



VCU

Virginia Commonwealth University
School of Business Foundation
Financial Report

June 30, 2025



BROWNEDWARDS
certified public accountants

Virginia Commonwealth University School of Business Foundation

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Virginia Commonwealth University School of Business Foundation

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Independent Auditor's Report

To the Board of Trustees
Virginia Commonwealth University School of Business Foundation
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Virginia Commonwealth University School of Business Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Commonwealth University School of Business Foundation as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Virginia Commonwealth University School of Business Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia Commonwealth University School of Business Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Virginia Commonwealth University School of Business Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia Commonwealth University School of Business Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Statements

We have previously audited the Foundation's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Brown, Edwards & Company, S.C.P.

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia

October 10, 2025



Financial Statements

Virginia Commonwealth University School of Business Foundation

Statement of Financial Position

June 30, 2025, with Comparative Totals as of June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
ASSETS				
Cash and cash equivalents	\$ 6,685,561	\$ 2,338,978	\$ 9,024,539	\$ 8,464,055
Accounts receivable	-	-	-	224,739
Contributions receivable, less allowance for uncollectible receivables 2025 \$36,670; 2024 \$15,906	5,137	1,211,531	1,216,668	1,259,350
Due from Virginia Commonwealth University affiliated foundations	4,555	10,915	15,470	3,627
Investments	21,262,897	48,733,964	69,996,861	63,873,502
Interfund obligations	(1,344,028)	1,344,028	-	-
Other assets, net of accumulated amortization 2025 \$ 18,368; 2024 \$17,288	5,763	184,995	190,758	197,494
Real estate, net of accumulated depreciation 2025 \$ 23,393,067; 2024 \$22,053,130	16,805,057	-	16,805,057	18,144,994
Total assets	\$ 43,424,942	\$ 53,824,411	\$ 97,249,353	\$ 92,167,761

See Independent Auditor's Report.

Virginia Commonwealth University School of Business Foundation

Statement of Financial Position

June 30, 2025, with Comparative Totals as of June 30, 2024

LIABILITIES AND NET ASSETS	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
LIABILITIES				
Accounts payable and accrued expenses				
	\$ 248,526	\$ -	\$ 248,526	\$ 272,141
Contract liabilities	99,550	-	99,550	131,270
Due to Virginia Commonwealth University affiliated foundations	1,710	-	1,710	1,979
Deposits held for Virginia Commonwealth University	1,582,158	-	1,582,158	1,445,554
Due to Virginia Commonwealth University, net of unamortized debt issuance costs	11,307,600	-	11,307,600	12,969,360
Accrued contributions to Virginia Commonwealth University	9,360,811	-	9,360,811	10,882,962
Total liabilities	22,600,355	-	22,600,355	25,703,266
NET ASSETS	20,824,587	53,824,411	74,648,998	66,464,495
Total liabilities and net assets	\$ 43,424,942	\$ 53,824,411	\$ 97,249,353	\$ 92,167,761

See Independent Auditor's Report.

Virginia Commonwealth University School of Business Foundation

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2025, with Comparative Totals for the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
OPERATING REVENUE				
Contributions	\$ 199,174	\$ 2,024,881	\$ 2,224,055	\$ 3,254,072
Rental income	2,018,414	-	2,018,414	2,018,414
Course revenue	895,283	-	895,283	1,393,911
Interest income	275,222	-	275,222	237,699
Miscellaneous	13,432	7,656	21,088	28,662
Net assets released from restrictions	2,648,519	(2,648,519)	-	-
Total operating revenue	6,050,044	(615,982)	5,434,062	6,932,758
OPERATING EXPENSES				
School of Business Programs	2,381,525	-	2,381,525	2,374,119
Educational Facilities	2,185,331	-	2,185,331	2,324,231
Center for Corporate Education	702,712	-	702,712	820,353
Management & General	519,686	-	519,686	475,746
Fundraising	121,861	-	121,861	271,705
Total operating expenses	5,911,115	-	5,911,115	6,266,154
Changes in net assets from operations	138,929	(615,982)	(477,053)	666,604
OTHER CHANGES IN NET ASSETS				
Net investment return	2,501,510	6,185,925	8,687,435	9,067,061
Write off of uncollectable contributions receivable	-	(3,670)	(3,670)	-
Transfers to VCU affiliated Foundations	(22,209)	-	(22,209)	-
Changes in net assets	2,618,230	5,566,273	8,184,503	9,733,665
NET ASSETS, beginning	18,206,357	48,258,138	66,464,495	56,730,830
NET ASSETS, ending	\$ 20,824,587	\$ 53,824,411	\$ 74,648,998	\$ 66,464,495

See Independent Auditor's Report.

Virginia Commonwealth University School of Business Foundation

Statement of Functional Expenses

Year Ended June 30, 2025, with Comparative Totals for the Year Ended June 30, 2024

	Program Services				Supporting Services			2025 Total	2024 Total
	School of Business Programs	Educational Facilities	Center for Corporate Education	Total Program Services	Management & General	Fundraising	Total Supporting Services		
EXPENSES									
Distributions to and in support of VCU	\$ 2,122,685	\$ 496,263	\$ 87,113	\$ 2,706,061	\$ -	\$ 155,726	\$ 155,726	\$ 2,861,787	\$ 3,099,660
Reimbursement to VCU for personnel expenses	-	-	341,662	341,662	454,471	-	454,471	796,133	665,184
Depreciation and amortization	-	1,341,017	-	1,341,017	-	-	-	1,341,017	1,341,017
Interest expense	-	336,445	-	336,445	-	-	-	336,445	409,028
Interest expense, amortization of debt issuance costs	-	10,716	-	10,716	-	-	-	10,716	10,716
Professional services and fees	176,634	-	236,599	413,233	29,183	-	29,183	442,416	498,187
Other expenses	42,017	890	25,730	68,637	23,802	29,772	53,574	122,211	186,467
Supplies and marketing materials	40,189	-	11,608	51,797	-	-	-	51,797	83,772
Legal and regulatory fees	-	-	-	-	12,230	-	12,230	12,230	17,636
Less expenses included with revenues on the statement of activities	2,381,525	2,185,331	702,712	5,269,568	519,686	185,498	705,184	5,974,752	6,311,667
Gift fees netted against permanent corpus	-	-	-	-	-	(63,637)	(63,637)	(63,637)	(45,513)
Total expenses included in the expense section on the statement of activities	\$ 2,381,525	\$ 2,185,331	\$ 702,712	\$ 5,269,568	\$ 519,686	\$ 121,861	\$ 641,547	\$ 5,911,115	\$ 6,266,154

See Independent Auditor's Report.

Virginia Commonwealth University School of Business Foundation

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
OPERATING ACTIVITIES		
Changes in net assets	\$ 8,184,503	\$ 9,733,665
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	1,341,017	1,341,017
Interest expense, amortization of debt issuance costs	10,716	10,716
Interest expense, amortization of bond premium	(202,476)	(202,476)
Net realized gains on investments	(2,886)	(7,972)
Net unrealized gains on investments	(8,695,145)	(9,144,425)
Contributions restricted for endowment	(870,213)	(1,645,319)
Donated securities	(102,776)	(30,751)
Write off of uncollectable contributions receivable	3,670	-
Changes in operating assets:		
Accounts receivable	221,069	(69,756)
Contributions receivable	(55,360)	(66,474)
Amounts due from Virginia Commonwealth University affiliated foundations	(11,843)	3,883
Other assets	5,656	(36,191)
Changes in operating liabilities:		
Accounts payable and accrued expenses	(23,615)	(15,162)
Contract liabilities	(31,720)	(33,445)
Amounts due to Virginia Commonwealth University affiliated foundations	(269)	(292,297)
Accrued contributions to Virginia Commonwealth University	(1,522,151)	(1,455,768)
Net cash used in operating activities	<u>(1,751,823)</u>	<u>(1,910,755)</u>
INVESTING ACTIVITIES		
Purchase of investment securities	(5,734,393)	(3,147,869)
Proceeds from sale of investments	8,573,818	7,691,426
Net cash provided by investing activities	<u>2,839,425</u>	<u>4,543,557</u>
FINANCING ACTIVITIES		
Receipt of contributions restricted to endowment	942,882	1,598,025
Payments to Virginia Commonwealth University under financing agreement	(1,470,000)	(1,415,000)
Net cash provided by (used in) financing activities	<u>(527,118)</u>	<u>183,025</u>
Net change in cash and cash equivalents	560,484	2,815,827
CASH AND CASH EQUIVALENTS, beginning	8,464,055	5,648,228
CASH AND CASH EQUIVALENTS, ending	<u>\$ 9,024,539</u>	<u>\$ 8,464,055</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 551,171</u>	<u>\$ 623,296</u>
Gifts of noncash investments in satisfaction of prior year contributions receivable balances	<u>\$ 25,373</u>	<u>\$ 7,208</u>
Gifts of noncash investments in support of other VCU affiliated foundations	<u>\$ -</u>	<u>\$ 20,527</u>

See Independent Auditor's Report.

Virginia Commonwealth University School of Business Foundation

Statements of Cash Flows Years Ended June 30, 2025 and 2024

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Increase in deposits held liability for Virginia Commonwealth University offset by increase in investment assets

Decrease in amounts due to Virginia Commonwealth University

Decrease in amounts due to Virginia Commonwealth University

Amortization of debt issuance costs, series 2018 bonds

Amortization of bond premium

Cash remitted to Virginia Commonwealth University

	2025	2024
	<u>\$ 136,604</u>	<u>\$ 144,063</u>
Decrease in amounts due to Virginia Commonwealth University	\$ (1,661,760)	\$ (1,606,760)
Decrease in amounts due to Virginia Commonwealth University	(10,716)	(10,716)
Amortization of debt issuance costs, series 2018 bonds	202,476	202,476
Amortization of bond premium		
Cash remitted to Virginia Commonwealth University	<u>\$ (1,470,000)</u>	<u>\$ (1,415,000)</u>

See Independent Auditor's Report.

Virginia Commonwealth University School of Business Foundation

Notes to Financial Statements

June 30, 2025

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization

Virginia Commonwealth University School of Business Foundation (the “Foundation”), organized March 23, 2005, is a Virginia corporation which functions as a nonprofit charitable foundation solely to assist and support Virginia Commonwealth University.

The sole purpose of the Foundation is to provide financial and other support to the School of Business for the benefit of Virginia Commonwealth University.

A summary of the Foundation’s significant accounting policies follows:

Basis of Accounting

The Foundation’s financial statements are presented in accordance with accounting principles generally accepted in the United States of America on an accrual basis. Consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Comparative Financial Statements

These financial statements include summarized comparative prior-year information in the statement of financial position and the statement of activities and changes in net assets that are not presented by net asset class and do not contain sufficient detail to conform with generally accepted accounting principles. Therefore, this information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2024.

Cash, Cash Equivalents and Cash Investments

For purposes of reporting the statements of cash flows, the Foundation includes all cash accounts except funds held by investment managers, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statement of financial position. The Foundation, at times, may have cash in excess of insured limits. The Foundation’s cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk. At June 30, 2025, the Foundation had cash balances and cash investments that exceeded insurance limits.

Accounts Receivable

The Foundation extends unsecured credit in the ordinary course of its activities but mitigates the associated credit risk by actively pursuing past due accounts. Accounts receivable is considered past due if nonpayment exceeds forty-five days from the due date. If necessary, an allowance for credit losses is recorded based on management’s evaluation of the collectability of individual receivables. Receivables are charged against the allowance when deemed to be uncollectible. Subsequent recoveries are added to the allowance.

Contributions Receivable

Unconditional promises to give that are expected to be collected or paid within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value

Virginia Commonwealth University School of Business Foundation

Notes to Financial Statements

June 30, 2025

of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included in support until the conditions are substantially met. The Foundation provides an allowance for doubtful accounts equal to estimated pledge defaults. The estimated defaults are based on historical collection experience together with a review of the current status of the existing receivables.

Investments

Investments in all debt securities and equity securities are stated at fair value based on quoted market prices. Alternative investments include investments in limited partnerships (hedge funds, private equity, and publicly-traded securities). Alternative investment interests are stated at fair value based on the financial statements and other information received from the general partners of such entities. Fair value is the estimated net realizable value of holdings priced at quoted market value (where market quotations are available), historical cost, or other estimates including appraisals. The Foundation believes that the stated value of its alternative investments was a reasonable estimate of its fair value as of June 30, 2025. However, alternative investments are not marketable and some of the alternative investments have underlying investments which do not have quoted market values. The estimated value is subject to uncertainty and could differ had a ready market existed for these alternative investments. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements as unrealized gain (loss) on investments. Actual gains or losses are dependent upon the general partners' distributions during the life of each partnership.

Net Asset Value ("NAV") is used as a practical expedient for certain commingled funds, privately-held investments, and securities held in partnership format for which a readily determinable fair value is not available, unless the Foundation believes such NAV calculation is not measured in accordance with fair value. These values may differ significantly from values that would have been used had a readily available market existed for such investments, and that difference could be material to the change in net assets of the Foundation.

Net investment return is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses less external investment expenses.

Debt Issuance Costs

Debt issuance costs are being amortized over the life of the bonds, which is 13 years, using the straight-line method. Accumulated amortization was \$71,440 at June 30, 2025.

Real Estate

Acquisitions of real estate are recorded at cost or, if donated, at fair value at the time of the donation. Depreciation is provided for property that is actively rented using the straight-line method at rates adequate to amortize the cost of the property over its estimated useful life. The estimated useful life of the property is 30 years.

Net Assets

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

Virginia Commonwealth University School of Business Foundation

Notes to Financial Statements

June 30, 2025

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. As of June 30, 2025, the governing board has designated a portion of assets without donor restrictions to support the goals of the Campaign for the VCU School of Business.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets with donor restrictions at June 30, 2025 consist of contributions with restrictions that support student, faculty, and programmatic initiatives within the VCU School of Business.

Revenue Recognition

Contributions - Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions and investment income are available for unrestricted use unless specifically restricted by the donor. Amounts received and investment income earned that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Course and program revenue – The Foundation recognizes revenue related to course and program-related service fees in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Foundation derives revenue from course and program-related service fees. Those fees contain a single delivery element and revenue is recognized at a single point in time when the program services are rendered.

Program service fees received in advance are deferred to the applicable period in which the related services are performed and included under the caption Contract Liabilities in the financial statements. For the year ended June 30, 2025, it is anticipated that all amounts shown in contract liabilities will be realized within one year. The Foundation does not accept contracts related to the delivery of non-credit programs which extend beyond one year from the statement of financial position date.

In-Kind Contributions

In-kind contributions, when received or pledged, are recorded as revenue and expense in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

Virginia Commonwealth University School of Business Foundation

Notes to Financial Statements

June 30, 2025

assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Measure of Operations

The Foundation reports all activities as changes in net assets from operations, except for investment return, the change in value of the interest rate swap agreement, the sale of assets which are not held for investment, and other changes related to the financing agreement with Virginia Commonwealth University.

Income Taxes

The Foundation is exempt from Federal income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose may be subject to taxation as unrelated business income. The Foundation did not incur any unrelated business income tax expense from investment partnerships on its most recently filed return for the year ended June 30, 2024. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported total assets, liabilities, net assets or changes in net assets.

Note 2 – Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following:

Cash and cash equivalents	\$ 5,341,532
Accounts receivable	4,555
Contributions receivable	2,984
Endowment appropriations	388,762
Appropriations from board-designated funds	2,106,000
	<hr/>
	\$ 7,843,833

As part of the Foundation's liquidity management process, cash in excess of operating requirements is invested in short-term, highly liquid investments, which are included in the cash and cash equivalents amount. Additionally, the Foundation has board-designated financial assets of \$19,595,031 without donor restrictions. While the Foundation does not intend to spend for purposes other than those identified, the amounts could be made available for current operations, if necessary.

Virginia Commonwealth University School of Business Foundation

Notes to Financial Statements

June 30, 2025

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Endowment distributions subject to spending policy and appropriation are restricted for specific purposes, with the exceptions of amounts available for general use.

Note 3 – Contributions Receivable

Contributions receivable as of June 30, 2025 are expected to be received as follows:

Receivables in less than one year	\$ 435,462
Receivables in one to five years	874,961
	<hr/>
	1,310,423
Less discount	(57,085)
Less allowance for uncollectible receivables	(36,670)
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	\$ 1,216,668

Discount rates between 0.87% and 4.25% were used in determining the present value of the contributions receivable.

Note 4 – Investments

Assets of various funds are pooled for investment purposes. Equity of individual funds in the pooled investments is maintained using the "market value method." Under the market value method, units of participation are assigned when dollars enter the pool based upon the most recently determined market value of units. The market value of units of participation is calculated monthly.

The Foundation's investment portfolio as of June 30, 2025 consists of the following:

	Cost	Fair Value	Gross Unrealized Losses	Gross Unrealized Gains
Cash and cash equivalents	\$ 826,696	\$ 826,696	\$ -	\$ -
Equities	186,165	359,362	(2,877)	176,074
Alternative investments	36,827,696	68,810,803	(2,818)	31,985,925
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments	\$ 37,840,557	\$ 69,996,861	\$ (5,695)	\$ 32,161,999

The investments as of June 30, 2025 are held as follows:

Pooled investments	\$ 69,585,980
Other investments	410,881
	<hr/>
Total investments	\$ 69,996,861

The number of units of participation in the pooled investments at June 30, 2025 was 414,541.6451, with a \$167.862459 value per unit.

The Foundation maintains investments in various money market funds, equity securities, and alternative investments that are at risk to loss of principal. The Foundation holds money market investment funds in various custodial accounts with its primary custodian, Truist Bank. The custodial accounts are monitored; however, there is no guarantee that the custodian will not become insolvent. The Foundation believes that in the event of insolvency of its custodian, some of the Foundation's assets may be unavailable for a period of time, but that it would ultimately have a full recovery of its assets.

Virginia Commonwealth University School of Business Foundation

Notes to Financial Statements

June 30, 2025

VCU Investment Management Company

Beginning in November 2019, the Foundation transitioned the management of its portfolio to the VCU Investment Management Company ("VCIMCO"). VCIMCO is a nonprofit, nonstock corporation organized under Virginia law for exclusively charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. VCIMCO was created to advise the university and its affiliated foundations on the management of investments. The Foundation is a limited partner in two funds managed by VCIMCO: The Ram Fund, LP and the Ram Private Assets Fund, LP. The Foundation is in the process of redeeming alternative investments held by JP Morgan for future transfer to VCIMCO.

Given the uncertain and continuously evolving nature of investment markets, no static list of asset classes or definitions of investment management strategies can continuously express prudent practice. Therefore, the Foundation and its investment managers must satisfy relevant standards of care through the process by which investment actions are determined and executed. As a part of this process, the Board sets a strategic asset allocation, prudently diversified across asset classes, designed to achieve the objectives stated in the Investment Policy Statement. VCIMCO invests the portfolio in keeping with the parameters of the strategic asset allocation below.

Asset Class	Long-Term Policy
Equity	70%
Fixed Income & Cash	30%
Total	100%

Note 5 – Fair Value Measurements

U. S. GAAP has established a framework to measure fair value and defined the required disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance also established 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

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The classification of investments by level within the valuation hierarchy as of June 30, 2025 is as follows:

	Fair Value Measurements at Reporting Date Using					Measured at NAV
	June 30, 2025	Level 1	Level 2	Level 3		
Assets:						
Cash and cash equivalents	\$ 826,696	\$ 826,696	\$ -	\$ -	\$ -	\$ -
Equities:						
US Large Cap	359,362	359,362	-	-	-	-
Alternative Investments:						
Relative Value	1,569	-	-	-	-	1,569
Merger Arbitrage/Event Driven	26,727	-	-	-	-	26,727
Real Estate	252,507	-	-	252,507	-	-
The Ram Fund LP	59,660,000	-	-	-	-	59,660,000
The Ram Private Assets Fund LP	8,870,000	-	-	-	-	8,870,000
	\$ 69,996,861	\$ 1,186,058	\$ -	\$ 252,507	\$ 68,558,296	

The Foundation's interest in the real estate funds is considered a level 3 valuation in the fair value hierarchy. The investment is valued using the Foundation's pro rata share of member's equity in the partnerships and is then adjusted for fair value using an unrealized incentive allocation. The unrealized incentive allocation is a projection based on the estimated fair value of the assets and liabilities of the partnership, and any preferred returns payable to the members.

The reconciliation of activity for Level 3 investments for fiscal year 2025 is as follows:

Level 3 Assets	Real Estate Funds
Beginning balance at July 1, 2024	\$ 293,270
Change in Unrealized Losses	(40,763)
Ending balance at June 30, 2025	\$ 252,507

For investments in entities that calculate net asset value or its equivalent whose fair value is not readily determinable, the following table provides information about the liquidity of these investments. The fair values of these investments have been estimated using net asset value per share of the investments, unless noted. Management is not aware of any factors that would impact net asset value as of June 30, 2025.

The following table sets forth a summary of the Foundation's assets valued at net asset value per share, or its equivalent, as of June 30, 2025:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
The Ram Fund LP	\$ 59,660,000	\$ -	Quarterly	30 Days
The Ram Private Assets Fund LP	8,870,000	-	N/A	N/A
Relative Value	1,569	-	N/A	N/A
Merger Arbitrage/Event Driven	26,727	-	N/A	N/A
	\$ 68,558,296	\$ -		

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The Ram Fund, LP

The Ram Fund, LP (the “Ram Fund”) is a limited partnership organized under the laws of the Commonwealth of Virginia. The Ram Fund was organized as a pooled investment vehicle, using a manager of managers format, for the purpose of investing the assets of Virginia Commonwealth University and its affiliated organizations.

The Ram Fund invests via a mix of active and passive investment managers and strategies across a diversified group of asset classes including global equity, fixed income (treasuries and credit), real assets, and cash. Investments and investment managers included in the fund employ strategies primarily involving marketable securities.

Redemptions from the Ram Fund may be executed quarterly and require a 30-day notice with an effective date of the next calendar quarter. The general partner may, in its discretion, apply a limit to any quarterly redemption request in excess of 20% of the total capital balance of the limited partner’s interest. A limited partner may redeem its entire capital balance in five quarterly redemptions.

The Ram Private Assets Fund, LP

The Ram Private Assets Fund, LP (the “Private Assets Fund”) is a limited partnership organized under the laws of the Commonwealth of Virginia. The Private Assets Fund was organized as a pooled investment vehicle for the purpose of investing the assets of the University and its affiliated organizations in the investment strategies pursued by the Private Assets Fund.

The Private Assets Fund invests in active investment managers employing strategies primarily in the illiquid asset classes, including private equity, venture capital, private debt, real estate, infrastructure, and natural resources. Due to the illiquid nature of these strategies, the contracted investment period for these investments is typically greater than five years.

Redemptions from the Private Assets Fund are at the discretion of the general partner. The general partner shall make a good faith effort to execute a redemption of a limited partner’s interest upon a termination of such limited partner’s advisory agreement, or in certain extraordinary circumstances, as defined in the partnership agreement.

Relative Value Funds

Relative value funds employ investment strategies that use quantitative and/or fundamental analysis designed to exploit the relative imbalances and dislocations in the pricing relationships of two securities. Relative value strategies are expected to have very limited correlation with equities and fixed income markets, as managers generally hedge out the systemic risk of the markets in which they invest.

Merger Arbitrage/Event Driven Funds

Merger arbitrage/event driven funds employ investment strategies that attempt to profit as a result of stocks and bonds changing in response to certain corporate actions including mergers, shareholder activism, restructurings, share buybacks, spinoffs, etc. Event driven managers typically look to isolate the expected event itself and assess investment opportunities based on their assessment of each event’s ability to create additional value in a security.

Real Estate Funds

The Foundation is a limited partner in two real estate investment partnerships. Pursuant to its limited partnership agreements as of June 30, 2025, the Foundation had unfunded commitments of \$33,424.

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Note 6 – Real Estate

The Foundation entered into a project development and financing agreement with Virginia Commonwealth University for purposes of constructing a facility to house the School of Business. Under the terms of this agreement, the Foundation constructed the facility using funds advanced from a Virginia Commonwealth University bond issue. Upon completion of the facility, the two parties entered into a lease whereby the Foundation would lease the property to Virginia Commonwealth University for \$1 annually with Virginia Commonwealth University being responsible for all operating costs. The original lease term began January 2008 and terminates on November 1, 2030. The lessee has the option to renew this lease for three additional consecutive terms of ten, five, and five years, respectively. Upon the expiration of the initial lease term or any exercised renewal options, Virginia Commonwealth University may purchase the property from the Foundation at a price equal to the greater of the Foundation's original cost or the Foundation's share of the property's fair market value.

Under the authoritative guidance, Accounting for Contributions Received and Contributions Made, the Foundation has recorded as a liability an amount equal to the estimated present value of the future rental value of the facility over the initial lease term less the \$1 annual rent payments due under the lease. A discount rate of 4.56% was used in determining the present value of the promise to give. Rental income in the amount of \$2,018,414 was recorded for the year ended June 30, 2025, with the corresponding reduction in the present value of the accrued contributions included in the caption, Accrued contributions to Virginia Commonwealth University. At June 30, 2025, the estimated present value of the future rental value of the facility was \$9,360,811 and is included in the caption, Accrued contributions to Virginia Commonwealth University.

The Foundation agreed, as a part of the project development and financing agreement, to make annual payments to Virginia Commonwealth University to cover the debt service on the bonds issued by Virginia Commonwealth University. The debt service due to the bond issue is included on the accompanying statement of financial position under the caption, Due to Virginia Commonwealth University, net of unamortized debt issuance costs.

In November 2018, Virginia Commonwealth University, with the approval of the Executive Committee of the Foundation, issued general revenue pledge refunding bonds series 2018A and 2018B, a portion of which refunded the existing variable-rate, privately-placed debt and terminated the related fixed-payor interest rate swap agreement related to the Foundation's financing agreement. The value of the outstanding principal and related swap liability at the time of refunding was \$20,596,000, with unamortized bond issuance costs of \$127,544.

Under the financing agreement, publicly-traded debt maturing in 2030 was issued for \$18,295,000 with \$128,590 of related bond issuance costs. Interest rates are fixed at a 5% rate, payable to Virginia Commonwealth University semi-annually in May and November.

These bonds were issued at a premium of \$2,429,590. The premium is being amortized over the life of the bonds as a reduction to interest expense. Interest expense was reduced by \$202,476 for the year ended June 30, 2025.

Aggregate principal payments required under the debt service agreement at June 30, 2025 are as follows:

Fiscal Year Ending June 30,	
2026	\$ 1,530,000
2027	1,595,000
2028	1,665,000
2029	1,735,000
2030	1,805,000

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Fiscal Year Ending June 30,

Thereafter	1,955,000
Less unamortized debt issuance costs	(57,150)
Unamortized premium on bond issuance	1,079,750
	<u>\$ 11,307,600</u>

Note 7 – Net Assets with Donor Restrictions

Net assets were restricted by donors for the following purposes at June 30, 2025:

Subject to expenditure for specific purpose:

Scholarships	\$ 217,566
Programmatic support	8,231,960
Contributions receivable, net, the proceeds from which have been restricted by donors:	
Scholarships	52,048
Programmatic support	182,687
	<u>\$ 8,684,261</u>

Endowments:

Subject to endowment spending policy and appropriation:

Scholarships	\$ 16,204,391
Programmatic support	7,913,036
Chairs, professorships and faculty support	19,860,932
Contributions receivable, net, restricted to endowment:	
Scholarships	200,756
Programmatic support	776,040
	<u>\$ 44,955,155</u>

Not subject to spending policy or appropriation:

Life insurance policy, proceeds of which are designated for:

Chairs, professorships and faculty support	\$ 147,756
Scholarships	37,239
	<u>\$ 184,995</u>

Total net assets with donor restrictions

\$ 53,824,411

Note 8 – Irrevocable Beneficial Interest in Remainder Trust

The Foundation has an irrevocable beneficial interest in the Leslie C. Ragland Trust. This trust, held by a third party, was established to support named beneficiaries and, at the completion of the trust term, provide unrestricted support to the School of Business.

The trustee has discretion to use the trust assets to support the beneficiaries, considering their needs and circumstances at the time. There are no fixed terms, conditions, or restrictions mandating specific distributions to the Foundation. The Foundation's accounting policy is to recognize contributions from the trust when distributions are received or when receipt is assured and measurable.

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As of December 31, 2024, the fair value of the trust's assets was \$8,420,462, consisting of cash and marketable securities. Due to the discretionary nature of the distributions and the lack of a fixed distribution schedule, the Foundation has not recognized any asset related to this trust in the accompanying financial statements.

The trust will terminate ninety years after the grantor's death or when there are no living descendants of the named beneficiaries, whichever occurs sooner. At that time, any remaining assets in the trust will be distributed to the Foundation.

While the Foundation expects to receive support from the trust in the future, the timing and amount of such support cannot be reasonably estimated due to the discretionary nature of the trustee's decision-making.

Note 9 – Endowment

The Foundation's endowment consists of approximately 185 individual funds established for purposes which support the Foundation. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments ("quasi-endowments"). As required by Generally Accepted Accounting Principles ("GAAP"), net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant State Law

The Board of Trustees of the Foundation has interpreted the Commonwealth of Virginia's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted endowment funds – original donor-restricted gift amount net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified as original donor-restricted gift amount net assets is classified as accumulated investment gains net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

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The following schedule summarizes the endowment net asset composition by type of fund as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 19,595,031	\$ -	\$ 19,595,031
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	25,970,208	25,970,208
Accumulated investment gains	-	18,984,948	18,984,948
Total endowment funds	<u>\$ 19,595,031</u>	<u>\$ 44,955,156</u>	<u>\$ 64,550,187</u>

The following schedule summarizes the net asset composition by type of fund as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 44,955,156	\$ 44,955,156
Board-designated endowment funds	19,595,031	-	19,595,031
Donor-restricted funds	-	8,869,255	8,869,255
Unrestricted funds	1,229,556	-	1,229,556
Total net assets	<u>\$ 20,824,587</u>	<u>\$ 53,824,411</u>	<u>\$ 74,648,998</u>

The unrestricted funds balance amount of \$1,229,556 includes an accrued contribution liability to Virginia Commonwealth University in the amount of \$9,360,811. This is a liability that will not require the outlay of financial resources. See Note 6 for details.

The following schedule summarizes the changes in endowment net assets for the year ended June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 19,106,466	\$ 40,089,738	\$ 59,196,204
Investment gain, net	2,501,510	5,583,107	8,084,617
Contributions	-	870,214	870,214
Appropriation of endowment assets for expenditure	(2,012,945)	(1,587,903)	(3,600,848)
	488,565	4,865,418	5,353,983
Endowment net assets, end of year	<u>\$ 19,595,031</u>	<u>\$ 44,955,156</u>	<u>\$ 64,550,187</u>

Funds with Deficiencies

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 UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2025.

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Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested to produce results that are measured against specific benchmarks while assuming a moderate level of risk. Investment activity is intended to earn a real total return of at least 5%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy and targets a diversified asset allocation, as outlined in its investment policy statement. The Ram Fund, LP and the Ram Private Assets Fund, LP, as limited partnerships, have an asset allocation that is designed to achieve the total return objective of the Foundation while minimizing risks.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The objective of the Foundation's spending policy is to preserve the long-term value of the endowment by balancing spending and reinvestment, while providing a predictable and sustainable level of income to support initiatives and operations of the VCU School of Business. Under this policy, the Foundation appropriates up to 5% of the trailing twelve quarter average market value of the endowment, as of December 31 of the preceding calendar year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment return.

Note 10 – Functionalized Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Foundation. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses related to personnel are allocated based on a time and cost study of where efforts are made. All other costs have been allocated among the programs and supporting services benefited.

Note 11 – Economic Dependency

For the year ended June 30, 2025, approximately 65% of total gross contributions receivable represent a promise to give from one donor.

For the year ended June 30, 2025, approximately 13% of total contributions represent amounts received from one donor.

Note 12 – Subsequent Events

Effective July 1, 2025, the Center for Corporate Education ceased operations. The decision to discontinue the Center's activities was made by management and approved by the Board of Trustees. The Center provided professional

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development and continuing education programs for industry partners and had been operating as part of the Foundation's program services.

At the time of cessation, all program obligations were fulfilled, and no material liabilities were associated with the closure. Remaining assets of the Center, consisting primarily of cash, will be absorbed into the Foundation's general operating funds.

Management has evaluated subsequent events through October 10, 2025, the date which the financial statements were available for issue.