



## AGENDA

### JOINT MEETING

#### IALR BOARD OF TRUSTEES (BOT) & IALR FOUNDATION BOARD OF DIRECTORS MEETING (FBOD)

Conference Room 207

Thursday, February 12, 2026 - 9:00 am – 12:00 pm

#### I. Convening of Open Session

- |   |                  |
|---|------------------|
| A. Call to Order of Board of Trustees             | Don Gibson       |
| B. Call to Order of Foundation Board of Directors | Leslie Mantiplly |
| C. Welcome  | Don Gibson       |

#### II. Attendance of Committee Members by Electronic Communication Means (Vote Required)

Don Gibson

#### III. Confirmation of Quorum

Don Gibson

#### IV. Changes to Agenda

Don Gibson

#### V. Approval of Minutes (Votes Required)

##### BOT

- |   |            |
|---|------------|
| A. Approval of November 13, 2025, Meeting Minutes | Don Gibson |
|---|------------|

##### FBOD

- |  |                  |
|--|------------------|
| A. Approval of November 13, 2025, Joint BOT & FBOD Minutes | Leslie Mantiplly |
|--|------------------|

#### VI. Public Comment to IALR Board

Don Gibson

#### VII. Committee Reports and Actions

##### A. Manufacturing Advancement (10 Minutes)

Ben Davenport / Jason Wells

##### B. Resources (10 Minutes)

Don Merricks / Angie Anderson

##### ➤ IALR Report – FY2026 – 2nd Quarter Update

Don Merricks / Angie Anderson

- Approval of FY2026 – 2nd Quarter Update (Vote Required)

##### ➤ Foundation Report – FY2026 – 2nd Quarter Update

Leslie Mantiplly / Angie Anderson

- Approval of FY2026 – 2nd Quarter Update (Vote Required)

C. Programs & Services (10 Minutes)

Greg Hodges / Angela Brown

D. Institute Conference Center (10 Minutes)

Tracy Fink

## RECESS / BREAK

E. Applied Research (10 Minutes)

Mario Ferruzzi / John Hughes

F. Institutional Advancement (10 Minutes)

Emma Sellers

G. Information Technology

Taurean Russell

H. Operations Update (10 Minutes)

John Hughes

G. Economic Development (10 Minutes)

Linda Green

VIII. BOT Nominating Committee Update

Don Gibson

IX. Resolution – Policy on Remote Participation in Meetings

Don Gibson

X. Leadership Reports

A. BOT Chair's Report (BOT)

Don Gibson

B. FBOD President's Report (FBOD)

Leslie Mantiply

C. President's Report (IALR)

Telly Tucker

XI. New Business and Open Forum of  
Concerns/Issues/Observations for BOT

Don Gibson

XII. Adjournment of Foundation Board of Directors

Leslie Mantiply

XIII. Closed Session

Don Gibson

XIV. Open Session

Don Gibson

XV. Adjournment of BOT

Don Gibson

**PLEASE REMEMBER THIS MEETING WILL BE HELD IN-PERSON.**

ZOOM INSTRUCTIONS WILL BE PROVIDED FOR TRUSTEES AND DIRECTORS UNABLE TO TRAVEL.

## FY2026 Proposed Meeting Schedule

### **BOT Committee Meetings:**

#### April 28, 2026

9:00 am - 10:30 am

Applied Research

10:45 am – 12:00 pm

Resources

#### April 30, 2026

9:00 am - 10:30 am

Programs

10:45 am - 12:15 pm

Manufacturing Advancement

### **Board Meetings:**

May 14, 2026

9:00 am – 12:00 pm



**JOINT QUARTERLY MEETING  
IALR BOARD OF TRUSTEES (BOT) AND IALR FOUNDATION BOARD OF DIRECTORS (FBOD)**

**IALR Conference Room 206  
Thursday, November 13, 2025 – 9:00 am–12:00 pm**

**MINUTES**

<p><b><u>Board of Trustees Present</u></b>                  Mr. David Bennett                  Mr. Ben Davenport                  Dr. Mario Ferruzzi                  Mr. Don Gibson, <i>Chair*</i>                  Dr. Greg Hodges                  Mr. Mark Holland*                  Ms. Emma Kozlowsk, <i>via Zoom, arrived at 9:45 a.m.</i>                  Mr. Charles Majors                  Mr. Don Merricks*                  Ms. Connie Nyholm                  Mr. Kunal Patel*                  Ms. Christine Pennington                  Dr. Tom Powell</p> <p><b><u>Board of Trustees Unable to attend</u></b>                  Dr. Cornelius Johnson                  Ms. Leslie Mantply*</p>	<p><b><u>IALR Leadership &amp; Officers Present</u></b>                  Ms. Angie Anderson, Chief Financial Officer                  Ms. Tracy Fink, VP, IALR Conference Center                  Ms. LaShaun Graham, VP, Human Resources                  Ms. Linda Green, VP of Economic Development (SVRA)                  Dr. John Hughes, EVP, Operations                  Ms. Amanda Hylton, VP, Strategic Initiatives                  Dr. Scott Lowman, VP, Applied Research                  Ms. Allison Moore, Sr. Director, PR &amp; Communications                  Ms. Pam Patterson, Secretary BOT and FBOD                  Mr. Taurean Russell, VP, Information Technology                  Ms. Jessie Vernon, Dir., Employer Engagement and Experiential Learning                  Mr. Telly Tucker, President, IALR                  Mr. Jason Wells, EVP, Manufacturing Advancement</p> <p><b><u>IALR Leadership &amp; Officers Unable to Attend</u></b>                  None</p> <p><b><u>Guests</u></b>                  None</p>
<p><b><u>Foundation Board of Directors Present</u></b>                  Mr. Tad Deriso                  Mr. Chris Eastwood                  Dr. Betty Jo Foster                  Mr. Don Gibson, <i>Chair, IALR BOT (Ex Officio)*</i>                  Dr. Rhonda Hodges, <i>via Zoom</i>                  Mr. Mark Holland, <i>Vice Chair, IALR BOT*</i>                  Mr. Don Merricks*                  Mr. Kunal Patel*                  Mr. Telly Tucker, <i>President, IALR (Ex Officio)</i></p> <p><i>“*” means serves on both boards</i></p>	<p><b><u>Foundation Directors unable to attend</u></b>                  Ms. Leslie Mantply*</p>

A. Call to Order of Board of Trustees (BOT)

Mr. Don Gibson, Chair, called the BOT meeting to order at 9:00 AM. A quorum was present. There were no changes to the agenda.

B. Call to Order of the Foundation Board of Directors (FBOD)

Mr. Kunal Patel, President, called the FBOD meeting to order at 9:00 AM. A quorum was present. There were no changes to the agenda.

**Attendance of Board of Trustees Members by Electronic Communication Means**

Mr. Don Gibson announced that Ms. Emma Kozlowski would attend the meeting via Zoom.

- **Motion:** Mr. Charles Majors made a motion to allow Ms. Emma Kozlowski to attend the Joint BOT and FBOD meeting via Zoom. Dr. Tom Powell seconded the motion, which passed unanimously.

Ms. Rhonda Hodges, Foundation Board of Directors, attended via Zoom; however a vote was not required.

**Welcome**

Mr. Don Gibson and Mr. Kunal Patel welcomed the members of the Board of Trustees and the Foundation Board of Directors to the meeting. An attendance roster was drafted (Exhibit A).

**Public Comment**

Mr. Don Gibson, Chair, called for public comment. Hearing none, he moved to the following agenda item.

**Approval of Minutes**

Board of Trustees

- **Motion:** Mr. Charles Majors made a motion to approve the minutes for the August 14, 2025, BOT meeting. Mr. David Bennett seconded the motion, which passed unanimously.

**Committee Reports and Actions**

A. **Resources**

Mr. Don Merricks filed the Resources Committee report. He presented the audit results for the fiscal year ending June 30, 2025, noting a clean audit.

➤ **FY2025 Audit**

Mr. Merricks commented that the committee met on October 28, 2025. Mr. Corbin Stone, Managing Director of the Blacksburg Office of Robinson, Farmer Cox Associates served as partner-in-charge and lead auditor for the FY2025 IALR audit. The June 30, 2025, Audit Presentation and the Independent Accountants' Report (Exhibit B), and the Annual Financial Report (preliminary draft) (Exhibit C) were included in the meeting documents.

The board reviewed the preliminary audit, which was found to be excellent with no exceptions. Mr. Merricks noted that because the report was in draft form, the board would wait for the final federal verbiage before approving it at the February meeting.

➤ **IALR Financial Overview – 1st Quarter of FY2026**

Ms. Anderson provided a detailed financial report (Exhibit D), which showed a 1% surplus for the quarter ending September 30, 2025, with accounts receivable increasing from \$5.8 million to \$11.6 million, largely due to grants and contracts. The operating account ended with \$1.8 million, while the cash reserve account held \$2 million, with various restricted funds totaling \$3.5 million in non-federal accounts and \$2 million in federal accounts. Fixed asset growth increased from \$112 million to \$154 million. The Advanced Manufacturing segment showed an 18% surplus, with \$547,000 reserved for ATDM equipment needs. The Blue Forge Alliance (BFA) submarine project was flagged as pending, though the scope of work was approved.

- **Motion:** On behalf of the Resources committee, Mr. Don Merricks entered a recommendation for the Board of Trustees (BOT) to accept and approve the IALR Financial Report for the 1<sup>st</sup> Quarter of FY2026. *(Because the motion was submitted by a committee, a second was not required.)* The motion was approved by unanimous vote.

➤ **IALR Foundation Overview – 1<sup>st</sup> Quarter of FY2026 (also Exhibit D)**

Ms. Anderson provided the IALR Foundation Board report without issue. The report highlighted restricted funds for the Integrated Machining Technology (IMT) Capstone program and scholarship expenses. The real estate holding company's income statement showed minimal tenant revenue and operational expenditures. Mr. Merricks recommended the IALR Foundation's fiscal report findings for consideration.

- **Motion:** Mr. Don Gibson made a motion to accept the FBOD financial report for the 1<sup>st</sup> Quarter of FY2026. Dr. Betty Jo Foster seconded the motion. The motion passed by a unanimous vote.

Mr. Merricks extended an invitation to the board members to attend the Resources committee meetings for a more in-depth review of the financials.

**B. Institutional Advancement**

Ms. Emma Sellers provided an update (Exhibit E) on the Foundation's activities, including submitting three funding requests totaling nearly \$275,000 for advanced learning initiatives and lab renovations. She highlighted ongoing stewardship and cultivation visits with various foundations, including a successful \$200,000 proposal presentation to Japan Tobacco International (JTI) for an atrium video board upgrade. Ms. Sellers also discussed implementing Blackbaud Raiser's Edge for online contributions and introduced a refined Foundation webpage with clear investment opportunities aligned with the Institute's goals.

**C. Programs & Services**

Ms. Jessie Vernon presented the Advanced Learning report (Exhibits F & G). The reports covered updates on various programs and services, including AmeriCorps recruitment, staffing changes, and grant extensions. Key highlights included a successful AmeriCorps recruitment year with 35 members, the extension of a grant through the Tobacco Region Revitalization Commission (TRRC), and ongoing efforts to secure funding for work-based learning programs. Further discussed was the completion of the Virginia Talent Pathways initiative report, and the restructuring of the Virginia Talent + Opportunity Partnership (V-TOP) grant due to budget changes. Upcoming events included a summit at the Prizery in South Boston, VA, and the continuation of GO TEC lab installations across the region. Mr. Tucker and Ms. Angela Brown met with the Department of Housing and Community Development (DHCD) to discuss continuation and extension of funding for the GO TEC program. The Career Choice event was very successful and served 2,885 students with over 250 volunteers. The Vice President of Advanced Learning position remained open.

**D. Manufacturing Advancement (MA)**

Mr. Jason Wells reported that the department continued strong momentum, scaling staff and capability, advancing digital transformation, strengthening project discipline, and building a clear path toward sustainable revenue growth and operational maturity. The reports (Exhibit H & I) included updates on business development, Accelerated Training in Defense Manufacturing (ATDM), the Center for Manufacturing Advancement (CMA), the Naval Aviation School for Additive Manufacturing (NASAM) and Integrated Machining Technology (IMT). The division hosted six industry site visits. The MA team grew significantly with 16 new members, bringing the total to 106, and anticipated 14 more hires by the end of the fiscal year. They made substantial investments, including a \$2 million Hermle machine for the Center for Manufacturing Advancement (CMA) and additional Computer Numerical Control (CNC) and x-ray machine, totaling over \$70 million in equipment. The department was implementing various digital maturity initiatives, including Salesforce integration, Enterprise Resource Planning (ERP) system deployment, and Cybersecurity Maturity Model Certification (CMMC) compliance, while also transitioning to Agile project Management with two Scrum Masters and three Project Management Professionals (PMP). Business development efforts include 42 active industry pursuits with \$3 million in revenue Opportunities. The division is preparing for their first major trade show in February, 2026.

**Recess**

Mr. Gibson cancelled the recess to provide extended time for reports and pending business.

**E. Economic Development Update**

Ms. Linda Green presented the Economic Development/Southern Virginia Regional Alliance (SVRA) Report (Exhibit J). The report focused on economic development efforts in the region, highlighting successful marketing strategies and networking. Linda presented updates on various initiatives, including child care solutions, housing developments, and the AM Squared Tech Hub (AM2), which could receive up to \$60 million in funding. The region's strong performance was noted, with 21% of Virginia Economic Development Partnership (VEDP) project announcements and 30% of new jobs created coming from the area. Ms. Green also discussed the ongoing postponement of the Major Employment Investment (MEI) Committee meeting, which is affecting potential announcements, and she emphasized the importance of private-sector partnerships.

*Attendance Notes: Ms. Allison Moore left the meeting at 10:15 a.m.*

**D. Applied Research**

Mr. Scott Lowman’s report (Exhibits K & L) provided an update on research activities and partnerships. A key highlight was the success of the Controlled Environment Agriculture (CEA) Summit East, which attracted more than 300 attendees from 38 states and eight countries, underscoring its growing influence. Mr. Lowman announced several new grants and collaborations, including a \$62,000 grant to support the development of a new crop for the CEA industry. The department partnered with Babylon Micro Farms to advance disease management solutions and established new relationships with Prospect Ag and Aerofarms. The research department is committed to fostering the growth of ag-tech companies in Virginia and emphasized its role in driving research and innovation within the CEA industry.

**E. The Institute Conference Center (ICC)**

Ms. Tracy Fink presented the ICC report (Exhibit M). The combined attendance was up nearly 15% from 2024 to 2025, including visitors to Megabytes Café and conference catering events. The staff was proactive in outreach efforts and partnered with the Danville Office of Economic Development & Tourism (SOSi) at various conferences to promote the conference center statewide. Ms. Fink announced that a second Megabytes Café will open at the Maritime Training Center (MTC) in the new year. The locations will be accessible to students across all three shifts.

**F. Information Technology (IT)**

Mr. Taurean Russell presented IT updates, noting improvements in security awareness training, infrastructure uptime, and the implementation of an incident response plan. IT-related internships and career development opportunities at IALR were discussed, with plans to explore partnerships with local educational institutions for experiential learning. The department developed an IT Strategic Plan for 2026-2028. The plan will focus on innovation, cybersecurity, and resiliency.

**G. Operations**

Dr. John Hughes provided updates on various operational initiatives.

- Marketing and Communications  
Ms. Allison Moore and her team were developing the 2025 Annual Report and assisting divisions with their strategic plans.
- Environmental Health & Safety  
Mr. Robert Shephard scheduled in-staff fire safety training, and ten OSHA certificates were awarded. Monthly safety notices continued to be distributed to all staff to maintain awareness.
- Facilities  
The department is currently fully staffed.
- Advanced Learning  
Dr. Hughes commended the Advanced Learning team for sustaining efforts and operations while awaiting the appointment of the next Vice President.

**Leadership Reports**

- A. BOT Chair’s Report Don Gibson  
Mr. Gibson commended Mr. Tucker for assembling a strong leadership team and emphasized the importance of maintaining high-quality leadership as the Institute continues to grow.
- B. Vice-President’s Report (FBOD) Kunal Patel  
Mr. Patel stated that there were two items to be discussed.
- Consideration of Approval of 16 STEM Scholarships  
Ms. Emma Sellers requested approval from the Foundation Board of Directors for 16 STEM scholarships at \$1,000 for regional high school Seniors.
    - **Motion:** Dr. Betty Jo Foster made a motion to approve the request for 16 STEM scholarships in the amount of \$1,000 for regional high school seniors. Mr. Chris Eastwood seconded the motion, which passed unanimously.
  - Approval of FBOD Investment Policy with Atlantic Union Bank  
Mr. Don Merricks commented that approval of the investment policy (Exhibit O) would be deferred to give FBOD members a chance to review the policy and consider the allocation of funds for investments.
- C. President’s Report (IALR) Telly Tucker  
Mr. Tucker’s report (Exhibit P) outlined his activity report, FY 2026 goals, and his service/membership on local, regional, and state organizations to build relationships in other parts of the state. Highlights included:
- Op Six Meeting  
Mr. Tucker and Ms. Angie Anderson attended the meeting in Richmond, VA, and presented the need for capital for construction dollars to expand the Center for Manufacturing Advancement (CMA) building and the need for ongoing funding for GO TEC.
  - Mr. Tucker, Mr. Jason Wells, and other staff attended the AM2 (Advanced Materials Additive Manufacturing) Conference at Virginia Tech (VT). IALR Strives to have a more cohesive relationship with VT in engineering and Pitched a concept called Navigate wherein undergrad and graduate-level Engineers would spend time at the Institute to work alongside technicians In an actual manufacturing environment.
  - Bridge Wing Chat

Mr. Tucker participated on a panel at the Navy Memorial in Washington, D.C. To discuss workforce. It provide an opportunity to get in front of a national Audience (televised) to talk about the impact of the work that ATDM is having, Both locally, regionally, and nationally, to support the skilled trades gap, which is a national security concern.

➤ GO TEC – Technista Work Sessions

The GO TEC team is seeking Technista’s support in curriculum development, upkeep and streamlining efforts to support the rapid expansion of the program. The partnership provides an opportunity for IALR to support a local business from an economic development standpoint, and cements this region’s expertise in Career technical education training at the middle school level, through programs like their MEERA program, the Institute’s Go TEC program, and through adult programs that the Institute does in partnership with the Community College.

➤ Danville Community College Diesel Mechanic Training Program

Mr. Tucker thanked the Foundation Board of Directors for their support in helping to facilitate the transaction for Danville Community College (DCC) Diesel Mechanic Training program. A ribbon-cutting was held on October 16<sup>th</sup> and was attended by Dr. David Dore’, Chancellor of Virginia’s Community College System, as well as elected officials.

➤ Microporous Visit, Piney Flatts, TN

Mr. Tucker, Ms. Linda Green, and members of the Virginia Economic Development Partnership (VEDP) visited Microporous in an effort to look at what their training needs are. They need people trained on certain skill sets. The Institute is a part of the training solution along with DCC and the Virginia Talent Accelerator Program. The Virginia Talent Accelerator website is up and running and already has 900 applicants. Mr. Tucker concluded his report by reviewing F 26 Goals and their current status.

**New Business and Open Forum of Concerns/Issues/Observations for the BOT or FBOD**

**No concerns, issues or observations were raised.**

**Adjournment of Foundation Board of Directors (FBOD)**

Mr. Patel adjourned the FBOD meeting.

*Attendance Notes: Dr. Betty Jo Foster, Mr. Tad Deriso, Ms. Rhonda Hodges, and Mr. Chris Eastwood left the meeting.*

*Mr. Mark Holland, Mr. Don Merricks, Mr. Kunal Patel, Mr. Don Gibson and Mr. Telly Tucker remained in the meeting as members of the Board of Trustees.*

**Closed Session**

Mr. Gibson announced that the Board of Trustees would enter into a Closed Session.

- **Motion #1 - To Convene in Closed Meeting**

Mr. Don Merricks made a motion to convene in Closed Session at 11:15 a.m.:

*I move that the IALR Board of Trustees convene in a closed meeting, pursuant to Section 2.2-3711, Section A, Sub-section 1 of the Code of Virginia, as amended, for the purposes of discussing and considering the assignment, appointment, performance, demotion, salaries, discipline, and/or resignations of specific IALR employees. and that LaShaun Graham remain in the meeting.*

Dr. Tom Powell seconded the motion. The motion passed unanimously.

*Attendance Notes: Ms. Tracy Fink, Dr. John Hughes, Ms. Amanda Hylton, Dr. Scott Lowman, Ms. Pam Patterson, Mr. Taurean Russell, Ms. Jessie Vernon, and Mr. Jason Wells left the meeting.*

*Mr. Telly Tucker, Ms. Angie Anderson, and Ms. LaShaun Graham remained in the meeting.*

- **Motion #2 - To Reconvene in Open Meeting**

Mr. Don Merricks made a motion to reconvene in Open Session at 11:30 a.m.

Dr. Tom Powell seconded the motion. The motion passed unanimously.

- **Motion #3 - To Certify Closed Meeting**

Mr. Don Merricks made a motion to certify the closed session as stated below:

***WHEREAS***, the members of the Board of Trustees of the Institute for Advanced Learning and Research in Danville, Virginia, have convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

***WHEREAS***, Section 2.2-3712.D. of the Code of Virginia requires a certification by this Committee of the Board of Trustees that such closed session was conducted in conformity with Virginia law;

***NOW, THEREFORE, BE IT RESOLVED***, that the Board of Trustees, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed, or considered by the Committee.

Dr. Greg Hodges seconded the motion. The motion passed unanimously.

*Attendance Notes: Ms. Pam Patterson returned to the meeting.*

**Roll Call Certifying Closed Session**

Each member in attendance voted individually to certify the closed session.

**Roll Call Vote:**

Mr. David Bennett	-	yes
Mr. Ben Davenport	-	yes
Dr. Mario Ferruzzi	-	yes
Mr. Don Gibson	-	yes
Dr. Greg Hodges	-	yes
Mr. Mark Holland	-	yes
Mr. Charles Majors	-	yes
Ms. Leslie Mantiplay	-	yes
Mr. Don Merricks	-	yes
Ms. Connie Nyholm	-	yes
Mr. Kunal Patel	-	yes
Ms. Chris Pennington	-	yes
Dr. Tom Powell	-	yes

**Open Session**

- **Motion** – Mr. Charles Majors made a motion to ratify the decisions made during the Closed Session. Dr. Tom Powell seconded the motion. The motion passed unanimously.

**Adjournment**

Mr. Don Gibson adjourned the meeting at 11:47 a.m.

Minutes Recorded By:

\_\_\_\_\_  
Pam Patterson  
BOT Secretary

\_\_\_\_\_  
Date

Minutes Approved By:

\_\_\_\_\_  
Don Gibson  
Chair, IALR Board of Trustees

\_\_\_\_\_  
Date

*Summary of Exhibits is shown on the following page.*

**Summary of Exhibits** (incorporated as an official part of these minutes)

- A. Attendance Roster
- B. Audit Presentation - June 30, 2025
- C. Audit – Annual Financial Report – Fiscal Year Ended June 30, 2025
- D. IALR Financial Overview – Fiscal Year 2026 – 1<sup>st</sup> Quarter
- E. IALR Foundation Institutional Advancement – Quad Chart
- F. Programs & Services / Advanced Learning Division Quad Chart
- G. Programs & Services / Advanced Learning Division Narrative Report – July/Aug 2025
- H. Manufacturing Advancement Quad Chart
- I. Manufacturing Advancement Narrative Report
- J. Economic Development Update – 10/31/2025 Status Report
- K. Applied Research Quad Chart
- L. Applied Research Narrative Report
- M. Institute Conference Center Quad Chart
- N. IT & Cybersecurity Program Maturity
- O. Foundation Board of Directors Investment Policy with Atlantic Union Bank
- P. President’s Report
- Q. Closed Session Documentation

# Manufacturing Advancement

February 12, 2026

## Strategic Priority

Support and expand high-impact high-quality programs to meet demands of new and existing industry sectors

**Accelerated Training in Defense Manufacturing (ATDM)**  
**Naval Aviation Schoolhouse for Additive Manufacturing (NASAM)**  
**Manufacturing Engineering Technology (MfgET)**

### ATDM

- 4 cohorts in progress
- 1,813 students enrolled to date
- Approaching 1,200 graduates
- Exceeded 1,000 students placed in the DIB
- Placement and graduation continue to sit at ~85%
- Over 1300 community service hours contributed
- 65+ current staff members
- 297 participating companies
- Currently engaged in ISO certification

## Metrics (ATDM Snapshot 1/20/26)

Completed Cohorts To-Date	Enrollment To-Date	Number of States (Recruitment)
22 (23, 24, 25, 26 in progress)	1,813 (through cohort 26)	47 (+ Washington, D.C., Australia, Puerto Rico, and Guam)
Graduates To-Date	Job Placement To-Date (Accepted Offers in MIB/DIB) (Excludes commercial manufacturing)	Total Number of Certifications/Qualifications to Date
1,260 (through cohort 22)	1,007	+6,500
Number of States (Job Placement)	Industry	Current ATDM Staff
41 + Guam & Australia	297 Participating 400+ Engaged	65+

# Metrics (ATDM Snapshot 1/20/2026)

Support and expand high-impact high-quality programs to meet demands of new and existing industry sectors

Accelerated Training  
Naval Aviation School  
(NASAM)  
Manufacturing Eng

- ATDM
- 766 active app
  - 85 new stude
  - 15 new partic
  - 9 open positio

- NASAM
- Pilot cohort g
  - PMR successf

- MfgET
- IALR lecturer c

Completed Cohorts To-Date	Enrollment To-Date	Number of States (Recruitment)
<p><b>22</b> (23, 24, 25, 26 in progress)</p>	<p><b>1,813</b> (through cohort 26)</p>	<p><b>47</b> (+Washington, D.C., Australia, Puerto Rico, and Guam)</p>
Graduates To-Date	Job Placement To-Date (Accepted Offers in MIB/DIB) (Excludes commercial manufacturing)	Total Number of Certifications/Qualifications to Date
<p><b>1,260</b> (through cohort 22)</p>	<p><b>1,007</b></p>	<p><b>+6,500</b></p>
Number of States (Job Placement)	Industry	Current ATDM Staff
<p><b>41</b> + Guam &amp; Australia</p>	<p><b>297</b> Participating 400+ Engaged</p>	<p><b>65+</b></p>

# NASAM Updates

- 2<sup>nd</sup> cohort of the Naval FY w/ 9 students
- Cohort schedule behind pace due to Government shutdown
- New curriculum updates
- Working on NASAM branding



## Strategic Priority

Invest in new leading-edge equipment, infrastructure, and related assets that will attract new businesses

**Center for Manufacturing Advancement (CMA)**  
**Navy Additive Manufacturing Center of Excellence**  
**Integrated Machining Technology (IMT)**

## Current Activity

- Lean (5S, production scheduling)
- Cost justification and capital modeling
- Business planning for 149 Slayton
- Staffing for second shift
- CMMC implementation
- Reduced external consultant reliance
- Forecasting models now in place

## Metrics (Snapshot 1/20/26)

Months in CMA	Number of IALR FTE's	Visitors FY25
29	18	1400+
Number of companies located in CMA	Total Number of FTEs in CMA	Navy Parts Printed in AMCOE
5	37	646
Navy Parts Machined in AMCOE	Number of pieces of Industry 4.0 Equipment Installed	Number of Students training at CMA
368	16	150+

## Strategic Priority

Maintain strong collaborative relationships with the region's education centers, university partners, community colleges, and school divisions

### **Integrated Machining Technology (IMT) Center for Manufacturing Advancement (CMA)**

#### IMT

- 11 students currently enrolled
- 1 student interning at CMA
- 6 students with secured job offers
- Planned stakeholder meetings to discuss program updates

#### CMA

- Secured PO through October
- Funding for staff growth/additional Cap Ex funding being processed
- Total part prints 646 with an 80.4% YOY increase
- 123 parts installed within the fleet
- IALR team working 20 x 5 schedule
- IALR gained 22% on part backlog
- Operational Excellence initiative engaged

## Strategic Priority

Become the region's epicenter for training and educating a highly skilled workforce

**National Training Center (NTC)**  
**Integrated Machining Technology (IMT)**  
**Accelerated Training in Defense Manufacturing (ATDM)**  
**Naval Aviation Schoolhouse for Additive Manufacturing (NASAM)**

### ATDM Maritime Training Center (MTC)

- New AR Welding and Ship Fitting programs
- Program compression and throughput gains
- Move to MTC and culture integration
- ISO certification process initiated
- Structured tutoring and curriculum redesign
- Placement pathway optimization

### Workforce Development

- NAVSEA lab upfit and program builds
- AR Welding and Ship Fitting programs
- Online and supplemental training expansion
- FY27 budget modeling underway
- Cross-curriculum alignment and IMT upgrades

### Project & Digital Enablement

- Project management tools deployed
- Salesforce implementation
- Digital literacy campaign
- Cloud and algorithm development
- AM CoE digital strategy and dashboards
- Digital team growth and training

## Measurable Outcomes & Department Wins

### Strategic & Institutional Progress

- Monthly PMR meetings institutionalized
- Department vision and charter established
- MOU signed with U.S. Army Ordnance School
- Additional NAVSEA AM program landed on campus
- Confirmed three technology partnerships for 149 Slayton
- 10-month PO and SOW secured for AM CoE
- Fiscal modeling and accountability embedded across leadership
- Connected MTC Buildings 1 & 2 on schedule
- 113 ATDM volunteers contributing 1,300+ community service hours

### Operational & Workforce Impact

- Reduced CMA backlog by 22% (4 weeks)
- Over 1,000 graduates placed; average placement rate 85%, with two cohorts exceeding 90%
- Managed increased applicant volume while expanding training shifts
- Met or exceeded 2025 enrollment targets
- Hosted the largest ATDM career fair to date (40 companies, 66+ employers engaged)

# New Hires and Promotions

- Ledon Watkins – ATDM Nondestructive Testing Instructor
- John Bray – ATDM Precision Manufacturing Technician-Metrology-3<sup>rd</sup> shift
- Laura Brown – ATDM Career Services Coordinator I
- Jonathan Grubb – ATDM Welding Technician-2<sup>nd</sup> Shift
- Kenneth Gee – ATDM Transportation Specialist
- Lori Kelly – ATDM Nondestructive Testing Instructor
- Tia Yancey – Promotion, ATDM Manager, Student Success and Compliance
- Richard Evans – CNC Machinist II – 1<sup>st</sup> shift
- Jacob Drewer – CMA Intern
- Braxton Todd – NASAM Additive Manufacturing Technician

# Q&A

Manufacturing Advancement Report  
Jason Wells, Executive Vice President  
Amanda Hylton, VP Strategic Initiatives  
January 29, 2026

**Personnel Updates:**

- ATDM
  1. Ledon Watkins – ATDM Nondestructive Testing Instructor
  2. John Bray – ATDM Precision Manufacturing Technician-Metrology-3<sup>rd</sup> shift
  3. Laura Brown – ATDM Career Services Coordinator I
  4. Jonathan Grubb – ATDM Welding Technician-2<sup>nd</sup> Shift
  5. Kenneth Gee – ATDM Transportation Specialist
  6. Lori Kelly – ATDM Nondestructive Testing Instructor
  7. Tia Yancey – Promotion, ATDM Manager, Student Success and Compliance
- CMA
  1. Richard Evans – CNC Machinist II – 1<sup>st</sup> shift
  2. Jacob Drewer – CMA Intern
- NASAM
  1. Braxton Todd – NASAM Additive Manufacturing Technician
- Open Positions
  1. Technical Specialist, CNC & Additive Manufacturing
  2. ATDM Precision Manufacturing Technician – CNC All shifts
  3. ATDM Precision Manufacturing Technician – CNC All shifts
  4. ATDM NDT Technician- 2<sup>nd</sup> shift
  5. CNC Machinist II – 1st Shift
  6. VP, ATDM
  7. ATDM Educational Compliance Coordinator
  8. CNC Machinist/Programmer-2<sup>nd</sup> shift

**Accelerated Training in Defense Manufacturing**

- Budget and Contracting
  - ATDM received the contract for the initial base period of two and half years with the two additional option years
    - Total budget for FY26 \$35.5M
    - Currently training managers on budget management
    - support. Additional measures are being implemented to support oversight and guidance at the leadership level
    - Tom Loehr scheduled for a “Finance 101” w/ budget managers in February
- Recruitment

- Students have come from 47 states plus Washington D.C., Puerto Rico, Australia, and Guam
- Training
  - Work to organize curriculum is underway with significant updates to the Canvas platform
- Industry Engagement
  - The number of participating companies is over 275
- Career Services
  - The team its largest career fair with over 40 companies participating this quarter
- Dedicated Training Facility
  - Construction remains on schedule for Phase Two of the building which will house the administration and support services for ATDM
  - The project is set for March 2<sup>nd</sup> move in date
  - Planning efforts are ongoing for managing the repair and erection of the USS Buffalo monument to be placed in front of the MTC by April/May
- Other Highlights/Items to Note
  - ATDM has graduated over 1,000 graduates
  - Salesforce integration continues with Cloud for Good representatives onsite in January
  - Efforts to determine the best path for accreditation are currently paused as MIB leadership determines the value. This is still being explored through Dr. Debra Holley, as a consultant to the team, internally as the process is lengthy and will require up to four years once a decision is made on the path forward

### **NASAM Additive Manufacturing Training**

- As of January 28, 2026, we are four weeks into the second cohort of the Naval FY (Cohort 26-2; 9 students).
- Upcoming Cohort 26-3 has 12 students enrolled.
  - Class begins February 18, 2026.
  - Student check-in will take place Monday, February 16 and Tuesday, February 17.
- Salesforce communication and workflow integration efforts have begun.
- Multiple curriculum updates have been implemented after a series of meetings with NAVAIR's Integrated Technology Product Team and Dr. Antonia Paesano, Polymer Scientist working with NAVAIR on their AM integrations.
- Continuing work with the MA Marketing Team and NAVAIR Public Affairs on NASAM branding.

### **Center for Manufacturing Advancement**

- The CMA has moved forward with plans to initiate a second shift and positions have been posted.

- A partnership agreement was finalized with Mitutoyo to share lab space and cost within the CMA to include promotion of contract services.
- Work continued this quarter on dedicated optimization efforts that will be housed in 149 Slayton.
- Leadership engaged with Tom Loehr on structured plan to support optimization that included a pro forma budget and equipment and funding considerations.
- The CMA is finalizing details on a partnership agreement with a top level machine tool builder that would see a very large financial commitment along with some joint project and training opportunities.

### **Additive Manufacturing Center of Excellence (AM COE)**

- The team attended a future-state road mapping exercise for the AM COE in Mobile, Alabama and visited the Austal shipyard
- Additional protocols for tours were implemented to support productivity, which includes increased security and a decrease in frequency of tours.
- The Hermle machine is up and running
- IALR has received funding to support an intern from each cohort of ATDM graduates for CNC and will soon add funding to support the same in Metrology.

### **Specialized Training**

- We continue to see strong requests around specialized or focused training, efforts are underway to explore how to facilitate these requests as an additional revenue stream.
  - The first of these is for NDT training partnered with the Naval Welding Institute

### **Integrated Machining Technology**

- Plans are underway to develop additional training to refresh the training program
- Currently seeking grant opportunities to evolve the program to include AM capabilities and start a digital aspect of the training
- Working with DCC to strengthen collaborations and increase conversations to better grow this program and others
- Newest cohort began in August with 14 students

### **Additional Highlights**

- The division attended numerous conferences and meetings in support of the mission
- The division continued to host and support record numbers of tours and visits during the quarter, including the following:
  - Makino

- The Manufacturing Advancement leadership team continues to refine metrics and reporting mechanisms to help strengthen operational awareness with an overarching goal of Operational Excellence in FY26
- The team is currently engaged in pursuing a collaboration and grant effort with Virginia Tech. We are seeking to mature a concept of a Virginia Tech Innovation Cell and work study program for engineering students here on campus to support white collar needs and other mission critical efforts for the MIB.
- The Manufacturing Advancement leadership teams goals for the next 6 months include:
  - Eliminate single-point dependency in Industry 4.0
  - Fully operational second shift in AM CoE
  - Shop scheduling system & KPI deployment for Center for Manufacturing Advancement
  - Fully approved and operational 149 plan for optimization
  - Get ATDM fully staffed and stable in MTC
  - Defined multi-year budget model for workforce training
  - Staff training and process hardening in project management
  - Define and activate strategy-aligned digital team
  - Secure \$500K commitments for business development
  - Elevate financial literacy
  - Mature Tour 2.0
  - Establish sustainable operating rhythm with marketing
  - Metrics-based bonus and recognition program for entire department

## **Contributions to the Strategic Plan**

- **Accelerated Training in Defense Manufacturing**
  - Center of Excellence for Education & Workforce Development – ATDM is the pilot for a national network of accelerated training programs aimed at reducing “time-to-talent” for the defense industrial base (DIB) and filling critical skills gaps in defense manufacturing. As a national-in and national-out training platform, it partners with recruiting sources and industries nationwide
  - Globally Competitive Ecosystem – ATDM provides a robust level of industry engagement that allows industry to send students for training and place students in employment. As with previous models, such as Integrated Machining Technology, it has been shown that industry is interested in locating near training facilities to recruit workers at velocity and scale, which ATDM will produce. These trained individuals will support a workforce pipeline that will make the region more globally competitive
  - Collaborative Team Success – ATDM relies on external partnerships with recruitment sources, job placement entities, industry and technology partners. The multiple subcontractors involved in making the training a success provide opportunities to collaborate with other internal divisions
  
- **Defense Manufacturing Community Support Program**
  - Virginia's Go-To Partner for Business and Economic Growth – DMCSPP supports the Virginia Maritime Industrial Base Consortium (VMIBC) as a leading hub for developing skilled workers and the engineering workforce for the maritime industry in Virginia; supports local, regional, state, and national economic development through the designation as a Defense Manufacturing Community (DMC) and the collaborative partnerships created through the VMIBC; IALR serves as the convener of partners to execute the DMCSPP grant, providing the ability of IALR to be the go-to partner for the Virginia Department of Veterans and Defense Affairs in developing and enhancing workforce development pipelines that support Virginia's business and economic growth plans

- Center of Excellence for Education & Workforce Development – DMCSPP supports education & workforce development through the DMC ecosystem which provides a K-12 to university and beyond workforce training system. This includes career connections, high school, community college, university and adult learner options for training students to support the Virginia maritime industry. DMCSPP creates a pipeline for manufacturing engineering technologists and provides continuous improvement into training programs that rely on industry needs. The mission of the VMIBC (the designated DMC community) is to increase manufacturing capacity, capability, resiliency, and diversity in the maritime industrial base by creating a cross-region K-12 to university training pipeline for skilled workers and manufacturing engineers
  - Globally Competitive Ecosystem – DMCSPP advances and connects businesses in the region through a strong collaborative network of industry, government and academia. DMCSPP will increase the supply of skilled labor and manufacturing engineers that will help to close manufacturing skills gaps, address manpower shortages, build manufacturing capacity and capability, and modernize the workforce to enable the industrial base to fully support the Navy's sustainment and shipbuilding needs. This will position the Commonwealth to be globally competitive in attracting manufacturing industries that are aligned to the skills within the pipeline
  - Collaborative Team Success – DMCSPP strengthens collaborative, regional education partnerships (ODU, P&HCC, Virginia State University and K-12 school divisions in Southern Virginia and Hampton Roads) and supports internal collaboration through the integration and expansion of GO TEC into the Hampton Roads region through the DMCSPP partnership
- **NASAM**
    - Center of Excellence for Education & Workforce Development – Through efforts connected with ATDM, the Naval Aviation School of Additive Manufacturing will support active-duty military with Additive Manufacturing (AM) training directly related to Navy needs. These connections will also support the US Navy's effort to modernize the workforce and prepare for increasing AM production
- **Center for Manufacturing Advancement**
    - Virginia's Go-To Partner for Business and Economic Growth – The CMA supports Virginia manufacturers in their pursuit of manufacturing optimization and innovation. The CMA offers technical expertise, lab space, equipment and a collaborative environment to help existing and new Virginia manufacturers increase productivity that has direct economic impact. The CMA serves as a centralized resource of emerging, production ready technologies to help drive the success of Virginia manufacturers. The US Navy AM Center of Excellence within the CMA is expected to support additional companies in their ability to

- produce AM parts for Navy submarines, including companies in Virginia
  - Center of Excellence for Education & Workforce Development – Through efforts connected with ATDM, the CMA's AM COE will connect ATDM graduates with Additive Manufacturing (AM) jobs directly related to the Submarine Industrial Base (SIB). These connections will support the recruitment and placement efforts of ATDM. These connections will also support the US Navy and the SIB's effort to modernize the workforce and prepare for increasing AM production
  - Globally Competitive Ecosystem – The CMA will allow businesses in Virginia to be globally competitive through innovations in current and new manufacturing processes. The AM COE at CMA will also support a globally competitive ecosystem through development of innovative additive manufacturing strategies, technical data and processes
  - Collaborative Team Success - The CMA serves as the go-to hub for manufacturing advancement and innovation for Virginia businesses and beyond. The CMA will bring internal and external partners together to form a cohesive group of manufacturing experts, technical partners, business leaders and government officials. These partnerships and collaboration will drive the projects and programs at the CMA. The projects and programs will lead to positive return on investment for IALR and project partners. Revenue generated through CMA projects will help support the Manufacturing Advancement division as a whole and help provide the required resources to remain industry relevant and globally competitive
- **Specialized Training**
    - Virginia's Go-To Partner for Business and Economic Growth – As one of four HTEC training centers in the country, IALR serves as the Go-To teacher training facility for Virginia
    - Center of Excellence for Education & Workforce Development – The mission of HTEC is to provide a collaborative space in which we collectively develop, deliver, and disseminate the best educational methods and techniques for CNC education in the world. The goal is to drive the upskilling of manufacturing educators, and transform CNC classrooms into modern, high-tech advanced manufacturing labs that both encourage students to seek successful careers in CNC and related fields and ensure that these students are well-equipped when they enter the field. The goal of specialized training within the manufacturing advancement department is to be the Go-To training provider on CNC and related machine technologies, including the upcoming Industry 4.0 integrations within the CMA
    - Globally Competitive Ecosystem – As a partner for the HTEC network and Phillips Corporation, the training facility at IALR serves as a global benchmark as Haas expands into other countries and provides the potential to be a train-the-trainer provider for global Haas activity
  - **Integrated Machining Technology**

- Virginia's Go-To Partner for Business and Economic Growth – IMT has supported extensive business and economic growth in the region by highlighting the ability of the region to train a workforce that can meet demands at multiple levels, from the work floor technician to front line management and beyond. The IMT program is the advanced level training and culmination of the workforce pipeline that begins in middle school. It has been identified as one of the reasons that multiple companies have located in the region and has been the catalyst for allowing IALR to support these companies through rapid launch space and concierge services
  - Center of Excellence for Education & Workforce Development – The IMT program has been a national benchmark for advanced training in CNC machining for years and delegations from multiple states and countries have visited to learn more about how to execute similar programs. The continuous improvement and adoption of current technology allows this program to support the strategic goal of being a center for excellence for education & workforce development
  - Globally Competitive Ecosystem – Technology in manufacturing is rapidly evolving. Providing relevant training in support of industry needs is critical as technology and processes continue to modernize. It is a key factor in providing a globally competitive ecosystem. IMT supports this goal by remaining at the forefront of technology and training and ensuring that students can enter the workforce and provide innovative solutions to workforce challenges
- **Additional Contributions to the Strategic Plan**
    - Excellence in Board Leadership - All projects strive for transparency with the Board by providing needs, successes and areas of support required that allow the board to serve as community champions, share successes and stories and support public and private funding support which promotes excellence in board leadership as the board carries out these strategic activities
    - Strategic Expansion of Applied Research and Culture of Learning - The Manufacturing Advancement division encapsulates a culture of learning in all projects. It fosters innovation and encourages continued efforts to remain current on the knowledge of existing and emerging

# Manufacturing Advancement



Subcommittee Meeting: January 29, 2026

# Current State of Affairs - Programs

IMT	NASAM	ATDM	AM CoE
<ul style="list-style-type: none"> <li>- 11 Students enrolled through spring '26</li> <li>- 1 student interning at CMA</li> <li>- 6 students with secured job offers</li> <li>- Planned stakeholder meetings to discuss program updates</li> </ul>	<ul style="list-style-type: none"> <li>- 2<sup>nd</sup> cohort of the Naval FY w/ 9 students</li> <li>- Cohort schedule behind pace due to Government shutdown</li> <li>- New curriculum updates</li> <li>- Working on NASAM branding</li> </ul>	<ul style="list-style-type: none"> <li>- 4 cohorts in progress</li> <li>- 1,813 students enrolled to date</li> <li>- Approaching 1,200 graduates</li> <li>- Exceeded 1,000 students placed in the DIB</li> <li>- Placement and graduation continue to sit at ~85%</li> <li>- Over 1300 community service hours contributed</li> <li>- 65+ current staff members</li> <li>- 297 participating companies</li> <li>- Currently engaged in ISO certification</li> </ul>	<ul style="list-style-type: none"> <li>- Secured PO through October</li> <li>- Funding for staff growth/additional Cap Ex funding being processed</li> <li>- Total part prints 646 with an 80.4% YOY increase</li> <li>- 123 parts installed within the fleet</li> <li>- IALR team working 20 x 5 schedule</li> <li>- IALR gained 22% on part backlog</li> <li>- Operational Excellence initiative engaged</li> </ul>

# Departmental Impact & Strategic Progress

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## Executive Overview

Over the past 12–18 months, the Manufacturing Advancement division has transitioned from a **reactive, opportunity-pursuing model** to a **disciplined, scalable operating system** that delivers measurable outcomes across defense readiness, workforce development, and advanced manufacturing adoption.

Despite increasing program volume, regulatory complexity, and workforce pressure, the department has:

- Expanded its national defense footprint
- Improved delivery speed and financial discipline
- Scaled workforce outcomes while maintaining quality
- Reduced dependency on external consultants
- Created focused business development and opportunity capture capabilities
- Positioned itself for sustainable growth across MA, CMA, and ATDM, while growing a new line of effort and opportunity in Digital Manufacturing

# Portfolio Scale & Demand Signal

## Active & Emerging Workload Reflects Strong External Pull

- **Current Project Pipeline (17 Projects Committed)**
  - Defense, energy, and industrial partners
- **Primary Engagement Focus Areas (Ranked by Interest):**
  1. Digital Transformation
  2. Custom Training and Workforce Support
  3. Industry 4.0 and Automation
  4. Prototyping and AM adoption
  5. Strategic partnerships (149 Slayton)
- **Current Program Pipeline**
  - AI and Industry 4.0 training opportunity
  - Virginia Tech Navigate and AM2 Hub
  - NSWC Indian Head White Paper
  - Drone Manufacturing Training School

## Key Takeaway for the Board:

Demand is not the constraint; **capacity, sequencing, and financial visibility are the governing factors.**

## • Current Project Pipeline

- Armed Forces Welding - Training
- MIB Supply Chain Lean Manufacturing – Optimization
- MIB Supply Chain Water Tigh Door – Industry 4.0
- Aerospace & DIB NDT – Training and Space
- Tech Partner Fixtures – 149 Partnership
- Tech Partner Holders – 149 Partnership
- Armed Forces Skilled Trades – Training (MOU)
- AM OEM Collaboration – 149 Partnership
- MIB Supply Chain – Prototyping Support
- Nuclear Industry – AM Adoption
- MIB Nuclear Supply Chain – Digital Assessment
- MIB Supply Chain – Digital Support
- MIB Nuclear Supply Chain AI Initiative – Digital Support
- General Defense Contractor - Engineering

# Wins Converted & Revenue Momentum

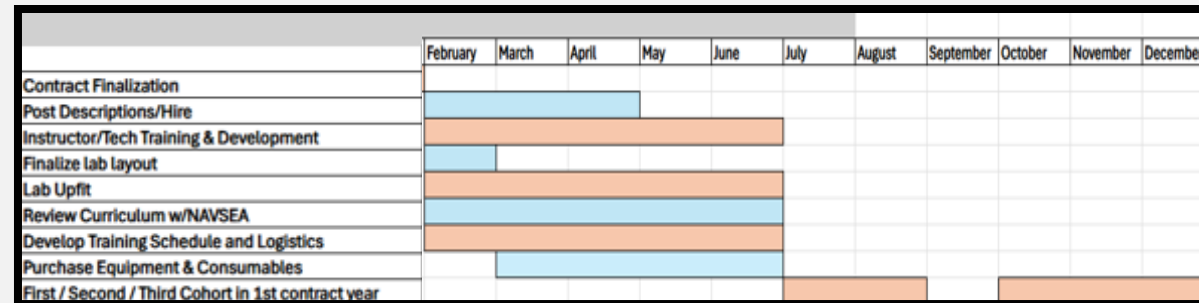
- **Programs Actively Moving Through Contracting**
  - NAVSEA Program Contract
  - DIB Supply Chain Custom AM Training
  - BPMI-funded projects (2 Projects)
  - 3 Nuclear Supply Chain Digital Maturity Assessment projects
  - Expanded industry NDT and metrology training programs
  - **Anticipated Capture: \$1.9M in CY 26**

## Board Signal:

This reflects a **healthy conversion funnel**, not speculative interest.



## Nav Sea AM Afloat Program – Launch Timeline



## IMPACT

- \$6.7 million investment into the program
- IALR Impact: \$1.4m (startup) / \$900k year over year
- 3 additional job opportunities at IALR
- Further solidifies our role as a premier hub for manufacturing expertise and training
- Further solidifies our ability to cross-collaborate and offer solutions to the DoD's needs

# Operational Discipline & Load Management

To manage growth responsibly, the department has continued to add definition to **Lines of Effort (LOE)** across major functions with scoped measured activities that drive continuous improvement:

- **CMA (Center for Manufacturing Advancement)**
  - Lean (5S, production scheduling)
  - Cost justification and capital modeling
  - Business planning for 149 Slayton
  - Staffing for second shift
  - CMMC implementation
  - Reduced external consultant reliance
  - Forecasting models now in place
- **Workforce Development**
  - NAVSEA lab upfit and program builds
  - AR Welding and Ship Fitting programs
  - Online and supplemental training expansion
  - FY27 budget modeling underway
  - Cross-curriculum alignment and IMT upgrades
- **Project & Digital Enablement**
  - Project management tools deployed
  - Salesforce implementation
  - Digital literacy campaign
  - Cloud and algorithm development
  - AM CoE digital strategy and dashboards
  - Digital team growth and training
- **ATDM Transformation**
  - New AR Welding and Ship Fitting programs
  - Program compression and throughput gains
  - Move to MTC and culture integration
  - ISO certification process initiated
  - Structured tutoring and curriculum redesign
  - Placement pathway optimization

# Measurable Outcomes & Department Wins

## • Operational & Workforce Impact

- Reduced CMA backlog by **22% (4 weeks)**
- Over **1,000 graduates placed**; average placement rate **85%**, with two cohorts exceeding **90%**
- Managed increased applicant volume while expanding training shifts
- Met or exceeded 2025 enrollment targets
- Hosted the **largest ATDM career fair to date** (40 companies, 66+ employers engaged)

### **Board Signal:**

This is a **maturing organization**, not a startup operation.

## • Strategic & Institutional Progress

- Monthly PMR meetings institutionalized
- Department vision and charter established
- MOU signed with U.S. Army Ordnance School
- Additional NAVSEA AM program landed on campus
- Confirmed three technology partnerships for 149 Slayton
- 10-month PO and SOW secured for AM CoE
- Fiscal modeling and accountability embedded across leadership
- Connected MTC Buildings 1 & 2 on schedule
- 113 ATDM volunteers contributing **1,300+ community service hours**

# Strategic Challenges

## Goal: Transparent and Managed

### No Surprises Management

Risk Area	Mitigation in Place
Government contracting timelines	Early engagement, standardized intake
Financial visibility	Forecasting by LOE, fiscal modeling
Staffing availability	Second shift, cross-training, phased hiring
ATDM compression	Curriculum redesign, structured tutoring
Communication at scale	Defined processes and leadership cadence

- Government contracting shifting demand signals
- Expeditious approval timelines need better responsiveness
- Financial visibility across growing complexity
- Staffing availability and cost alignment for continued scaling
- Bandwidth to pursue with process
- Marketing and message clarity
- Continued ATDM compression without quality loss
- Internal communication reaching and connecting
- Staff perceptions as growth accelerates

### Key Message:

These are **scaling challenges**, not structural failures.

# Focused Goals (Next 6 Months)



- **Industry 4.0:** eliminate single-point dependency
- **AM CoE:** fully operational second shift
- **CMA:** shop scheduling system & KPI deployment
- **Optimization:** fully approved and operational 149 plan
- **ATDM:** fully staffed and stable in MTC
- **Workforce Training:** defined multi-year budget model
- **Project Management:** staff training and process hardening
- **Digital:** define and activate strategy-aligned team
- **Business Development:** secure \$500K commitments
- **Strategic Initiatives:** elevate financial literacy
- **Executive Assistant:** mature Tour 2.0
- **Marketing:** establish sustainable operating rhythm
- **EVP:** metrics-based bonus and recognition program

# Board Asks & Decisions Coming

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## **Enabling Disciplined Growth & Long-Term Impact**

### **1. Enable Creating Next-Generation Digital Manufacturing Pathway**

Support workforce models aligned to digital, automated, and advanced manufacturing realities.

### **2. Endorse Targeted Capacity Investments**

Authorize forward-looking investments and budget forecasting to enable optimization without reactive spending.

### **3. Confirm Financial Visibility Standards**

Align on financial and KPI transparency required to govern effectively across multiple funding streams.

### **4. Authorize Growth Sequencing & Delegation**

Permit leadership to pace growth and delegate authority to maintain speed, accountability, and execution quality.

### **5. Support Strategic Staffing Investments**

Enable proactive hiring and talent development aligned to asset growth and program demand.

### **Footer:**

These actions ensure controlled scale while protecting quality, financial discipline, and institutional credibility.

# Priority Opportunity – Case Study

## John Deere: From Equipment Manufacturer to Precision Technology Company

### The crisis (early 2000s–2010s):

John Deere was facing shrinking margins, cyclical demand, and increasing global competition. Heavy equipment had become commoditized. Competing on iron alone was no longer a winning strategy.

### The pivot:

Rather than doubling down on manufacturing efficiency alone, Deere made a deliberate decision to **become a technology company that happens to build equipment**.

They invested heavily in:

- Software engineering and data science
- Sensors, GPS, and IoT embedded in machines
- Cloud platforms and analytics
- Autonomous and semi-autonomous systems
- This wasn't an add-on—it became core strategy.

### What changed fundamentally:

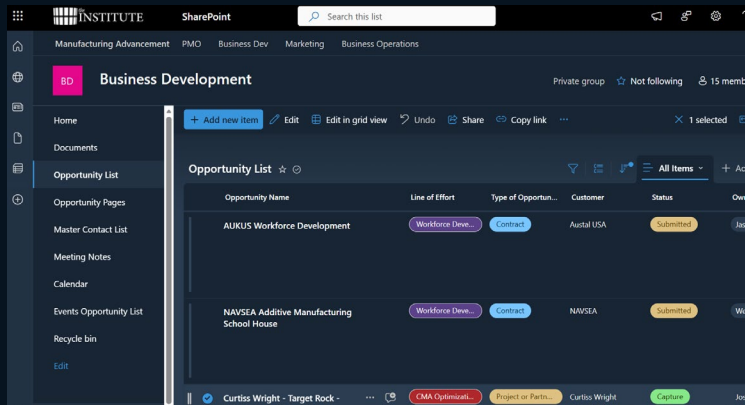
- Tractors became **data platforms**
- Equipment sales became **lifecycle solutions**
- Customers stopped buying machines and started buying **outcomes** (yield, efficiency, predictability)
- **Key moves that mattered:**
  - Launched **Precision Agriculture** systems (GPS-guided planting, variable-rate application, real-time yield mapping)
  - Built proprietary software platforms (Operations Center) to collect and analyze farm data
  - Shifted talent mix dramatically toward software engineers and technologists
  - Used data to lock in long-term customer relationships and recurring revenue

### The result:

- Deere moved from cyclical, margin-pressured manufacturing to **high-margin, technology-enabled recurring revenue**
- Customers became deeply integrated into Deere's ecosystem
- Deere now competes less on price and more on **intelligence, insight, and performance**
- Today, Deere is widely viewed as a **leading ag-tech company**, not just an equipment manufacturer



The manufacturers that win long-term will not be the ones that build the best parts, but the ones that build the best intelligence around them, John Deere proved that.



FY26 Team Key Measures: Summary				
Key Measure	Target #	Total to Date	Goal % Completion	On Schedule?
<b>Continue Delivery Excellence</b>				
<b>ATDM</b>				
Graduation Rate	85%	79%	93%	Behind Schedule
Progress Towards FOC	100%	85%	83%	On Schedule
Number of Enrolled Students	800	288	36%	On Schedule
Define & execute Instructor professional development strategy	100%	50%	50%	On Schedule
Expand # of DIB employers we collaborate with	400	297	74%	On Schedule
<b>AMPRO</b>				
Percent of Quality Objectives Met	100%	64%	64%	Behind Schedule
Project SOW deliverables delivered on schedule	100%	100%	100%	On Schedule
ATDM-AMCOE Capstone project	TRUE	TRUE	100%	On Schedule

## Closing Board Message

- Manufacturing Advancement is now operating as a **strategic engine**, not a collection of projects.
- The focus going forward is **controlled scale, financial health, and long-term sustainability**, ensuring that growth strengthens the institution rather than stresses it.

**“The most successful companies are those that consistently create new growth rather than defend past success.”**

- Clayton M. Christensen, The Innovator’s Dilemma



## **IALR Financial Overview**

1. Budget, 12 31 2025
2. Financial Result Summary

**Institute for Advanced Learning and Research**  
**2026 YTD Current Rev, Exp, & Changes in Net Assets by Dept.**  
 Period Ending 12/31/25

	Budget				Remaining		50% 6 Mo Target
	06/30/2026	1st Qtr	2nd Qtr	Total	Balance	Spent	
<b>Revenues</b>							
00 - General	\$ 11,807,340	\$ 3,107,006	\$ 3,817,428	\$ 6,924,434	\$ 4,882,907		
10 - Research	\$ 40,000	\$ 3,186	\$ 22,454	\$ 25,640	\$ 14,360		
40 - Advanced Learning	\$ 3,000	\$ 14,721	\$ 34,195	\$ 48,916	\$ (45,916)		
60 - Conference Services	\$ 987,650	\$ 199,424	\$ 299,925	\$ 499,349	\$ 488,301		
74 - Facility Op & Maintenance	\$ 817,046	\$ 203,438	\$ 202,160	\$ 405,599	\$ 411,447		
84 - Central	\$ -	\$ 95,651	\$ -	\$ 95,651	\$ (95,651)		
88 - Executive	\$ 191,984	\$ -	\$ -	\$ -	\$ 191,984		
91 - Economic Development & Busines	\$ 160,000	\$ 12,500	\$ 130,960	\$ 143,460	\$ 16,540		
99 - Capital Improvements	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000		
<b>Total Revenues</b>	<b>\$ 14,257,020</b>	<b>\$ 3,635,926</b>	<b>\$ 4,507,122</b>	<b>\$ 8,143,048</b>	<b>\$ 6,113,972</b>		<b>57.12%</b>
<b>Expenses</b>							
00 - General	\$ 524,172	\$ 156,216	\$ 157,550	\$ 313,766	\$ 210,406		59.86%
10 - Research	\$ 995,303	\$ 225,367	\$ 219,269	\$ 444,635	\$ 550,668		44.67%
20 - Health & Safety	\$ 316,017	\$ 50,073	\$ 52,963	\$ 103,035	\$ 212,982		32.60%
30 - Contracts & Grants	\$ 223,060	\$ 56,019	\$ 53,417	\$ 109,436	\$ 113,624		49.06%
40 - Advanced Learning	\$ 1,065,185	\$ 131,370	\$ 132,074	\$ 263,444	\$ 801,741		24.73%
55 - Center for Advanced Manufacturing	\$ 630,844	\$ 157,711	\$ 157,711	\$ 315,422	\$ 315,422		50.00%
60 - Conference Services	\$ 1,280,574	\$ 323,384	\$ 355,393	\$ 678,776	\$ 601,798		53.01%
70 - Finance	\$ 889,750	\$ 220,458	\$ 229,259	\$ 449,717	\$ 440,033		50.54%
74 - Facility Op & Maintenance	\$ 2,686,740	\$ 608,071	\$ 686,674	\$ 1,294,745	\$ 1,391,995		48.19%
76 - Technology Support	\$ 1,742,238	\$ 384,120	\$ 455,265	\$ 839,385	\$ 902,853		48.18%
82 - Human Resources	\$ 624,789	\$ 179,282	\$ 133,848	\$ 313,130	\$ 311,659		50.12%
84 - Central	\$ 530,605	\$ 234,634	\$ 117,243	\$ 351,877	\$ 178,728		66.32%
88 - Executive	\$ 1,009,446	\$ 324,091	\$ 267,071	\$ 591,161	\$ 418,285		58.56%
91 - Economic Development & Business	\$ 843,451	\$ 236,607	\$ 160,969	\$ 397,577	\$ 445,874		47.14%
94 - Public Relations	\$ 644,846	\$ 133,558	\$ 132,390	\$ 265,948	\$ 378,898		41.24%
99 - Capital Improvements	\$ 250,000	\$ -	\$ 8,291	\$ 8,291	\$ 241,709		3.32%
<b>Total Expenses</b>	<b>\$ 14,257,020</b>	<b>\$ 3,420,959</b>	<b>\$ 3,319,385</b>	<b>\$ 6,740,345</b>	<b>\$ 7,516,675</b>		<b>47.28%</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>\$ -</b>	<b>\$ 214,967</b>	<b>\$ 1,187,736</b>	<b>\$ 1,402,703</b>	<b>\$ (1,402,703)</b>		<b>9.84%</b>

INSTITUTE FOR ADVANCED LEARNING AND RESEARCH  
 FY2026 BOARD REPORT - December 31, 2025  
 FINANCIAL RESULT SUMMARY

1) ACCOUNTS RECEIVABLE

12/31/2024		12/31/2025	
A/R Bal	Over 30	A/R Bal	Over 30
\$9,837,007	\$2,986,519	\$5,467,982	\$2,807,345

2) IALR CASH

UNRESTRICTED IALR CASH

	2025	2025	2026
	YTD	2nd Quarter	2nd Quarter
CASH RESERVE - BALANCE	\$2,025,632	\$1,993,891	\$2,056,138
OPERATING - BALANCE	\$214,726	\$1,371,427	\$4,261,536
<b>TOTAL UNRESTRICTED IALR CASH</b>	<b>\$2,240,358</b>	<b>\$3,365,318</b>	<b>\$6,317,674</b>

RESTRICTED IALR CASH  
 NON-FEDERAL - BALANCE

	2025	2025	2026
	YTD	2nd Quarter	2nd Quarter
	\$1,980,466	\$2,817,916	\$4,191,287

*Restricted Funds:*

CHW Restricted - Cash	\$3,798	\$3,798	\$3,798
Capstone Restricted - Cash	\$0	\$0	\$0
Account Beginning Balance	\$3,000	\$3,000	\$3,000
Career Expo	\$0	\$0	(\$21,356)
Robert Woods Johnson	\$0	\$0	\$0
Americorp/ServeIT	(\$14,234)	\$37,372	\$287,978
DRF - STEM-H	\$0	\$0	\$0
STEM-H Various Donors	\$0	\$0	\$0
DRF-DRRC	\$319,205	\$338,673	\$298,221
Industrial Hemp Summit	\$0	\$0	\$1,351,213
Industry 4.0 - DRF Grant	\$862,880	\$862,880	\$862,880
FOP - Regional Food Systems	\$66,134	\$83,059	\$47,881
Life Long Learning	\$1,958	\$1,493	\$3,743
REACH	\$79,890	\$717,171	\$574,868
CMA - DRF Funding	\$0	\$0	\$0
Experience Works - Intern Program	\$61,847	\$61,847	\$56,300
Experience Works - Match Funding	\$25,145	\$200,853	\$23,141
SCHEV	\$87,658	\$140,507	\$0
GOTEC Private Funding	\$243,949	\$161,442	\$282,688
<i>Restricted Funds at 12/31/25</i>	<b>\$1,741,230</b>	<b>\$2,612,095</b>	<b>\$3,774,357</b>

*Reconciling Items:*

Money moved after 12/31	\$239,236	\$205,821	\$416,930
Cash Receipts Received	\$0	\$0	\$0
	<b>\$1,980,466</b>	<b>\$2,817,916</b>	<b>\$4,191,287</b>

RESTRICTED IALR CASH  
 FEDERAL - BALANCE

	2025	2025	2026
	YTD	2nd Quarter	2nd Quarter
	\$6,341,446	\$2,846,663	\$3,067,682

*Restricted Funds:*

Account Beginning Balance	\$3,000	\$3,000	\$3,000
DOD-ATDM 3.0	\$0	\$375,942	\$75,518
DOD - ATDM 4.0	\$1,612,345	\$0	\$0
DOD - ATDM 5.0	\$0	\$0	\$208,521
Afghan #4	\$7,996	\$7,996	\$7,996
Afghan #5	\$51,614	\$51,614	\$51,614
BFA - Submarine	\$0	\$2,166	\$0
BFA - Mahmood	\$4,008	\$4,008	\$4,008
EDA - CMA Equipment	\$276,858	\$276,858	\$276,858
BFA - RTC Long Lead	\$0	\$105,759	\$0
AMPRO SOW #1	\$26,041	\$26,041	\$26,041
AMPRO SOW #2	\$58,445	\$58,445	\$58,445
AMPRO SOW #3	\$1,994,000	\$1,048,545	\$1,025,730
BFA - NAVAIR	\$474,798	\$882,197	\$110,236
ROCK ISLAND - RTC CONSTRUCTION	\$1,776,148	\$0	\$1,171,948
EB2	\$4,160	\$4,160	\$4,160
Afghan #6	\$41,897	\$0	\$41,897
Austal Hermle	\$0	\$0	\$0
BFA - Sea Cadets	\$10,203	\$0	\$1,776
Bank Fee	(\$67)	(\$67)	(\$67)
	<b>\$6,341,446</b>	<b>\$2,846,663</b>	<b>\$3,067,682</b>

3) **Advanced Manufacturing Cash**

	2025	2025	2026
	YTD	2nd Quarter	2nd Quarter
<b>ADVANCED MANUFACTURING</b>	<b>\$6,825,485</b>	<b>\$5,012,248</b>	<b>\$13,857,598</b>
<i>Restricted Funds:</i>			
Account Beginning Balance	\$3,000	\$3,000	\$3,000
ATDM 1.0	\$875,599	\$875,599	\$875,599
Afghan #1	\$365	\$365	\$365
Afghan #2	\$7,820	\$7,820	\$7,820
Afghan #3	\$13,178	\$13,178	\$13,178
ATDm 2.0	\$4,104,331	\$4,104,331	\$4,104,331
FY23 Surplus	\$0	\$0	\$1,377,753
FY24 Surplus	\$1,586,413	\$1,500,000	\$1,586,413
Withdrawal for Real Estate Purchase	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
Bechtel Plant Machinery	\$380,000	\$380,000	\$380,000
Interest	\$221,479	\$127,955	\$379,671
Miutoyo Partnership	\$64,000	\$0	\$64,000
Bechtel Plant Machinery - SIB Workforce Dev.	\$69,300	\$0	\$43,706
FY25 Surplus	\$1,500,000	\$0	\$5,331,097
ATDM Equipment Reserve	\$0	\$0	\$1,094,992
FY26 Surplus	\$0	\$0	\$595,673
	<b>\$6,825,485</b>	<b>\$5,012,248</b>	<b>\$13,857,598</b>

4) **FOUNDATION CASH**

	2025	2025	2026
	YTD	2nd Quarter	2nd Quarter
<b>FOUNDATION - CASH (Checking)</b>	<b>\$613,816</b>	<b>\$681,526</b>	<b>\$704,551</b>
Foundation Restricted - Cash	\$256,160	\$271,730	\$301,030
Foundation Unrestricted - Cash	\$357,656	\$409,796	\$403,521
	2025	2025	2026
	YTD	2nd Quarter	2nd Quarter
<b>FOUNDATION - Real Estate Holding Company</b>	<b>\$526,448</b>	<b>\$888,338</b>	<b>\$228,603</b>
First National Bank Account	\$120,407	\$106,925	\$33,516
Atlantic Union Bank Account	\$406,041	\$781,413	\$195,087
	2025	2025	2026
	YTD	2nd Quarter	2nd Quarter
<b>FOUNDATION INVESTMENTS</b>			
<b>FOUNDATION - INVESTMENTS</b>			
Foundation CD's	\$351,929	\$340,994	\$351,929
Foundation Endowment	\$1,831,314	\$1,734,658	\$1,970,346
Foundation Investment	\$1,468,483	\$1,391,395	\$1,579,208
<b>TOTAL FOUNDATION - INVESTMENTS</b>	<b>\$3,651,726</b>	<b>\$3,467,047</b>	<b>\$3,901,483</b>

5) **MONEY MOVEMENT**

	October	November	December	Total for 2nd Qtr	Restricted / Unrestricted
<b>FOUNDATION TO IALR</b>					
REIMBURSEMENT FROM ALL OTHER GRANTS	(\$1,466)	(\$752)	\$1,261	(\$957)	UNRESTRICTED
<b>FEDERAL TO IALR</b>					
REIMBURSEMENT FROM DOD-ATDM 3.0	\$0	\$0	\$0	\$0	UNRESTRICTED
REIMBURSEMENT FROM NAVAIR	\$128,071	\$0	\$135,367	\$263,438	UNRESTRICTED
REIMBURSEMENT FROM BFA - SUBMARINE	\$0	\$0	\$0	\$0	UNRESTRICTED
REIMBURSEMENT FROM BFA-RTC LONG LEAD	\$0	\$0	\$0	\$0	UNRESTRICTED
REIMBURSEMENT FROM EB2- ATDM	\$0	\$0	\$0	\$0	UNRESTRICTED
REIMBURSEMENT FROM BFA - SEA CADETS	\$0	\$0	\$0	\$0	UNRESTRICTED
REIMBURSEMENT FROM BFA - HERMLE	\$870,397	\$0	\$0	\$870,397	UNRESTRICTED
REIMBURSEMENT FROM BFA - AFGHAN #5	\$0	\$0	\$0	\$0	UNRESTRICTED
REIMBURSEMENT FROM AUSTAL - AMPRO #1	\$0	\$0	\$0	\$0	UNRESTRICTED
REIMBURSEMENT FROM AUSTAL - BANDSAW	\$25,201	\$0	\$0	\$25,201	UNRESTRICTED
REIMBURSEMENT FROM AUSTAL - AMPRO #3	\$62,256	\$0	\$1,067,250	\$1,129,505	UNRESTRICTED
REIMBURSEMENT FROM DOD - RTC CONSTRUCTION	\$169,278	\$3,741,958	\$0	\$3,911,236	UNRESTRICTED
REIMBURSEMENT FROM ATDM 4.0	\$0	\$0	\$0	\$0	UNRESTRICTED
REIMBURSEMENT FROM ATDM 5.0	\$5,433,345	\$1,607,816	\$4,042,307	\$11,083,468	UNRESTRICTED
<b>IALR TO FOUNDATION</b>					
DONATION TO FOUNDATION	\$0	\$0	\$0	\$0	UNRESTRICTED
<b>Non-Federal to IALR</b>					
REIMBURSE IALR FOR CHW	\$8,037	\$196,679	\$72,621	\$277,338	UNRESTRICTED
REIMBURSE IALR FOR GRANT ACTIVITY	\$0	\$0	\$344,308	\$344,308	UNRESTRICTED

## IALR

1. Income Statement
2. Grant and Capital Projects  
Activity
3. Statement of Net Position

# Institute for Advanced Learning and Research

## Income Statement - Budget to Actual QTD & YTD

Period Ending December 31, 2025

	Budget FY26	Actual 09/30/2025 QTD	Actual 12/31/2025 QTD	Total	Over/(Under) Budget 06/30/2026	50% 6 Mo Target Spent
<b>Revenues</b>						
Sales	\$ 987,000	\$ 199,481	\$ 299,180	\$ 498,660	\$ (488,340)	
Program Income	\$ 43,000	\$ 17,907	\$ 22,139	\$ 40,046	\$ (2,954)	
Indirect Cost Recovery	\$ 2,490,832	\$ 770,445	\$ 749,494	\$ 1,519,938	\$ (970,894)	
Recovered Costs	\$ 566,489	\$ 181,181	\$ 85,450	\$ 266,631	\$ (299,858)	
Other Revenue	\$ 90,650	\$ 1,953	\$ 164,799	\$ 166,753	\$ 76,103	
Rental Revenue	\$ 522,541	\$ 130,408	\$ 129,210	\$ 259,618	\$ (262,923)	
Profit Margin	\$ 486,000	\$ 155,086	\$ 156,536	\$ 311,623	\$ (174,377)	
<b>Total Operating Revenues:</b>	<b>\$ 5,186,512</b>	<b>\$ 1,456,461</b>	<b>\$ 1,606,808</b>	<b>\$ 3,063,269</b>	<b>\$ (2,123,243)</b>	
State Appropriation	\$ 8,246,336	\$ 2,061,584	\$ 2,748,421	\$ 4,810,005	\$ (3,436,331)	
VA College Building Authority (VCBA)	\$ 524,172	\$ -	\$ -	\$ -	\$ (524,172)	
Interest Income	\$ 300,000	\$ 117,881	\$ 151,893	\$ 269,774	\$ (30,226)	
<b>Total Non-Operating Revenues:</b>	<b>\$ 9,070,508</b>	<b>\$ 2,179,465</b>	<b>\$ 2,900,314</b>	<b>\$ 5,079,779</b>	<b>\$ (3,990,729)</b>	
<b>Total Revenues:</b>	<b>\$ 14,257,020</b>	<b>\$ 3,635,926</b>	<b>\$ 4,507,122</b>	<b>\$ 8,143,048</b>	<b>\$ (6,113,972)</b>	<b>57.12%</b>
<b>Expenses</b>						
Personnel Costs	\$ 7,034,474	\$ 1,674,114	\$ 1,535,800	\$ 3,209,914	\$ (3,824,560)	
Contractual Services and Consultants	\$ 2,239,403	\$ 471,092	\$ 564,615	\$ 1,035,707	\$ (1,203,696)	
Supplies and Equipment Maintenance	\$ 229,139	\$ 41,120	\$ 33,654	\$ 74,774	\$ (154,365)	
Facility Expense	\$ 1,177,121	\$ 237,747	\$ 367,458	\$ 605,205	\$ (571,916)	
Telecommunication	\$ 102,000	\$ 19,177	\$ 15,794	\$ 34,971	\$ (67,029)	
Utilities	\$ 720,000	\$ 174,793	\$ 190,313	\$ 365,106	\$ (354,894)	
Repairs and Maintenance	\$ 1,198,456	\$ 295,583	\$ 333,264	\$ 628,847	\$ (569,609)	
Equipment Expense	\$ 807,672	\$ 16,065	\$ 19,746	\$ 35,811	\$ (771,861)	
Other Expenses	\$ 498,755	\$ 241,174	\$ 66,522	\$ 307,696	\$ (191,059)	
Depreciation and Amortization	\$ 250,000	\$ 156,113	\$ 156,595	\$ 312,708	\$ 62,708	
Capital Equipment & Construction	\$ -	\$ 92,982	\$ 35,624	\$ 128,606	\$ 128,606	
<b>Total Operating Expenses</b>	<b>\$ 14,257,020</b>	<b>\$ 3,419,959</b>	<b>\$ 3,319,385</b>	<b>\$ 6,739,345</b>	<b>\$ (7,517,675)</b>	
<b>Total Operating Expenses:</b>	<b>\$ 14,257,020</b>	<b>\$ 3,419,959</b>	<b>\$ 3,319,385</b>	<b>\$ 6,739,345</b>	<b>\$ (7,517,675)</b>	<b>47.27%</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>\$ -</b>	<b>\$ 215,967</b>	<b>\$ 1,187,736</b>	<b>\$ 1,403,703</b>	<b>\$ 1,403,703</b>	<b>9.85%</b>

Note: Internal use only - Non-GAAP Financials

# Institute for Advanced Learning and Research

## Income Statement - Grant, Contracts and Capital Projects

Period Ending December 31, 2025

	Actual	Actual	Total
	09/30/2025 QTD	12/31/2025 QTD	
<b>Revenues</b>			
Federal Grants-Temporarily Restricted	\$ 70,498	\$ 148,818	\$ 219,316
Nongovernmental Grants and Contracts	\$ 1,696,178	\$ 487,800	\$ 2,183,978
Program Income	\$ 15,197,132	\$ 11,508,906	\$ 26,706,039
Other Revenue	\$ -	\$ 2,081	\$ 2,081
<b>Total Operating Revenues:</b>	<b>\$ 16,963,808</b>	<b>\$ 12,147,607</b>	<b>\$ 29,111,414</b>
<b>Total Revenues:</b>	<b>\$ 16,963,808</b>	<b>\$ 12,147,607</b>	<b>\$ 29,111,414</b>
<b>Expenses</b>			
Personnel Costs	\$ 2,645,572	\$ 2,851,873	\$ 5,497,445
Contractual Services and Consultants	\$ 1,798,047	\$ 2,197,965	\$ 3,996,012
Supplies and Equipment Maintenance	\$ 590,346	\$ 859,863	\$ 1,450,209
Facility Expense	\$ 69,940	\$ 90,148	\$ 160,088
Utilities	\$ 168,538	\$ 140,792	\$ 309,330
Repairs and Maintenance	\$ 36,077	\$ 69,939	\$ 106,016
Equipment Expense	\$ 811,275	\$ 406,519	\$ 1,217,794
Other Expenses	\$ 2,999,214	\$ 3,100,184	\$ 6,099,398
Capital Equipment and Construction	\$ 4,071,792	\$ 4,949,636	\$ 9,021,428
<b>Total Operating Expenses</b>	<b>\$ 13,190,800</b>	<b>\$ 14,666,920</b>	<b>\$ 27,857,720</b>
<b>Total Operating Expenses:</b>	<b>\$ 13,190,800</b>	<b>\$ 14,666,920</b>	<b>\$ 27,857,720</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>\$ 3,773,008</b>	<b>\$ (2,519,313)</b>	<b>\$ 1,253,694</b>

Note: Internal use only - Non-GAAP Financials

# Institute for Advanced Learning and Research

## IALR Statement of Net Position

12/31/2024 vs. 12/31/2025 Comparison

	12/31/24 IALR Total	12/31/25 IALR Total	Variance
<b>Assets</b>			
<b>Current Assets:</b>			
<b>Unrestricted</b>			
Cash and Cash Equivalents	\$17,009,496	\$30,342,641	\$13,333,145
Accounts Receivable, net	\$10,154,447	\$5,479,121	(\$4,675,326)
Prepaid Expenses	\$447,384	\$516,015	\$68,631
Interfund	\$153,745	\$162,820	\$9,075
<b>Total Unrestricted Current Assets:</b>	<b>\$27,765,073</b>	<b>\$36,500,597</b>	<b>\$8,735,524</b>
<b>Other Assets:</b>			
Restricted Cash and Cash Equivalents	\$285,385	\$317,722	\$32,337
<b>Total Other Assets:</b>	<b>\$285,385</b>	<b>\$317,722</b>	<b>\$32,337</b>
<b>Total Current Assets:</b>	<b>\$28,050,458</b>	<b>\$36,818,319</b>	<b>\$8,767,861</b>
<b>Noncurrent Assets:</b>			
Net Pension Asset	\$1,225,600	\$1,277,028	\$51,428
Fixed Assets Depreciable	\$95,539,952	\$120,370,822	\$24,830,870
<b>Total Noncurrent Assets:</b>	<b>\$96,765,552</b>	<b>\$121,647,850</b>	<b>\$24,882,298</b>
<b>Total Assets</b>	<b>\$124,816,010</b>	<b>\$158,466,170</b>	<b>\$33,650,159</b>
<b>Deferred Outflows of Resources-VRS Charges</b>	<b>\$226,668</b>	<b>\$501,976</b>	<b>\$275,308</b>
<b>Liabilities and Net Position</b>			
<b>Current Liabilities:</b>			
Accounts payable - Operations	\$3,459,277	\$429,953	(\$3,029,324)
Accrued Payroll and Related Employee Expenses	\$42,193	\$104,105	\$61,911
Deferred Revenue	\$3,982,394	\$5,037,888	\$1,055,494
Customer Deposits	\$75,488	\$69,453	(\$6,035)
<b>Total Current Liabilities:</b>	<b>\$7,559,352</b>	<b>\$5,641,398</b>	<b>(\$1,917,954)</b>
<b>Noncurrent Liabilities</b>			
Long Term Liabilities	\$138,456	\$99,451	(\$39,005)
<b>Total Noncurrent Liabilities:</b>	<b>\$138,456</b>	<b>\$99,451</b>	<b>(\$39,005)</b>
<b>Deferred Inflows of Resources - VRS Investment Income</b>	<b>(\$558,216)</b>	<b>(\$249,218)</b>	<b>\$308,998</b>
<b>Net Position:</b>			
Restricted	\$88,910,997	\$117,353,611	\$28,442,614
Unrestricted	\$27,875,657	\$35,624,467	\$7,748,810
<b>Total Net Position:</b>	<b>\$116,786,654</b>	<b>\$152,978,078</b>	<b>\$36,191,424</b>
<b>Total Liabilities and Net Assets</b>	<b>\$125,042,678</b>	<b>\$158,968,146</b>	<b>\$33,925,467</b>

## **Advanced Manufacturing** **Division**

1. Advanced Manufacturing  
Budget to Actual
2. Advanced Manufacturing  
Grant & Contract Activity

Institute for Advanced Learning and Research

Income Statement

Manufacturing Advancement Division

		CMA IALR 40-55- xxxx-922	Adv. Manufacturin 40-55-xxxx-923	Capstone 40-55- xxxx-490	Rapid Launch 40-55- xxxx-921	149 Slayton 63-00- xxxx	Adv. Manufacturin Total Budget	CMA IALR Actual	Adv. Manufacturin Actual	Capstone Actual	Rapid Launch Actual	149 Slayton (Fund 40) Actual	149 Slayton (Fund 63) Actual	Total Adv. Manufa Revenue & Expens	Remaining Balance	50.00% 6 Mo Target Spent
<b>Revenues</b>																
14-55-4911	Grants-Center for Advanced Manu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40-55-4211	Reimbursable & Donated Revenue-Center for Advanc	\$ 21,600	\$ -	\$ -	\$ 96,000	\$ -	\$ 117,600	\$ 58,494	\$ -	\$ -	\$ 48,047	\$ -	\$ -	\$ 106,540	\$ 11,060	\$ -
40-55-4425	Optimization Revenue-Center for Advanced Manu	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 11,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,818	\$ 188,182	\$ -
40-55-4426	AMPRO CNC Revenue-Center for Advanced Manu	\$ 655,987	\$ -	\$ -	\$ -	\$ -	\$ 655,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 655,987	\$ -
40-55-4427	AMPRO Metrology-Center for Advanced Manu	\$ 277,200	\$ -	\$ -	\$ -	\$ -	\$ 277,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,200	\$ -
40-55-4428	Industry 4.0 Revenue-Center for Advanced Manu	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -
40-55-4430	Metrology Revenue-Center for Advanced Manu	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ -
40-55-4431	Emerging Tech Revenue-Center for Advanced Manu	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000	\$ -
40-55-4432	Industry Impact Revenue-Center for Advanced Manu	\$ 9,500	\$ -	\$ -	\$ -	\$ -	\$ 9,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,500	\$ -
40-55-4433	Equipment Utilization-Center for Advanced Manu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 348,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 348,745	\$ (348,745)	\$ -
40-55-4435	IALR Support-Center for Advanced Manu	\$ -	\$ 236,574	\$ 394,270	\$ -	\$ -	\$ 630,844	\$ -	\$ 118,287	\$ 197,135	\$ -	\$ -	\$ -	\$ 315,422	\$ 315,422	\$ -
40-55-4511	Partner Office Rental-Center for Advanced Manu	\$ 471,660	\$ -	\$ -	\$ 172,425	\$ -	\$ 644,085	\$ 218,187	\$ -	\$ -	\$ 115,235	\$ -	\$ -	\$ 333,422	\$ 310,663	\$ -
40-55-4711	Indirect Costs-Center for Advanced Manu	\$ 736,875	\$ 1,073,898	\$ -	\$ -	\$ -	\$ 1,810,773	\$ 427,322	\$ 573,095	\$ -	\$ -	\$ -	\$ -	\$ 1,000,416	\$ 810,357	\$ -
40-55-4712	Profits Earned-Center for Advanced Manu	\$ 945,780	\$ 1,184,116	\$ -	\$ -	\$ -	\$ 2,129,896	\$ 579,374	\$ 733,164	\$ -	\$ -	\$ -	\$ -	\$ 1,312,538	\$ 817,358	\$ -
40-55-4713	Equipment Reserve-Center for Advanced Manu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,094,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,094,992	\$ (1,094,992)	\$ -
40-55-4853	CMA Partner Program-Center for Advanced Manu	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -
40-55-4891	Miscellaneous Revenue-Center for Advanced Manu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,902	\$ (3,902)	\$ -
63-00-4511	Partner Office Rental-General	\$ -	\$ -	\$ -	\$ -	\$ 405,210	\$ 405,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,658	\$ 25,658	\$ 379,553	\$ -
63-00-4991	Interest Revenue-General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 319	\$ 319	\$ (319)	\$ -
<b>Total Revenues</b>		<b>\$ 3,437,602</b>	<b>\$ 2,494,588</b>	<b>\$ 394,270</b>	<b>\$ 268,425</b>	<b>\$ 405,210</b>	<b>\$ 7,000,095</b>	<b>\$ 1,643,939</b>	<b>\$ 2,523,439</b>	<b>\$ 197,135</b>	<b>\$ 163,282</b>	<b>\$ -</b>	<b>\$ 25,976</b>	<b>\$ 4,553,772</b>	<b>\$ 2,446,323</b>	<b>65.05%</b>
<b>Expenses</b>																
<b>Staffing</b>																
Total Staffing		<b>\$ 1,283,105</b>	<b>\$ 1,452,744</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,735,849</b>	<b>\$ 321,009</b>	<b>\$ 609,172</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 930,180</b>	<b>\$ 1,805,669</b>	<b>34.00%</b>
<b>Other Expenses</b>																
14-55-8956	Equipment-Center for Advanced Manu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40-55-6111	Consulting & Professional Fees-Center for Advanced M	\$ 150,000	\$ 150,000	\$ 214,770	\$ -	\$ -	\$ 514,770	\$ 83,118	\$ 81,806	\$ 51,931	\$ -	\$ -	\$ -	\$ 216,855	\$ 297,915	\$ -
40-55-6121	Legal Fees-Center for Advanced Manu	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 5,198	\$ 228	\$ -	\$ -	\$ -	\$ -	\$ 5,426	\$ 44,575	\$ -
40-55-6711	Office Supplies-Center for Advanced Manu	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ 20,000	\$ 794	\$ 1,566	\$ -	\$ -	\$ -	\$ -	\$ 2,359	\$ 17,641	\$ -
40-55-6715	Supplies/Other Operating-Center for Advanced Manu	\$ 5,000	\$ 12,500	\$ -	\$ -	\$ -	\$ 17,500	\$ 44,412	\$ 720	\$ -	\$ 35	\$ -	\$ -	\$ 45,167	\$ (27,667)	\$ -
40-55-6716	Industry 4.0 Expenses-Center for Advanced Manu	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -
40-55-6717	Optimization Expense-Center for Advanced Manu	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -
40-55-6718	Metrology Expense-Center for Advanced Manu	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -
40-55-6719	Manufacturing Conference Expense-Center for Advanc	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -
40-55-6720	CMA Partner Program Expense-Center for Advanced M	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -
40-55-6721	Postage-Center for Advanced Manu	\$ 1,500	\$ 750	\$ -	\$ -	\$ -	\$ 2,250	\$ 385	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ 405	\$ 1,845	\$ -
40-55-6731	Copier Lease-Center for Advanced Manu	\$ 17,658	\$ 3,000	\$ -	\$ -	\$ -	\$ 20,658	\$ 3,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,650	\$ 17,008	\$ -
40-55-6800	HTec Consumables-Center for Advanced Manu	\$ -	\$ -	\$ 7,000	\$ -	\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ -
40-55-6922	Janitorial-Center for Advanced Manu	\$ 45,000	\$ -	\$ -	\$ 15,640	\$ -	\$ 60,640	\$ 20,657	\$ -	\$ -	\$ 7,383	\$ -	\$ -	\$ 28,039	\$ 32,601	\$ -
40-55-6923	Waste Disposal-Center for Advanced Manu	\$ 12,432	\$ -	\$ -	\$ 8,400	\$ -	\$ 20,832	\$ 5,852	\$ -	\$ -	\$ 2,958	\$ -	\$ -	\$ 8,810	\$ 12,022	\$ -
40-55-6924	Landscaping-Center for Advanced Manu	\$ 43,289	\$ -	\$ -	\$ 16,773	\$ -	\$ 60,062	\$ 23,442	\$ -	\$ -	\$ 9,290	\$ -	\$ -	\$ 32,732	\$ 27,330	\$ -
40-55-6931	Electric-Center for Advanced Manu	\$ 275,000	\$ -	\$ 55,000	\$ 100,000	\$ -	\$ 430,000	\$ 124,024	\$ -	\$ 31,775	\$ 53,967	\$ -	\$ -	\$ 209,766	\$ 220,234	\$ -
40-55-6932	Gas-Center for Advanced Manu	\$ 22,000	\$ -	\$ 10,000	\$ 15,000	\$ -	\$ 47,000	\$ 3,629	\$ 15,000	\$ 3,950	\$ 2,579	\$ -	\$ -	\$ 10,159	\$ 36,841	\$ -
40-55-6933	Water-Center for Advanced Manu	\$ 7,700	\$ -	\$ 500	\$ 2,700	\$ -	\$ 10,900	\$ 2,458	\$ -	\$ 621	\$ 1,186	\$ -	\$ -	\$ 4,265	\$ 6,635	\$ -
40-55-6941	HVAC Service Agreement-Center for Advanced Manu	\$ 71,954	\$ -	\$ -	\$ -	\$ -	\$ 71,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,954	\$ -
40-55-6942	Elevator Service Agreement-Center for Advanced Man	\$ 3,900	\$ -	\$ -	\$ -	\$ -	\$ 3,900	\$ 2,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,344	\$ 1,556	\$ -
40-55-6945	Fire Pump and Sprinkler System-Center for Advanced	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,033	\$ (1,033)	\$ -
40-55-6948	Fire & Sec System Monitoring-Center for Advanced M	\$ 1,841	\$ -	\$ -	\$ 1,797	\$ -	\$ 3,638	\$ -	\$ -	\$ -	\$ 2,231	\$ -	\$ -	\$ 2,231	\$ 1,407	\$ -
40-55-6960	Repairs & Maintenance-Center for Advanced Manu	\$ 50,000	\$ -	\$ -	\$ 25,000	\$ -	\$ 75,000	\$ 19,484	\$ -	\$ -	\$ 600	\$ -	\$ -	\$ 20,084	\$ 54,916	\$ -
40-55-6965	Maintenance Agreements & Licenses-Center for Advar	\$ 62,690	\$ -	\$ -	\$ 28,617	\$ -	\$ 91,307	\$ 66,066	\$ 11,704	\$ -	\$ 10,992	\$ -	\$ -	\$ 88,761	\$ 2,546	\$ -
40-55-6980	Insurance-Center for Advanced Manu	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -
40-55-7551	Travel-Center for Advanced Manu	\$ 35,000	\$ 30,000	\$ 5,000	\$ -	\$ -	\$ 70,000	\$ 1,462	\$ 17,020	\$ -	\$ -	\$ -	\$ -	\$ 18,482	\$ 51,518	\$ -
40-55-7571	Business Meals-Center for Advanced Manu	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ 30,000	\$ 1,723	\$ 3,965	\$ -	\$ -	\$ -	\$ -	\$ 5,688	\$ 24,312	\$ -
40-55-8320	Marketing-Center for Advanced Manu	\$ 150,000	\$ 10,000	\$ -	\$ -	\$ -	\$ 160,000	\$ 13,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,919	\$ 146,081	\$ -
40-55-8490	Operating Contingency-Center for Advanced Manu	\$ 567,033	\$ 650,092	\$ 102,000	\$ -	\$ -	\$ 1,319,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,319,125	\$ -
40-55-8510	Equip-Less than Capitalization-Center for Advanced M	\$ 50,000	\$ 25,000	\$ -	\$ -	\$ -	\$ 75,000	\$ 1,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,576	\$ 73,424	\$ -
40-55-8517	Software under 5K-Center for Advanced Manu	\$ 7,500	\$ 10,000	\$ -	\$ -	\$ -	\$ 17,500	\$ 7,569	\$ 1,699	\$ 420	\$ -	\$ -	\$ -	\$ 9,688	\$ 7,812	\$ -
40-55-8956	Equipment-Center for Advanced Manu	\$ 400,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 550,000	\$ 10,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,235	\$ 539,765	\$ -
40-55-8960	Software-Center for Advanced Manu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,716	\$ 9,587	\$ -	\$ -	\$ -	\$ -	\$ 130,303	\$ (130,303)	\$ -

		CMA IALR 40-55- xxxx-922	Adv. Manufacturin 40-55-xxxx-923	Capstone 40-55- xxxx-490	Rapid Launch 40-55- xxxx-921	149 Slayton 63-00- xxxx	Adv. Manufacturin Total Budget	CMA IALR Actual	Adv. Manufacturin Actual	Capstone Actual	Rapid Launch Actual	149 Slayton (Fund 40) Actual	149 Slayton (Fund 63) Actual	Total Adv. Manufa Revenue & Expens	Remaining Balance	50.00% 6 Mo Target Spent	
63-00-6111	Consulting & Professional Fees-General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211	\$ 211	\$ (211)	
63-00-6121	Legal Fees-General	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138	\$ 138	\$ 9,863	
63-00-6715	Supplies/Other Operating-General	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89	\$ 89	\$ 9,911	
63-00-6922	Janitorial-General	\$ -	\$ -	\$ -	\$ -	\$ 8,400	\$ 8,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,305	\$ 1,305	\$ 7,095	
63-00-6923	Waste Disposal-General	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	
63-00-6924	Landscaping-General	\$ -	\$ -	\$ -	\$ -	\$ 23,907	\$ 23,907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,607	\$ 15,607	\$ 8,300	
63-00-6931	Electric-General	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,503	\$ 37,503	\$ 62,497	
63-00-6932	Gas-General	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284	\$ 284	\$ 24,716	
63-00-6933	Water-General	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,682	\$ 2,682	\$ 7,318	
63-00-6941	HVAC Service Agreement-General	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	
63-00-6948	Fire & Sec System Monitoring-General	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,696	\$ 2,696	\$ 2,304	
63-00-6960	Repairs & Maintenance-General	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,068	\$ 22,068	\$ 77,932	
63-00-6965	Maintenance Agreements & Licenses-General	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,541	\$ 8,541	\$ 41,459	
63-00-6980	Insurance-General	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	
63-00-6985	Real Estate Taxes-General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,578	\$ 18,578	\$ (18,578)	
63-00-6990	Interest Expense-General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,903	\$ 143,903	\$ (143,903)	
63-00-8490	Operating Contingency-General	\$ -	\$ -	\$ -	\$ -	\$ 21,903	\$ 21,903	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,903	
63-00-8510	Equip-Less than Capitalization-General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,266	\$ 8,266	\$ (8,266)	
63-00-8910	Depreciation-General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,858	\$ 75,858	\$ (75,858)	
63-00-8956	Equipment-General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,230	\$ 34,230	\$ (34,230)	
<b>Total</b>		\$ 2,154,497	\$ 1,096,342	\$ 394,270	\$ 213,927	\$ 405,210	\$ 4,264,246	\$ 563,745	\$ 128,314	\$ 88,698	\$ 91,221	\$ -	\$ -	\$ 371,959	\$ 1,243,938	\$ 3,020,308	
<b>Total Expenses</b>		\$ 3,437,602	\$ 2,549,086	\$ 394,270	\$ 213,927	\$ 405,210	\$ 7,000,095	\$ 884,754	\$ 737,485	\$ 88,698	\$ 91,221	\$ -	\$ -	\$ 371,959	\$ 2,174,118	\$ 4,825,977	31.06%
<b>NET SURPLUS/(DEFICIT)</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 759,185	\$ 1,785,954	\$ 108,437	\$ 72,060	\$ -	\$ -	\$ (345,983)	\$ 2,379,654	\$ (2,379,654)	33.99%

**Manufacturing Advancement Division  
Grants & Contracts Activity**

**Advanced Manufacturing Cash Reserve:**

Account Beginning Balance	\$	3,000.00
ATDM 1.0	\$	875,598.84
Afghan #1	\$	364.96
Afghan #2	\$	7,820.18
Afghan #3	\$	13,177.83
ATDM 2.0	\$	4,104,330.69
FY23 Surplus	\$	1,377,753.31
FY24 Surplus	\$	1,586,413.31
Withdrawal for Real Estate Purchase	\$	(2,000,000.00)
Bechtel Plant Machinery Inc	\$	380,000.00
Interest	\$	379,671.17
Mitutoyo Partnership	\$	64,000.00
Bechtel Plant Machinery Inc - SIB Workforce Development	\$	43,705.64
FY25 Surplus	\$	5,331,096.59
ATDM Equipment Reserve	\$	1,094,992.00
FY26 Surplus	\$	595,673.00
Afghan #4-6	\$	66,049.31
	\$	<u>13,923,646.83</u>

1/15/26

Project is expending as expected with no current concerns  
 Project is being watched for potential overages/ Issues  
 Project is experiencing potential large deviations from budget and immediate action is being taken

**Active Contracts:**

ATDM 3.0			
	Budget	Actual	Remaining Balance
Revenue	\$ 21,241,922	\$ 18,198,636	\$ 3,043,286
Expenses	\$ 21,241,922	\$ 18,198,636	\$ 3,043,286
Surplus/ (Deficit)	\$ -	\$ -	\$ -
% Spend		86%	

Austal - AMPRO SOW #2			
	Budget	Actual	Remaining Balance
Revenue	\$ 141,775	\$ 141,775	\$ -
Expenses	\$ 141,775	\$ 83,330	\$ 58,445
Surplus/ (Deficit)	\$ -	\$ 58,445	\$ (58,445)
% Spend		59%	

BFA - Submarine Transportation			
	Budget	Actual	Remaining Balance
Revenue	\$ 81,858	\$ 81,858	\$ -
Expenses	\$ 81,858	\$ 105,367	\$ (23,509)
Surplus/ (Deficit)	\$ -	\$ (23,509)	\$ 23,509
% Spend		129%	
Funding Granted - Awaiting Funding			

BFA - RTC Long Lead			
	Budget	Actual	Remaining Balance
Revenue	\$ 19,215,000	\$ 17,625,447	\$ 1,589,553
Expenses	\$ 19,215,000	\$ 18,553,834	\$ 661,166
Surplus/ (Deficit)	\$ -	\$ (928,386)	\$ 928,386
% Spend		97%	

Austal - AMPRO SOW #1			
	Budget	Actual	Remaining Balance
Revenue	\$ 199,407	\$ 200,000	\$ (593)
Expenses	\$ 199,407	\$ 173,959	\$ 25,448
Surplus/ (Deficit)	\$ -	\$ 26,041	\$ (26,041)
% Spend		87%	

BFA - Mahmood Funding			
	Budget	Actual	Remaining Balance
Revenue	\$ 30,635	\$ 30,635	\$ -
Expenses	\$ 30,635	\$ 24,657	\$ 5,978
Surplus/ (Deficit)	\$ -	\$ 5,978	\$ (5,978)
% Spend		80%	

DOD - RTC Funding			
	Budget	Actual	Remaining Balance
Revenue	\$ 66,731,614	\$ 63,255,074	\$ 3,476,540
Expenses	\$ 66,731,614	\$ 61,876,460	\$ 4,855,154
Surplus/ (Deficit)	\$ -	\$ 1,378,614	\$ (1,378,614)
% Spend		93%	

Afghan Ally #7			
	Budget	Actual	Remaining Balance
Revenue	\$ 79,853	\$ 4,323	\$ 75,529
Expenses	\$ 79,853	\$ 4,323	\$ 75,529
Surplus/ (Deficit)	\$ -	\$ -	\$ -
% Spend		5%	

ATDM 4.0			
	Budget	Actual	Remaining Balance
Revenue	\$ 25,168,546	\$ 24,789,903	\$ 378,643
Expenses	\$ 25,168,546	\$ 25,219,639	\$ (51,093)
Surplus/ (Deficit)	\$ -	\$ (429,736)	\$ 429,736
% Spend		100%	

BFA - NAVAIR			
	Budget	Actual	Remaining Balance
Revenue	\$ 1,605,272	\$ 1,556,196	\$ 49,076
Expenses	\$ 1,605,272	\$ 1,461,565	\$ 143,707
Surplus/ (Deficit)	\$ -	\$ 94,631	\$ (94,631)
% Spend		91%	

Austal - Hermle			
	Budget	Actual	Remaining Balance
Revenue	\$ 2,307,112	\$ 1,563,042	\$ 744,070
Expenses	\$ 2,307,112	\$ 2,293,312	\$ 13,800
Surplus/ (Deficit)	\$ -	\$ (730,270)	\$ 730,270
% Spend		99%	

BFA - Sea Cadets			
	Budget	Actual	Remaining Balance
Revenue	\$ 20,000	\$ 20,000	\$ -
Expenses	\$ 20,000	\$ 21,164	\$ (1,164)
Surplus/ (Deficit)	\$ -	\$ (1,164)	\$ 1,164
% Spend		106%	

Austal - AMPRO SOW #3 & Beyond			
	Budget	Actual	Remaining Balance
Revenue	\$ 13,602,612	\$ 10,576,009	\$ 3,026,603
Expenses	\$ 13,602,612	\$ 10,576,009	\$ 3,026,603
Surplus/ (Deficit)	\$ -	\$ -	\$ -
% Spend		78%	

Austal - Miller Augmented Arc System			
	Budget	Actual	Remaining Balance
Revenue	\$ 398,197	\$ 398,197	\$ -
Expenses	\$ 398,197	\$ 381,683	\$ 16,514
Surplus/ (Deficit)	\$ -	\$ 16,514	\$ (16,514)
% Spend		96%	

ATDM 5.0			
	Budget	Actual	Remaining Balance
Revenue	\$ 35,556,385	\$ 14,787,109	\$ 20,769,276
Expenses	\$ 35,556,385	\$ 13,959,050	\$ 21,597,335
Surplus/ (Deficit)	\$ -	\$ 828,059	\$ (828,059)
% Spend		39%	

Austal - Band Saw			
	Budget	Actual	Remaining Balance
Revenue	\$ 204,672	\$ 202,105	\$ 2,567
Expenses	\$ 204,672	\$ 198,247	\$ 6,424
Surplus/ (Deficit)	\$ -	\$ 3,858	\$ (3,858)
% Spend		97%	

## **IALR Foundation**

1. Combined Statement of Net Position for IALRF & IALRF Real Estate
2. IALRF Restricted Funds Report
3. IALRF Real Estate Income Statement

# Institute for Advanced Learning and Research

## IALRF & IALRF Real Estate Balance Sheet

12/31/2024 vs 12/31/2025 Comparison

	12/31/24 IALRF Total	12/31/25 IALRF Total	Variance
<b>Assets</b>			
<b>Current Assets:</b>			
<b>Unrestricted</b>			
Cash and Cash Equivalents	\$1,569,863	\$933,154	(\$636,709)
Accounts Receivable, net	(\$4,051)	\$0	\$4,051
Prepaid Expenses	\$0	\$2,819	\$2,819
Interfund	(\$153,745)	(\$162,820)	(\$9,075)
<b>Total Unrestricted Current Assets:</b>	<b>\$1,412,067</b>	<b>\$773,153</b>	<b>(\$638,915)</b>
<b>Total Current Assets:</b>	<b>\$1,412,067</b>	<b>\$773,153</b>	<b>(\$638,915)</b>
<b>Noncurrent Assets:</b>			
Certificate of Deposits	\$340,994	\$351,929	\$10,935
Investments	\$3,126,053	\$3,549,554	\$423,501
Fixed Assets Depreciable	\$10,364,210	\$11,124,654	\$760,444
<b>Total Noncurrent Assets:</b>	<b>\$13,831,258</b>	<b>\$15,026,137</b>	<b>\$1,194,879</b>
<b>Total Assets</b>	<b>\$15,243,325</b>	<b>\$15,799,290</b>	<b>\$555,965</b>
<b>Liabilities and Net Position</b>			
<b>Current Liabilities:</b>			
Accounts payable - Operations	\$4,779,180	\$4,724,589	(\$54,591)
<b>Total Current Liabilities:</b>	<b>\$4,779,180</b>	<b>\$4,724,589</b>	<b>(\$54,591)</b>
<b>Net Position:</b>			
Restricted	\$2,006,388	\$2,271,376	\$264,988
Unrestricted	\$8,457,757	\$8,803,325	\$345,568
<b>Total Net Position:</b>	<b>\$10,464,145</b>	<b>\$11,074,701</b>	<b>\$610,556</b>
<b>Total Liabilities and Net Assets</b>	<b>\$15,243,325</b>	<b>\$15,799,290</b>	<b>\$555,965</b>

## Restricted Cash Foundation

<b>Advanced Learning</b>		
Mid - Atlantic Broadband Communitites	\$	1,500
<b>Capstone</b>		
Gene Haas Foundation	\$	157,931
MFG Host Funding	\$	17,500
AutoDesk	\$	25,000
SME Education Foundtion	\$	5,000
BWX Technologies	\$	4,000
Misc Program Donations	\$	300
<b>Advanced Manufacturing</b>		
NWI Draper Family Scholarship	\$	7,353
<b>IALR Internal Restriction</b>		
Internally Restricted Funds	\$	82,446
Restricted for Grants, Scholarships & Internal	\$	301,030
Restricted for HAAS Endowment	\$	1,970,346
Total Restricted	\$	2,271,376
Total Unrestricted Cash	\$	403,521

# Institute for Advanced Learning and Research

## IALRF Real Estate Holding Company

Period Ending December 31, 2025

	Budget FY25	Actual 09/30/2025 QTD	Actual 12/31/2025 QTD	Total	Over/(Under) Budget 06/30/2026
<b>Revenues</b>					
Rental Revenue	\$405,210	\$12,392	\$13,266	\$25,658	(\$379,553)
<b>Total Operating Revenues:</b>	<b>\$405,210</b>	<b>\$12,392</b>	<b>\$13,266</b>	<b>\$25,658</b>	<b>(\$379,553)</b>
Interest Income	\$0	\$149	\$170	\$319	\$319
<b>Total Non-Operating Revenues:</b>	<b>\$0</b>	<b>\$149</b>	<b>\$170</b>	<b>\$319</b>	<b>\$319</b>
<b>Total Revenues:</b>	<b>\$405,210</b>	<b>\$12,541</b>	<b>\$13,436</b>	<b>\$25,976</b>	<b>(\$379,234)</b>
<b>Expenses</b>					
Contractual Services and Consultants	\$10,000	\$228	\$121	\$349	(\$9,652)
Supplies and Equipment Maintenance	\$10,000	\$0	\$89	\$89	(\$9,911)
Facility Expense	\$78,307	\$11,062	\$8,547	\$19,609	(\$58,698)
Utilities	\$135,000	\$16,861	\$23,607	\$40,469	(\$94,531)
Repairs and Maintenance	\$150,000	\$19,370	\$11,239	\$30,609	(\$119,391)
Equipment Expense	\$0	\$0	\$8,266	\$8,266	\$8,266
Other Expenses	\$21,903	\$72,503	\$89,979	\$162,481	\$140,578
Depreciation and Amortization	\$0	\$37,644	\$38,214	\$75,858	\$75,858
<b>Total Operating Expenses</b>	<b>(\$405,210)</b>	<b>(\$157,666)</b>	<b>(\$180,063)</b>	<b>(\$337,729)</b>	<b>\$67,481</b>
<b>Total Operating Expenses:</b>	<b>\$405,210</b>	<b>\$157,666</b>	<b>\$180,063</b>	<b>\$337,729</b>	<b>(\$67,481)</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>\$0</b>	<b>(\$145,126)</b>	<b>(\$166,627)</b>	<b>(\$311,753)</b>	<b>(\$311,753)</b>

**THE INSTITUTE FOR  
ADVANCED LEARNING AND RESEARCH  
(A COMPONENT UNIT OF THE COMMONWEALTH OF VIRGINIA)**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2025**

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THE INSTITUTE FOR ADVANCED LEARNING AND RESEARCH  
(A COMPONENT UNIT OF THE COMMONWEALTH OF VIRGINIA)  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2025

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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**To the Members of the Board of Trustees  
The Institute for Advanced Learning and Research  
Danville, Virginia**

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of the business-type activities of the Institute for Advanced Learning and Research, component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Institute for Advanced Learning and Research, as of June 30, 2025, and the changes in financial position, and cash flows thereof 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute for Advanced Learning and Research, 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 the Institute for Advanced Learning and Research's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, 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 the Institute for Advanced Learning and Research'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 the Institute for Advanced Learning and Research'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension funding be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Institute for Advanced Learning and Research's basic financial statements. The accompanying supplementary financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of the Institute for Advanced Learning and Research's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute for Advanced Learning and Research's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute for Advanced Learning and Research's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
November 26, 2025

**The Institute for Advanced Learning and Research  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025**

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As management of The Institute for Advanced Learning and Research, (the "IALR"), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the IALR for the fiscal year ended June 30, 2025.

### **General Overview**

The Institute for Advanced Learning and Research (IALR) serves as a regional catalyst for economic transformation through advanced learning including workforce development, applied research, economic development, Advanced Manufacturing and The Conference Center.

The IALR receives funding from the Commonwealth of Virginia, Federal and Non-Federal grants that support research and educational programs. The IALR is governed by a fifteen member Board of Trustees consisting of the Presidents or their designees of Averett University, Danville Community College and Virginia Polytechnic Institute and State University; the chairman or his designee of the Board of the Future of the Piedmont Foundation; one resident of the City of Danville appointed by the Danville City Council; one resident of Pittsylvania County appointed by the Pittsylvania County Board of Supervisors; and nine citizens representing business and industry and residing in Southside Virginia, three appointed by the Governor, three appointed by the Senate Committee on Rules and three appointed by the Speaker of the House of Delegates.

### **Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the IALR's basic financial statements. Since the IALR is engaged only in business - type activities its basic financial statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements.

**Basic financial statements.** The basic financial statements are designed to provide readers with a broad overview of the IALR's finances. Under GASB, related organizations should be considered component units of the primary entity if the following criteria is met; 1) hold resources entirely or almost entirely for the direct benefit of the IALR, where the IALR has the ability to access a majority of those resources and those resources are significant to the IALR. Given this criteria, the IALR financials include The Institute for Advanced Learning and Research Foundation and the wholly owned Real Estate Holding Company.

The *statement of net position* presents information on the Authority's 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless

of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The basic financial statements can be found on pages 9 through 11 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 12 through 35.

### **Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the IALR's financial position. In the case of the IALR, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$151,640,047 and \$112,618,858, at June 30, 2025 and 2024, respectively.

### **Financial Highlights**

- Cash and Equivalents increased by \$791,039 from FY24 primarily due to the timing of contract reimbursement for the ongoing construction of the MTC building and DOD-ATDM earned contract revenue.
- Depreciable capital assets increased during FY25 due to increased equipment purchases for CMA operations as well as leasehold improvements and equipment for the ATDM program.
- Operating revenue increased by \$3,392,665 over FY24 due to ATDM contract revenues and MTC construction reimbursement contract revenues.

Exhibit 1 presents the Condensed Statement of Net Position for The Institute for Advanced Learning and Research and its component unit (Foundation) for the year ended June 30, 2025. At June 30, 2025, and 2024, unrestricted net position was \$35,898,126 and \$32,107,651, respectively. Of total net position, unrestricted net position represented 24% and 29% for fiscal years 2025 and 2024, respectively.

## The Institute for Advanced Learning and Research

## Condensed Financial Information

As of June 30, 2025 (With Comparative Totals As Of June 30, 2024)

	2025	2024
<u>ASSETS</u>		
Current Assets	\$ 43,169,849	\$ 39,986,691
Noncurrent Assets	126,355,837	87,501,041
Total assets	<u>\$ 169,525,686</u>	<u>\$ 127,487,732</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Total deferred outflows of resources	<u>\$ 501,976</u>	<u>\$ 226,668</u>
<u>LIABILITIES</u>		
Current Liabilities (due within one year)	\$ 13,467,056	\$ 14,502,712
Noncurrent Liabilities	4,671,341	34,614
Total liabilities	<u>\$ 18,138,397</u>	<u>\$ 14,537,326</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total deferred inflows of resources	<u>\$ 249,218</u>	<u>\$ 558,216</u>
<u>NET POSITION</u>		
Net investment in capital assets	\$ 114,226,909	\$ 79,038,221
Restricted	1,515,012	1,472,986
Unrestricted	35,898,126	32,107,651
Total net position	<u>\$ 151,640,047</u>	<u>\$ 112,618,858</u>

Total Current Assets have increased from FY24 to FY25 for the following reason:

- Cash and equivalents have increased due to reimbursement of programmatic and construction contract revenues.
- In addition, accounts receivable increased by approximately \$3.8 million.

Depreciable assets increased during FY25 due to capital projects and equipment purchases completed throughout the year.

Total liabilities increased in FY25 by \$3,601,071 over FY24 due to the issuance of approximately \$4.8 million in debt as offset by a decrease in accounts payable.

Exhibit 2 presents the Condensed Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2025.

Exhibit 2

The Institute for Advanced Learning and Research

Condensed Financial Information

For the Year Ended June 30, 2025 (With Comparative Totals for the Year Ended June 30, 2024)

	2025	2024
Operating Revenues:		
Total operating revenues	\$ 30,484,373	\$ 27,091,708
Operating Expenses:		
Total operating expenses	\$ 43,182,471	\$ 34,816,560
Operating income (loss)	\$ (12,698,098)	\$ (7,724,852)
Nonoperating Revenues (Expenses):		
Total nonoperating revenues (expenses)	\$ 13,053,922	\$ 14,082,008
Income (loss) before grants	\$ 355,824	\$ 6,357,156
Equipment and construction capital contributions:		
Capital grants	\$ 38,665,365	\$ 36,353,202
Change in net position	\$ 39,021,189	\$ 42,710,358
Net position, beginning of year	112,618,858	69,908,500
Net position, end of year	\$ 151,640,047	\$ 112,618,858

Statement of Revenues, Expenses and Changes in Net Position Overview:

- Operating revenues increased by \$3.4 million due to increased manufacturing advancement programmatic contract revenues.
- Operating expenses increased in FY25 by \$8.3 million over FY24 due to variety of items including:
  - An increase in personnel due to expanding federal contract activity.
  - Facilities and equipment maintenance cost increases due to CMA facility being fully operational during FY25 and phase I Equipment of the MTC building coming online in FY25.

**Outlook:**

The IALR's management considers its financial condition to be well positioned for today as well as the future. The IALR is continuing to grow and foster new partnerships in the areas of advanced learning, applied research, economic development, manufacturing advancement and conference services. Each new collaboration allows The IALR to continue to strive to be a leader of economic transformation for the Southern Virginia region.

**Requests for Information**

This financial report is designed to provide our citizens, customers, potential investors and creditors with a general overview of the Institute's finances and to demonstrate accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Institute at 150 Slayton Avenue, Danville, VA 24540, telephone (434-766-6700), or visit the Institute's web site at [www.ialr.org](http://www.ialr.org).

## **Basic Financial Statements**

## The Institute for Advanced Learning and Research

Statement of Net Position  
As of June 30, 2025

<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 21,824,639
Accounts receivable, net of allowance for uncollectibles	11,579,293
Grant receivable	582,671
Capital grant receivable	4,571,084
Leases receivable	43,639
Investments	3,651,726
Prepaid items	599,075
Restricted Assets:	
Cash and cash equivalents-Insurance funds held by trustee	317,722
Total current assets	\$ 43,169,849
Noncurrent Assets:	
Net pension asset	\$ 1,277,028
Capital Assets:	
Nondepreciable capital assets	68,234,681
Depreciable capital assets, net of accumulated depreciation	56,844,128
Total noncurrent assets	\$126,355,837
Total assets	\$169,525,686
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related items	\$ 501,976
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable - operations	\$ 2,005,882
Accounts payable - construction	6,115,320
Accrued payroll and related employee expenses	160,925
Interest payable	20,522
Unearned revenue	4,818,206
Customer deposits	92,205
Health insurance claims IBNR	79,738
Compensated absences - current portion	81,764
Note payable - current portion	92,494
Total current liabilities	\$ 13,467,056
Noncurrent Liabilities:	
Compensated absences - net of current portion	\$ 27,255
Note payable - net of current portion	4,644,086
Total noncurrent liabilities	\$ 4,671,341
Total liabilities	\$ 18,138,397
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension related items	\$ 201,290
Lease related items	47,928
Total deferred inflows of resources	\$ 249,218
<u>NET POSITION</u>	
Net investment in capital assets	\$114,226,909
Restricted	
Net pension asset	1,277,028
Health insurance funds	237,984
Unrestricted	35,898,126
Total net position	\$151,640,047

The accompanying notes to the financial statements are an integral part of this statement.

## The Institute for Advanced Learning and Research

Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2025

Operating Revenues:	
Conference center sales and services (incl. catering)	\$ 873,276
Café sales	164,884
Contract revenue	39,319
Program income	27,992,573
Rental revenues	814,883
Recovered costs	458,320
Other revenues	141,118
	<hr/>
Total operating revenues	\$ 30,484,373
Operating Expenses:	
Personnel costs	\$ 16,412,703
Contractual services and consultants	5,371,482
Supplies and equipment maintenance	2,395,192
Facilities	1,854,493
Telecommunications	99,761
Utilities	1,398,566
Insurance	4,835
Repairs and maintenance	921,444
Project expense	2,613,492
Taxes	37,156
Travel	441,514
Marketing and advertising	791,348
Miscellaneous	409,734
Memberships	25,819
Student support services	594,317
Depreciation	6,188,088
Scholarships	3,622,027
Donations	500
	<hr/>
Total operating expenses	\$ 43,182,471
Operating income (loss)	\$ (12,698,098)
Nonoperating Revenues (Expenses):	
State appropriations	\$ 8,040,903
Grant income	4,531,214
Investment expense	(26,965)
Realized gain (loss) on investment	592,653
Unrealized gain (loss) on investment	(399,916)
Interest expense	(237,624)
Interest income	553,657
	<hr/>
Total nonoperating revenues (expenses)	\$ 13,053,922
Income (loss) before capital contributions	\$ 355,824
Equipment and construction capital contributions:	
Capital grants	\$ 38,305,365
Contributions for capital related items	360,000
	<hr/>
Total equipment and construction grants	\$ 38,665,365
Change in net position	\$ 39,021,189
Net position, beginning of year	112,618,858
	<hr/>
Net position, end of year	\$ 151,640,047
	<hr/>

The accompanying notes to the financial statements are an integral part of this statement.

## The Institute for Advanced Learning and Research

Statements of Cash Flows  
For the Year Ended June 30, 2025

Cash Flows from Operating Activities:	
Conference center fees	\$ 861,564
Café sales	164,884
Contracts	80,569
Rents collected	1,272,945
Program income and other receipts	24,558,542
Payments to employees	(16,725,301)
Payments to suppliers for goods and services	(20,189,369)
	<u>\$ (9,976,166)</u>
Net cash provided by (used for) operating activities	
Cash Flows from Noncapital Financing Activities:	
State appropriation and operating grants	<u>\$ 9,171,070</u>
Cash Flows from Capital and Related Financing Activities:	
State and other capital grants	\$ 42,391,662
Purchase of capital assets	(45,753,356)
Proceeds from indebtedness	4,800,000
Principal payments on indebtedness	(63,420)
Interest payments on indebtedness	(217,102)
	<u>\$ 1,157,784</u>
Net cash provided by (used for) capital and related financing activities	
Cash Flows from Investing Activities:	
Interest income	<u>\$ 438,351</u>
Increase (decrease) in cash and cash equivalents	
	\$ 791,039
Cash and cash equivalents at beginning of year (including \$285,385 reported in restricted accounts)	
	<u>21,351,322</u>
Cash and cash equivalents at end of year (including \$317,722 reported in restricted accounts)	
	<u>\$ 22,142,361</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (12,698,098)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	6,188,088
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(3,802,146)
(Increase) decrease in prepaid items	(140,778)
(Increase) decrease in leases receivable	269,750
(Increase) decrease in net pension asset	(51,428)
(Increase) decrease in deferred outflows of resources related to pension	(275,308)
Increase (decrease) in accounts payable - operations	798,534
Increase (decrease) in accrued payroll and related employee expenses	45,389
Increase (decrease) in compensated absences	(29,437)
Increase (decrease) in health insurance claims IBNR	41,739
Increase (decrease) in customer deposits	(13,473)
Increase (decrease) in deferred inflows of resources related to pension	(43,553)
Increase (decrease) in deferred inflows of resources related to lease	(265,445)
	<u>\$ (9,976,166)</u>
Net cash provided by (used for) operating activities	
Schedule of noncash capital and related financing activities:	
Capital asset additions included in accounts payable at end of year	\$ 6,115,320
Donation of capital asset addition	360,000
Interest paid during the year on indebtedness	217,102

The accompanying notes to the financial statements are an integral part of this statement.

THE INSTITUTE FOR ADVANCED LEARNING AND RESEARCH  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF JUNE 30, 2025

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**Note 1 - Summary of Significant Accounting Policies:**

The Institute for Advanced Learning and Research (“Institute”) was established to develop and attract technology and talent critical to Southside Virginia’s economic transition from a tobacco and textile centered economy to a more technology centered economy. This transition will be accomplished through advanced learning, strategic research and technology transfer, conference center activities, outreach programs, and technology infrastructure development. The Institute is a political subdivision of the Commonwealth of Virginia chartered in 2002, under the Sections 23-231.19 through 23-231.23 of the Code of Virginia. It is primarily funded through appropriations from the Commonwealth of Virginia and other governmental and nongovernmental grants, contributions, and the revenues generated by the services it provides.

The Institute is governed by a fifteen-member Board of Trustees consisting of the presidents or their designees of Averett University, Danville Community College, and Virginia Polytechnic Institute and State University; the chairman or his designee of the Board of the Future of the Piedmont Foundation; one resident of the City of Danville appointed by the Danville City Council; one resident of Pittsylvania County appointed by the Pittsylvania County Board of Supervisors; and nine citizens representing business and industry and residing in Southside Virginia, three appointed by the Governor, three appointed by the Senate Committee on Rules, and three appointed by the Speaker of the House of Delegates. All members are to be nonelected citizens of the Commonwealth of Virginia.

**A. Financial Reporting Entity**

The Governmental Accounting Standards Board (GASB) has determined that, under certain circumstances, related organizations should be considered component units of a primary entity and, as such, reported as part of the primary entity. In so doing, GASB established criteria for determining whether a related entity should be reported as a component unit and under different circumstances, how component units must be presented. In defining the Institute as a primary reporting entity, related organizations were evaluated for possible inclusion, using the criteria established by the GASB. The criteria would require the reporting entity to include entities that hold resources entirely or almost entirely for the direct benefit of the Institute where the Institute has the ability to access a majority of those resources and those resources are significant to the Institute. Based on these criteria, the financial statements of the Institute include the Institute for Advanced Learning and Research Foundation as a component unit whose assets, liabilities, income, and expenses have been blended with those of the Institute. The financial statements of the Institute also include the Institute for Advanced Learning and Research Foundation. The Institute is considered to be a component unit of the Commonwealth of Virginia.

**B. Component Units**

The Institute for Advanced Learning and Research Foundation (“Foundation”) is a non-stock, non-profit corporation that has received tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The Foundation’s bylaws establish that the majority of the Board of Directors of the Foundation must be members of the Institute’s Board of Trustees. The Foundation was established for the express purpose of providing support to and promoting the advancement of the aims and purpose of the Institute. The IRS granted the Foundation exempt status on July 27, 2006.

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**B. Component Units (Continued)**

The Institute for Advanced Learning and Research Foundation Real Estate Holding Company (“Foundation Real Estate Holding”) is a non-stock, non-profit corporation that has received tax-exempt status under Section 501(c)(2) of the Internal Revenue Code. The Foundation Real Estate Holding’s bylaws establish that the majority of the Board of Directors of the Foundation Real Estate Holding must be members of the Foundation. The Foundation Real Estate Holding was established for the express purpose to hold title to property, collect income therefrom, if any, and turn over the entire amount thereof, less expenses, to the Foundation. The IRS granted the Foundation Real Estate Holding exempt status on July 30, 2024.

**C. Basis of Presentation**

The Institute follows business-type activities requirements which provides that the following sections be included in the annual financial report:

1. Management discussion and analysis
2. Basic financial statements including a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows
3. Notes to the financial statements
4. Required supplementary information including schedules related to pension funding

Presented in other supplementary information are combining statements showing the Institute’s component units, the Foundation and Foundation Real Estate Holding. Interfund activity has been eliminated through June 30, 2025.

**D. Basis of Accounting**

For financial reporting purposes, the Institute is considered a special-purpose government, engaged only in business-type activities. Accordingly, the Institute’s financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

**E. Revenue and Expense Classifications**

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) sales and services through the conference center, net of discounts, (2) federal, state, and nongovernmental grants and contracts, (3) sales and services through auxiliary programs, net of discounts, and (4) other revenue generated from operations.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, including gifts, and other revenue sources.

Nonoperating expenses include interest on debt related to the purchase of capital assets and losses on the disposal of capital assets. All other expenses are classified as operating expenses.

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**F. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Institute has one item that qualifies for reporting in this category. It is comprised of certain items related to pension. For more detailed information on this item, see note 7.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Institute has two types of items that qualify for reporting in this category. Certain items related to lease receivables and pension are reported as deferred inflows of resources. For more detailed information on these items, see note 1.0. and note 7.

**G. Net Position**

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Institute will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Institute's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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**Note 1 - Summary of Significant Accounting Policies: (Continued)**

H. Capital Assets

Capital assets are stated at cost or, if donated, at acquisition value on the date acquired. Equipment costing \$5,000 or more with a useful life of 2 years or more is capitalized and depreciated over its estimated life using straight-line depreciation. The estimated useful lives of capital assets are as follows:

	<u>Years</u>
Computer hardware	3
Computer software	3
Furniture and equipment	3-5
Leasehold improvements	9-14
Buildings	40

I. Income Tax Status

The Institute is classified as a political subdivision of the Commonwealth of Virginia and, as noted, the Foundation and the Foundation Real Estate Holding have been granted tax exempt status, therefore, the reporting units are exempt from federal income tax.

J. Use of Estimates

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

K. Compensated Absences

All full-time employees receive paid annual leave for vacations and other personal needs. The rate at which annual leave is accrued depends on length of service. Employees with less than twenty years of service earn annual leave at a rate of seven hours per semimonthly pay period and those with over twenty years earn it at eight hours per period. Compensated absences are recorded as an operating expense in the period earned rather than when paid. Employees may accumulate unused annual leave; however, the amount of annual leave that can be carried forward from year to year is limited to a maximum of 120 hours. Accrued annual leave is paid to employees who resign or terminate, subject to the same 120 hour limitation.

All full-time employees earn eighty hours of sick leave at the beginning of each fiscal year. If an employee is hired during the fiscal year, the number of sick leave hours allowed are prorated based on the date of hire. There is no carryover of unused sick leave into the next year, nor is it paid upon separation of employment from the Institute.

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

L. Group Hospitalization and Life Insurance

Full-time employees are eligible to participate in the Institute's group hospitalization insurance program. The Institute contributes the cost of coverage for full-time employees in regular positions. All full-time employees participate in a group life insurance program with the total premium cost paid by the Institute.

M. Cash and Cash Equivalents

The Institute's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the Institute's funds consider their demand deposits and all highly liquid investment with an original maturity of three months or less when purchased to be cash equivalents.

N. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Institute's Retirement Plan and the additions to/deductions from the Institute's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Leases

The Institute is a lessor for noncancellable leases of building space(s). A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases

*Lessor*

The Institute recognizes leases receivable and deferred inflows of resources. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives). Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

O. Leases (Continued)

*Key Estimates and Judgments*

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Institute uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Institute uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The Institute monitors changes in circumstances that would require a remeasurement or modification of its leases. The Institute will remeasure the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Note 2 - Deposits and Investments:**

Deposits: Deposits for the Institute with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits of the Institute are considered fully collateralized; however, certain deposits of the Foundation (a blended component unit of the Foundation) are not fully collateralized, as described below.

Restricted cash in the amount of \$317,722 is held with the Virginia Tech Foundation for the payment of employee health insurance claims. This amount less estimated outstanding health claims of \$79,738 is reported as restricted net position (health insurance funds) of \$237,984.

Custodial Credit Risk: Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor government's name.

**Note 2 - Deposits and Investments: (Continued)**

The following accounts were exposed to custodial credit risk:

Account	Bank	Bank Balance	Insured by FDIC	Uninsured	Credit Risk
Foundation Checking	Atlantic Union Bank	\$ 613,961	\$ 250,000	\$ 363,961	1
Foundation CD	Atlantic Union Bank	351,929	-	351,929	1
		<u>\$ 965,890</u>	<u>\$ 250,000</u>	<u>\$ 715,890</u>	

Investments: Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). Investments of the Foundation are not subject to restrictions as set forth in the Code above.

As of June 30, 2025, the Institute did not hold any investments. The fair value of investments of the Foundation at June 30, 2025, were as follows:

Certificate of deposit	\$ 351,929
Debt securities	1,330,062
Equity securities	1,830,630
Money market	139,105
Total investments	<u>\$ 3,651,726</u>

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**Note 2 - Deposits and Investments: (Continued)**

Credit Risk of Debt Securities: The Foundation's debt investments as of June 30, 2025 were rated by Moody's and the ratings are presented below.

Rated Debt Investments' Value		
Rated Debt Investments	Fair Quality Ratings	Market Value
<b>Moody's</b>		
Government Agency Bonds	Aa1	\$ 40,409
<b>Not Rated</b>		
Exchange Traded Funds	Not Rated	1,344,209
Money Market Funds	Not Rated	139,105
Stocks	Not Rated	1,776,074
Negotiable Certificate	Not Rated	351,929
<b>Total</b>		<b>\$ 3,651,726</b>

Interest Rate Risk: An investment policy for interest rate risk has not been adopted. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)					
Investment Type	Fair Value	1 Year	1-5 Years	5-10 Years	Greater than 10 Years
Exchange Traded Funds	\$ 1,344,209	\$1,344,209	\$ -	\$ -	\$ -
Government Agency Bonds	40,409	-	-	-	40,409
Stocks	1,776,074	1,776,074	-	-	-
Negotiable Certificate	351,929	351,929	-	-	-
<b>Totals</b>	<b>\$ 3,512,621</b>	<b>\$3,472,212</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,409</b>

Concentration of Credit Risk: The Foundation did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

**Note 3 - Fair Value Measurements:**

Fair value is 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 Institute categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Institute maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Institute has the following recurring fair value measurements as of June 30, 2025:

	6/30/2025	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Debt Securities	\$ 1,330,062	\$ 1,330,062	\$ -	\$ -
Negotiable CD	351,929	351,929	-	-
Equity Securities	1,830,630	1,830,630	-	-
Total	\$ 3,512,621	\$ 3,512,621	\$ -	\$ -

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THE INSTITUTE FOR ADVANCED LEARNING AND RESEARCH  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2025

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**Note 4 - Accounts, Grant, and Capital Grant Receivable:**

Accounts, grant, and capital grant receivables consist of the following at June 30, 2025:

Trade accounts receivable	\$	248,707
Contracts receivable		13,745,761
State receivables		1,273,485
Federal receivables		193,093
Other receivables		1,272,002
Total accounts, grant, and capital grant receivables	\$	<u>16,733,048</u>

**Note 5 - Restrictions on Net Position:**

Net position amounts were restricted as follows:

Health insurance funds at VT Foundation	\$	237,984
Net pension asset		<u>1,277,028</u>
Total restricted net position	\$	<u>1,515,012</u>

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THE INSTITUTE FOR ADVANCED LEARNING AND RESEARCH  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2025

**Note 6 - Capital Assets:**

The following is a summary of changes in capital assets for the year ended June 30, 2025:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Nondepreciable capital assets:				
Construction in progress	\$ 38,452,584	\$ 29,782,097	\$ -	\$ 68,234,681
Total nondepreciable capital assets	<u>\$ 38,452,584</u>	<u>\$ 29,782,097</u>	<u>\$ -</u>	<u>\$ 68,234,681</u>
Depreciable capital assets:				
Computer hardware	\$ 1,562,841	\$ 100,018	\$ -	\$ 1,662,859
Computer software	199,498	1,050,523	-	1,250,021
Furniture and equipment	31,703,463	7,721,368	(38,712)	39,386,119
Leasehold improvements	7,476,808	313,990	-	7,790,798
Buildings	31,750,983	6,067,098	-	37,818,081
Total depreciable capital assets	<u>\$ 72,693,593</u>	<u>\$ 15,252,997</u>	<u>\$ (38,712)</u>	<u>\$ 87,907,878</u>
Accumulated depreciation:				
Computer hardware	\$ (1,305,484)	\$ (193,155)	\$ -	\$ (1,498,639)
Computer software	(186,285)	(12,037)	-	(198,322)
Furniture and equipment	(15,870,131)	(4,673,887)	38,712	(20,505,306)
Leasehold improvements	(3,898,713)	(392,973)	-	(4,291,686)
Buildings	(3,653,761)	(916,036)	-	(4,569,797)
Total accumulated depreciation	<u>\$ (24,914,374)</u>	<u>\$ (6,188,088)</u>	<u>\$ 38,712</u>	<u>\$ (31,063,750)</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 47,779,219</u>	<u>\$ 9,064,909</u>	<u>\$ -</u>	<u>\$ 56,844,128</u>
Total capital assets, net of accumulated depreciation	<u>\$ 86,231,803</u>	<u>\$ 38,847,006</u>	<u>\$ -</u>	<u>\$ 125,078,809</u>

**Note 7 - Pension Plan:**

**Plan Description**

All full-time, salaried permanent (professional) employees of the Institute are automatically covered by a VRS Retirement Plan upon employment, unless they are eligible faculty and choose to enroll in the optional retirement program described in Note 8. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

**Note 7 - Pension Plan: (Continued)**

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

***Benefit Structures***

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

**Note 7 - Pension Plan: (Continued)**

***Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

***Employees Covered by Benefit Terms***

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	12
Inactive members:	
Vested inactive members	17
Non-vested inactive members	22
Inactive members elsewhere in VRS	9
Active members	<u>57</u>
Total covered employees	<u><u>117</u></u>

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Institute's contractually required employer contribution rate for the year ended June 30, 2025 was 3.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Institute were \$307,555 and \$226,084 for the years ended June 30, 2025 and June 30, 2024, respectively.

**Note 7 - Pension Plan: (Continued)**

***Contributions (continued)***

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$62,626 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$52,281 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$6,262,618 for the year ended June 30, 2025.

***Net Pension Asset***

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Institute's net pension asset was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the Institute's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

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**Note 7 - Pension Plan: (Continued)**

***Actuarial Assumptions - General Employees (Continued)***

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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**Note 7 - Pension Plan: (Continued)**

***Actuarial Assumptions - General Employees (Continued)***

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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**Note 7 - Pension Plan: (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return**
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		*Expected arithmetic nominal return	7.07%

\*The above allocation provides a one-year expected return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

\*\*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

**Note 7 - Pension Plan: (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Asset**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 3,851,769	\$ 5,077,369	\$ (1,225,600)
Changes for the year:			
Service cost	\$ 408,863	\$ -	\$ 408,863
Interest	282,057	-	282,057
Differences between expected and actual experience	270,965	-	270,965
Contributions - employer	-	226,084	(226,084)
Contributions - employee	-	276,077	(276,077)
Net investment income	-	513,593	(513,593)
Benefit payments, including refunds of employee contributions	(164,008)	(164,008)	-
Administrative expenses	-	(2,580)	2,580
Other changes	-	139	(139)
Net changes	\$ 797,877	\$ 849,305	\$ (51,428)
Balances at June 30, 2024	\$ 4,649,646	\$ 5,926,674	\$ (1,277,028)

**Note 7 - Pension Plan: (Continued)**

***Sensitivity of the Net Pension Asset to Changes in the Discount Rate***

The following presents the net pension asset of the Institute using the discount rate of 6.75%, as well as what the Institute's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1.00% Decrease (5.75%)	Current Discount (6.75%)	1.00% Increase (7.75%)
Institute's			
Net Pension Liability (Asset)	\$ (608,405)	\$ (1,277,028)	\$ (1,782,998)

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2025, the Institute recognized pension expense of \$(62,735). At June 30, 2025, the Institute reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 194,421	\$ 60,828
Net difference between projected and actual earnings on pension plan investments	-	140,462
Employer contributions subsequent to the measurement date	307,555	-
Total	\$ 501,976	\$ 201,290

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**Note 7 - Pension Plan: (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$307,555 reported as deferred outflows of resources related to pensions resulting from the Institute’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

	<u>Year ended June 30</u>	
	2026	\$ (95,512)
	2027	109,594
	2028	10,959
	2029	(31,910)

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Note 8 - Optional Retirement Plan:**

***Pension Description***

Full-time faculty and certain administrative staff members participate in a defined contribution plan administered by two providers. The two providers are TIAA/CREF Insurance Company and Fidelity Investments. Benefits under this plan vest immediately.

***Funding Policy***

The Institute’s contribution rate for the fiscal years ended June 30, 2025 and 2024 was 10.40% of annual covered payroll for Plan 1 members (members hired prior to June 30, 2010). The Institute’s contribution rate for the fiscal years ended June 30, 2025 and 2024 was 8.50% (not including the 5% member contribution not assumed by the Institute) of annual covered payroll for Plan 2 members (members hired after June 30, 2010). Annual covered payroll for the years ended June 30, 2025 and June 30, 2024, amounted to \$1,919,135 and \$1,125,357, respectively.

***Annual Pension Cost***

The Institute’s annual pension cost for the fiscal years ended June 30, 2025 and 2024 was \$157,755 and \$97,584, respectively.

THE INSTITUTE FOR ADVANCED LEARNING AND RESEARCH  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2025

**Note 9 - Long-Term Obligations:**

The following is a summary of long-term obligation transactions for the year ended June 30, 2025:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Direct borrowings and direct placements:				
Note payable	\$ -	\$ 4,800,000	\$ (63,420)	\$ 4,736,580
Compensated absences	138,456	74,405	(103,842)	109,019
Total	<u>\$ 138,456</u>	<u>\$ 4,874,405</u>	<u>\$ (167,262)</u>	<u>\$ 4,845,599</u>

Details of the long-term obligations at June 30, 2025 are as follows:

	Interest Rates	Issue Date	Maturity Date	Original Amount	Balance	Due Within One Year
Direct borrowings and direct placements:						
Note payable	6.00%	9/5/2024	2030	\$ 4,800,000	\$ 4,736,580	\$ 92,494
Other long-term obligations						
Compensated absences	n/a	n/a	n/a	n/a	109,019	81,764
Total long-term obligations					<u>\$ 4,845,599</u>	<u>\$ 174,258</u>

In the event of default occurs with the note payable, the principal, interest, and all other fees of the note may be declared immediately due and payable to the owner of the note.

The following is a summary of principal and interest payment requirements to amortize long-term debt:

Year Ended June 30,	Direct Borrowings and Direct Placements	
	Principal	Interest
2026	\$ 92,494	\$ 281,534
2027	98,199	275,829
2028	104,256	269,773
2029	110,686	263,342
2030	4,330,945	64,785
Total	<u>\$ 4,736,580</u>	<u>\$ 1,155,263</u>

**Note 10 - Unearned Revenue:**

Grant funds received but not expended at fiscal year-end are carried as unearned revenue until such time as they are expended. Funds unexpended at the end of the grant term, generally June 30, would be refunded to the grantor unless an approved reallocation is granted. At June 30, 2025, the Institute had unearned revenue from federal, state, and other sources totaling \$4,818,206.

THE INSTITUTE FOR ADVANCED LEARNING AND RESEARCH  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 AS OF JUNE 30, 2025

**Note 11 - Leases Receivable:**

The following is a summary of leases receivable transactions of the Institute for the year ended June 30, 2025:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 313,389	\$ -	\$ (269,750)	\$ 43,639	\$ 5,386

Lease revenue recognized, reported as rental revenue, during the fiscal year was \$265,445.

Details of leases receivable:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Building	9/15/2023	9/24/2025	Monthly	3.40%	\$ 43,639	\$ 43,639
Total					\$ 43,639	\$ 43,639

*There are no variable payments for any of the lease receivables above.*

**Note 12 - Contingencies:**

The Institute has received grants for specific purposes that are subject to audit by grantor agencies. Grant resources are generally conditional upon their use for allowable purposes, compliance with the terms and conditions of grant agreements, and applicable federal regulations. Any disallowance resulting from a federal audit may become a liability to the Institute. In the opinion of management, future disallowances of current grant program expenditures, if any, would be immaterial.

The Institute is also required to comply with various guidelines issued by the Office of Management and Budget (OMB). Failure to comply with certain system requirements issued by OMB may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. As of June 30, 2025, the Institute estimated that no material liabilities will result from such audits or questions.

The Institute has approved a 2025 bonus and performance plan. Under the plan, the Board has approved payments totaling \$158,122, which have been recorded as a liability in the accompanying financial statements. The Board may approve additional payments going forward. Additional payments will be based on the Institute performance for the year ended June 30, 2025. Such payments cannot be reasonably estimated at this time and accordingly no amount has been accrued in the financial statements.

**Note 13 - Risk Management:**

The Institute is exposed to various risks of loss related to torts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. There have been no significant reductions in insurance coverage from the previous fiscal year. The Institute assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

**Note 14 - Economic Dependency:**

The Institute is dependent upon state and federal funding to maintain its operations. Should these sources of funding be discontinued or significantly curtailed, there could be substantial doubt about the ability of the Institute to continue as a going concern.

**Note 15 - Related Party Transactions:**

Transactions between the previously mentioned related parties during the year which have been eliminated in the combining statement are below:

Description	IALR	Foundation	Foundation Real Estate Holding
Due to/(due from)	\$ 143,693	\$ 1,871,782	\$ (2,015,475)
Transfer of capital assets	-	(60,000)	60,000
Program income/miscellaneous expense	28,741	(28,741)	-

**Note 16 - Health Insurance Claims (IBNR):**

The Institute contributes to a limited risk management program for health insurance. Premiums are paid into the health plan at the Virginia Tech Foundation and are available to pay claims, and administrative costs of the program. During the fiscal year 2025, a total of \$2,095,154 was paid in benefits and administrative costs by the Institute. The risk assumed by the Institute is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type. As of June 30, 2025, the Institute was exposed to risk which represents the difference between the claims to date and the ceiling liability as calculated based on enrollment levels and health plan coverage. Additional costs in excess of the ceiling liability are covered as part of the contract with The Institute. Incurred but not reported claims of \$79,738 have been accrued as a liability for the Institute based primarily on actual cost incurred prior to June 30 but paid after year-end.

**Note 16 - Health Insurance Claims (IBNR): (Continued)**

Changes in the claims liability for the current and prior two fiscal years are as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2024-25	\$ 37,999	\$ 2,124,890	\$ (2,083,151)	\$ 79,738
2023-24	50,002	1,477,376	(1,489,379)	37,999
2022-23	42,552	762,783	(755,333)	50,002

**Note 17 - Commitments:**

Construction Commitments

The Institute was involved in construction projects during the fiscal year, as presented below:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2025
Accelerated Training in Defense Manufacturing-Building One	\$ 36,095,755	\$ 50,000
Accelerated Training in Defense Manufacturing-Building One	25,910,356	9,997,481
DCC-Diesel at Gypsum	811,555	610,199

**Note 18 - Line of Credit:**

On January 6, 2023, the Institute entered into a \$1,840,000 line of credit with American National Bank & Trust Company with an interest rate of 7.50% to cover cash shortfalls. There was no outstanding balance at June 30, 2025 and there was no activity during the year.

**Note 19 - Upcoming Pronouncements:**

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, provides users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

## **Required Supplementary Information**

The Institute for Advanced Learning and Research

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Pension Plan  
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>	\$ 408,863	\$ 272,201	\$ 240,348	\$ 230,632	\$ 217,584	\$ 159,890	\$ 157,849	\$ 142,198	\$ 151,988	\$ 142,591
Service cost	282,057	257,327	242,912	196,691	170,039	149,639	130,991	119,024	108,801	94,611
Interest	-	-	-	33,540	-	84,151	-	(18,969)	-	-
Assumption changes	270,965	(163,160)	(213,183)	54,583	71,972	41,357	28,466	(28,952)	(77,005)	(4,645)
Difference between expected and actual experience	(164,008)	(109,306)	(67,444)	(74,631)	(54,862)	(52,416)	(49,397)	(35,294)	(40,178)	(19,513)
Benefit payments	\$ 797,877	\$ 257,062	\$ 202,633	\$ 440,815	\$ 404,733	\$ 382,621	\$ 267,909	\$ 178,007	\$ 143,606	\$ 213,044
Net change in total pension liability	3,851,769	3,594,707	3,392,074	2,951,259	2,546,526	2,163,905	1,895,996	1,717,989	1,574,383	1,361,339
Total pension liability - beginning	\$ 4,649,646	\$ 3,851,769	\$ 3,594,707	\$ 3,392,074	\$ 2,951,259	\$ 2,546,526	\$ 2,163,905	\$ 1,895,996	\$ 1,717,989	\$ 1,574,383
Total pension liability - ending (a)	\$ 226,084	\$ 126,297	\$ 97,939	\$ 99,587	\$ 58,291	\$ 50,099	\$ 31,219	\$ 37,877	\$ 68,071	\$ 68,971
<b>Plan fiduciary net position</b>	276,077	153,710	111,610	111,845	104,602	92,457	78,347	84,450	74,495	75,396
Contributions - employer	513,593	308,555	(10,556)	954,282	62,458	201,942	200,053	287,589	41,267	93,098
Contributions - employee	(164,008)	(109,306)	(67,444)	(74,631)	(54,862)	(52,416)	(49,397)	(35,294)	(40,178)	(19,513)
Net investment income	(2,580)	(2,850)	(2,706)	(2,179)	(1,992)	(1,842)	(1,645)	(1,545)	(1,273)	(1,131)
Benefit payments	139	126	108	92	(76)	(128)	(182)	(261)	(17)	(21)
Administrator charges	849,305	476,532	128,951	1,088,996	168,421	290,112	258,395	372,816	142,365	216,800
Other	5,077,369	4,600,837	4,471,886	3,382,890	3,214,469	2,924,357	2,665,962	2,293,146	2,150,781	1,933,981
Net change in plan fiduciary net position	\$ 5,926,674	\$ 5,077,369	\$ 4,600,837	\$ 4,471,886	\$ 3,382,890	\$ 3,214,469	\$ 2,924,357	\$ 2,665,962	\$ 2,293,146	\$ 2,150,781
Plan fiduciary net position - beginning	\$ (1,277,028)	\$ (1,225,600)	\$ (1,006,130)	\$ (1,079,812)	\$ (431,631)	\$ (667,943)	\$ (760,452)	\$ (769,966)	\$ (575,157)	\$ (576,398)
Plan fiduciary net position - ending (b)	127.47%	131.82%	127.99%	131.83%	114.63%	126.23%	135.14%	140.61%	133.48%	136.61%
Institute's net pension liability (asset) - ending (a) - (b)	\$ 6,383,002	\$ 3,421,826	\$ 2,460,276	\$ 2,435,004	\$ 2,339,979	\$ 1,981,736	\$ 1,668,502	\$ 1,755,400	\$ 1,529,767	\$ 1,529,556
Plan fiduciary net position as a percentage of the total pension liability	-20.01%	-35.82%	-40.90%	-44.35%	-18.45%	-33.70%	-45.58%	-43.86%	-37.60%	-37.68%
Covered payroll										
Institute's net pension liability (asset) as a percentage of covered payroll										

## The Institute for Advanced Learning and Research

Schedule of Employer Contributions  
Pension Plan

For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 307,555	\$ 307,555	\$ -	\$ 8,575,128	3.59%
2024	226,084	226,084	-	6,383,002	3.54%
2023	126,297	126,297	-	3,421,826	3.69%
2022	97,939	97,939	-	2,460,276	3.98%
2021	99,587	99,587	-	2,435,004	4.09%
2020	58,291	58,291	-	2,339,979	2.49%
2019	51,967	51,967	-	1,981,736	2.62%
2018	32,088	32,088	-	1,668,502	1.92%
2017	43,183	43,183	-	1,755,400	2.46%
2016	68,071	68,071	-	1,529,767	4.45%

\* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

## The Institute for Advanced Learning and Research

## Notes to Required Supplementary Information

## Pension Plan

For the Year Ended June 30, 2025

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

## **Other Supplementary Information**

## **Supplementary Financial Statements**

## The Institute for Advanced Learning and Research

Combining Statement of Net Position  
As of June 30, 2025

	IALR	Foundation	Foundation Real Estate Holding Co.	Eliminations	Total
<b>ASSETS</b>					
Current Assets:					
Unrestricted Assets:					
Cash and cash equivalents	\$ 20,684,375	\$ 613,816	\$ 526,448	\$ -	\$ 21,824,639
Accounts receivable, net of allowance for uncollectibles	11,579,293	-	-	-	11,579,293
Grant receivable	582,671	-	-	-	582,671
Capital grant receivable	4,571,084	-	-	-	4,571,084
Leases receivable	43,639	-	-	-	43,639
Investments	-	3,651,726	-	-	3,651,726
Due from component unit	143,693	1,871,782	-	(2,015,475)	-
Prepaid items	594,122	3,847	1,106	-	599,075
Restricted Assets:					
Cash and cash equivalents-Insurance funds held by trustee	317,722	-	-	-	317,722
<b>Total current assets</b>	<b>\$ 38,516,599</b>	<b>\$ 6,141,171</b>	<b>\$ 527,554</b>	<b>\$ (2,015,475)</b>	<b>\$ 43,169,849</b>
Noncurrent Assets:					
Net pension asset	\$ 1,277,028	\$ -	\$ -	\$ -	\$ 1,277,028
Capital Assets:					
Nondepreciable capital assets	68,234,681	-	-	-	68,234,681
Depreciable capital assets, net of accumulated depreciation	46,098,139	5,074,739	5,671,250	-	56,844,128
<b>Total noncurrent assets</b>	<b>\$ 115,609,848</b>	<b>\$ 5,074,739</b>	<b>\$ 5,671,250</b>	<b>\$ -</b>	<b>\$ 126,355,837</b>
<b>Total assets</b>	<b>\$ 154,126,447</b>	<b>\$ 11,215,910</b>	<b>\$ 6,198,804</b>	<b>\$ (2,015,475)</b>	<b>\$ 169,525,686</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related items	\$ 501,976	\$ -	\$ -	\$ -	\$ 501,976
<b>Total deferred outflows of resources</b>	<b>\$ 501,976</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 501,976</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable - operations	\$ 1,990,737	\$ 1,555	\$ 13,590	\$ -	\$ 2,005,882
Accounts payable - construction	5,903,366	211,954	-	-	6,115,320
Accrued payroll and related employee expenses	160,925	-	-	-	160,925
Interest payable	-	-	20,522	-	20,522
Unearned revenue	4,818,206	-	-	-	4,818,206
Customer deposits	92,205	-	-	-	92,205
Health insurance claims IBNR	79,738	-	-	-	79,738
Compensated absences - current portion	81,764	-	-	-	81,764
Note payable - current portion	-	-	92,494	-	92,494
Due to IALR and IALR Foundation	-	-	2,015,475	(2,015,475)	-
<b>Total current liabilities</b>	<b>\$ 13,126,941</b>	<b>\$ 213,509</b>	<b>\$ 2,142,081</b>	<b>\$ (2,015,475)</b>	<b>\$ 13,467,056</b>
Noncurrent Liabilities:					
Compensated absences - net of current portion	\$ 27,255	\$ -	\$ -	\$ -	\$ 27,255
Note payable - net of current portion	-	-	4,644,086	-	4,644,086
<b>Total noncurrent liabilities</b>	<b>\$ 27,255</b>	<b>\$ -</b>	<b>\$ 4,644,086</b>	<b>\$ -</b>	<b>\$ 4,671,341</b>
<b>Total liabilities</b>	<b>\$ 13,154,196</b>	<b>\$ 213,509</b>	<b>\$ 6,786,167</b>	<b>\$ (2,015,475)</b>	<b>\$ 18,138,397</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related items	\$ 201,290	\$ -	\$ -	\$ -	\$ 201,290
Lease related items	47,928	-	-	-	47,928
<b>Total deferred inflows of resources</b>	<b>\$ 249,218</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 249,218</b>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 108,429,454	\$ 4,862,785	\$ 934,670	\$ -	\$ 114,226,909
Restricted					
Net pension asset	1,277,028	-	-	-	1,277,028
Health insurance funds at VT Foundation	237,984	-	-	-	237,984
Unrestricted					
	31,280,543	6,139,616	(1,522,033)	-	35,898,126
<b>Total net position</b>	<b>\$ 141,225,009</b>	<b>\$ 11,002,401</b>	<b>\$ (587,363)</b>	<b>\$ -</b>	<b>\$ 151,640,047</b>

## The Institute for Advanced Learning and Research

Combining Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2025

	IALR	Foundation	Foundation Real Estate Holding Co.	Eliminations	Total
<b>Operating Revenues:</b>					
Conference center sales and services (incl. catering)	\$ 873,276	\$ -	\$ -	\$ -	\$ 873,276
Café sales	164,884	-	-	-	164,884
Contract revenue	39,319	-	-	-	39,319
Program income	27,967,573	53,741	-	(28,741)	27,992,573
Rental revenues	800,693	-	14,190	-	814,883
Recovered costs	458,320	-	-	-	458,320
Other revenues	111,118	30,000	-	-	141,118
<b>Total operating revenues</b>	<b>\$ 30,415,183</b>	<b>\$ 83,741</b>	<b>\$ 14,190</b>	<b>\$ (28,741)</b>	<b>\$ 30,484,373</b>
<b>Operating Expenses:</b>					
Personnel costs	\$ 16,412,703	\$ -	\$ -	\$ -	\$ 16,412,703
Contractual services and consultants	5,298,442	59,369	13,671	-	5,371,482
Supplies and equipment maintenance	2,392,665	-	2,527	-	2,395,192
Facilities	1,823,417	4,511	26,565	-	1,854,493
Telecommunications	99,761	-	-	-	99,761
Utilities	1,354,220	45	44,301	-	1,398,566
Insurance	-	-	4,835	-	4,835
Repairs and maintenance	806,437	-	115,007	-	921,444
Project expense	2,613,492	-	-	-	2,613,492
Taxes	-	-	37,156	-	37,156
Travel	441,455	59	-	-	441,514
Marketing and advertising	791,348	-	-	-	791,348
Miscellaneous	374,826	63,649	-	(28,741)	409,734
Memberships	15,819	10,000	-	-	25,819
Student support services	594,317	-	-	-	594,317
Depreciation	5,756,646	310,356	121,086	-	6,188,088
Scholarships	3,622,027	-	-	-	3,622,027
Donations	-	500	-	-	500
<b>Total operating expenses</b>	<b>\$ 42,397,575</b>	<b>\$ 448,489</b>	<b>\$ 365,148</b>	<b>\$ (28,741)</b>	<b>\$ 43,182,471</b>
<b>Operating income (loss)</b>	<b>\$ (11,982,392)</b>	<b>\$ (364,748)</b>	<b>\$ (350,958)</b>	<b>\$ -</b>	<b>\$ (12,698,098)</b>
<b>Nonoperating Revenues (Expenses):</b>					
State appropriations	\$ 8,040,903	\$ -	\$ -	\$ -	\$ 8,040,903
Grant income	4,531,214	-	-	-	4,531,214
Investment expense	-	(26,965)	-	-	(26,965)
Realized gain (loss) on investment	-	592,653	-	-	592,653
Unrealized gain (loss) on investment	-	(399,916)	-	-	(399,916)
Interest expense	-	-	(237,624)	-	(237,624)
Interest income	437,132	115,306	1,219	-	553,657
<b>Total nonoperating revenues (expenses)</b>	<b>\$ 13,009,249</b>	<b>\$ 281,078</b>	<b>\$ (236,405)</b>	<b>\$ -</b>	<b>\$ 13,053,922</b>
<b>Income (loss) before capital contributions</b>	<b>\$ 1,026,857</b>	<b>\$ (83,670)</b>	<b>\$ (587,363)</b>	<b>\$ -</b>	<b>\$ 355,824</b>
<b>Equipment and construction capital contributions:</b>					
Capital grants	\$ 38,305,365	\$ -	\$ -	\$ -	\$ 38,305,365
Contributions for capital related items	-	360,000	-	-	360,000
<b>Total equipment and construction grants</b>	<b>\$ 38,305,365</b>	<b>\$ 360,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,665,365</b>
<b>Change in net position</b>	<b>\$ 39,332,222</b>	<b>\$ 276,330</b>	<b>\$ (587,363)</b>	<b>\$ -</b>	<b>\$ 39,021,189</b>
<b>Net position, beginning of year</b>	<b>101,892,787</b>	<b>10,726,071</b>	<b>-</b>	<b>-</b>	<b>112,618,858</b>
<b>Net position, end of year</b>	<b>\$ 141,225,009</b>	<b>\$ 11,002,401</b>	<b>\$ (587,363)</b>	<b>\$ -</b>	<b>\$ 151,640,047</b>

## The Institute for Advanced Learning and Research

Combining Statement of Cash Flows  
For the Year Ended June 30, 2025

	IALR	Foundation	Foundation Real Estate Holding Co.	Eliminations	Total
<b>Cash Flows from Operating Activities:</b>					
Conference center fees	\$ 861,564	\$ -	\$ -	\$ -	\$ 861,564
Café sales	164,884	-	-	-	164,884
Contracts	80,569	-	-	-	80,569
Rents collected	1,258,755	-	14,190	-	1,272,945
Program income and other receipts	24,503,542	83,741	-	(28,741)	24,558,542
Payments to employees	(16,725,301)	-	-	-	(16,725,301)
Payments to suppliers for goods and services	(19,847,678)	(78,854)	(291,578)	28,741	(20,189,369)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (9,703,665)</b>	<b>\$ 4,887</b>	<b>\$ (277,388)</b>	<b>\$ -</b>	<b>\$ (9,976,166)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
State appropriation and operating grants	\$ 9,171,070	\$ -	\$ -	\$ -	\$ 9,171,070
Transfers from (to) other funds	12,699	(2,028,174)	2,015,475	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>\$ 9,183,769</b>	<b>\$ (2,028,174)</b>	<b>\$ 2,015,475</b>	<b>\$ -</b>	<b>\$ 9,171,070</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
State and other capital grants	\$ 42,391,662	\$ -	\$ -	\$ -	\$ 42,391,662
Purchase of capital assets	(40,011,503)	(9,517)	(5,732,336)	-	(45,753,356)
Proceeds from indebtedness	-	-	4,800,000	-	4,800,000
Principal payments on indebtedness	-	-	(63,420)	-	(63,420)
Interest payments on indebtedness	-	-	(217,102)	-	(217,102)
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>\$ 2,380,159</b>	<b>\$ (9,517)</b>	<b>\$ (1,212,858)</b>	<b>\$ -</b>	<b>\$ 1,157,784</b>
<b>Cash Flows from Investing Activities:</b>					
Interest income	\$ 437,132	\$ -	\$ 1,219	\$ -	\$ 438,351
<b>Net cash provided by (used for) investing activities</b>	<b>\$ 437,132</b>	<b>\$ -</b>	<b>\$ 1,219</b>	<b>\$ -</b>	<b>\$ 438,351</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$ 2,297,395</b>	<b>\$ (2,032,804)</b>	<b>\$ 526,448</b>	<b>\$ -</b>	<b>\$ 791,039</b>
Cash and cash equivalents at beginning of year (including \$285,385 reported in restricted accounts)	18,704,702	2,646,620	-	-	21,351,322
<b>Cash and cash equivalents at end of year (including \$317,722 reported in restricted accounts)</b>	<b>\$ 21,002,097</b>	<b>\$ 613,816</b>	<b>\$ 526,448</b>	<b>\$ -</b>	<b>\$ 22,142,361</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>					
Operating income (loss)	\$ (11,982,392)	\$ (364,748)	\$ (350,958)	\$ -	\$ (12,698,098)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>					
Depreciation	5,756,646	310,356	121,086	-	6,188,088
Contribution of fixed asset	-	60,000	(60,000)	-	-
<b>Changes in operating assets and liabilities:</b>					
(Increase) decrease in accounts receivable	(3,802,146)	-	-	-	(3,802,146)
(Increase) decrease in prepaid items	(137,563)	(2,109)	(1,106)	-	(140,778)
(Increase) decrease in leases receivable	269,750	-	-	-	269,750
(Increase) decrease in net pension asset	(51,428)	-	-	-	(51,428)
(Increase) decrease in deferred outflows of resources related to pension	(275,308)	-	-	-	(275,308)
Increase (decrease) in accounts payable - operations	783,556	1,388	13,590	-	798,534
Increase (decrease) in accrued payroll and related employee expenses	45,389	-	-	-	45,389
Increase (decrease) in compensated absences	(29,437)	-	-	-	(29,437)
Increase (decrease) in health insurance claims IBNR	41,739	-	-	-	41,739
Increase (decrease) in customer deposits	(13,473)	-	-	-	(13,473)
Increase (decrease) in deferred inflows of resources related to pension	(43,553)	-	-	-	(43,553)
Increase (decrease) in deferred inflows of resources related to lease	(265,445)	-	-	-	(265,445)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (9,703,665)</b>	<b>\$ 4,887</b>	<b>\$ (277,388)</b>	<b>\$ -</b>	<b>\$ (9,976,166)</b>
<b>Schedule of noncash capital and related financing activities:</b>					
Capital asset additions included in accounts payable at end of year	\$ 5,903,366	\$ 211,954	\$ -	\$ -	\$ 6,115,320
Donation of capital asset addition	-	360,000	-	-	360,000
Transfer of capital assets	-	(60,000)	60,000	-	-
Interest paid during the year on indebtedness	-	-	217,102	-	217,102

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## COMPLIANCE SECTION

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**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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**To the Members of the Board of Trustees  
The Institute for Advanced Learning and Research  
Danville, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of the Institute for Advanced Learning and Research, component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Institute for Advanced Learning and Research's basic financial statements and have issued our report thereon dated November 26, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Institute for Advanced Learning and Research's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute for Advanced Learning and Research's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute for Advanced Learning and Research's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Institute for Advanced Learning and Research's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farnner, Cox Associates*

Blacksburg, Virginia  
November 26, 2025



**Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

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To the Members of the Board of Trustees  
The Institute for Advanced Learning and Research  
Danville, Virginia

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Institute for Advanced Learning and Research's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institute for Advanced Learning and Research's major federal programs for the year ended June 30, 2025. The Institute for Advanced Learning and Research's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Institute for Advanced Learning and Research complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Institute for Advanced Learning and Research and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Institute for Advanced Learning and Research's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Institute for Advanced Learning and Research's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute for Advanced Learning and Research's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Institute for Advanced Learning and Research's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Institute for Advanced Learning and Research's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute for Advanced Learning and Research's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Institute for Advanced Learning and Research's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
November 26, 2025

The Institute of Advanced Learning and Research

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Agriculture: Pass-through payments from: Virginia Department of Agriculture and Consumer Services Specialty Crop Block Grant Program - Farm Bill	10.170	21SCBPVA1060-00	\$ 8,369	
Department of Defense: Pass-through payments from: Virginia Department of Veterans Services Community Investment	12.600	HQ00063220089	546,890 \$	455,664
Corporation for National and Community Service: Direct payments: AmeriCorps State and National	94.006	Not applicable	\$ 163,264	
Pass-through payments from: Virginia Department of Social Services AmeriCorps State and National	94.006	CVS-232-016-01	<u>151,410</u>	314,674
Department of the Treasury: Pass-through payments from: Virginia Department of Social Services COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	CVS-232-016-01	<u>50,331</u>	
<b>Total Expenditures of Federal Awards</b>			<u>\$ 920,264</u>	<u>\$ 455,664</u>

Notes to Schedule of Expenditures of Federal Awards

Note A-Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Institute for Advanced Learning and Research under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budgets Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Institute for Advanced Learning and Research, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Institute for Advanced Learning and Research.

Note B-Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB's Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note C-De Minimis Cost Rate:

The Institute for Advanced Learning and Research did not elect to use the 15-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note D-Relationship to the Financial Statements:

Grant income per the basic financial statements	\$ 4,531,214
Capital grant income per the basic financial statements	38,305,365
Less: Grants from the Non-Federal Sources	<u>(41,916,315)</u>
Federal revenue as reported above	<u>\$ 920,264</u>

The Institute for Advanced Learning and Research

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516(a)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
12.600	Community Investment

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings and questioned costs to report.



# *Advanced Learning Division*

STRATEGIC GOAL: Center of Excellence for  
Education & Workforce Development



# People and Capacity

## Leadership & Staff

Stable leadership and program teams



**Dr. Melanie Lewis**  
Vice President,  
Advanced Learning



**Savion Thompson**  
REACH Program  
Coordinator

## Targeted Hiring

Strategic vacancies aligned to growth

# Program Impact Snapshot: STEM, Service, & Lifelong Learning

## STEM & Lifelong Learning

Serve & Learn  
Camps, Wonder  
Community



## AmeriCorps

Tutoring, mental  
health,  
community health  
educators

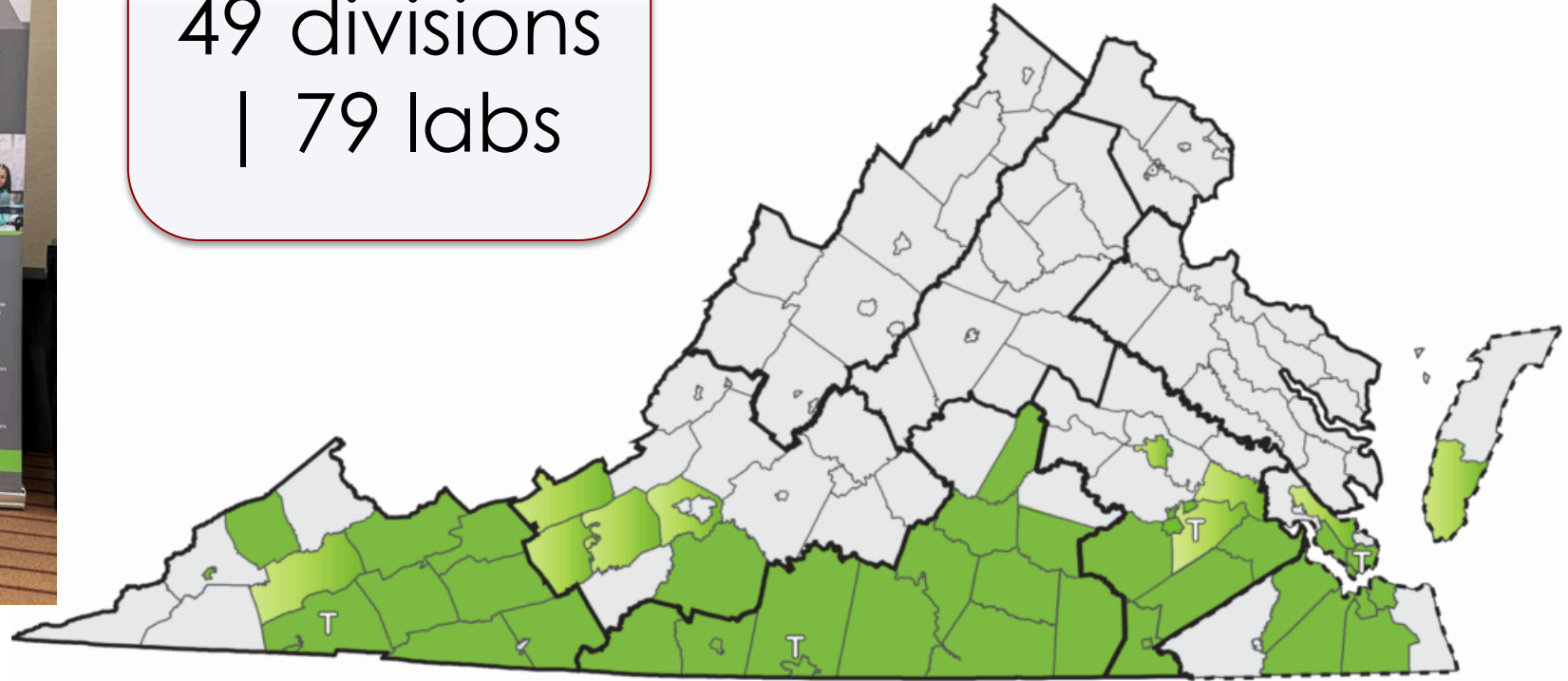




Great Opportunities in Technology and Engineering Careers



Scale  
49 divisions  
| 79 labs



■ Participating Localities    T Training Labs    ■ 2025-2026 Expansion

# EmPOWER

**NoW Teamship**  
Student/Industry  
partnership

**Internship**  
Placements

**Apprenticeships**  
New programs  
and apprentices

**NILIT**®



# REACH Community Health Impact

**Service**



**REACH**

**Training**

**Accountability**

# Current Top Priorities



Great Opportunities in Technology and Engineering Careers

Licensing  
Sustainability  
Funding



**AmeriCorps**

Awaiting Notice of Funding Opportunity (NOFO)



**REACH**

Sustainability  
Partner Accountability

# Board Support

## Advocacy

Funding and  
visibility

## Connections

Employers and  
partners

## Storytelling

Share impact  
externally

- STEAM + C February 28 - Danville Mall
- Camp Connect March 7 – Danville Mall
- NoW Teamship with AET students – spring
- AspHIRE Mock Interview Day- early March

## **Advanced Learning (AL) Updates**

*Oct/Nov/Dec 2025*

### **NEW GRANT AWARDS/CONTRACTS:**

- Awarded from Danville Regional Foundation \$2,063,341 to support service and work-based learning programs.
- Notice of funding \$12,500 from the Community Foundation for Serve and Learn camps
- Martin Luther King Jr. Mini-grant \$250 awarded for AmeriCorps MLK project

### **PENDING GRANT APPLICATIONS/CONTRACTS:**

- Womack Foundation – submitted 1/15/26 for Family Literacy Night and Healthy Island events
- Hughes Memorial Foundation grant – not awarded
- Received a no-cost extension on the GO TEC 2025 grant through June 30, 2026.
- GO TEC was allocated \$4.67M out of the \$7.67M in the Governor’s Budget. Efforts are underway to ensure this allocation stays in the budget.
- GO TEC AM2 TECH Hub Grant was submitted with GO Virginia - \$2.2M for GO TEC Labs and \$250K for 9<sup>th</sup> and 10<sup>th</sup> grade CTE Evaluation to align GO TEC.
- GO TEC Region 4 Per Capita GO Virginia grant application to add seven GO TEC labs in GO Virginia Region 4.

### **PERSONNEL UPDATES:**

- Savion Thompson – REACH Program Coordinator began Nov. 3
- Dr. Melanie Lewis – Vice President, Advanced Learning begins Jan. 20
- Service & Work-Based Learning Award from DRF includes funding for two new EmPOWER Team members

### **AMERCORPS:**

- As of 1/14/26: 31 members in service (8 youth mental health, 5 community health educators, 18 tutors) - 2 members exited in December, 2 currently in suspension
- 2 members and Brian traveled to Richmond for the Youth Mental Health Launch with First Lady Youngkin attending and participated in a service activity
- Training waiver for Youth Mental Health and Community Health Educators approved so members can spend more than 20% of their service time in training
- Members participated in the Riverview Rotary Christmas parade 12/7/25
- Members attended in-person ACEs (adverse childhood experiences) training and Holiday Gathering 12/17/25
- Submitted final closeout for REACH/PHA AmeriCorps grant
- September – December
  - Hours served: 9,111
  - Community Health Educator Workshops: 10
  - Community Health Workshop Participants: 198
  - Students tutored: 265

- Individuals supported in youth mental health: 1109

### **GO TEC® (Great Opportunities in Technology and Engineering Careers)**

- GO TEC contracted with Parker Productions to develop promotional videos and photos of GO TEC Middle School Labs and Regional Training Labs. In addition, key stakeholders were interviewed about the importance and benefits of the program. Final videos and photos have been received.
- GO TEC Staff held regional Economic Development Sessions in Region 1 at EO Companies, Region 4 at CCAM and Region 3 at IALR. A virtual meeting was held for Region 5 representatives.
- Senator Aird visited the GO TEC Lab at Hopewell Middle School.
- Training Coordinators have provided teacher trainings, performed equipment repairs and maintenance, and provided instructional support in the classroom.
- GO TEC staff has held meetings with new school divisions and worked with key stakeholders to secure funds and order equipment.
- GO Virginia Region 9 was approved at the GO Virginia State Board meeting in December to receive funding for seven new GO TEC labs.
- Angela Brown, GO TEC Director is working with AM2 TECH Hub to secure grant funds for 11 GO TEC labs in GO Virginia Region 2 and 3. In addition, a \$250K was submitted to begin pilot work on the GO TEC aligned 9<sup>th</sup> and 10<sup>th</sup> grade models.
- Angela Brown and Jake Taylor presented at the TGIF Conference in Pittsburgh, PA on GO TEC.
- IALR has contracted with MindSalt to develop a GO TEC Business Plan.
- Angela Brown and Jake Taylor took the GO TEC Mobile Lab to Amherst County Public Schools for sessions with school board members, division leadership, and school level staff to promote the GO TEC program. Amherst is now part of the AM2 grant application to receive two GO TEC labs.
- Angela Brown participated in the tour and presentation with key leaders from Alabama.
- Angela Brown serves on the AM2 TECH Hubs Career Network Committee and provided an overview and update about GO TEC at the quarterly All-Hands Meeting.
- GO TEC Advisory Council Meetings were held in each GO TEC region.
- GO TEC staff participated in the National ACTE CareerTech Vision Conference.
- GO TEC is continuing its work with TECHnista in the revisions to GO TEC Curriculum.
- GO TEC is currently in 49 school divisions across the Commonwealth. This impact reaches 76 school divisions and 79 GO TEC Labs.

### **EmPOWER: Career exposure/engagement and Work-based Learning (WBL) system**

#### ***Career CHOICE***

- 12<sup>th</sup> Annual Career CHOICE Youth Expo- oct. 1 & 2 at the Olde Dominion Agricultural Complex. This year's event by the numbers:
  - Sponsorship raised: \$38,426.78
  - 2,885 student attendees
  - Six participating school divisions
  - Over 250 volunteers

### **V-TOP- GRANT CLOSED:**

- Final V-TOP Stakeholder meeting held Oct. 27
- V-TOP Grant Activity ended Oct. 31
- All final documentation & unspent funds returned to SCHEV in November

### **Talent Pathways Initiative:**

- Submitted and received a no cost extension through June 9, 2026
- “See the Possible” trip to the Partnership to Advance Youth Apprenticeship (PAYA)- Building Pathways Intensive: Youth Apprenticeship in Advanced Manufacturing Conference Oct. 6-8<sup>th</sup> in Charleston, SC
- Hosted Futures Summit- Nov. 18 at the Prizery, South Boston

### **Apprenticeship:**

- Granted no cost extension of ExTRA grant (TRRC) through Dec. 31, 2027
- 10 New Apprentices Registered
  - MC Dean
  - Spitzer Inc.
  - Daw Construction
  - Huber
- 3 New Apprenticeship Programs Registered
  - Automotive Service Technician; Blackwell-Chrysler Dodge Jeep Ram Fiat Kia
  - Electrician, Maintenance; Nilit America
  - Plumbing; Davis Heating, Cooling, Plumbing & Electrical

### **REACH Partnership and Southern Virginia Partnership for Health Sciences Careers [SVPHSC]**

- 10 Community Health Workers, 2 Community Paramedics, 1 Care Coordinator (4 vacant positions)
- The REACH Partnership’s CHWs and CPs serviced 229 residents across the City of Danville, Pittsylvania County, and Caswell County from November 2025 to present.
- Fully executed agreement with Slayt Consulting to perform a program evaluation of the REACH Partnership in accordance with the grant agreement with DRF.
- Pending execution of agreement with Caswell Senior Center to join the REACH Partnership.
- All REACH AmeriCorps members registered with VHWDA to complete the Community Health Worker/ Qualified Mental Health Professional/ Behavioral Health Technician training. Partners at Southside AHEC provided waivers for the course (\$950.00 each)

### **Wonder Community**

- Offered seventeen computer training sessions: 1:1, Danville Pittsylvania Community Services (61 participants)

### **STEM Outreach**

- Kids Marketplace with Pittsylvania County 4-H at Southside Elementary (134 student participants)
- Schoolfield STEM Project: afterschool engineering project (14 participants)
- Roanoke Homeschool Field Trip: included GO TEC hands-on activity, tour of research, and tour of ATDM (7 students, 5 adults)

#### **AET (Academy for Engineering and Technology)**

- Presented at all four PCS and two DPS schools about AET for recruitment 2026-2028 cohort
- Open House for AET and PGSMST will be January 20
- Applications due Jan. 30 4PM

#### **AL TEAM DEVELOPMENT/PD/Community Engagement & Stakeholder Meetings**

- Dana, Breanna, and Savion attended ERT Preparedness Training (Heartsaver First Aid CPR AED certification)
- Dana, Brenna, and Saviyon attended PICH Luncheon (Partners in Community Health)
- Dana serving as chair of Danville CTE Advisory
- Dana and Jessie serving as reviewers for United Way grant applications
- Dana Attended Fire Extinguisher Training and received 10-Hour General Industry Safety and Health certification
- Dana serving on planning committee for DPS CTE Fair
- Audia attended SHRM Southside Virginia Legal Seminar
- Co-hosted FREE OSHA 10 training with Virginia Department of Labor & Industry on Oct. 21 & 22 at IALR

#### **UPCOMING of INTEREST / Support from the BOT**

- STEAM + C event at Danville Mall February 28
- Camp Connect at Danville Mall March 7
- NoW Teamship with AET Juniors – spring
- AspHIRE Mock Interview Day- early March



# Institute Conference Center

*Serving Excellence*



## Customers Serviced

- South Boston Speedway
- God's Pit Crew
- First National Bank
- City Managers Meeting
- VT Women's Conference
- RISE Innovation Hub
- Links
- DPCS

## Metrics October - December

- Total ICC guests: 8200
- ICC revenue: \$248,524
- Comped revenue: \$65,175
- Café guests: 6,982
- Café revenue: \$35,339
- ICC & cafe guests combined: 12,182
- Total gross revenue: \$283,863

## Current Action Being Undertaken by Staff

### Client Contact

- In-person meetings
- Monthly visit w/ Manager of Tourism
- External phone calls
- Referrals from existing clients
- Ongoing daily support in executing events

### Marketing

- Increasing the number of special days at the cafe, offering more unique themes and delicious specials
- Partnership with Tourism Dept at regional conferences

## Support/Decision Needed by Board

Continued support connecting ICC to regional businesses, industry and associations focused on attracting meetings and conferences

# October - December 2025 vs 2024

## Catering

	2025	2024
Total ICC Guests:	8200	10,079
ICC Revenue:	\$248,524	\$319,450
Comped Revenue: (discounted but still serviced)	\$65,175	\$62,075

# October - December 2025 vs 2024

## Megabytes Cafe

	2025	2024
Café Guests:	*6982	7158
Café Revenue:	*\$35,339	\$37,327

\*Week of Thanksgiving December 5<sup>th</sup> and 8<sup>th</sup> closed  
due to weather

December 9<sup>th</sup> no buffet offered, skeleton crew

# October - December 2025 vs 2024

## Total Combined

	<b>2025</b>	<b>2024</b>
ICC & Cafe Guests Combined:	12,182	14,563
Total Gross Revenue:	\$283,863	\$356,747

# God's Pit Crew





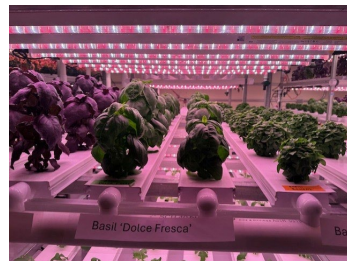
# Applied Research

Discovering Breakthroughs



# Applied Research Highlights

- 1) **New Grant - Drs Mei and Lowman received a grant from the Virginia Department of Agriculture and Consumer Services (VDACS) for \$62,000. The grant is focused on developing new crops for the CEA industry.**
- 2) **New Grant - IALR was awarded a \$500,000 from the Southern Crescent Regional Commission for Greenhouse expansion and Entrepreneurship support. Next steps will be to secure a Tobacco Commission Grant as a match.**
- 3) **New Publication - The VT / IALR team published a new peer reviewed article in PLOS One titled “Integrated effects of anaerobic soil disinfestation and beneficial microbes in strawberry production” (Baker D. Aljawasim, Patricia Richardson, Chuansheng Mei, Robert L. Chretien, Scott Lowman, Jayesh B. Samtani).**
- 4) **New Publication - The VT / IALR team published an extension article titled “What is Controlled Environment Agriculture” (Authored by Mitchell Doss, Research Technician, School of Plant and Environmental Sciences, Virginia Tech; Kaylee A. South, Assistant Professor and Extension Specialist, School of Plant and Environmental Sciences, Virginia Tech; J. Scott Lowman, VP Applied Research, the Institute for Advanced Learning and Research; Michael R. Evans, Professor, School of Plant and Environmental Sciences, Virginia Tech**
- 5) **New publication The VT / IALR team published a new peer reviewed article in HortTech titled “Microtomato Fruit Production Varies among Cultivar and Photosynthetic Photon Flux Density in an Indoor Vertical Production System” (Anna Ekene Tharpe, Kaylee A. South, Scott Lowman, Brandan Shur, and Michael R. Evans)**
- 6) **New projects are underway with Syngenta, Agrospheres, Mosaic, and Zonix**
- 7) **Three endophytes were licensed to Leone BioVentures to be used in South Africa.**





**Applied Research Committee Report**  
**Dr. Scott Lowman**  
4<sup>th</sup> Quarter 2025

**Name of Program or Initiative:** Building Virginia’s Controlled Environment Agriculture (CEA) Industry Through Targeted Research, Workforce, and Economic Development Initiatives (**The Virginia Tech / IALR Controlled Environment Agriculture Innovation Center**)

**1) Background**

- a. The Center’s strategic partnership with Virginia Tech’s School of Plant and Environmental Sciences in the College of Agriculture and Life Sciences provides CEA businesses access to a diverse array of globally recognized subject matter experts and leading-edge translational research capabilities.
  - The VT/IALR CEA Innovation Center houses facilities encompassing laboratories, offices, and greenhouse spaces devoted to biology, chemistry, robotics, data science, and hydroponic research in plant science.
  - Partnering companies benefit from a comprehensive suite of services, including IP-friendly and low-cost contract research, ISO chemistry testing, access to bench and greenhouse spaces, and experts for guidance.
  - While the above capabilities and partnerships highlight a competitive industry-focused research capacity, current small-scale internship programs, and entrepreneurship support are presently pilot-scale and have tremendous room for growth.
  - The Virginia Tech Center for Economic and Community Engagement helped develop the CEA Strategy and Roadmap in GO Virginia Region 3, which identified several strategic needs and opportunities.
  - The team has supported numerous VEDP and other economic development initiatives since its inception.

**2) CEA Research**

- a. The report titled “Co-locating Data Centers and Greenhouses” was published recently. Funded by Go Virginia Region 3, the report was prepared by the Resource Innovation Institute.
  - Currently leveraged across the state



- A working group has been formed with GoVa, REII, and IALR to explore the concept of a farm park for economic development.
- b. IALR assisted 4 Governors School students with their research projects.
- c. The VT / IALR team published a new peer reviewed article in PLOS One titled “Integrated effects of anaerobic soil disinfestation and beneficial microbes in strawberry production” (Baker D. Aljawasim, Patricia Richardson, Chuansheng Mei, Robert L. Chretien, Scott Lowman, Jayesh B. Samtani).
- d. The VT / IALR team published a new peer reviewed article in HortTechnology titled “Microtomato Fruit Production Varies among Cultivar and Photosynthetic Photon Flux Density in an Indoor Vertical Production System” (Anna Ekene Tharpe, Kaylee A. South, Scott Lowman, Brandan Shur, and Michael R. Evans)
- e. The VT / IALR team published an extension article titled “What is Controlled Environment Agriculture” (Authored by Mitchell Doss, Research Technician, School of Plant and Environmental Sciences, Virginia Tech; Kaylee A. South, Assistant Professor and Extension Specialist, School of Plant and Environmental Sciences, Virginia Tech; J. Scott Lowman, VP Applied Research, the Institute for Advanced Learning and Research; Michael R. Evans, Professor, School of Plant and Environmental Sciences, Virginia Tech)
- f. A new greenhouse environment monitoring system from MicroClimate, was installed. The system includes 36 sensors monitoring water, air, sunlight, and carbon dioxide data collection across all greenhouse structures.
- g. A large contract research project focused on tomatoes is underway with Agrospheres.

### 3) Entrepreneurship support

- a. Dr. Lowman was a speaker at this year’s RISE entrepreneur event on Nov 1<sup>st</sup>.
- b. Dr. Lowman will serve as a mentor for AgTech companies partnering with the SoVa Innovation Hub in Farmville Virginia.



#### 4) Grants

- a. IALR was awarded \$500,000 from the Southern Crescent Regional Commission for Greenhouse expansion and Entrepreneurship support. Next steps will be to secure a Tobacco Commission Grant as a match.
- b. Drs. Mei and Lowman received a grant from the Virginia Department of Agriculture and Consumer Services for \$62,000. The grant is focused on developing new crops for the CEA industry.

#### 5) Other Items to Support the Above

- a. Work continues the VT IALR team's development of a web-based credential system.
  - Work is underway on the Virginia Tech / IALR Controlled Environment Agriculture (CEA) online workforce training website. The site will be linked to the CEA Innovation Center site, and will provide a pathway to earn badges, credentials, and support apprenticeships.
  - Biweekly meetings are being held to move the website forward.

**Name of Program or Objective:** AgTech and Life Sciences Manufacturing Support to Grow Industries Through Testing, Contract Research, and Lab Access

#### Current Activities

##### 1) Background

- a. To support the IALR Strategic Plan Goal of Strategically Expanding Applied Research, the rapidly growing biomanufacturing industry has been a focus.
- b. In 2024, strategic partnerships were established with the following entities:
  - NC Biotechnology Center
  - NC Life Science Corporation
  - Va Bio
  - Virginia Tech Applied Research Corporation
  - George Mason University
  - Capra Biosciences
  - Virginia Tech Biochemistry



- c. To develop a plan statewide, a Biomanufacturing Summit was held in Richmond, VA. The conference took place in Richmond, and the Keynote was Senator Mark Warner.

## 2) Supporting Industry

- a. Applied research licensed three endophytes to Leone Bio Ventures, a portfolio company focused on sustainability in agriculture.
- b. Applied research licensed an endophyte for sugar beet disease control in the UK.
- c. A large new project is underway with Syngenta.

## 3) Grants/Funding

- a. A grant was submitted to the Tobacco Commission for construction of new greenhouse space.
- b. The E-Grow grant with Cornell University has officially started, with Dr. Lowman and Virginia Tech's Dr. South leading the implementation.
  - i. Multiple opportunities to partner with local schools and GoVa.
- c. A new USDA grant is under development with Virginia Tech, the University of Arkansas, and others.
- d. A new collaboration was established with the University of Georgia focused on a strategic application to the USDA.
- e. Israel Mini Conference Grant was submitted to follow CEA Summit East for Israeli companies.
- f. Submitted - USDA Organic Research Initiative, Organic Hydroponic Production (led by Yun Yin at VT).
- g. Received - Virginia Tech College of Agriculture and Life Sciences 2024 Internal Seed Grant Greenhouse Needs Assessment Survey awarded.
- h. **Received** – GoVa Region 3 - “The Synergistic Co-location of Data Centers and Controlled Environment Agriculture Greenhouses to Boost Competitiveness”
- i. **Received** – VT College of Agriculture and Life Sciences Internal Seed Grants – VA State Needs Assessment
- j. **Received** – Virginia Cooperative Extension – Controlled Environment Agriculture Certificate Program
- k. **Received** - Tobacco Region Revitalization Commission (TRRC) grant titled “Building a Regional Food System Through the Creation of a Value Chain Coordinator” (\$104,452 request + \$100,000 external match)



- l. **Received** - Tobacco Region Revitalization Commission grant in partnership with Virginia Tech titled “Supporting Controlled Environment Agriculture (CEA) Growth in Southern Virginia”, (\$145,841 request + \$150,000 external match)
- m. **Received** – USDA Specialty Crop Block Grant “Biostimulants to Improve Indoor Strawberry Production” (\$54,000)
- n. **Received** – USDA Specialty Crop Block Grant “Biotechnology to Improve Indoor Strawberry Production and Disease Control”
- o. **Received** - Agrospheres is funding a new employee for 2 years (\$110,000)
- p. **Received** – The applied research team along with Virginia Tech and Cornell University submitted a grant titled “Empowering Greenhouse Resiliency with an Optimized Workforce (E-GROW)” focused on introducing controlled environment agriculture to K-12. (\$149,119 subaward)
- q. **Received** - A grant partnership with Virginia Western Community College focused on AgTech robotics and vegetable production resulted in an NSF grant award to develop an in-depth program for workforce training in community colleges. Dr. Lowman will serve on the advisory board.

#### **Economic / Business Development – Companies Utilizing Space at IALR**

- a. **MicroEndo has agreed to locate at IALR later this spring**
- b. **Lester Polymer Insights (added two employees)**
- c. **Scale Holdings**
- d. **PlantSustain**
- e. **Canon**
- f. **Mosaic**
- g. **Axxor**



# IALR Foundation Institutional Advancement

## Strategic Priority

Identifying and securing funding sources to advance IALR's mission and provide comprehensive support across all divisions

## Metrics

### October – December

- Submitted \$200,000 funding request to JTI
- Held four cultivation/stewardship meetings/visits
  - Hitachi
  - Japan Tobacco International (JTI)
  - Danville Regional Foundation
  - Womack Foundation
- Received a grant from the Community Foundation Competitive Grant Cycle for STEM summer camp expansion

## Current Action Being Undertaken by Staff

- Actively pursuing state and federal funding opportunities, including Congressionally Directed Spending (CDS) requests; two funding proposals are currently in development and scheduled for submission within the next 90 days
- Conducting cultivation and stewardship meetings/visits with foundations, business and industry partners, and community members to increase awareness of IALR and advance funding conversations
- Expanding and strengthening the donor pipeline by identifying and cultivating new prospects and re-engaging prior donors to drive strategic investment in IALR
- Developing and implementing a formal naming policy and donor recognition framework in alignment with IALR's long-term strategic investment priorities

## Support Needed by the Board of Directors

Continued efforts to connect the Foundation with business and industry partners, as well as prospective donors, to strengthen engagement and broaden investments/funding opportunities

## Funding Requests Status Update

AWARDED PROPOSALS			
Foundation/Organization	Date Awarded	Purpose	Amount Awarded
Danville Regional Foundation	5/28/2025	Diesel Technology Program - DCC Partnership	\$860,248
Community Foundation of the Dan River Region	12/12/2025	Summer Camp Expansion, Serve & Learn Camp	\$12,500
<b>Total</b>			<b>\$872,748</b>
SUBMITTED PROPOSALS			
Foundation/Organization	Date Submitted	Purpose	Amount Requested
JTI	11/5/2025	Atrium Video Board	\$200,000
Alexander Berkeley Carrington Jr. & Ruth Simpson Carrington Charitable Trust	1/15/2026	Go Tec Equipment Upgrades and Expansion	\$25,000
Womack Foundation	1/27/2026	Family Engagement Events	\$9,971
<b>Total</b>			<b>\$234,971</b>
PROSPECTIVE OPPORTUNITIES			
Foundation/Organization	Deadline	Purpose	
Tobacco Commission	February	Manufacturing Advancement; 149 Slayton Ave. renovations	
Hitachi	Continuous	Manufacturing Advancement/Atrium Video Board	
Infinity Global	Continuous	Atrium Video Board	
Brad Keselowski - Checkered Flag Foundation	Continuous	Manufacturing Advancement Scholarships/Wrap Around Services	
All Within My Hands - Metallica Foundation	Continuous	Manufacturing Advancement Scholarships/Wrap Around Services	
Siemens Foundation	Continuous	Manufacturing Advancement/Workforce Development	
Caesars Entertainment	Continuous	Under Consideration	
George and Sarah Buchanan Foundation	Continuous	Veteran Memorial/Submarine	
Walton Family Foundation	Continuous	Workforce Development	
UNFUNDED PROPOSALS			
Foundation/Organization	Date Submitted	Purpose	Amount Requested
J.T. Minnie Maude Charitable Trust	7/23/2025	Chemistry/Biology Lab Renovation	\$245,000
Hughes Memorial Foundation	8/28/2025	Family Engagement Events	\$10,000
The Lions Club Foundation	6/9/2025	Catalyst Conversations Speaker Series	\$150,000
Congressionally Directed Spending Request: Dan River Region Community Care Hub	4/17/2025	Healthcare workforce training along with the provision of healthcare and telehealth services	\$855,000
Congressionally Directed Spending Request: Southern Virginia ExTRA Hub: Expanding Talent through Registered Apprenticeship	4/17/2025	Strengthening regional registered apprenticeship system and expanding pre-apprenticeship opportunities	\$598,714
<b>Total</b>			<b>\$1,858,714</b>

# IALR Engagement Overview and Funding Opportunities



## Specialized Consulting Services

McAllister & Quinn, located in Washington, DC, specializes in federal/state grants and government relations for nonprofits and public agencies. The team works to identify, strategically plan for and pursue viable funding opportunities.

## Expert Team Composition

The team includes former Congressional staff and sector professionals with deep legislative expertise.

## Extensive Consultant Network

Over 400 certified grant consultants support 900+ applications annually, securing billions in funding

## Proven Funding Success

Secured over \$17 billion in competitive grants and over \$1 billion in Congressionally Directed Spending



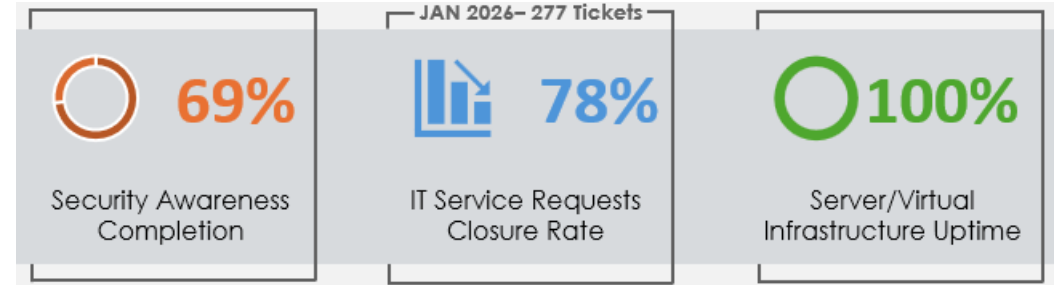
# Funding Opportunities for IALR

PROGRAM	AWARD RANGE	FOCUS AREA
<b>National Science Foundation (NSF) Workforce Training and Innovation; released Request for Information (RFI) – IALR submitted RFI</b>	Up to \$100M in proposed allocation	Workforce initiative to expand U.S. capacity in advanced manufacturing, energy, and emerging technology
<b>National Science Foundation (NSF) STEM K-12</b>	\$350K-\$750K	STEM education, AI integration
<b>National Science Foundation (NSF) Advanced Technological Education (ATE)</b>	Up to \$1M	Technician education, workforce development
<b>National Science Foundation (NSF) Collaboratory to Advance Mathematics Education and Learning (CAMEL)</b>	Up to \$1.5M	K-12 math education, data science
<b>Office of Naval Research, Science, Technology, Engineering and Mathematics (ONR STEM)</b>	Up to \$600K	STEM skills, educator development

Primary Objective  
**IT & Cybersecurity Program Maturity**

To provide reliable, secure, and accessible technology solutions that enable efficient productivity and support IALR's mission.

Metrics  
**How are we doing at this point in time**



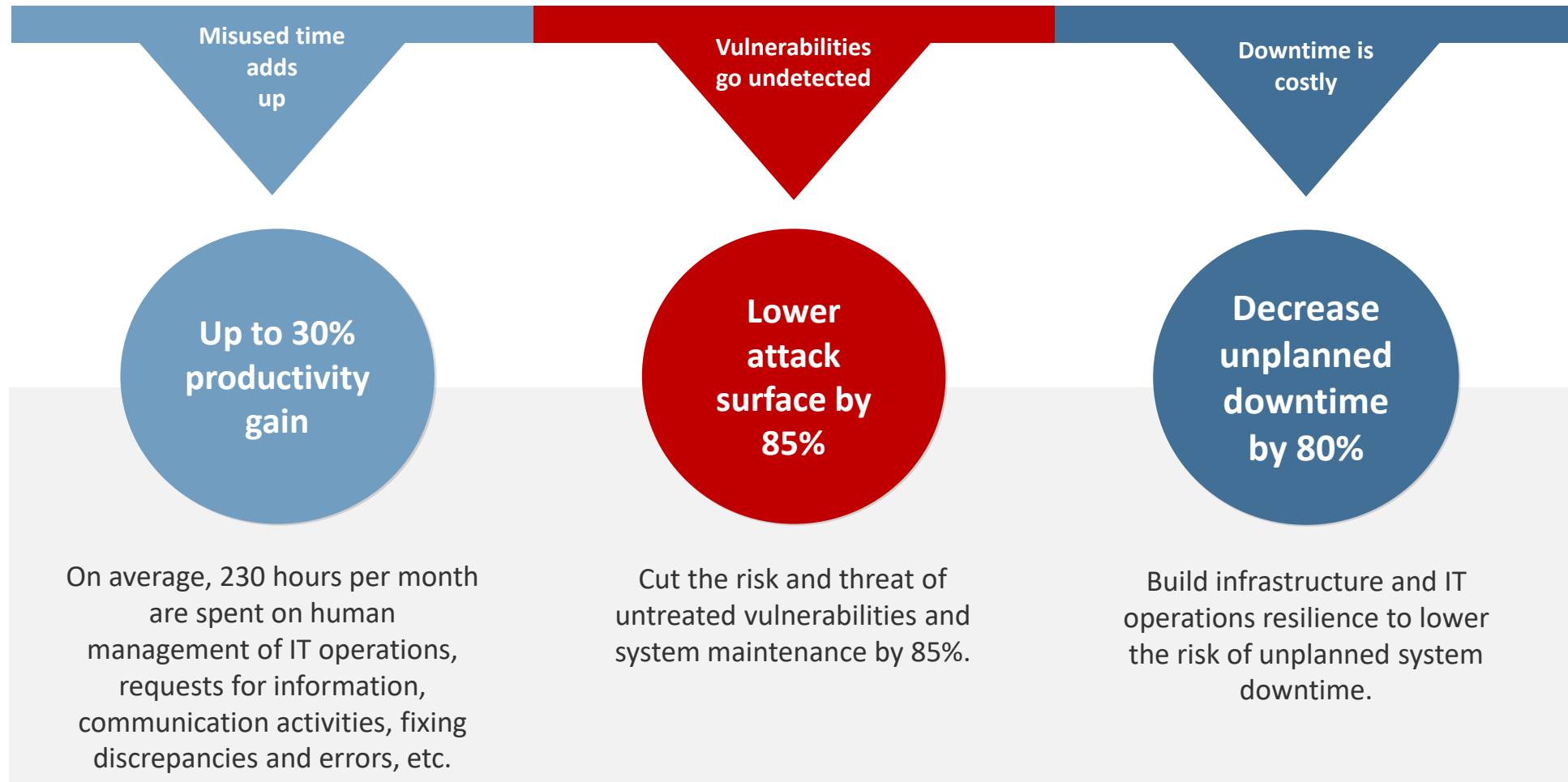
Current action being undertaken by staff

- Salesforce Implemented
- Upgrade virtual infrastructure
- CMMC Certification
- IT Strategic Plan for FY26-28

Support or decision needed by the Board of Directors

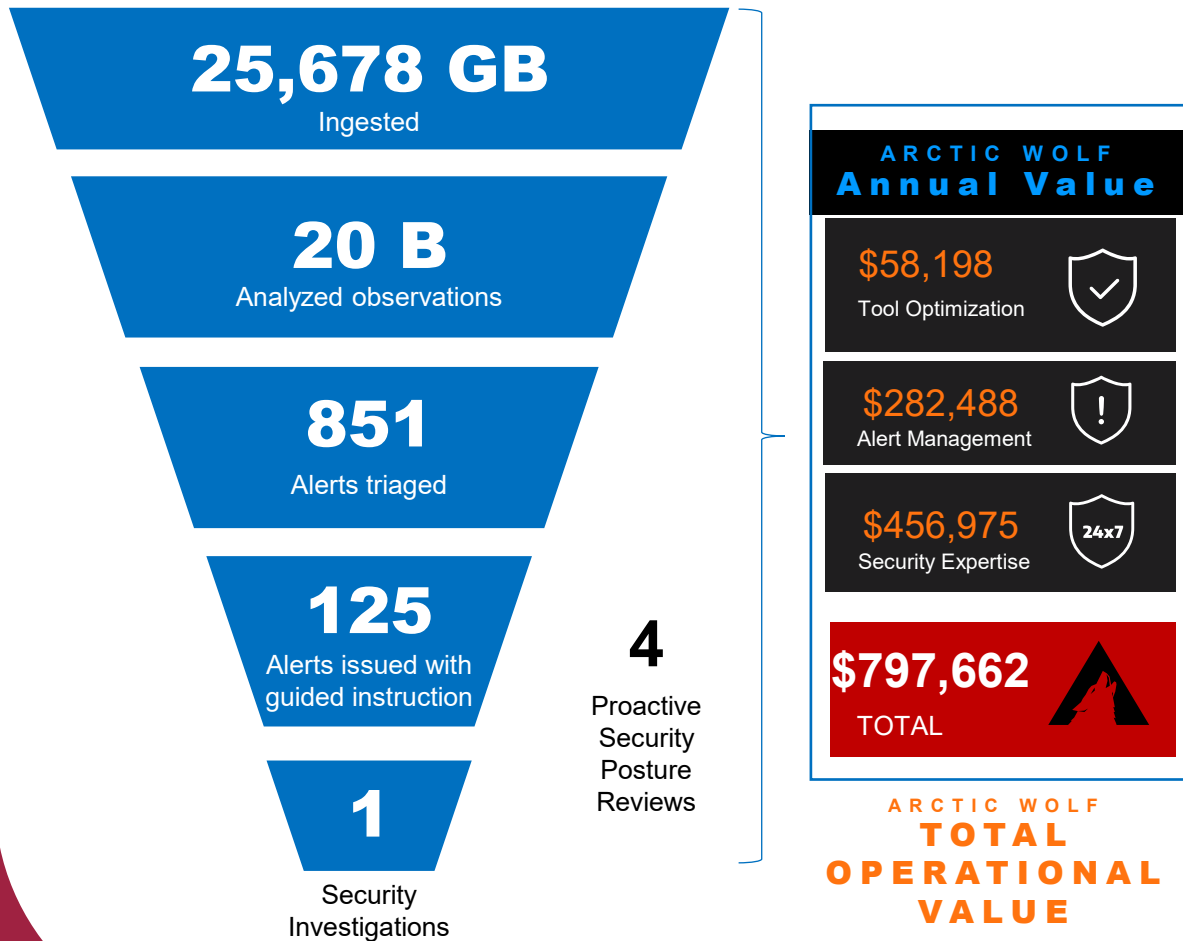
- Continued support

# Potential ROI Goals



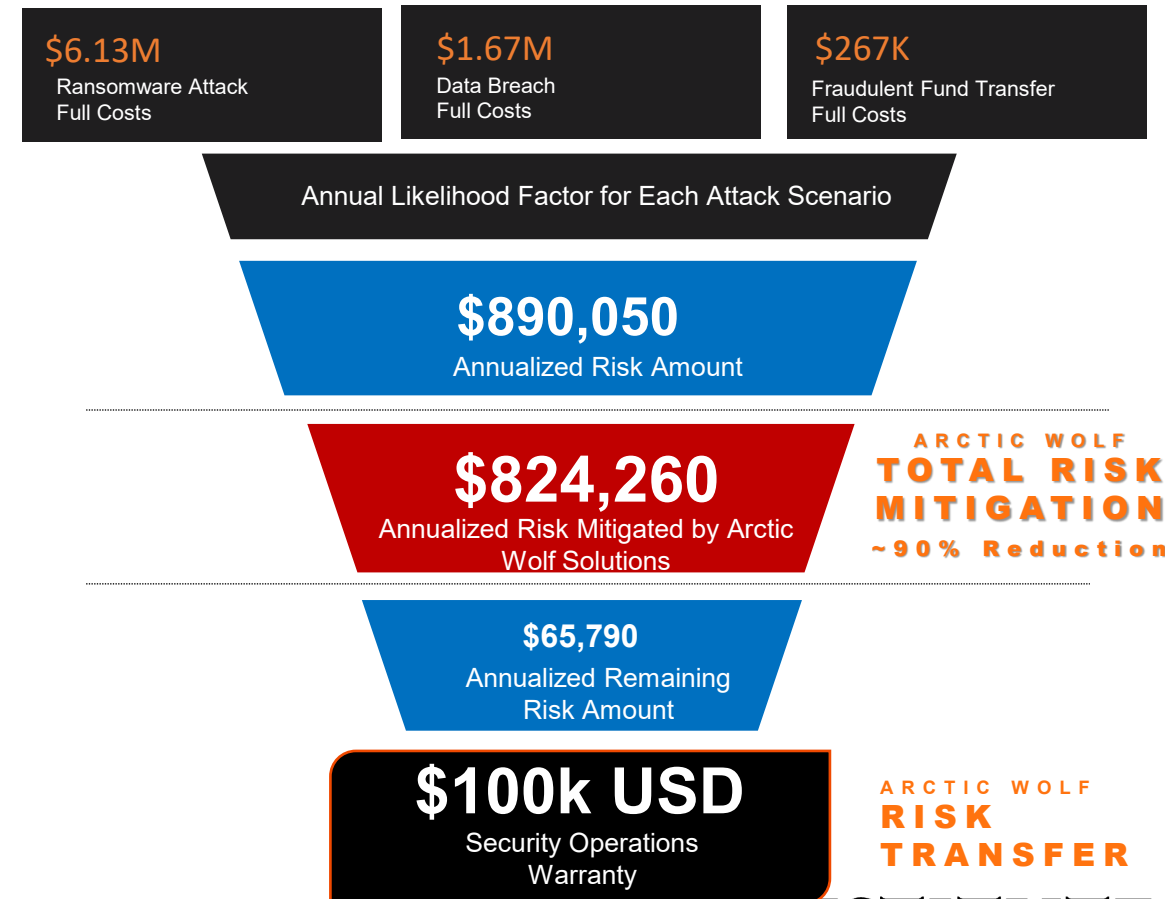
# Security Operations ROI for The Institute For Advanced Learning And Research

## OPERATIONAL ROI



Confidential

## RISK MITIGATION ROI



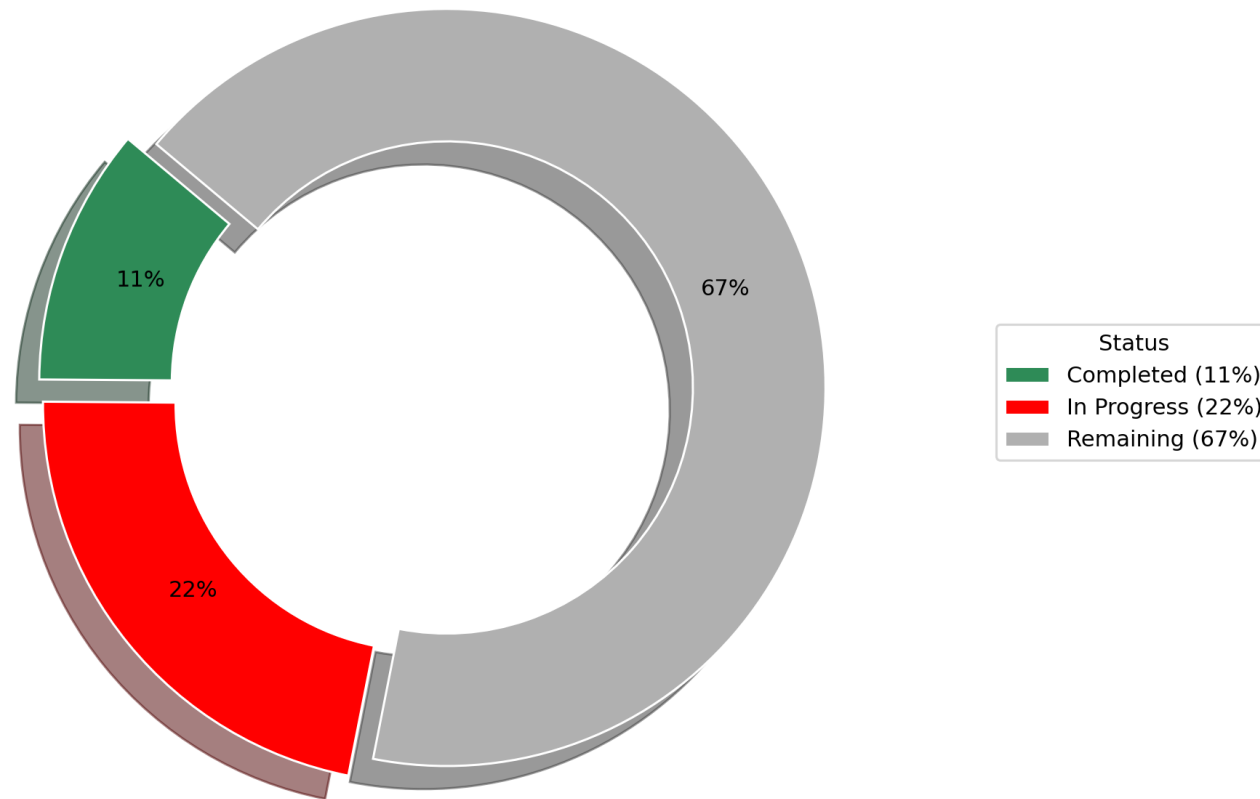
# Change Will Be Required – Set Up For Success

## Managing Complex Change – Potential Outcomes



# IT Strategy Plan Projects Status

**Project Status Overview (Total Projects: 45)**





Status Report for IALR Board & Foundation Meeting 2/12/2026



**Southern Virginia**  
REGIONAL ALLIANCE

# MARKETING & NETWORKING

Virginia's Go-to Partner for Business & Economic Growth

## SPEAKING ENGAGEMENTS & KEY MEETINGS

- **VA Economic Developers Association (VEDA) Winter Meeting** – Green completed term on Executive Committee
- Amanda Cervantes guest lectured at Virginia Tech's **Applied Real Estate Development Class** with approximately 60 students.
- Green spoke at **Mountain Valley Pipeline Hearing in Chatham**
- **Met with Eden Partners** –Economic Development, Zoning, Chamber & Main St.
- **Talent Pipeline Management Futures Summit**

## HOSTED/COORDINATED EVENTS

- Hosted **Southern Piedmont Technology Council (SPTC) Innovation Stars Awards Banquet** Nov 20; ~75 attendees; Recognized 7 regional awards including IALR & VT AM<sup>2</sup>- Chairman's Award for work in Additive Manufacturing & Advanced Materials
- **Senate hearing HB799/SB** - Hitachi MEI Package; SVRA legislative supporting entity
- Coordinated speakers for **Zoning Hearing on Southern Virginia Megasite**
- **Trina McLaughlin chaired the Southern Virginia Team for the VEDA Legislative Day** - met with Delegates Whittle, Phillips, Wright; & Senators Cifers & Mulchi; & Secretary of Commerce & Trade Carrie Chenery
- Organized **Gov Elect Spanberger Economic Development Transition Team** Meeting
- IALR Hosted **Alabama Ecosystem Consortium** with **House Representatives Jamie Kiel & Kerry "Bubba" Underwood** & 11 workforce & economic development leaders.
- **SVRA Co-Host Talent Pipeline Management Futures Conference**- Jessie Vernon Lead
- **SoVa Task Force** featuring City of Danville's Laura Ashworth & Hannah Toufas on best Social Media Practices for Economic Development & Tourism
- **Southern Piedmont Technology Council** Halifax Membership Recruitment Breakfast
- Co-Chairing **Microporous Community Benefits Committee**

## SVRA STAFF ACTIVITY MILESTONES –

**Since last IALR Board Meeting  
in addition to Prospect Activities**

**5 Speaking Engagements  
2 Banquets/Conferences  
2 Legislative Events  
2 Cabinet Interactions  
5 Coordinated Meetings & Tours  
37 Organizational Meetings**

*Activity Continues On Follow-up Slides*

## SUPPORT NEEDED BY THE BOARD OF DIRECTORS

None at this time

# MARKETING & NETWORKING

Virginia's Go-to Partner for Business & Economic Growth

## KEY PARTICIPATION IN EVENTS/INITIATIVES

- **Society for Human Resource Managers (SHRM) Meetings** (4)
- **Danville Pittsylvania & Martinsville/Henry Business Services Team Meetings** (3)
- **VEDA/Virginia Economic Development Partnership (VEDP) ImpactED on Public Policy & 2026 Legislative Agenda**
- **VEDA Business Retention & Expansion & Public Policy Calls** (6)
- **Southeastern Economic Development Council (SEDC) Webinar: Guiding International Companies through the US Market**
- **Danville Public Schools Ribbon Cutting at Schoolfield Elementary & Langston**
- **Rise Summit for Entrepreneurs**
- **Partners for Prosperity Meeting on Site Selection**
- **Regional Industrial Facilities Authority Meeting – Danville Pittsylvania & Staunton River** (4)
- **Commonwealth Transportation Board Meeting – Smart Scale Round 7 Briefing** (2)
- **Danville Community Enterprise Advisory Board Meeting**
- **Future of the Piedmont Meetings** (2)
- **Averett University Board & Executive Committee Meetings** (4)
- **Manufacturing Roundtable with Danville Pittsylvania County Chamber of Commerce**
- **THRIVE meetings**
- **Haven of the Dan River Region Board Meeting**
- **Danville Neighborhood Development Corporation Board Meeting & Annual Meeting** (2)

## MAJOR INITIATIVES & FUTURE EVENT PLANNING

- Feb 12 - **Eden Chamber Annual Meeting – Regional Economic Development Panel**
- Feb 17 - **Southern Virginia Higher Education Center 40<sup>th</sup> Anniversary Celebration**
- Feb 24 – **Southern Piedmont Technology Council (SPTC) Annual Membership Meeting**
- Feb 26 - **SoVa Housing Developers Conference**
- March 10 at NCI - **4<sup>th</sup> Annual SoVa Workforce Summit**
- March 10 - **Speak at Joint Martinsville City Council & EDA**
- TBD - **Eden Workforce Tour with Jim Burnette & Rockingham Community College**
- ~March 25 (TBD) - Potential **Ground-Breaking Cambridge Paving**

## METRICS –

**Since last IALR Board Meeting**  
**12 Site Visits, 6 Business Retention & Expansion Visits**

**FY 2026 to Date**  
**2 new companies announced**  
**3 company expansions announced**  
**1,208 Jobs Created**  
**>\$508 M Capital Investment**

*Graphs & Trend Charts On Follow-up Slides*

## SUPPORT NEEDED BY THE BOARD OF DIRECTORS

Encourage organizational participation in appropriate events and announcements

# LEAD GENERATION / MARKETING & PERSONNEL

Virginia's Go-to Partner for Business & Economic Growth

## MARKETING

- **AM<sup>2</sup> Tech Hub's Roadmap Implementation Planning Team** for SVRA with Telly Tucker for IALR/ATDM, Studio Work Group & SPTC & Roanoke Blacksburg visit to SOVA Innovation Hub
- Planning **AM2 EDA Grant** Marketing Plans for Additive Manufacturing and Advanced materials
- Participating in **BRIC Visioning Process**

## PERSONNEL

- **Trina McLaughlin** sworn in as Elected Member of Danville School Board
- **Leslie Shaip** joins SVRA Team on January 16<sup>th</sup> as Research & Communications Coordinator
- **Amanda Cervantes** doing **International Economic Development Council Training** sessions on Business Retention & Expansion - credits for ED Certification
- **Microsoft 365** Copilot Training for Staff

## FUTURE ACTION BEING UNDERTAKEN BY STAFF

- **VEDP Call Trip Japan, South Korea & Taiwan**
- **VEDP Call Trip Arizona & California** – Aerospace & Defense, MRO (Maintenance, Repair & Operations), & Semiconductor

## VEDP Quarterly Report –2nd Qtr of FY '26 Oct-Dec

### SoVa – 2% of VA Employment

0% of VEDP project announcements @ 0 of 23

15% of pipeline projects @ 16 of 107

28% of first-time referrals @ 8 of 29

6.4% - 43 of 762 total sites

36% - 29 of 81 VBRSP Certified Sites

12% - 10 of 81 Pad ready sites

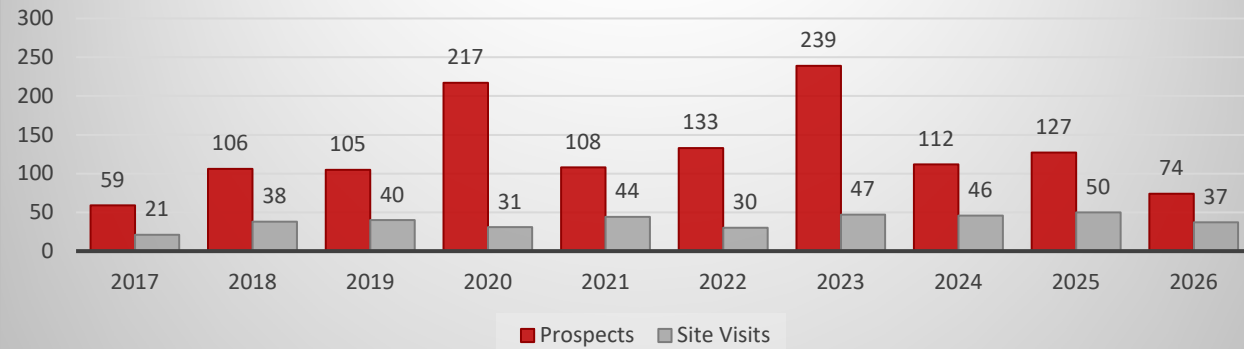
## SUPPORT NEEDED BY THE BOARD OF DIRECTORS

None at this time

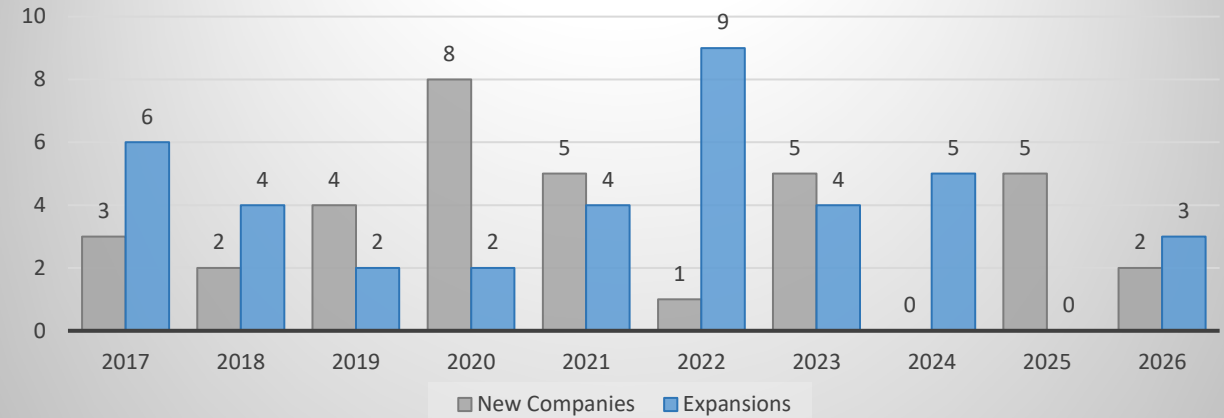
# Impact Metrics FY 2017 – FY 2026 To-Date (7/1/2017-1/31/2026)

## 35 new companies; 39 expansions; 9,074 jobs; > \$3.688 B in Capital Investment to Date

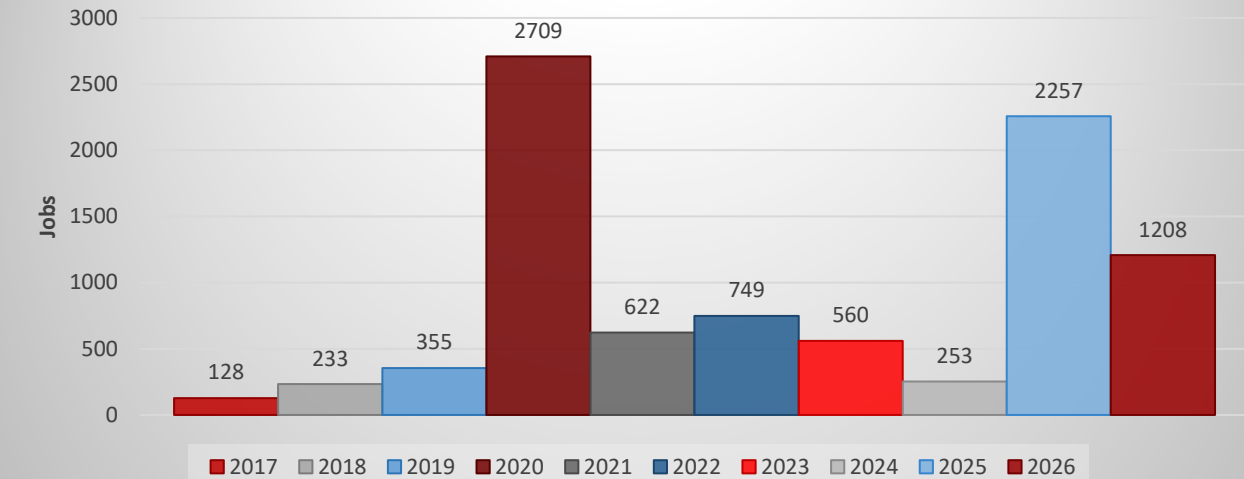
### 1280 Prospects & 384 Site Visits



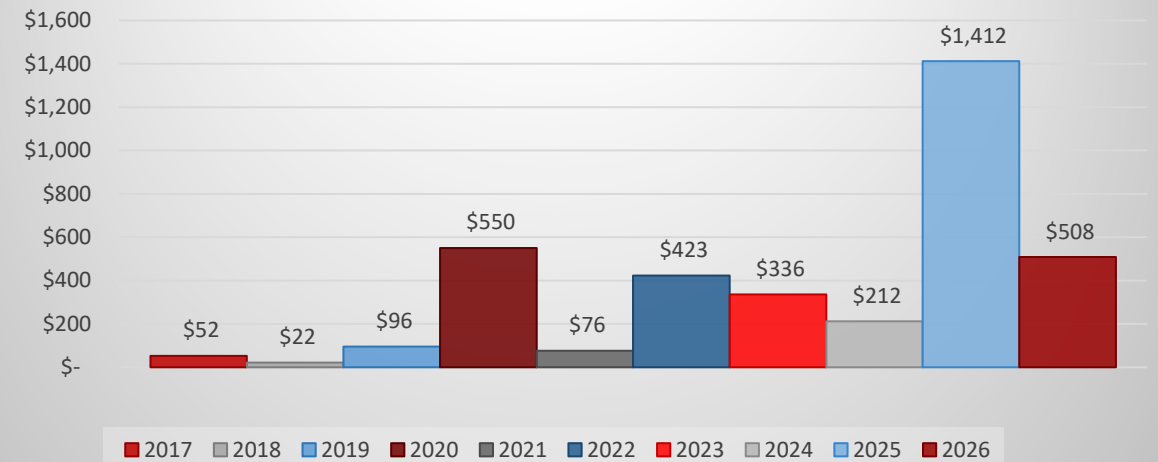
### 35 New Companies & 39 Expansions



### Job Creation - 9,074



### Capital Investment > \$3.688 Billion



**Infinity Global announced 150 Jobs & \$34,000,000 Capital Investment** in Danville for expansion of their corporate headquarters with distribution, & manufacturing of high-end luxury packaging materials.

## MARKETING, NETWORKING & CAPACITY BUILDING

Virginia's Go-to Partner for Business & Economic Growth



A case for investment in *Southern Virginia's* Future

### CURRENT ACTION BEING UNDERTAKEN BY STAFF

- Meetings with key partners & investors across the region continue; formal campaign ends February 20, 2026; Follow-up through March 23, 2026
- Organizing operational calendar to integrate private sector investors & affiliate advisors
- Board structure – Economic Development Professionals, Investors and Hosting Agency IALR; plus, Affiliate Advisors
- Planning focuses for private sector leadership, subject matter experts & including marketing calendar & training

**METRICS - How are we doing at this point in time**

**Feasibility study competed for private sector capital campaign** – excellent results with recommendation to proceed with campaign

**Campaign Goal \$2.2 M by Feb 20, 2025**

**SVRA Private Sector Capital Campaign – kickoff underway with staff & board**

- Evaluations Committee Meeting
- ~100 Campaign Meetings
- Dec. 2 Kickoff Meeting @ IALR
- 2 Small Group Meetings – 3<sup>rd</sup> Pending due to weather
- Feb. 19, Celebration Luncheon for Cabinet & Honorary Cabinet

**Support needed by the Board of Directors**  
Champion the need for private sector contributions & leadership



A RESOLUTION ESTABLISHING A WRITTEN POLICY GOVERNING: (I) THE REMOTE PARTICIPATION OF BOARD MEMBERS IN PUBLIC MEETINGS OF THE INSTITUTE FOR ADVANCED LEARNING AND RESEARCH BOARD OF TRUSTEES AND ITS COMMITTEES BY ELECTRONIC COMMUNICATION MEANS AND (II) ALL-VIRTUAL PUBLIC MEETINGS OF THE BOARD OF TRUSTEES AND ITS COMMITTEES BY ELECTRONIC COMMUNICATION MEANS.

WHEREAS, the Institute for Advanced Learning and Research (“IALR”) is a political subdivision of the Commonwealth of Virginia pursuant to Virginia Code § 23.1-3107; and

WHEREAS, the IALR Board of Trustees (“Board”) is a public body pursuant to Virginia Code § 2.2-3701; and

WHEREAS, Virginia Code § 2.2-3708.3 allows members of a public body to remotely participate in public meetings of that body, and its committees and subcommittees (“Committees”), through electronic communication means, where a quorum of the public body or its committee is otherwise physically assembled in one location; and

WHEREAS, Virginia Code § 2.2-3708.3 also allows certain public bodies, including the Board and its Committees, to hold all-virtual public meetings through electronic communication means in certain situations; and

WHEREAS, the Board must establish a written policy under Virginia Code § 2.2-3708.3 in order to authorize remote participation by members in public meetings of the Board and its Committees and to authorize the Board and its Committees to hold all-virtual public meetings; and

WHEREAS, Virginia Code § 2.2-3708.3 allows the Board to extend its remote meeting polices to any Committees that perform delegated functions on behalf of the Board or advise the Board; and

WHEREAS, Virginia Code § 2.2-3708.3 requires that the Board adopt its written policy at least once annually by recorded vote at a public meeting.

NOW, THEREFORE, BE IT RESOLVED that the IALR Board, after deliberation and due consideration, on its behalf and on behalf of its Committees, hereby adopts the following written policy governing: (i) the remote participation by Board members in meetings of the Board and its Committees by electronic communication means in certain circumstances and (ii) all-virtual public meetings of the Board and its Committees through electronic communication means in certain circumstances:

\* \* \*

**IALR BOARD OF TRUSTEES REMOTE PARTICIPATION  
IN MEETINGS AND ALL-VIRTUAL PUBLIC MEETINGS POLICY**

**A. PUBLIC ACCESS AND AVENUES FOR PUBLIC COMMENT**

1. The Board and its Committees will endeavor (i) to provide public access, both in person and through electronic communication means, to public meetings and (ii) to provide avenues for public comment at public meetings when it customarily receives public comment, which may include public comments made in person or by electronic communication means or other methods.

**B. REMOTE PARTICIPATION BY MEMBERS**

1. The Board and its Committees may permit individual Board members to use remote participation instead of attending a public meeting in person if, in advance of the public meeting, the Board member notifies the Board or Committee Chair and IALR President that one of the following four circumstances applies.

a. The Board member has a temporary or permanent disability or other medical condition that prevents the member's physical attendance at the public meeting. For purposes of determining whether a quorum is physically assembled, an individual member of the Board who is a person with a disability as defined in Virginia Code § 51.5-40.1, and uses remote participation counts toward a quorum of assembled member, as if the person were physically present.

b. A medical condition of a member of the member's family requires the member to provide care that prevents the member's physical attendance, or the member is a caregiver who must provide care for a person with a disability at the time the meeting is being held thereby preventing the member's physical attendance. For purposes of determining whether a quorum is physically assembled, a member who is a caregiver for a person with a disability and uses remote participation counts toward a quorum of assembled members, as if the person were physically present.

c. The Board member's principal residence is more than 60 miles from the meeting location identified in the required notice for the public meeting.

d. The Board member is unable to attend the public meeting due to a personal matter, and the Board member identifies with specificity the nature of the personal matter. However, a Board member may not use remote participation due to personal matters more than two meetings per calendar year or 25 percent of the meetings held per calendar year rounded up to the next whole number, whichever is greater.

2. A Board member desiring to participate remotely in a public meeting for one of the circumstances outlined above shall communicate his or her request to the Board or Committee Chair and IALR President prior to the public meeting.

3. Except as provided in Section B.1.a or Section B.1.b. above, a quorum of the Board or Committee must be physically assembled at the meeting location identified in the required notice for the public meeting.

4. At the beginning of any public meeting for which a Board member has requested remote participation, the first order of Board or Committee business, after calling the meeting to order, will be to receive and consider the member's request to participate remotely, including the member's explanation for why he is requesting to participate remotely and the location from which the member is proposing to participate. The Board or Committee shall vote whether to approve such Board member's remote participation. In order for the Board member to participate remotely, a majority of the Board members physically present at the meeting location must approve the absent Board member's participation in the meeting. The Board's or Committee's decision shall be based solely on the criteria in this policy, without regard to the identity of the Board member requesting remote participation or the matters that will be considered or voted on during the public meeting.

5. If participation by a Board member through electronic communication means is approved pursuant to this policy, the Board or Committee shall record in its minutes the remote location from which the member participated; however, the remote location need not be open to the public and may be identified in the minutes by a general description. If a Board member's participation from a remote location pursuant to this policy is disapproved because such participation would violate this policy, such disapproval shall be recorded in the minutes with specificity.

6. If a Board member's remote participation is approved pursuant to Section B.1.a or Section B.1.b., the Board or Committee also shall record in its minutes that the Board member participated through electronic communication means due to (i) a temporary or permanent disability or other medical condition that prevented the Board member's physical attendance or (ii) a family member's medical condition that required the member to provide care for such family member, thereby preventing the member's physical attendance. If a Board member's remote participation is approved pursuant to Section B.1.c., the Board or Committee also shall record in its minutes that the Board member participated through electronic communication means due to the distance between the Board member's principal residence and the meeting location. If a Board member's remote participation is approved pursuant to Section B.1.d., the Board or Committee also shall record in its minutes the specific nature of the personal matter cited by the Board member.

7. The means of electronic communication used by the member participating remotely must permit the member to hear and be heard by all other members of the Board present during the meeting.

8. Any Board member participating remotely in a public meeting shall not be prohibited or restricted from voting on matters before the Board or Committee.

### C. ALL-VIRTUAL PUBLIC MEETINGS

1. The Board or its Committees may hold all-virtual public meetings, provided that it follows the other requirements of the Virginia Freedom of Information Act (Chapter 37 of Title 2.2 of the Virginia Code) for public meetings and it adheres to this policy.

2. The Board or Committee Chair shall determine whether the Board or Committee will hold an all-virtual public meeting. The President or any member of the Board may request to the Board or Committee Chair that a public meeting of the Board or Committee be all-virtual. The Chair may inquire of other Board members whether they prefer an all-virtual or in-person public meeting. The Chair's decision shall be based solely on the criteria in this policy, without regard to the identity of the Board member making the request or any matters that will be considered or voted on during the meeting. Circumstances that would justify an all-virtual public meeting include, but are not necessarily limited to, (i) the inability of a substantial number of Board members to attend a meeting that otherwise would be held in person; (ii) a meeting expected to be short in duration and not justifying travel by members residing a significant distance from the meeting location; (iii) a hastily called special meeting for which in person attendance by a substantial number of Board members is impractical or impossible; (iv) the convenience of a substantial number of Board members residing a significant distance from the meeting location; (v) inclement weather; or (vi) other good cause as determined by the Chair.

3. If the Chair determines to hold an all-virtual public meeting, then:

a. The required meeting notice will indicate that the meeting is all-virtual and will include a statement notifying the public that the method by which the Board or Committee chooses to meet will not be changed unless the Board or Committee provides a new meeting notice in accordance with Virginia Code § 2.2-3707;

b. The public will be provided access to the all-virtual public meeting via electronic communication means;

c. The electronic communication means used will allow the public to hear all Board members participating in the all-virtual public meeting and, when audio-visual technology is available, to see the Board members as well;

d. When audio-visual technology is available, a Board member shall, for purposes of a quorum, be considered absent from any portion of the meeting during

which visual communication with the Board member is voluntarily disconnected or otherwise fails or during which audio communication involuntarily fails;

e. A phone number or other live contact information will be provided to the public so the public may alert the Board or Committee if the audio or video transmission of the meeting fails, the Board or Committee will monitor such designated means of communication during the meeting, and the Board or Committee will take a recess until public access is restored if the transmission fails for the public;

f. A copy of the proposed agenda and all agenda packets and, unless exempt, all materials furnished to Board members for the meeting will be made available to the public in electronic format on IALR's website at the same time that the materials are provided to Board members;

g. The public will be afforded the opportunity to comment through electronic means, including by way of written comments, at those public meetings when the Board or Committee customarily receives public comment;

h. No more than two Board members will be together in any one remote location unless that remote location is open to the public to physically access it;

i. If a closed session is held during an all-virtual public meeting, transmission of the meeting to the public will resume before the Board or Committee votes to certify the closed meeting as required by Virginia Code § 2.2-3712(D);

j. The Board or Committee will not convene an all-virtual public meeting (i) more than two times per calendar year or 50 percent of the meetings held per calendar year rounded up to the next whole number, whichever is greater, or (ii) consecutively with another all-virtual public meeting; and

k. Minutes of all-virtual public meetings held by electronic communication means will be taken as required by Virginia Code § 2.2-3707 and will include the fact that the meeting was held by electronic communication means and the type of electronic communication means by which the meeting was held. If a Board member's participation from a remote location is disapproved because such participation would violate this policy, such disapproval shall be recorded in the minutes with specificity.

4. Any Board member participating in an all-virtual public meeting shall not be prohibited or restricted from voting on matters before the Board.

#### D. APPLICATION OF POLICY TO COMMITTEES OF THE BOARD

1. This policy shall apply with equal force and effect to each Committee of the Board created to perform delegated functions of the Board or to advise the Board, and it shall authorize

each such Committee to permit remote participation by members or to hold all-virtual public meetings in accordance with the terms of this policy. As applied to Committees, those powers vested in the Board Chair shall be vested in the chair of the Committee.

E. UNIFORM APPLICATION

1. This policy shall be applied strictly and uniformly, without exception, to the entire membership of the Board or Committee, and without regard to the identity of the Board member requesting remote participation or the matters that will be considered or voted on at the public meeting.

\* \* \*

AND BE IT FURTHER RESOLVED, that the President is directed to place the Remote Participation in Meetings and All-Virtual Public Meetings Policy, as the same may be amended from time to time, on the Board’s agenda at least once annually at such time as the President may determine.

AND BE IT FURTHER RESOLVED, that the President is authorized and directed to take such steps as he may determine to be necessary or convenient to implement and follow the Remote Participation in Meetings and All-Virtual Public Meetings Policy.

AND BE IT FURTHER RESOLVED, that this resolution and policy will take effect immediately.

IALR Board Members Absent \_\_\_\_\_  
IALR Board Votes For \_\_\_\_\_  
IALR Board Votes Against \_\_\_\_\_  
IALR Board Abstentions \_\_\_\_\_

**IALR CERTIFICATION**

The undersigned Secretary of the Board of Trustees of the Institute for Advanced Learning and Research does hereby certify that the foregoing is a true, complete and correct resolution adopted by a vote of a majority of the Trustees of the Institute for Advanced Learning and Research present at a meeting of the Board of Trustees of the Institute for Advanced Learning and Research duly called and held February \_\_, 2026, at which a quorum was present and acting throughout, and that the same has not been amended or rescinded and is in full force and effect as of the date of this certification, February \_\_, 2026.

\_\_\_\_\_  
Pam Patterson  
Secretary, IALR Board of Trustees