Total cost of operations	6,245,990	4,046,119	872,845	941,756	(4,525,003)	**7,581,707**	7,484,632
Total expenses	21,968,854	16,184,969	7,367,908	1,000,023	(4,525,003)	**41,996,751**	27,766,121
Change in net assets before net realized and unrealized gain (loss) on investments	9,335,140	(11,392,888)	3,851,444	1,299	-	**1,794,995**	4,680,742
Net realized and unrealized gain (loss) on investments	35,587,003	4,576,130	5,746,574	-	-	**45,909,707**	(37,473,959)
Change in net assets	44,922,143	(6,816,758)	9,598,018	1,299	-	**47,704,702**	(32,793,217)
Net assets, beginning of year	518,593,479	37,189,610	88,481,572	165,810	-	**644,430,471**	677,223,688
Net assets, end of year	$ 563,515,622	$ 30,372,852	$ 98,079,590	$ 167,109	$ -	**$ 692,135,173**	$ 644,430,471

The VMI Alumni Agencies

Investments Held by Trustees Financial Statements

Year Ended June 30, 2023

Statement of Assets, Liabilities, and Equity of Participating Entities
June 30, 2023

ASSETS		
Investments, at fair value:		
Cash and cash equivalents	$	5,971,882
Fixed income		31,192,533
Equities		370,865,331
Private equities		230,538,563
Absolute return funds		39,244,979
Total assets	$	677,813,288
NET ASSETS OF PARTICIPATING ENTITIES		
VMI Foundation and Subsidiaries	$	522,870,452
VMI Alumni Agencies Board, Incorporated		68,719,972
VMI Keydet Club		86,222,864
Net assets	$	677,813,288

VMI Investment Holdings, LLC
Investments Held by Trustees Financial Statements
Statement of Investments
June 30, 2023

	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	$ -	$ -	$ 60,598,896	$ -	$ -	$ 60,598,896	$ 177,284,042
BDC Portfolio	-	31,171,968	-	-	-	31,171,968	31,192,533
Various managers	-	-	164,033,541	169,027,441	16,553,389	349,614,371	442,490,074
Vanguard Real Estate Investment Trust	-	-	18,095,314	-	-	18,095,314	20,874,757
Dreyfus Government Cash Fund	5,971,882	-	-	-	-	5,971,882	5,971,882
Total cost basis	$ 5,971,882	$ 31,171,968	$ 242,727,751	$ 169,027,441	$ 16,553,389	$ 465,452,431	
Fair value	$ 5,971,882	$ 31,192,533	$ 370,865,331	$ 230,538,563	$ 39,244,979		$ 677,813,288

	VMI Foundation and Subsidiaries	VMI Alumni Agencies Board, Incorporated	VMI Keydet Club	Total
Additions:				
Income earned	$ 13,091,129	$ 1,770,484	$ 2,241,031	$ 17,102,644
Net realized and unrealized gain on investments	34,189,479	4,502,828	5,704,114	44,396,421
Contributions	10,430,507	4,080	5,163	10,439,750
Total additions	57,711,115	6,277,392	7,950,308	71,938,815
Deductions:				
Withdrawals	7,500,000	2,700,000	3,000,000	13,200,000
Fees	5,046,169	676,188	855,149	6,577,506
Total deductions	12,546,169	3,376,188	3,855,149	19,777,506
Excess of additions over deductions	45,164,946	2,901,204	4,095,159	52,161,309
Net assets of participating entities, beginning of year	477,705,506	65,818,768	82,127,705	625,651,979
Net assets of participating entities, end of year	$ 522,870,452	$ 68,719,972	$ 86,222,864	$ 677,813,288

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 2023:

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. Northern Trust Company serves as custodian of VMI Investment Holding, LLC's assets.

Marketable securities are recorded at fair 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.