the INSTITUTE
FOR ADVANCED LEARNING AND RESEARCH

AGENDA

JOINT MEETING
IALR BOARD OF TRUSTEES (BOT) & IALR FOUNDATION BOARD OF DIRECTORS (FBOD)
Conference Room 207
Thursday, November 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 Mantiply

II. Attendance of Committee Members by Electronic Communication Means (Vote Required) — Don Gibson

III. Confirmation of Quorum — Don Gibson & Leslie Mantiply

IV. Changes to Agenda — Don Gibson

V. Welcome — Don Gibson & Leslie Mantiply

VI. Public Comment — Don Gibson

VII. Approval of Minutes (Vote Required)
BOT
A. Approval of August 13, 2026, Minutes — Don Gibson
B. Approval of September 14, 2026, Minutes
C. Approval of September 18, 2026, Minutes

VIII. Committee Reports and Actions
A. **Economic Development Update (10 Minutes)** — Linda Green

B. Programs & Services (10 Minutes) — Greg Hodges/ Melanie Lewis

C. Manufacturing Advancement (10 Minutes) — Ben Davenport / Jason Wells

RECESS / BREAK

D. Resources Don Merricks / Angie Anderson

- **FY2026 Audit**
  - **Approval of FY2026 Audit (Vote Required)**

- **IALR Report – FY2027 – 1st Quarter Update**
  - **Approval of FY2027 – 1st Quarter Update (Vote Required)**

- **Foundation Report – FY2027 – 1st Quarter Update** Leslie Mantiply / Angie Anderson
  - **Approval of FY2027 – 1st Quarter Update (Vote Required)**

IX. Leadership Reports

A. BOT Chair's Report (BOT) Don Gibson

- Approval of Policy on Remote Participation in Meetings **(Vote Required)** (Annual Requirement)

B. FBOD President's Report (FBOD) Leslie Mantiply

- Consideration and Approval of 16 STEM Scholarships **(Vote Required**

C. IALR President's Report (IALR) Telly Tucker

XI. New Business and Open Forum of Concerns/Issues/Observations for BOT & FBOD Don Gibson

XII. Adjournment of FBOD 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 ATTEND IN PERSON.

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FY2027 Meeting Schedule

BOT Committee Meetings:

January 26, 2026	April 27, 2026
9:00 am - 10:30 am	Programs & Services
10:45 am – 12:00 pm	Manufacturing Advancement

January 28, 2026	April 29, 2026
9:00 am - 10:30 am	Applied Research
10:45 am - 12:15 pm	Resources

Board Meetings:

February 11, 2027	9:00 am – 12:00 pm
May 13, 2027	9:00 am – 12:00 pm

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

Minutes – August 13, 2026

Board of Trustees Present	**IALR Leadership & Officers Present**
Mr. David Bennett, *left at 12:00 p.m.* Mr. Ben Davenport Dr. Mario Ferruzzi. Mr. Don Gibson, *Chair** Dr. Greg Hodges Mr. Mark Holland, *Vice Chair*, via Zoom* Ms. Emma Kozlowski, *via Zoom, left at 10:00 a.m.* Mr. Charles Majors Ms. Leslie Mantiply* Mr. Don Merricks* Ms. Connie Nyholm, *via Zoom* Mr. Kunal Patel* Ms. Chris Pennington	Ms. Angie Anderson, Chief Finance Officer Ms. LaShaun Graham, VP of Human Resources Ms. Linda Green, VP of Economic Dev. (SVRA), *arrived at 9:45 a.m.* Dr. John Hughes, EVP, Operations Ms. Amanda Hylton, VP of Strategic Initiatives Dr. Melanie Lewis, VP of Advanced Learning Dr. Scott Lowman, VP of Applied Research Ms. Allison Moore, Director of PR & Comms., *via Zoom, left at 11:00 am* Ms. Pam Patterson, Secretary, BOT & FBOD Mr. Taurean Russell, VP of Information Technology Ms. Emma Sellers, Sr. Director of Institutional Advancement Mr. Telly Tucker, President, IALR Mr. Jason Wells, EVP, Manufacturing Advancement
Board of Trustees unable to attend Dr. Tatia Granger Dr. Cornelius Johnson	**IALR Leadership & Officers unable to attend** Ms. Tracy Fink, VP of the Institute Conference Center **Guests** **None**
Foundation Board of Directors Present Mr. Tad Deriso, *left at 10:55 a.m.* Mr. Chris Eastwood Dr. Betty Jo Foster Mr. Don Gibson* Ms. Rhonda Hodges Mr. Mark Holland* Ms. Leslie Mantiply, *President** Mr. Don Merricks* Mr. Kunal Patel, *Vice President** Mr. Telly Tucker *"*" means serves on both boards*	**Foundation Directors unable to attend**

DRAFT

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Call to Order / Welcome / Introductions

The Joint Meeting of the IALR Board of Trustees (BOT) and the IALR Foundation Board of Directors (FBOD) was held on Thursday, August 13, 2026, in IALR Conference Room 207 at the Institute for Advanced Learning and Research (IALR). Mr. Don Gibson, BOT Chair, and Ms. Leslie Mantiply, FBOD President, called the joint meeting to order at 9:00 a.m.

A quorum of both the BOT and FBOD was confirmed, enabling the joint meeting to proceed. The Board approved a modification to the agenda to move the Economic Development report to a later point in the meeting. An attendance roster is included (Exhibit A).

Mr. Gibson and Ms. Mantiply welcomed the Board of Trustees and Foundation Board of Directors to the meeting.

Attendance of Committee Members by Electronic Communication Means

Mr. Don Gibson announced that Dr. Mario Ferruzzi, Mr. Mark Holland, Ms. Emma Kozlowski, and Ms. Connie Nyholm would attend the meeting via Zoom. Mr. Holland and Ms. Nyholm attended electronically due to other commitments. Dr. Ferruzzi and Ms. Kozlowski attended electronically due to travel distance and other commitments. The BOT voted to allow them to attend electronically.

- **Motion:** Mr. Don Merricks made a motion to allow Dr. Ferruzzi, Mr. Holland, Ms. Kozlowski, and Ms. Nyholm to attend the BOT meeting via Zoom. Dr. Greg Hodges seconded the motion, which passed unanimously.

The results of the vote are shown below:

Board of Trustees Members Absent	-	2
Board of Trustees Votes For	-	9
Board of Trustees Votes Against	-	0
Board of Trustees Abstentions	-	0

Approval of Minutes

The minutes to be approved were distributed in advance.

Board of Trustees

- **Motion:** Mr. Charles Majors made a motion to approve the minutes for the May 14, 2026, BOT meeting. Dr. Greg Hodges seconded the motion, which passed unanimously.

Foundation Board of Directors

- **Motion**: Dr. Betty Jo Foster made a motion to approve the minutes for the May 14, 2026, FBOD meeting. Mr. Kunal Patel seconded the motion, which passed unanimously.

Public Comment to IALR Board

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

Committee Reports and Actions

Programs & Services / Advanced Learning Report

Dr. Greg Hodges submitted the Programs & Services/Advanced Learning report. Dr. Melanie Lewis presented the Quad Chart Report (Exhibit B) and the Narrative Report (Exhibit C), highlighting the Advanced Learning Division activities, including GO TEC, STEM, Service & Lifelong Learning, REACH, and EmPOWER programs.

Key updates included GO TEC expansion and sustainability efforts, $36,500 in new grant funding, a $1.12 million AmeriCorps application, and successful STEM and lifelong learning programs serving regional participants, and the graduation of 20 Academy for Engineering and Technology (AET) students.

REACH continued health education and care coordination services, while EMPOWER expanded apprenticeship and workforce development efforts, supporting 129 active apprentices with a 95% job retention rate. Additional initiatives included internships, career readiness programming, talent pathway development, Teamship projects, STEM career exploration opportunities, and the hiring of Ms. Meredith Kreeger to support program growth.

Applied Research

Dr. Mario Ferruzzi submitted the Applied Research report. Dr. Lowman presented the Applied Research Quad Chart (Exhibit D) and narrative report (Exhibit E), and the Applied Research Income Report (Exhibit F) highlighting continued growth in applied research activities, which included 25 grant awards totaling approximately $4.5 million since 2018 and 12 pending grant proposals. Updates included advancements in controlled environment agriculture, agricultural biotechnology, biomanufacturing, contract research, and facility rentals.

Dr. Lowman discussed the data center and greenhouse colocation initiatives, workforce and educational partnerships, six Applied Research internships, and a feasibility study for a regional controlled environment agriculture association. Additional updates included funding for the Regional Investment in Startups and Entrepreneurs (RISE) Accelerator, efforts to bring the Regional Accelerator and Mentoring Program (RAMP) entrepreneurship model to Southern Virginia, and participation in the Partnership for Innovation Regional Leadership Cohort.

IALR Foundation Institutional Advancement

Ms. Emma Sellers presented the Institutional Advancement Quad Chart report (Exhibit G).

Ms. Sellers reported on Foundation activities, including the submission of two funding requests totaling $3.6 million, with funding decisions expected in late September or early October. She also announced support for the Atrium Video Wall Initiative, including a $5,000 contribution from Hitachi Energy and support from Mid-Atlantic Broadband. Ms. Sellers further reported that the Foundation was developing a naming policy and donor legacy wall in preparation for the organization's upcoming 25th anniversary celebration.

Institute Conference Center (ICC)

In the absence of Ms. Tracy Fink, Dr. John Hughes, Executive Vice President, Operations, presented the Institute Conference Center (ICC) Report (Exhibit H) highlighting fiscal year 2025-2026 performance. The ICC generated more than $1.1 million in gross revenue, including $942,168, and served 32,061 guests. Combined ICC and café attendance totaled 63,222 guests.

Dr. Hughes reviewed quarterly performance and major events hosted during the period, provided staffing updates, and noted significant growth in attendance and revenue over the past four years. He concluded by emphasizing the importance of continued partnerships with regional business industries and associations.

Economic Development (SVRA)

Ms. Linda Green presented the Economic Development/SVRA Quad Chart Report (Exhibit I), which highlighted fourth quarter FY2026 regional economic development activity and VEDP metrics. Southern Virginia accounted for 2% of Virginia's employment base but represented 13% of VEDP project announcements, 61% of announced new jobs, and 66% of statewide announced capital investment. The region also included 34% of Virginia Business Ready Sites Program certified sites and 11% of the state's pad-ready sites.

Ms. Green also reported on the successful SVRA/IALR summer intern Familiarization (FAM) tour, which showcased regional quality-of-life assets, employment opportunities, industrial sites, businesses, and community leadership, which generated positive feedback from participants.

She concluded with an overview of upcoming economic development and stakeholder engagement activities, including the Southern Piedmont Technology Council (SPTC) Tech Talks, VIRginia International Raceway (VIR) outreach events, the September SVRA Board meeting, the VEDA Fall Conference, the Avio USA groundbreaking in Hurt, VA, and the regional Housing Summit in October.

RECESS / RECONVENING

Mr. Gibson called a recess at 10:05 a.m. The meeting resumed at 10:15 a.m.

Manufacturing Advancement

Mr. Ben Davenport submitted the Manufacturing Advancement report. Mr. Jason Wells presented the Quad Chart Report (Exhibit J), highlighting the continued success of the Accelerated Training in Defense Manufacturing (ATDM) program. Since its inception, ATDM has enrolled more than 2,199 students, graduated over 1,500 participants, achieved more than 1,200 job placements within the Defense Industrial Base (DIB), and awarded more than 9,175 industry certifications.

Mr. Wells also reported progress in workforce development initiatives, including commissioning the Navy Deployed Additive Manufacturing Training (NDAMT) lab, launching the first student cohort, and continuing collaboration with Naval SEA Systems Command (NAVSEA) on future program expansion. He noted continued growth in educational programs through expanded curriculum offerings, stronger industry engagement, and increased enrollment. Additionally, he provided an update on the Center for Manufacturing Advancement (CMA), citing operational and facility improvements, a reduced

production backlog, and expanded manufacturing activities. Key accomplishments included the extension of the Bechtel Plant Machinery, Inc. partnership, the implementation of Salesforce and a formal project management system, the completion of a manufacturing data science pilot program, the achievement of ISO certification, the installation of major Navy training equipment, the surpassing of ATDM enrollment targets, and the addition of new staff members to support organizational growth and strategic priorities.

Information Technology

Mr. Taurean Russell presented the Information Technology Quad Chart Report (Exhibit K), which Highlighted cybersecurity initiatives, technology infrastructure improvements, Cybersecurity Maturity Model Certification (CMMC) readiness efforts, and IT leadership transition activities. He reported significant progress in cybersecurity maturity through the implementation of NinjaOne, which increased endpoint encryption coverage to 65%, achieved 100% centralized recovery key availability, improved patch compliance to 92%, and reduced the organization's attack surface from 41% to 20%. He also noted that CMMC Level 2 readiness was approximately 82% complete, with 13 of 15 required Domains completed and the remaining two domains still in progress.

Mr. Russell also provided an update on the IT Strategic Plan, reporting that 10 projects had been completed, 12 are underway, and 23 have not yet started. He stated that cybersecurity initiatives continued to support the organization's goal of providing reliable, secure, and accessible technology solutions. Key priorities included advancing CMMC readiness, implementing NinjaOne, improving technology infrastructure, and managing IT leadership transitions. Continued efforts were expected to focus on strategic technology initiatives, strengthening cybersecurity controls, and supporting organizational growth and operational effectiveness.

Operations

Dr. John Hughes presented the Operations Report (Exhibit L), providing updates on information technology initiatives, safety enhancements, and communication efforts. He reported a 20% increase in security awareness training completion, and progress toward Cybersecurity Maturity Model Certification (CMMC) was approximately 85% complete, with an assessment scheduled for September. He also stated that the team had implemented laptop hard drive encryption and improved patch compliance, resulting in a 51% reduction in the organization's attack surface.

Dr. Hughes further reported on safety and communication improvements, including plans for the deployment of a Relay radio system and the installation of AEDs in multiple campus buildings. He noted that a trespass enforcement agreement had been secured with the Danville Police Department. Additionally, he reported that the Marketing and Communications Department had been conducting a brand study to reassess IALR's identity as it approached its 25th anniversary.

Resources & Controls

Mr. Don Merricks submitted the Resources Committee report.

- IALR Financial Overview

  Ms. Angela Anderson presented the IALR Financial Overview (Exhibit M), which included the

FY2026 fourth-quarter reports for IALR and the IALR Foundation. Ms. Anderson noted that IALR concluded the period ending June 30, 2026, with a 6.95% surplus.

- General tracked over due to depreciation expense.
- Conference Services exceeded its budget due to increased activity.
- Facility Operations & Maintenance tracked slightly over due to snow removal and increases in preventative maintenance agreements.
- Human Resources tracked over due to increased recruiting.
- Central Services exceeded its budget due to construction costs and furniture purchases for the Human Resources (HR) suite.
- Accounts Receivable totaled $10.8 million, of which slightly more than $1.0 million had been outstanding for more than 30 days. Management reported no concerns regarding collectability. The balance included approximately $627,000 due from the Tobacco Commission and $426,000 due from the Southside Planning District Commission, both related to grant reimbursement requests. It was noted that since the preparation of the report, approximately $3.0 million of the outstanding receivables had been collected.
- The Institute's cash reserves remained strong, totaling just over $2.0 million. The operating account ended the quarter with a balance of $799,000, reflecting normal cash inflows and outflows, including expenditures associated with construction payment schedules. In addition, the non-federal account balance totaled $4.4 million, while the federal account balance totaled $3.5 million.
- The Advanced Manufacturing segment reported cash balances of $14.2 million, including a $2.1 million reserve designated for ATDM equipment purchases. The division achieved an overall surplus of approximately 101%; however, excluding the restricted ATDM equipment funds, the operating surplus was approximately 70%. The division's financial results also reflected a contribution to the real estate holding company to retire the mortgage on the 149 Slayton building.
- On the Grants and Contracts Activity report, all of the active contracts were shown with no collection issues.

Mr. Merricks stated that, before considering the financial report, Board members had received multiple levels of review and oversight before the matter was presented for approval. Staff and management had conducted a detailed review of the financial statements before the Resources Committee meeting, followed by a comprehensive review by the Resources Committee. In addition, the financial reports had been distributed to Board members in advance to allow sufficient time for review and questions. A summary presentation also highlighted key financial information. The Board was reminded that the financial statements presented for approval had been thoroughly vetted through several review stages.

It was further reported that Robinson, Farmer, Cox Associates had substantially completed the audit process remotely, without requiring an on-site visit. Audit materials were uploaded electronically, and the auditors expressed appreciation for the quality of the Institute's financial records and the work of

the finance team. It was a clean audit. Mr. Merricks thanked Ms. Anderson and her team.

- **Motion** – On behalf of the Resources Committee, Mr. Don Merricks entered a motion for the Board of Trustees (BOT) to accept and approve the FY2026 fourth quarter IALR Financial Overview Report. *(Because the motion was submitted by a committee, a second was not required.)* The motion was approved by unanimous consent.

During discussion of the Institute's cash position, it was reported that total cash balances were approximately $24.9 million. The Resources Committee recommended transferring $10 million from the Institute to the IALR Foundation as restricted funds designated exclusively for future IALR needs. The recommendation followed a review of the Institute's cash position conducted at the direction of the Executive Committee.

Board members discussed the investment strategy for the transferred funds. It was explained that the Foundation would establish a money market account and evaluate additional investment options, including Treasury instruments or other investment vehicles, while maintaining adequate liquidity to support future organizational needs. Management noted the importance of preserving flexibility, particularly in anticipation of potential matching fund requirements associated with future capital projects, including possible CMA expansion initiatives.

- **Motion**: On behalf of the Resources Committee, Mr. Don Merricks entered a motion for the Institute to transfer $10 million from the Institute to the IALR Foundation as restricted funds strictly for IALR needs. *(Because the motion was submitted* by *a committee, a second was not required.)* The motion was approved by unanimous consent.

The Foundation Board subsequently approved authorization for the Foundation to establish a money market account with Atlantic Union Bank to provide an interest-bearing vehicle for the transferred funds while evaluating longer-term investment options.

- <u>IALR Foundation – 4th Quarter of FY2026</u>
  Ms. Anderson presented the IALR Foundation report for the 4th Quarter of FY2026.

  Mr. Merricks stated that the IALR Foundation requested that the Resources Committee review its financial reports. The Resources Committee found the reports acceptable and recommended them to the FBOD for their consideration.

  - **Motion** - Dr. Betty Jo Foster made a motion to accept the FY2026 fourth quarter IALR Foundation financial report. Mr. Chris Eastwood seconded the motion, and it was approved unanimously.

- <u>Conflict of Interest Policy – FY2027</u>
  Ms. Anderson reminded the Board members of the annual Conflict of Interest Disclosure Form requirement. The forms were distributed for completion and would be provided to

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the auditors as part of the annual audit process. Board members were advised that they could return forms electronically for ease and efficiency.

- **Nominating Committee Update – FBOD**

A. Appointments from BOT to FBOD
Mr. Gibson reported that no additional members were nominated to the Foundation Board; therefore, no nominations were presented.

B. Introduction of FBOD Officers
Mr. Gibson also reported that all current officers expressed their willingness to continue serving in their existing roles. As a result, the Foundation's officers will remain unchanged for FY2027.

- Leslie Mantiply - President
- Kunal Patel - Vice President
- Angie Anderson - Treasurer
- Pam Patterson - Secretary

Comments from Mr. Ben Davenport, Board of Trustees Member

Mr. Ben Davenport commented that the Institute had become a significant asset to both the City of Danville and the broader region, noting that its impact and reputation had also gained national recognition. He cited the recent visit by a member of the President's Cabinet as evidence of the Institute's growing prominence.

Mr. Davenport commended the staff, led by President Telly Tucker, for their outstanding work in promoting the Institute and advancing its mission. He emphasized that while individual teams and accomplishments are often recognized, the Institute's success is the result of a collective and ongoing team effort. Mr. Davenport expressed appreciation for the leadership and contributions of staff at all levels and thanked them for their continued dedication.

Leadership Reports

A. **BOT Chair's Report** Don Gibson
Mr. Gibson presented two items that required Board discussion and approval.

- GO TEC
Mr. Gibson reported that GO TEC was expected to experience a funding gap due to the absence of anticipated state funding. As a result, Board action would be required to address the shortfall and ensure continued operations through the end of the fiscal year.

Mr. Gibson noted that the Institute's bylaws authorize the Board to delegate authority to the Executive Committee to act on the Board's behalf when necessary. It was reported that staff expected to receive a report prior to the next Executive Committee meeting that would outline the specific funding gap and provide details regarding the financial need.

To address the timing of the matter, Mr. Gibson requested that the Board authorize the Executive

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Committee to act on behalf of the Board in addressing the funding gap once the report was reviewed. It was explained that, after the report was presented at the September Executive Committee meeting, the Executive Committee would have authority to approve funding necessary to support GO TEC through the end of the year. The Executive Committee would then present any actions taken to the full Board for ratification at its November meeting.

- **Motion**: Mr. Charles Majors made a motion to authorize the Executive Committee to act on behalf of the Board regarding the GO TEC funding gap. The motion was seconded by Dr. Greg Hodges and approved by unanimous vote.

➢ AccessU Contract

The Board reviewed a request to ratify a previously approved action of the Executive Committee concerning the ATDM marketing services contract with AccessU, the firm that provides marketing support for the Advanced Training in Defense Manufacturing (ATDM) program.

It was explained that the original contract was procured as a fixed-price contract and that, under Virginia state procurement requirements, any increase exceeding the allowable threshold required Board approval. The requested action did not involve a new allocation of funds, as the necessary funding had already been included in the ATDM budget and contract negotiations. Rather, the action was required because the total contract amount was expected to exceed the approved contract increase threshold.

The Executive Committee had previously reviewed the details of the proposed contract modification and approved a not-to-exceed amount for the marketing services expenditure. Board members were advised that the funding would come from existing ATDM contract funds that had been designated for marketing activities.

It was further noted that the request was being presented to the Board for ratification due to timing considerations, as Executive Committee meetings occur more frequently than full Board meetings. No additional questions or discussion were raised.

- **Motion**: Mr. Ben Davenport made a motion to ratify the recommendation and prior approval of the Executive Committee regarding the AccessU marketing contract modification for ATDM. The motion was seconded by Mr. David Bennett and approved by unanimous vote.

B**. FBOD President's Report** Leslie Mantiply

Ms. Mantiply expressed appreciation to Ms. Emma Sellers for her efforts related to the Media Wall project and encouraged Board members to identify and refer potential sponsors within their organizations and professional networks. Board members were asked to direct interested parties to Ms. Sellers or Mr. Tucker to help advance the fundraising effort.

Ms. Mantiply also reported positively on the Foundation's engagement with McAllister & Quinn, noting that approximately $4.5 million in funding opportunities was already in progress. She

expressed optimism regarding the potential outcomes of those opportunities over the next two quarters and noted that additional opportunities remained to be pursued during the year.

Finally, Ms. Mantiply provided an update regarding the planned transfer of $10 million into the Foundation. She stated that, once the transfer had been completed and details finalized, a virtual Foundation Board meeting would be scheduled. The purpose of that meeting would be to review the performance of the Foundation's investment portfolio and discuss options for the reinvestment of the transferred funds.

C. **IALR President's Report** Telly Tucker

Mr. Tucker provided an update (Exhibit N) on key activities and initiatives undertaken during the quarter. He reported on outreach meetings and engagement with state, Navy, and Industrial Base Analysis and Sustainment (IBAS) leadership, including discussions related to program management, workforce development, and future collaboration opportunities.

Mr. Tucker reported that a request had been submitted to add a sixth Advanced Training in Defense Manufacturing (ATDM) training track focused on electrical and electronics instruction, which would increase student capacity by utilizing existing facility space. He also provided an update on the Manufacturing Optimization initiative at the Center for Manufacturing Advancement (CMA), noting that equipment deliveries for Building 149 were expected to begin in September.

Updates were provided on ongoing partnerships with Virginia Tech Engineering, the AM2 program activities supported by a GO Virginia grant, and efforts to secure additional federal and state funding opportunities to expand manufacturing optimization capabilities and workforce initiatives. Mr. Tucker noted that an application for approximately $7 million in Economic Development Administration funding remained under active consideration.

On legislative matters, Mr. Tucker reported that the CMA expansion project had received state approval and funding, with planning and design activities continuing while final state review processes were completed. He also noted requests for additional capital improvement funding and ongoing advocacy efforts to support future GO TEC funding and other workforce development initiatives.

Looking ahead, Mr. Tucker highlighted continued collaboration with Navy partners, strategic planning efforts, workforce development initiatives, and organizational branding and economic impact activities as IALR prepares for its 25th anniversary.

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

No comments were received.

Action Item

- **Action Item**: The Board requested an updated acronym reference guide and encouraged presenters to state a term in full before using its acronym during meetings.

Adjournment of Foundation Board of Directors

Ms. Leslie Mantiply moved to adjourn the IALR Foundation Board of Directors meeting.

- **Motion**: Mr. Chris Eastwood made a motion to adjourn the meeting at 11:45 a.m. Dr. Betty Jo Foster seconded the motion. The motion was approved by unanimous consent.

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

Mr. Mark Holland, Ms. Leslie Mantiply, 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 11:50 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.

  Ms. Christine Pennington seconded the motion. The motion passed unanimously.

  Attendance Notes: Ms. Angie Anderson, Ms. Tracy Fink, Ms. Linda Green, Dr. John Hughes, Ms. Amanda Hylton, Dr. Melanie Lewis, Dr. Scott Lowman, Ms. Allison Moore, Ms. Pam Patterson, Mr. Taurean Russell, Ms. Emma Sellers, Mr. Telly Tucker and Mr. Jason Wells left the meeting.

  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 12:05 p.m.

  Mr. Charles Majors 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 at 12:05 p.m.

Roll Call Certifying Closed Session

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

Roll Call Vote:

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 Mantiply	-	yes
Mr. Don Merricks	-	yes
Ms. Connie Nyholm	-	yes
Mr. Kunal Patel	-	yes
Ms. Chris Pennington	-	yes

Open Session

- **Motion** – Mr. Charles Majors made a motion to approve the recommendation from the Executive Committee to approve the executive compensation as discussed in closed session and the retention bonus and related items. Dr. Hodges seconded the motion. The motion passed unanimously.

Adjournment of the Board of Trustees

Mr. Don Gibson moved to adjourn the IALR Board of Trustees meeting.

- **Motion**: Mr. Don Merricks made a motion to adjourn the meeting at 12:09 p.m. Mr. Charles Majors seconded the motion. The motion was approved by unanimous consent.

Signatures and Exhibits are shown on the following page.

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Minutes Recorded By:

_____
Pam Patterson
Secretary, IALR Board of Trustees and
IALR Foundation Board of Directors

_____
Date

Minutes Approved By:

_____
Don Gibson
Chair, IALR Board of Trustees

_____
Date

AND

_____
Ms. Leslie Mantiply
Vice President, IALR Foundation Board

_____
Date

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

A. Attendance Roster
B. Programs & Services / Advanced Learning PowerPoint Presentation
C. Programs & Services / Advanced Learning Narrative Report – April/May/June 2026
D. Applied Research Quad Chart Report – July 2026
E. Applied Research Narrative Report – July 2026
F. Applied Research Income Report – July 14,2026
G. Institutional Advancement Quad Chart
H. Institute Conference Center Quad Chart Report
I. Economic Development/SVRA Quad Chart Report – July 29, 2026
J. Manufacturing Advancement PowerPoint Presentation – August 13, 2026
K. IT Quad Chart
L. Operations Department Presentation – August 13, 2026
M. Financial Report – 4th Quarter FY2026
N. President's Report to the Board of Trustees – August 13, 2026
O. Closed Session Documentation – August 13, 2026

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"OPTIONAL" JOINT IALR BOARD OF TRUSTEES (BOT) & IALR FOUNDATION BOARD OF DIRECTORS (FBOD)

BRAND STUDY DISCUSSION - VIRTUAL MEETING

Minutes – September 14, 2026

Board of Trustees Present	**IALR Leadership & Officers Present**
Mr. Don Gibson, BOT Chair* Dr. Tatia Granger Ms. Emma Kozlowski Ms. Leslie Mantiply* Mr. Charles Majors	Dr. John Hughes, EVP, Operations Ms. Allison Moore, Sr. Director, Marketing & Communications Ms. Pam Patterson, Secretary, BOT & FBOD Ms. Cassidy Pruitt, Marketing Strategist Mr. Telly Tucker, President, IALR
Foundation Board of Directors Present	**Guests**
Mr. Chris Eastwood Ms. Leslie Mantiply, President, FBOD Mr. Don Gibson* Mr. Telly Tucker *"*" means serves on both boards*	Sally Lyle, Account Project Manager, AccessU Rachel Spencer, Chief Operating Officer, AccessU

Call to Order / Welcome / Introductions

The "*Optional"* Joint Meeting of the IALR Board of Trustees (BOT) and the IALR Foundation Board of Directors (FBOD) was held on Monday, September 14, 2026, at 2:00 p.m. The meeting was held virtually for a Brand Study Discussion.

Ms. Allison Moore welcomed participants and explained that the Institute was preparing for its 25th anniversary in 2027. As part of that milestone, IALR had initiated a comprehensive brand study to evaluate whether its current brand identity, logo, messaging, and visual representation continued to reflect the organization's mission, impact, and future direction. She noted that AccessU had been engaged to facilitate the process and and gather input from stakeholders.

Ms. Rachel Spencer of AccessU provided an overview of the study process, explaining that the project would begin with conversations involving board members, staff, and key stakeholders to better understand perceptions of IALR's identity, strengths, and areas for growth. She encouraged participants to reflect on how they describe IALR to others and how the organization's image had evolved over time.

Participants described IALR as a widely recognized and respected organization that had played a significant role in the economic transformation of Southern Virginia. Several members emphasized the strong association

Return to Agenda

between the Institute and its window-pane logo, which many viewed as a symbol of a beacon or lighthouse representing guidance, opportunity, and regional progress.

Discussion highlighted IALR's unique ability to adapt and respond to opportunities, and translate ideas into practical economic development outcomes. Members noted that while individual programs such as Accelerated Training in Defense Manufacturing (ATDM) and the Center for Manufacturing Advancement (CMA) developed strong identities, aligning those programs more closely with the overall IALR brand may add value.

Mr. Charles Majors stated that the current name recognition took years to build. He suggested keeping the current name and possibly adding a tagline for each department/division. Other participants emphasized the importance of maintaining the icon's association with the Institute while highlighting its role as a partner for regional economic development.

President Telly Tucker observed that one of IALR's greatest challenges was communicating the breadth of its activities simply and concisely. He noted that different audiences often require different messaging approaches and that some programs are more recognizable than the Institute itself.

Participants generally agreed that IALR should remain a catalyst for innovation, workforce development, and regional economic transformation, while preserving elements of its established brand identity. The discussion also considered IALR's service region, campus naming conventions, and opportunities to strengthen overall brand consistency.

No action was taken.

The meeting ended at 3:00 p.m.

Minutes Recorded By:

_____
Pam Patterson
Secretary, IALR Board of Trustees and
IALR Foundation Board of Directors

_____
Date

Minutes Approved By:

_____
Don Gibson
Chair, IALR Board of Trustees

_____
Date

AND

_____
Ms. Leslie Mantiply, President
Foundation Board of Directors

DRAFT

Return to Agenda

"OPTIONAL" JOINT IALR BOARD OF TRUSTEES (BOT) & IALR FOUNDATION BOARD OF DIRECTORS (FBOD)

BRAND STUDY DISCUSSION - VIRTUAL MEETING

Minutes – September 18, 2026

Board of Trustees Present	**IALR Leadership & Officers Present**
Mr. Don Gibson, BOT Chair* Mr. Ben Davenport Dr. Mario Ferruzzi Dr. Greg Hodges Ms. Connie Nyholm	Ms. Allison Moore, Sr. Director, Marketing & Communications Ms. Pam Patterson, Secretary, BOT & FBOD Ms. Cassidy Pruitt, Marketing Strategist Mr. Telly Tucker, President, IALR
Foundation Board of Directors Present Mr. Don Gibson* Mr. Telly Tucker *"*" means serves on both boards*	**Guests** Sally Lyle, Account Project Manager, AccessU Rachel Spencer, Chief Operating Officer, AccessU

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Ms. Rachel Spencer of AccessU provided an overview of the study process, explaining that the project would begin with conversations involving board members, staff, and key stakeholders to better understand perceptions of IALR's identity, strengths, and areas for growth. She encouraged participants to reflect on how they describe IALR to others and how the organization's image had evolved over time.

Board members and stakeholders described IALR as a highly respected and recognizable organization that had played a transformative role in the economic development of Danville, Pittsylvania County, and the broader

Southern Virginia region. Mr. Ben Davenport reflected on IALR's development since its inception, noting that the Institute had become widely recognized as a driver of regional progress and innovation. He emphasized that the facility remained a powerful visual symbol and continued to make a strong first impression on visitors.

Dr. Greg Hodges stated that IALR was widely viewed as a catalyst for regional economic transformation and noted the strong connection between the organization and its recognizable window-pane logo. While he acknowledged the logo's strong association with the Institute, he suggested that it may not fully communicate the breadth of IALR's current activities to those unfamiliar with the organization.

Dr. Mario Ferruzzi discussed IALR's role as an implementation partner that effectively translates research and innovation into practical economic development outcomes. He highlighted the organization's agility, responsiveness, and ability to act quickly in ways that larger institutions often cannot.

Several participants discussed the symbolism of the current logo and its connection to the Institute's early vision. Ms. Connie Nyholm and others noted that the window-pane icon had long been associated with the concepts of a beacon, lighthouse, or source of guidance and opportunity in the existing visual identity while exploring opportunities to better communicate IALR's expanded scope and impact.

The discussion also focused on the Institute's growing portfolio of programs and sub-brands, including the Center for Manufacturing Advancement (CMA), Accelerated Training in Defense Manufacturing (ATDM), and other initiatives. Participants observed that while these programs had developed strong individual identities, there may be opportunities to create stronger visual and messaging alignment between those programs and the broader IALR brand.

President Telly Tucker shared that one of the Institute's greatest branding challenges is explaining the breadth and complexity of its work concisely. He noted that visitors often struggle to summarize everything they experience during campus tours because IALR encompasses workforce training, applied research, manufacturing advancement, conference services, and other initiatives. He further explained that some audiences respond more favorably to specific program identities than to a traditional higher education or government-affiliated brand, particularly in manufacturing and industry sectors.

Participants generally agreed that audience-specific messaging was important and that different programs often required different approaches. However, they also recognized that stronger connections between program brands and the overall IALR identity could be beneficial.

The discussion also addressed how different audiences commonly refer to IALR. Participants indicated that regional audiences frequently refer to the organization simply as "the Institute," while statewide and national audiences are more likely to use the full name or the acronym "IALR". Some organizations also identify the Institute by its geographic association with Danville.

When asked what message should remain central to the organization's identity, participants highlighted IALR's role as a catalyst for innovation, economic transformation, workforce development, and regional advancement. Several members emphasized the Institute's unique ability to adapt quickly, respond to emerging opportunities, and create meaningful community impact through collaboration and implementation.

At the conclusion of the discussion, Ms. Moore noted that the brand study would also evaluate IALR's primary service region and explore campus naming conventions for facilities and entrances to improve navigation and strengthen campus storytelling. She thanked participants for their input and engagement.

No action was taken.

The meeting ended at 3:00 p.m.

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Pam Patterson
Secretary, IALR Board of Trustees and
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Advanced Learning (AL) Updates
July/August/September 2026

Populations Served in Advanced Learning Division

- K-12 Populations
  - GO TEC
  - STEM Summer Camps & Field Trips
  - AmeriCorps-tutoring, youth mental health counselors
  - Youth Apprenticeships & Internships
  - AET & Governor's School
  - AspHIRE Mock Interview Day
- Adult Population
  - AmeriCorps-Community Health Educators
  - Wonder Community
  - REACH
  - Apprenticeships & Internships
  - Teacher Externships (EXCITE)

GO TEC (Great Opportunities in Technology and Engineering Careers)

- To Date:
  - 42,724 students served
  - 52 participating school divisions
  - 87 labs in 84 schools
  - 70+ instructors trained in July
  - 120+ unique instructors trained
- 7 new labs installed in GO VA Region 9 around the Charlottesville area
- 11 additional schools scheduled to join GO TEC during the 26-27 school year using local funds and grants
- Region 6 & 8 interested in joining GO TEC in 27-28 school year, currently securing funding
- 30+ schools waiting to join GO TEC
- 3–5-year Proforma- completed by Tom Loher help us develop prices for the cost sharing model using three different scenarios, Region 3, State, and National
- Bridge funding-submitted proposal to be included in Governor's Budget Amendment, requested funding for IALR,
- Tobacco Commission Grant- received $96,000 for the Train the Trainer Praxis Bootcamp to help teachers get the Technology and Engineering endorsement
- Approved from the state to license GO TEC, retain name, must report to DHCD organizations that want to join GO TEC, DHCD has 30days to deny the interested party from joining
- Beginning in August, fully transitioned from Google platform to Canvas Learning Management System, being used statewide
- Curriculum modernization- Level 1 is completed and currently being used, rest of curriculum will be completed by end of school year
- Worked with Marketing & Communications team to develop an internal and external communication strategy to release information about the new cost sharing model

Service, STEM, & Lifelong Learning

- 170 Summer Campers participated in multiple STEM camps delivered throughout the summer

    - 62% receiving scholarship support from the following organizations:
        - Community Foundation
        - IALR Scholarships
        - Daly Family Community Foundation
        - Danville Church & Community Tutorial
    - 10 camps offered including 3 service-learning camps
- New AmeriCorps Program Coordinator II, Jessica Beebe, joined the team to focus on AmeriCorps onboarding and Compliance
- 70 AmeriCorps Members Funded with $658,845 grant awarded through AmeriCorps
    - Additional $645,413 will come from IALR, Danville Regional Foundation, Claude Moore Opportunities, and UVA to support the grant
    - The grant will support three strategic focus areas:
        - Academic Tutoring
        - Community Health
        - Youth Mental Health
- UVA added as grant partner-will have 11 youth mental health counselor positions
- GMU will continue to have 11 youth mental health counselor positions
- To date: 36 AmeriCorps members have been enrolled and onboarded for the new service year-rest of members will be onboarded for the summer session
- Two VISTA AmeriCorps members serving regionally at no cost to IALR- (1 at IALR assisting with camps/transportation research, 1 at Danville Science Center)
- Members completed a 9/11 Service Project supporting local first responders

EmPOWER

- Internships
    - IALR received recognition as a 2026 Top Virginia Employer of Interns
    - IALR received InternshipsVA 2026 Inspiring Employers Award
    - Hosting the IGNITE Summer Internship Breakfast, bringing together 68 participants, including students, employers, and community partners.
    - Conducted the annual IALR Internship Luncheon and Presentations, attended by 42 interns, supervisors, mentors, and guests.
    - Participating in Virginia Intern Day activities in Richmond where IALR intern Savannah Callahan was recognized as one of Virginia's Top 50 Interns.
    - SVRA FAM Tour- two-day event (July 15-16), organized by the SVRA team included a regional tour from Patrick to Mecklenburg County. Activities included highlights of regional amenities and attractions (Fairy Stone State Park and Go-karting at Virginia International Raceway), housing and industrial development sites.
        - 22 interns participated. 14 from IALR and the others from the City of Danville-Economic Development Office and Dewberry.
    - A regional networking and career development event, "How I Got Here: Real Career Journeys," brought together 33 attendees from 11 organizations, providing interns direct exposure to professionals across various industries and career pathways.
    - Meredith Kreeger started as a Program Coordinator, Work-Based Learning on Aug. 3rd. -will be leading our Job Shadowing, EXCITE Teacher Externship, and Teamship programming.

    - Dr. Dyamond Howell started in September as our second Work-based Learning Coordinator- will lead our Internship, AspHIRE, and Part-Time Jobs for Credit/Work Experience programs.
    - Apprenticeship Completions- Journeyworker Credentials (3): Danville Life Saving Crew-EMTs
    - AspHIRE Mock Interview Day- hosted by Henry County with support from IALR, required pre-requisite for all Henry County students that will be completing internships during the upcoming academic year, 70 participants
    - 37 New Apprentice Registrations- at following companies:
        - Blackwell Automotive:
        - Strategic Heating & Air:
        - Kegerreis Digital Marketing:
        - Canady Landscaping & Erection:
        - Ace Avant Concrete:
        - Carolina Drilling:
        - Danville Life Saving Crew
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        - Bisbee Honda: Autobody Technician
        - Southside Tech Services LLC: IT Generalist AND Software Developer
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REACH (Regional Engagement to Advance Community Health)

- Community Health Workers (CHWs) actively supported patients across 18 of 20 service pathways, addressing key needs such as healthcare referrals, social services, transportation assistance, and food security.

- Program milestone- 221 patients successfully completing and graduating from pathways to date, demonstrating continued progress in helping individuals overcome barriers to health and well-being.
- Exploring potential partnerships with key community organizations, Danville Dept. of Social Services, City of Danville, & United Way
- Development of a new Danville Regional Foundation (DRF) grant proposal to support the future growth and sustainability of the program.
- Actively investigating developing a Community Care Hub to streamline health services in the area. DRF is allowing IALR to use Innovation Funds from the REACH grant to hire a consulting company to develop a business and sustainability plan for the hub model
- Conducted meetings with seven national organizations and consulting firms as part of the RFP and evaluation process for Community Care Hub development, including Nascate, Avalere, USAging, Camden Coalition, Transform Health, Collaborative Consulting, and Aurrera Health.
- US Aging and Collaborative Consulting with background and expertise in community care hub development was selected. Have developed hubs all across the US.
- DRF granted REACH a no-cost extension through February 2027 to allow the Hub development work to be completed so it can be included in the grant submission and continuation of Community Health Workers

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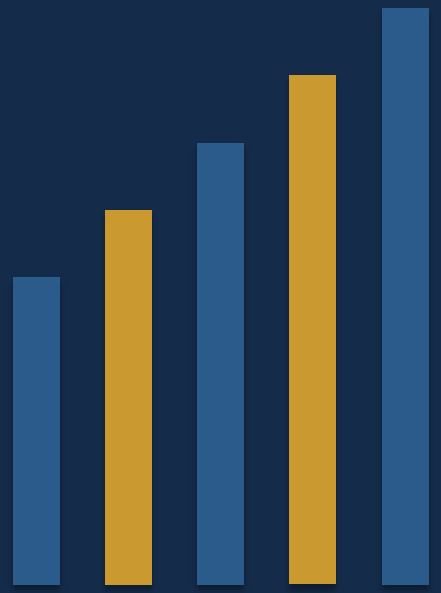
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INSTITUTE FOR ADVANCED LEARNING AND RESEARCH

MANUFACTURING ADVANCEMENT

SUB-COMMITTEE MEETING | Q1 FY27 REVIEW

October 27, 2026



PEOPLE. TECHNOLOGY. IMPACT.

Advancing manufacturing. Transforming futures.

Q1 FY27 | Executive Overview

A division scaling its operating discipline while expanding market relevance and revenue opportunity.

98 / 110	95%	$339.8K	$1.45M	5/6
STAFFING PLAN	CMMC L2 WORK COMPLETE	ACTIVE CMA PORTFOLIO	PROJECT PIPELINE (no AM2 included)	FY27 PROGRAM FUNDING SECURED

WHAT IS IMPROVING

- Formal project-management process in use
- Financial ownership and monthly budget reviews established
- CAM CMMC and ATDM ISO readiness work advancing
- Visibility and accountability to data driven measurables
- Stronger market pull for digital manufacturing and custom training

WHERE LEADERSHIP FOCUS REMAINS

- Fill critical workforce and capability gaps and needs
- Develop and strengthen relationships and reputation
- Stabilize funding needs and partner alignment
- Convert pipeline into booked revenue
- Protect delivery capacity as demand increases

Executive takeaway: stronger systems are taking hold; the next priority is converting demand and maturity into sustainable performance.

Workforce | Building the Capacity to Deliver

Current staffing snapshot and targeted leadership / capability pivots.

98	4	10	110	VACANCY
FILLED DIRECT ROLES	FUNDED SUPPORT ROLES	OPEN ROLES	TARGET STAFF SIZE	~10% planned

Program	Filled	Vacant
ATDM	67	4
CMA	15	2
DDMT	6	0
MA	10	4

TARGETED CAPABILITY PIVOTS

- ATDM leadership transition and technical specialist structure
- Backfill Industry 4.0 leadership and growth strategy
- Strengthen digital strategy / PMO bench depth while addressing looming gap
- Director of Workforce role difficult to source and glaring gap
- Curriculum development capacity currently impacted
- CMA applications / operations roles having skill and comp challenges
- Business development coverage during active-duty deployment
- Asset and consumables controls to support growth without vulnerability
- Professor of Practice a funded opportunity

Operating Discipline | Formalizing How We Deliver

Control systems are moving from individual effort toward repeatable, auditable practice.

CMMC | CMA

95% of Level 2 body of work complete; controls submitted; affirming audit scheduled for mid-November.

ISO | ATDM

EOMS manager focused full-time; policies and procedures being documented, controlled, approved and communicated. Certification audit planned for January 2027.

Project management

Formal process aligned with Salesforce; department trained; project manager managing project flow.

Policy governance

Process & Policy Committee identifies gaps, defines ownership and routes recommendations to oversight for approval.

Commercial readiness

Standard IALR NDA and terms & conditions in final stages to protect and accelerate external business.

Financial accountability

Budget owners trained and enabled in Blackbaud; monthly reviews building past / present / future visibility.

Funding | Protecting Stability and Improving Sustainability

Current actions by program, with risks and management focus made explicit.

AM CoE	FY27 SOW and budget submitted; flat-to-reduced budget secured after negotiations.	**Maintain scope discipline and delivery confidence.**
ATDM	Evaluating models to move toward cost share while reducing overall program cost.	**Build a credible transition path without compromising outcomes.**
DDMT	Operating at risk amid budget discrepancies and BFA alignment issues; Navy engaged.	**Resolve outstanding terms; determine escalation path by year-end if unresolved.**
CMA	Optimization demand and BPMI supplier-network extension create revenue opportunity; staff time is the constraint (chicken and egg).	**Match new commitments to delivery capacity.**
Manufacturing Advancement	Pursuing program support, optimization, digital and custom-training revenue; increasing grant and contract pursuits.	**Build a more diversified and durable funding base.**

Program Opportunities | Demand Is Expanding

Signals of market pull that can support growth when paired with disciplined delivery.

Digital training

Accelerated Data Science pilot completed; one additional 12-week program committed and interest for four more engagements.

Custom training

Recurring requests for finishing-school options and advanced upskilling beyond current pathways.

AM2 / Virginia Tech

Grant award and MOU development creating a visible IALR–VT manufacturing connection, including student project teams.

Digital manufacturing

Increasing inquiries on software / hardware integration as manufacturers pursue automation and analytics.

ATDM pathway expansion

Demand for shorter, focused pathways; electronic assembly and ship fitting under consideration.

AM CoE / Austal

Joint white paper submitted for end-to-end additive manufacturing supply-base training using actual parts.

Center for Manufacturing Advancement | Portfolio & Revenue

Active work, a qualified pipeline, and a clear conversion requirement.

13	$339.8K	$94K	22	$2.15M
ACTIVE PROJECTS	ACTIVE PORTFOLIO	PHASE 4–5 VALUE	PIPELINE PROJECTS	PIPELINE VALUE (AM2 Inclusion)

PORTFOLIO PHASES

Phase 1–2: $29.4K
Phase 3: $216.8K
Phase 4–5: $94K
BPMI: 8 active projects; $203.8K portfolio value

REVENUE CONVERSION

FY26/27 target: $843K
YTD booked: $339.8K
Go-get to target: $503.2K
Pipeline coverage target: $1.66M (3–4× capture planning)
Four projects are ready for invoicing.

Management focus: forecast capacity and cost, accelerate invoicing, and convert qualified pipeline into booked revenue.

Project Revenue Trajectory | Progress Against FY26/27 Target

Booked and projected revenue provide a base; pipeline conversion remains the key variable.

FY26/27 REVENUE TARGET

$843,000 target

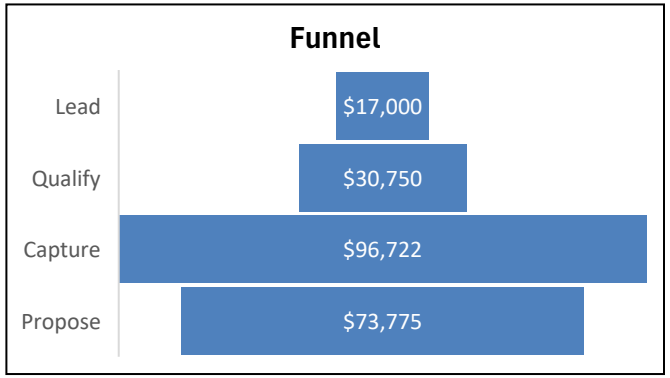
YTD booked	$359,500
Q2 projection	$432,249
Q3 projection	$504,998
Q4 projection	$577,747

GO-GET

$503.2K needed to reach target

CAPTURE DISCIPLINE

Maintain 3–4× pipeline coverage.



Consortium Development | Building the Partner Ecosystem

Current engagement status and next steps across the optimization ecosystem.

BPMI

One-year, $275K contract renewal; target date 1 Nov 2026.

Near-term renewal

Makino

Training conversation underway; two-machine consignment being explored.

Equipment / training

Phillips

Presentation prepared; next steps under consideration.

Advance discussion

IIA

Interested in CMA consortium agreement; actively engaged.

Agreement pathway

Mitutoyo

Lab visit and discussion completed in Chicago.

Technical engagement

Howmet

Requested another VP visit; executive-level visit planned for Dec. 3.

Executive engagement

Siemens Energy

Interest in providing LPB AM technology for training and projects.

Technology partner

NIAR / Lifecycle / VT

NIAR visit being scheduled; Lifecycle agreement in planning; VT MOU and Professor of Practice status being advanced.

Close next steps

149 Optimization Space | Delivery Roadmap

Facility readiness, machine installation and training are the critical path.

FACILITY

Concrete / epoxy / inspection
Electrical installation incl. transformers
Compressed-air piping and core drilling

To do:
- Training Room
- Remainder of Concrete
- IT Infrastructure
- Décor and Final Furniture
- Signage

EQUIPMENT

PQI A61NX delivery: 15 Sep
PQI DA500 / PS105 / A500 delivery milestones: Sep–Oct
Readiness differs by machine

To do:
- AM Investment
- QA Investment

TRAINING

DA500 applications: 16 Nov–11 Dec
PS105 applications: 4–8 Jan
A500 applications: 18–29 Jan
A61NX applications: 8–12 Feb

READINESS

A500 and A61NX: ready target
DA500 and PS105: partial readiness target

To do:
- Install balance of equipment
- Partnership agreements: Makino, Mitutoyo, AM2, IIA, VT
- Name and ID of LOE
- Staff move in

Control point: keep facility readiness, machine delivery, applications training and partner commitments on one integrated schedule.

Q1 Performance | Progress and Constraints

Momentum is visible across programs, external engagement and operating maturity.

RECENT WINS

- AM CoE and ATDM program reviews
- VCNO visit and Avio groundbreaking
- Digital Manufacturing presentation request
- Official launch of NDAMT
- NNS active-support discussions
- Largest ATDM Career Fair to date
- CMA maturity and AM CoE strength
- Six podcasts, Worldwide Machinist feature, 12 published articles and three website-generated projects

MANAGEMENT CHALLENGES

- Tour volume and time management
- Shifting stakeholder landscape
- Stabilizing funding and revenue outlook
- Staff growth, maturity, gaps and satisfaction
- Balancing structure, culture and change
- Response time and bandwidth

The work now is to protect execution capacity while converting growing awareness into durable customer outcomes.

Our maturity is measured not only by what we deliver today, but by how effectively we learn, improve, and build the capacity to deliver more tomorrow.

The strongest teams don’t choose between sustaining what works and building what’s next. They create the capacity to do both through disciplined execution, intelligent innovation, relentless accountability, and feedback that turns lessons into progress. Growth becomes sustainable when focus sets the direction, hard work drives execution, and accountability ensures continuous improvement.

“The rate at which organizations learn may become the only sustainable source of competitive advantage.”
Peter M. Senge, The Fifth Discipline: The Art & Practice of the Learning Organization

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

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2026

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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, 2026

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FINANCIAL SECTION

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Independent Auditors' Report

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, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2026, 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, 2026, 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.

Change in Accounting Principle

As described in Note 19 to the financial statements, in 2026, the Institute adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

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.

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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 as listed in the table of contents 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

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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 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 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 September 21, 2026, 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
September 21, 2026

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As management of the Institute for Advanced Learning and Research we offer the residents and other readers of the Institute for Advanced Learning and Research's financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the Institute for Advanced Learning and Research for the fiscal year ended June 30, 2026, focusing on why amounts changed from the prior year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Institute for Advanced Learning and Research's basic financial statements. Institute for Advanced Learning and Research's basic financial statements consists of two components: (1) organization-wide financial statements and (2) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail on combining financial statements to support the basic financial statements themselves.

Organization-wide Financial Statements. The *organization-wide financial statements* are designed to provide readers with a broad overview of the Institute for Advanced Learning and Research's finances, in a manner similar to a private-sector business. The organization-wide financial statements include the business-type activities and the Institute for Advanced Learning and Research's blended presented component units.

The *statement of net position* presents financial information on all the Institute for Advanced Learning and Research's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 Institute for Advanced Learning and Research is improving or deteriorating.

The *statement of revenues, expenses, and changes in net position* presents information showing how the Institute for Advanced Learning and Research'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 related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., receivables at year end and earned but unused vacation leave).

The organization-wide financial statements include not only the Institute for Advanced Learning and Research itself (known as the *primary entity*), but also a legally separate foundation and a legally separate real estate holding company for which the Institute for Advanced Learning and Research is financially accountable. Financial information for these component units is blended in the financial information presented for the primary entity itself, with a breakout showing each entity in the combining statements in the other supplementary info section.

The organization-wide financial statements can be found on pages 10-12 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The Institute for Advanced Learning and Research uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial

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statements (such as certain contingencies). The notes to the financial statements can be found on pages 13-36 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information*. The Institute for Advanced Learning and Research presents a schedule of changes in net pension liability and related ratios for pension plans; and the Institute for Advanced Learning and Research's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 37-39.

Combining Financial Statements. The combining statements provide the same type of information as the organization-wide financial statements, only in more detail. The combining financial statements provide separate information for the IALR Foundation and IALR Real Estate Holding Company (blended component units), both of which are considered to be major components of the Institute for Advanced Learning and Research.

The combining financial statements can be found on pages 40-42 of this report.

Financial Summary and detailed analysis

As noted earlier, net position over time may serve as a useful indicator of an organization's financial position. In the case of the Institute for Advanced Learning and Research, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $172.8 million, at the close of the most recent fiscal year, an increase of $21 million from the previous year.

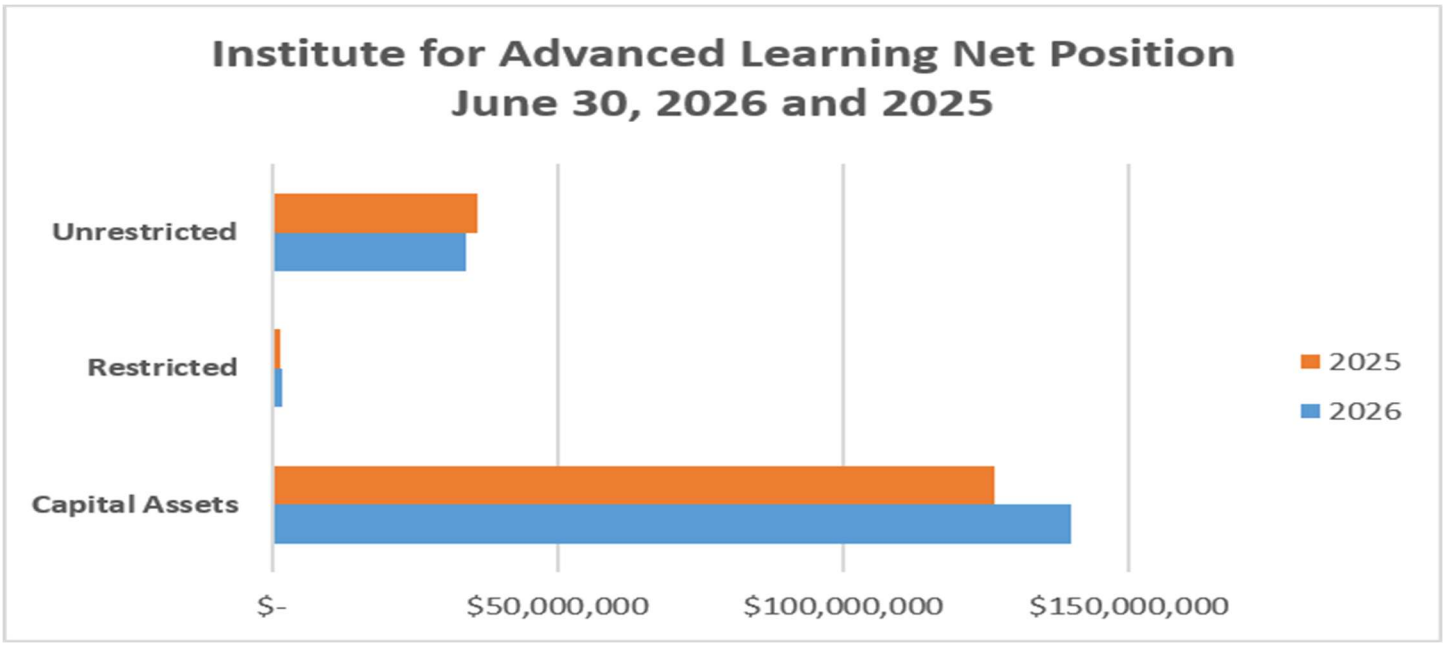
Institute for Advanced Learning and Research's Net Position
Condensed Financial Information
As of June 30, 2026 (With Comparative Totals As Of June 30, 2025)

	2026	2025
ASSETS		
Current and other Assets	$ 47,240,416	$ 44,446,877
Capital Assets	138,163,054	125,078,809
Total assets	$185,403,470	$169,525,686
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources	$ 669,269	$ 501,976
LIABILITIES		
Current Liabilities (due within one year)	$ 12,983,674	$ 13,467,056
Noncurrent Liabilities	25,355	4,671,341
Total liabilities	$ 13,009,029	$ 18,138,397
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources	$ 228,383	$ 249,218
NET POSITION		
Net investment in capital assets	$137,043,975	$114,226,909
Restricted	1,836,687	1,515,012
Unrestricted	33,954,665	35,898,126
Total net position	$172,835,327	$151,640,047

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By far the largest portion of the Institute for Advanced Learning and Research's net position, $137 million, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation/amortizations. The Institute for Advanced Learning and Research uses these capital assets to provide a variety of programs. Accordingly, these assets are not available for future spending.

An additional portion of the Institute for Advanced Learning and Research's net position, $1.8 million represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the Institute for Advanced Learning and Research's unrestricted net position was $33.9 million.



The increases in the capital asset component of net position related to continued construction which was largely funded by capital grants in lieu of local resources. Unrestricted net position reported a slight decline from the prior fiscal year.

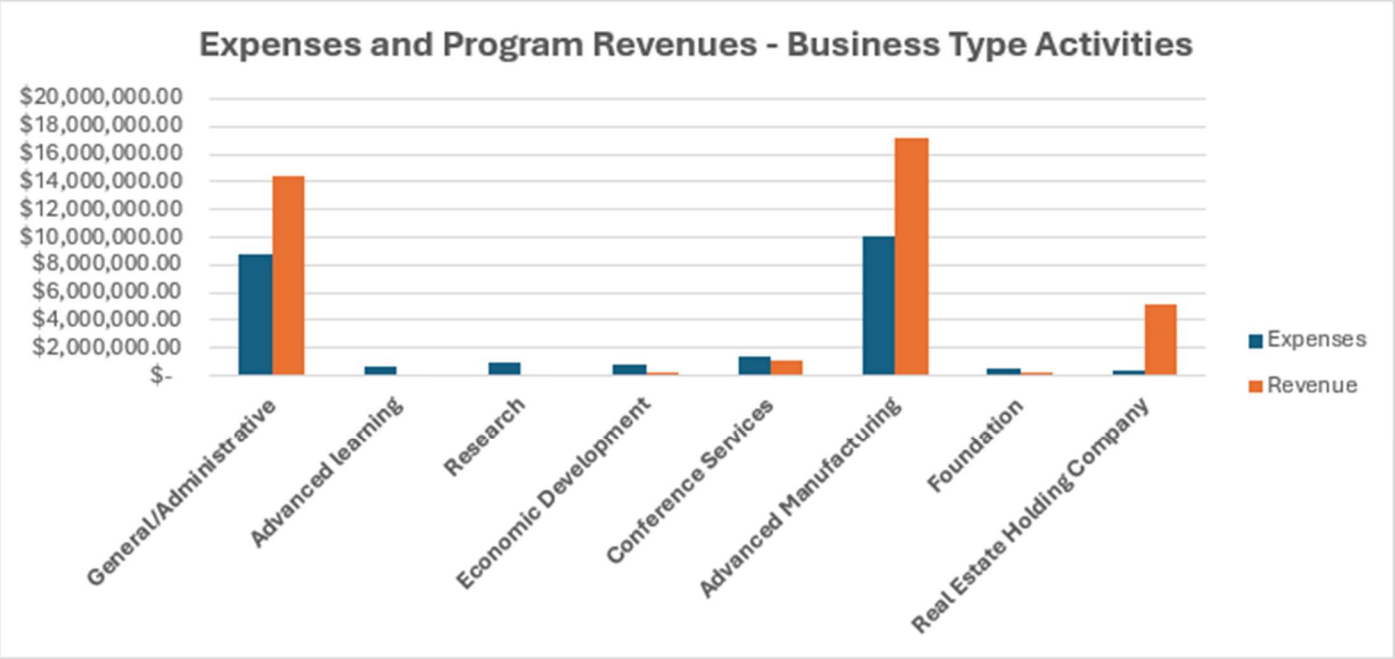
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The Institute for Advanced Learning and Research
Institute for Advanced Learning and Research's Changes in Net Position
Condensed Financial Information
For the Year Ended June 30, 2026 (With Comparative Totals for the Year Ended June 30, 2025)

	2026	2025
Operating Revenues:		
Conference center sales and services (incl. catering)	$ 712,886	$ 873,276
Café sales	169,518	164,884
Contract revenue	48,230	39,319
Program income	34,583,965	27,992,573
Rental revenues	1,069,580	814,883
Recovered costs	619,532	458,320
Other revenues	439,427	141,118
Operating Revenues	$ 37,643,138	$ 30,484,373
Operating Expenses:		
Personnel costs	$ 20,662,272	$ 16,412,703
Contractual services and consultants	4,253,026	5,371,482
Supplies and equipment maintenance	2,292,269	2,395,192
Equipment	8,649	-
Facilities	2,646,670	1,854,493
Telecommunications	109,709	99,761
Utilities	1,957,621	1,398,566
Insurance	32,363	4,835
Repairs and maintenance	1,043,619	921,444
Project expense	2,465,697	2,613,492
Taxes	37,897	37,156
Travel	492,201	441,514
Marketing and advertising	1,382,971	791,348
Miscellaneous	587,003	409,734
Memberships	26,679	25,819
Student support services	538,798	594,317
Depreciation	7,153,826	6,188,088
Scholarships	4,949,429	3,622,027
Donations	-	500
Operating Expenses	50,640,699	43,182,471
Operating income (loss)	$ (12,997,561)	$ (12,698,098)
Noncapital Subsidies	$ 11,721,934	$ 12,572,117
Operating income (loss) and noncapital subsidies	$ (1,275,627)	$ (125,981)
Other Nonoperating Revenues (Expenses):		
Investment income (net)	$ 1,002,368	$ 719,429
Interest expense	(251,973)	(237,624)
Capital grants	21,720,512	38,305,365
Contributions for capital related items	-	360,000
Total other nonoperating revenues (expenses)	$ 22,470,907	$ 39,147,170
Change in net position	$ 21,195,280	$ 39,021,189
Net position, beginning of year	151,640,047	112,618,858
Net position, end of year	$ 172,835,327	$ 151,640,047

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Institute for Advanced Learning and Research's Changes in Net Position

The Institute for Advanced Learning and Research's results for the current fiscal year were positive in that overall net position increased to reach an ending balance of $172.8 million. The total increase in net position was $21 million or 13.98 percent from the prior fiscal year. The growth, in large part, is due to capital costs that were largely offset by capital grants. Program activities and related expenditures grew significantly during the year as noted by an increase in program income from $28 million in FY25 to $35 million in FY26. Program income increases were driven by an increase in demand for the Institute's programs and training, which necessitated the hiring of additional staff as well as increases in other operational costs.

Significant Capital Asset and Long-term Financing Activity

Capital assets. The Institute for Advanced Learning and Research's investment in capital assets for its business-type activities as of June 30, 2026, amounts to $138 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, machinery, equipment, and improvements. The total increase in capital assets for the current fiscal year was 10 percent.

Institute for Advanced Learning and Research's Capital Assets (net of depreciation/amortization)

	2026	2025
Construction in Progress	$ 82,169,081	$ 68,234,681
Buildings	37,818,081	37,818,081
Furniture and Equipment	43,951,062	39,386,119
Leasehold Improvements	8,565,950	7,790,798
Computers and Related Infrastructure	1,774,497	1,662,859
Software	2,101,959	1,250,021
Accumulated Depreciation	(38,217,576)	(31,063,750)
Total	$ 138,163,054	$ 125,078,809

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Major capital assets events during the current fiscal year included the following:

- Various equipment purchases for the Manufacturing Advancement department.
- Equipment purchases and upfitting of space for the federally funded NAVSEA program.
- Equipment, furniture, and facility construction for the federally funded MTC facility housing the ATDM program.

Additional information on capital asset activity can be found in Note 6 to the financial statements.

Long-term Financing Activity. The Institute for Advanced Learning and Research is debt-free because the note payable from the prior year was paid off during the current year. Additional information on the Institute's long-term obligations may be found in Note 9 to the financial statements.

Currently known facts, decisions, or conditions

The Institute for Advanced Learning and Research is aware of the following items that will impact future finances and were considered in developing the 2026-2027 fiscal year budget.

- New developments

    - The cost of utilities, preventative maintenance agreements, software licenses are continuing to increase year over year, the FY27 budget for facilities & IT were increased by roughly 8% to account for this escalation.

    - Recruiting for personnel will continue to be key factor for the FY27 year as we work towards expanding the ATDM program to capacity, now that the new MTC facility is operational.

    - During FY27 we will see the new optimization lab come online at the 149 Slayton location. This will lend itself to increased capital equipment and upfit costs.

Requests for Information

This financial report is designed to provide a general overview of the Institute for Advanced Learning and Research's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the: Institute for Advanced Learning and Research, Office of the CFO, 150 Slayton Ave, Danville Va 24540.

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Basic Financial Statements

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Exhibit 1

The Institute for Advanced Learning and Research

Statement of Net Position
As of June 30, 2026

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 29,243,705
Accounts receivable	8,575,639
Grant receivable	686,514
Capital grant receivable	1,977,540
Investments	4,092,287
Prepaid items	828,044
Restricted Assets:	
Cash and cash equivalents-Insurance funds held by trustee	252,484
Total current assets	$ 45,656,213
Noncurrent Assets:	
Net pension asset	$ 1,584,203
Capital Assets:	
Nondepreciable capital assets	82,169,081
Depreciable capital assets, net of accumulated depreciation	55,993,973
Total noncurrent assets	$139,747,257
Total assets	$185,403,470
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	$ 669,269
LIABILITIES	
Current Liabilities:	
Accounts payable - operations	$ 1,552,324
Accounts payable - construction	1,119,079
Accrued payroll and related employee expenses	204,307
Unearned revenue	9,940,378
Customer deposits	91,521
Compensated absences - current portion	76,065
Total current liabilities	$ 12,983,674
Noncurrent Liabilities:	
Compensated absences - net of current portion	$ 25,355
Total noncurrent liabilities	$ 25,355
Total liabilities	$ 13,009,029
DEFERRED INFLOWS OF RESOURCES	
Pension related items	$ 228,383
NET POSITION	
Net investment in capital assets	$137,043,975
Restricted	
Net pension asset	1,584,203
Health insurance funds	252,484
Unrestricted	33,954,665
Total net position	$172,835,327

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

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Exhibit 2

The Institute for Advanced Learning and Research

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2026

Operating Revenues:	
Conference center sales and services (incl. catering)	$ 712,886
Café sales	169,518
Contract revenue	48,230
Program income	34,583,965
Rental revenues	1,069,580
Recovered costs	619,532
Other revenues	439,427
Total operating revenues	$ 37,643,138
Operating Expenses:	
Personnel costs	$ 20,662,272
Contractual services and consultants	4,253,026
Supplies and equipment maintenance	2,292,269
Equipment	8,649
Facilities	2,646,670
Telecommunications	109,709
Utilities	1,957,621
Insurance	32,363
Repairs and maintenance	1,043,619
Project expense	2,465,697
Taxes	37,897
Travel	492,201
Marketing and advertising	1,382,971
Miscellaneous	587,003
Memberships	26,679
Student support services	538,798
Depreciation	7,153,826
Scholarships	4,949,429
Total operating expenses	$ 50,640,699
Operating income (loss)	$ (12,997,561)
Noncapital Subsidies:	
State appropriations	$ 8,245,903
Donations	30,846
Grant income	3,445,185
Total noncapital subsidies	$ 11,721,934
Operating income (loss) and noncapital subsidies	$ (1,275,627)
Other Nonoperating Revenues (Expenses):	
Investment expense	$ (29,204)
Realized gain (loss) on investment	499,387
Unrealized gain (loss) on investment	(131,767)
Interest expense	(251,973)
Interest income	663,952
Capital grants (revenues)	21,720,512
Total other nonoperating revenues (expenses)	$ 22,470,907
Change in net position	$ 21,195,280
Net position, beginning of year	151,640,047
Net position, end of year	$ 172,835,327

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

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The Institute for Advanced Learning and Research

Statement of Cash Flows
For the Year Ended June 30, 2026

Cash Flows from Operating Activities:	
Conference center fees	$ 629,261
Café sales	169,518
Contracts	48,230
Rents collected	989,287
Program income and other receipts	38,853,451
Payments to employees	(21,153,602)
Payments to suppliers for goods and services	(23,555,056)
Net cash provided by (used for) operating activities	$ (4,018,911)
Cash Flows from Noncapital Financing Activities:	
State appropriation and operating grants	$ 19,650,827
Donations	30,846
Net cash provided by (used for) noncapital financing activities	$ 19,681,673
Cash Flows from Capital and Related Financing Activities:	
State and other capital grants	$ 21,372,646
Purchase of capital assets	(25,234,312)
Principal payments on indebtedness	(4,736,580)
Interest payments on indebtedness	(272,495)
Net cash provided by (used for) capital and related financing activities	$ (8,870,741)
Cash Flows from Investing Activities:	
Interest income	$ 561,807
Net cash provided by (used for) investing activities	$ 561,807
Increase (decrease) in cash and cash equivalents	$ 7,353,828
Cash and cash equivalents at beginning of year (including $317,722 reported in restricted accounts)	22,142,361
Cash and cash equivalents at end of year (including $252,484 reported in restricted accounts)	$ 29,496,189
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	$ (12,997,561)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	7,153,826
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	3,003,654
(Increase) decrease in prepaid items	(228,969)
(Increase) decrease in leases receivable	43,639
(Increase) decrease in net pension asset	(307,175)
(Increase) decrease in deferred outflows of resources related to pension	(167,293)
Increase (decrease) in accounts payable - operations	(453,558)
Increase (decrease) in accrued payroll and related employee expenses	43,382
Increase (decrease) in compensated absences	(7,599)
Increase (decrease) in health insurance claims IBNR	(79,738)
Increase (decrease) in customer deposits	(684)
Increase (decrease) in deferred inflows of resources related to pension	27,093
Increase (decrease) in deferred inflows of resources related to lease	(47,928)
Net cash provided by (used for) operating activities	$ (4,018,911)
Schedule of noncash capital and related financing activities:	
Capital asset additions included in accounts payable at end of year	$ 1,119,079

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

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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 23.1-231.19 through 23.1-231.23 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 and the Foundation's Real Estate Holding Company as component units whose assets, liabilities, income, and expenses have been blended with those of the Institute. 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.

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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 Institute. The IRS granted the Foundation Real Estate Holding Company 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 Company. Interfund activity has been eliminated through June 30, 2026.

D. Revenue and Expense Classifications

The Institute distinguishes *operating* revenues and expenses from *noncapital subsidies*, and other *nonoperating* revenues and expenses. Nonoperating revenues and expenses are any (1) contributions to permanent and term endowments; (2) finance related revenues and expenses; (3) gain and losses from disposals of capital assets and inventory; (4) investment income and expenses; and (5) subsidies received and provided. A *subsidy* represents amounts received from or provided to another party or fund of the Institute. Amounts received from another party or fund are considered a subsidy if they are unrelated to the services provided by the Institute and keeps the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party or fund are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the Institute charging higher fees in the future. All revenue and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

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

E. 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.

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. This is comprised of certain items related to pensions. 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Institute has one item that qualifies for reporting in this category. This is comprised of certain items related to pensions. For more detailed information on this item, see 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 certain 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. 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:

	Years
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.

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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 considers their demand deposits and all highly liquid investment with an original maturity of three months or less when purchased to be cash equivalents.

N. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

O. 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.

P. 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.

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

P. Leases (Continued)

Lessor
The Institute recognizes leases receivable and deferred inflows of resources. At commencement of the lease, the lease receivable is initially measured at the present value of lease payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

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 as the discount rate. 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 any extensions that are deemed reasonably certain to be exercised.
- 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 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.

Q. Receivables

The Institute evaluates receivables for collectability and uses the direct write-off method whenever a receivable is deemed uncollectible. For the current year, bad debts written off totaled $2,522.

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 and Real Estate Holding Company (blended component units of the Foundation) are not fully collateralized, as described below.

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Note 2 - Deposits and Investments: (Continued)

Restricted cash in the amount of $252,484 is held with the Virginia Tech Foundation for the payment of employee health insurance claims. This amount less estimated outstanding health claims of $0 is reported as restricted net position (health insurance funds) of $252,484.

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. The Institute's policy for custodial credit risk is ensure funds are held in accordance with the Security for Public Deposits Act; however, this policy can not be applied to funds held by the Foundation or Real Estate Holding Company.

The following accounts were exposed to custodial credit risk:

Account	Bank	Bank Balance	Insured by FDIC	Uninsured	Credit Risk
Foundation Checking	Atlantic Union Bank	$ 524,683	$ 250,000	$ 274,683	1
Foundation CD	Atlantic Union Bank	355,464	-	355,464	1
Total Foundation		$ 880,147	$ 250,000	$ 630,147	
Foundation Real Estate Holdings Co. Checking	Atlantic Union Bank	$ 266,980	$ 250,000	$ 16,980	1

Investments: Statutes authorize the Institute 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, 2026, the Institute did not hold any investments. The fair value of investments of the Foundation at June 30, 2026, were as follows:

Negotiable Certificates of Deposit	$ 355,464
Corporate Bond Exchange Traded Funds	942,456
Treasury Bond Exchange Traded Funds	591,939
Equity Exchange Traded Funds	782,471
Government Agency Bonds	42,349
Mutual Funds - Equities	450,493
Stocks	806,298
Money Market	120,817
Total investments	$ 4,092,287

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Note 2 - Deposits and Investments: (Continued)

Credit Risk of Debt Securities: The Foundation's debt investments as of June 30, 2026 were rated by Moody's and the ratings are presented below.

Rated Investments' Value		
Rated Investments	**Fair Quality Ratings**	**Market Value**
Moody's		
Government Agency Bonds	Aa1	$ 42,349
Treasury Bond Exchange Traded Funds	Aa1	591,939
Not Rated		
Negotiable Certificates of Deposit	Not Rated	355,464
Corporate Bond Exchange Traded Funds	Not Rated	942,456
Equity Exchange Traded Funds	Not Rated	782,471
Mutual Funds - Equities	Not Rated	450,493
Stocks	Not Rated	806,298
Money Market	Not Rated	120,817
Total		$ 4,092,287

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
Treasury Bond Exchange Traded Funds	$ 591,939	$ -	$ 436,510	$ 155,429	$ -
Government Agency Bonds	42,349	-	-	-	42,349
Corporate Bond Exchange Traded Funds	942,456	108,942	603,720	229,794	-
Negotiable Certificates of Deposit	355,464	355,464	-	-	-
Totals	$ 1,932,208	$ 464,406	$ 1,040,230	$ 385,223	$ 42,349

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

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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, 2026:

		Fair Value Measurement Using		
Investments	6/30/2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities	$ 1,576,744	$ 1,576,744	$ -	$ -
Negotiable CDs	355,464	355,464	-	-
Equity Securities	2,039,262	2,039,262	-	-
Total	$ 3,971,470	$ 3,971,470	$ -	$ -

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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, 2026:

Trade accounts receivable	$	672,378
Contracts receivable		9,271,637
State receivables		629,003
Federal receivables		40,472
Other receivables		626,203
Total accounts, grant, and capital grant receivables	$	11,239,693

Note 5 - Restrictions on Net Position:

Net position amounts were restricted as follows:

Health insurance funds at VT Foundation	$	252,484
Net pension asset		1,584,203
Total restricted net position	$	1,836,687

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Note 6 - Capital Assets:

The following is a summary of changes in capital assets for the year ended June 30, 2026:

	Balance July 1, 2025	Increases	Decreases	Balance June 30, 2026
Nondepreciable capital assets:				
Construction in progress	$ 68,234,681	$ 13,934,400	$ -	$ 82,169,081
Total nondepreciable capital assets	$ 68,234,681	$ 13,934,400	$ -	$ 82,169,081
Depreciable capital assets:				
Computer hardware	$ 1,662,859	$ 111,638	$ -	$ 1,774,497
Computer software	1,250,021	851,938	-	2,101,959
Furniture and equipment	39,386,119	4,564,943	-	43,951,062
Leasehold improvements	7,790,798	775,152	-	8,565,950
Buildings	37,818,081	-	-	37,818,081
Total depreciable capital assets	$ 87,907,878	$ 6,303,671	$ -	$ 94,211,549
Accumulated depreciation:				
Computer hardware	$ (1,498,639)	$ (116,227)	$ -	$ (1,614,866)
Computer software	(198,322)	(118,477)	-	(316,799)
Furniture and equipment	(20,505,306)	(5,557,935)	-	(26,063,241)
Leasehold improvements	(4,291,686)	(413,525)	-	(4,705,211)
Buildings	(4,569,797)	(947,662)	-	(5,517,459)
Total accumulated depreciation	$ (31,063,750)	$ (7,153,826)	$ -	$ (38,217,576)
Depreciable capital assets, net of accumulated depreciation	$ 56,844,128	$ (850,155)	$ -	$ 55,993,973
Total capital assets, net of accumulated depreciation	$ 125,078,809	$ 13,084,245	$ -	$ 138,163,054

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.

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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.

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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, 2024 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	13
Inactive members:	
Vested inactive members	17
Non-vested inactive members	29
Inactive members elsewhere in VRS	13
Active members	103
Total covered employees	175

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, 2026 was 3.60% 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 $497,158 and $307,555 for the years ended June 30, 2026 and June 30, 2025, respectively.

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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 $110,620 for the year ended June 30, 2026. 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 $106,472 for the year ended June 30, 2026. The total Hybrid plan participant covered payroll totaled $11,061,952 for the year ended June 30, 2026.

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, 2025. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2024, rolled forward to the measurement date of June 30, 2025.

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, 2024, 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, 2025.

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-Metro) – Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement:
Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

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Note 7 – Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2024 valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Metro – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Maintain Pub-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
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%	6.60%	2.11%
Fixed Income	16.00%	5.09%	0.81%
Credit Strategies	16.00%	8.21%	1.31%
Real Assets	15.00%	7.10%	1.07%
Private Equity	15.00%	8.60%	1.29%
PIP - Private Investment Partnerships	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	-3.00%	4.57%	-0.14%
Total	100.00%		7.02%
		*Expected arithmetic nominal return	7.02%

*The above allocation provides a one-year expected return of 7.02% (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 7.06%, 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 45th 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%.

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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, 2025, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2024, actuarial valuations. From July 1, 2025, 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, 2024	$ 4,649,646	$ 5,926,674	$ (1,277,028)
Changes for the year:			
Service cost	$ 606,949	$ -	$ 606,949
Interest	349,553	-	349,553
Assumption changes	69,370	-	69,370
Differences between expected and actual experience	3,311	-	3,311
Contributions - employer	-	309,957	(309,957)
Contributions - employee	-	363,290	(363,290)
Net investment income	-	666,334	(666,334)
Benefit payments, including refunds of employee contributions	(156,064)	(156,064)	-
Administrative expenses	-	(3,401)	3,401
Other changes	-	178	(178)
Net changes	$ 873,119	$ 1,180,294	$ (307,175)
Balances at June 30, 2025	$ 5,522,765	$ 7,106,968	$ (1,584,203)

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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)	$ (709,274)	$ (1,584,203)	$ (2,273,051)

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

For the year ended June 30, 2026, the Institute recognized pension expense of $52,186. At June 30, 2026, 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	$ 120,348	$ -
Changes of assumptions	51,763	-
Net difference between projected and actual earnings on pension plan investments	-	228,383
Employer contributions subsequent to the measurement date	497,158	-
Total	$ 669,269	$ 228,383

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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)

$497,158 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, 2027. 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:

Year ending June 30		
2027	$	78,253
2028		(20,382)
2029		(64,357)
2030		(49,786)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2025 Annual Comprehensive Financial Report (Annual Report). A copy of the 2025 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/publications/?category=annual, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 8 – Optional Retirement Plan:

Plan Description

Full-time faculty and certain administrative staff members participate in the Optional Retirement Plan for Higher Education (ORPHC), a defined contribution plan, as authorized by Section 51.1-126 of the *Code of Virginia, 1950 as amended*. The plan is administered by VRS and offered through ICMA. Benefits under this plan vest immediately. The total balance in the account is available when an employee leaves covered employment and is not re-employed by a VRS-participating employer.

Funding Policy

The contribution requirement for participants is governed by Section 51.1-126 of the *Code of Virginia, 1950 as amended*. The Institute's contribution rate for the fiscal years ended June 30, 2026 and 2025 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, 2026 and 2025 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, 2026 and June 30, 2025, amounted to $223,546 and $1,919,135, respectively.

Annual Pension Cost

The Institute's annual pension cost for the fiscal years ended June 30, 2026 and 2025 was $20,873 and $157,755, respectively.

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Note 9 – Long-Term Obligations:

The following is a summary of long-term obligation transactions for the year ended June 30, 2026:

	Balance July 1, 2025	Increases	Decreases	Balance June 30, 2026
Direct borrowings and direct placements:				
Note payable	$ 4,736,580	$ -	$ (4,736,580)	$ -
Compensated absences	109,019	74,165	(81,764)	101,420
Total	$ 4,845,599	$ 74,165	$ (4,818,344)	$ 101,420

Details of the long-term obligations at June 30, 2026 are as follows:

	Interest Rates	Issue Date	Maturity Date	Original Amount	Balance	Due Within One Year
Other long-term obligations						
Compensated absences	n/a	n/a	n/a	n/a	$ 101,420	$ 76,065
Total long-term obligations					$ 101,420	$ 76,065

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, 2026, the Institute had unearned revenue from federal, state, and other sources totaling $9,940,378.

Note 11 – Leases Receivable:

The following is a summary of leases receivable transactions of the Institute for the year ended June 30, 2026:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	$ 43,639	$ -	$ (43,639)	$ -	$ 197

Lease revenue recognized, reported as rental revenue, during the fiscal year was $47,928.

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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, 2026, the Institute estimated that no material liabilities will result from such audits or questions.

The Institute has approved a 2026 bonus and performance plan. Under the plan, the Board has approved payments totaling $166,858, 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, 2026. 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. Mitigating actions consist of developing alternative revenue streams for the Institute to the extent possible and/or changes to programming.

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)	$ 96,088	$ 1,922,933	$ (2,019,021)
Capital contributions (capital contributions)	(5,164,000)	-	5,164,000
Program income/(miscellaneous expense)	15,513	(15,513)	-

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Note 16 - Health Insurance Claims (IBNR):

In FY2024 and FY2025, the Institute contributed to a limited risk management program for health insurance. Premiums were paid into the health plan at the Virginia Tech Foundation and are available to pay claims and administrative costs of the program. The Institute ceased participation in the program on July 1, 2025. During FY2026, a total of $65,238 was paid in benefits and administrative costs by the Institute through the plan for claims incurred prior to June 30, 2025. As of June 30, 2026, the Institute does not anticipate any further claims against the program. The Institute anticipates the Virginia Tech Foundation will return funds held in the plan of $252,484 once the Virginia Tech Foundation is satisfied that all potential claims have been submitted to the plan.

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
2025-26	$ 79,738	$ (14,500)	$ (65,238)	$ -
2024-25	37,999	2,124,890	(2,083,151)	79,738
2023-24	50,002	1,477,376	(1,489,379)	37,999

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, 2026
Accelerated Training in Defense Manufacturing-Building One	$ 37,038,944	$ 21,788
Accelerated Training in Defense Manufacturing-Building Two and Sail & Rudder	28,511,067	435,371

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, 2026 and there was no activity during the year.

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Note 19 – Adoption of Accounting Principle:

During the current year, the Institute implemented GASB Statements No. 103, *Financial Reporting Model Improvements.*

Statement No. 103 improves certain components of the governmental financial reporting model, including MD&A, unusual or infrequent items, proprietary fund statements, major component unit presentation, budgetary comparison information, and certain statistical section information. The accompanying financial statements, required supplementary information, and related disclosures have been updated, as applicable, to reflect the revised presentation and disclosure requirements. Specifically, MD&A was updated to align with the required sections and to focus the analysis on significant changes and the reasons those changes occurred. The statement of revenues, expenses, and changes in net position has been updated to distinguish operating and nonoperating revenues and expenses and to separately report noncapital subsidies.

Note 20 – Upcoming Pronouncement:

Statement No. 105, *Subsequent Events*, improves the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. In addition, the statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026.

Management is currently evaluating the impact this standard will have on the financial statements when adopted.

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Required Supplementary Information

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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, 2016 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 606,949	$ 408,863	$ 272,201	$ 240,348	$ 230,632	$ 217,584	$ 159,890	$ 157,849	$ 142,198	$ 151,988
Interest	349,553	282,057	257,327	242,912	196,691	170,039	149,639	130,991	119,024	108,801
Assumption changes	69,370	-	-	-	33,540	-	84,151	-	(18,969)	-
Difference between expected and actual experience	3,311	270,965	(163,160)	(213,183)	54,583	71,972	41,357	28,466	(28,952)	(77,005)
Benefit payments	(156,064)	(164,008)	(109,306)	(67,444)	(74,631)	(54,862)	(52,416)	(49,397)	(35,294)	(40,178)
Net change in total pension liability	$ 873,119	$ 797,877	$ 257,062	$ 202,633	$ 440,815	$ 404,733	$ 382,621	$ 267,909	$ 178,007	$ 143,606
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)	$ 5,522,765	$ 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
Plan fiduciary net position										
Contributions - employer	$ 309,957	$ 226,084	$ 126,297	$ 97,939	$ 99,587	$ 58,291	$ 50,099	$ 31,219	$ 37,877	$ 68,071
Contributions - employee	363,290	276,077	153,710	111,610	111,845	104,602	92,457	78,347	84,450	74,495
Net investment income	666,334	513,593	308,555	(10,556)	954,282	62,458	201,942	200,053	287,589	41,267
Benefit payments	(156,064)	(164,008)	(109,306)	(67,444)	(74,631)	(54,862)	(52,416)	(49,397)	(35,294)	(40,178)
Administrator charges	(3,401)	(2,580)	(2,850)	(2,706)	(2,179)	(1,992)	(1,842)	(1,645)	(1,545)	(1,273)
Other	178	139	126	108	92	(76)	(128)	(182)	(261)	(17)
Net change in plan fiduciary net position	$ 1,180,294	$ 849,305	$ 476,532	$ 128,951	$ 1,088,996	$ 168,421	$ 290,112	$ 258,395	$ 372,816	$ 142,365
Plan fiduciary net position - beginning	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 - ending (b)	$ 7,106,968	$ 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
Institute's net pension liability (asset) - ending (a) - (b)	$ (1,584,203)	$ (1,277,028)	$ (1,225,600)	$ (1,006,130)	$ (1,079,812)	$ (431,631)	$ (667,943)	$ (760,452)	$ (769,966)	$ (575,157)
Plan fiduciary net position as a percentage of the total pension liability	128.68%	127.47%	131.82%	127.99%	131.83%	114.63%	126.23%	135.14%	140.61%	133.48%
Covered payroll	$ 8,575,128	$ 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
Institute's net pension liability (asset) as a percentage of covered payroll	-18.47%	-20.01%	-35.82%	-40.90%	-44.35%	-18.45%	-33.70%	-45.58%	-43.86%	-37.60%

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Exhibit 5

The Institute for Advanced Learning and Research

Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2017 through June 30, 2026

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)
2026	$ 497,158	$ 497,158	$ -	$ 13,795,883	3.60%
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%

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

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The Institute for Advanced Learning and Research

Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2026

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, 2024 valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Metro – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Maintain Pub-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Discount Rate	No change

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Other Supplementary Information

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Supplementary Financial Statements

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The Institute for Advanced Learning and Research

Combining Statement of Net Position
As of June 30, 2026

	IALR	Foundation	Foundation Real Estate Holding Co.	Eliminations	Total
ASSETS					
Current Assets:					
Unrestricted Assets:					
Cash and cash equivalents	$ 28,305,556	$ 524,617	$ 413,532	$ -	$ 29,243,705
Accounts receivable	8,575,639	-	-	-	8,575,639
Grant receivable	686,514	-	-	-	686,514
Capital grant receivable	1,977,540	-	-	-	1,977,540
Investments	-	4,092,287	-	-	4,092,287
Due from component unit	96,088	1,922,933	-	(2,019,021)	-
Prepaid items	822,477	3,298	2,269	-	828,044
Restricted Assets:					
Cash and cash equivalents-Insurance funds held by trustee	252,484	-	-	-	252,484
Total current assets	$ 40,716,298	$ 6,543,135	$ 415,801	$ (2,019,021)	$ 45,656,213
Noncurrent Assets:					
Net pension asset	$ 1,584,203	$ -	$ -	$ -	$ 1,584,203
Capital Assets:					
Nondepreciable capital assets	82,169,081	-	-	-	82,169,081
Depreciable capital assets, net of accumulated depreciation	45,060,567	5,359,783	5,573,623	-	55,993,973
Total noncurrent assets	$ 128,813,851	$ 5,359,783	$ 5,573,623	$ -	$ 139,747,257
Total assets	$ 169,530,149	$ 11,902,918	$ 5,989,424	$ (2,019,021)	$ 185,403,470
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	$ 669,269	$ -	$ -	$ -	$ 669,269
LIABILITIES					
Current Liabilities:					
Accounts payable - operations	$ 1,551,348	$ 816	$ 160	$ -	$ 1,552,324
Accounts payable - construction	1,119,079	-	-	-	1,119,079
Accrued payroll and related employee expenses	204,307	-	-	-	204,307
Unearned revenue	9,940,378	-	-	-	9,940,378
Customer deposits	91,521	-	-	-	91,521
Compensated absences - current portion	76,065	-	-	-	76,065
Due to IALR and IALR Foundation	-	-	2,019,021	(2,019,021)	-
Total current liabilities	$ 12,982,698	$ 816	$ 2,019,181	$ (2,019,021)	$ 12,983,674
Noncurrent Liabilities:					
Compensated absences - net of current portion	$ 25,355	$ -	$ -	$ -	$ 25,355
Total noncurrent liabilities	$ 25,355	$ -	$ -	$ -	$ 25,355
Total liabilities	$ 13,008,053	$ 816	$ 2,019,181	$ (2,019,021)	$ 13,009,029
DEFERRED INFLOWS OF RESOURCES					
Pension related items	$ 228,383	$ -	$ -	$ -	$ 228,383
NET POSITION					
Net investment in capital assets	$ 126,110,569	$ 5,359,783	$ 5,573,623	$ -	$ 137,043,975
Restricted					
Net pension asset	1,584,203	-	-	-	1,584,203
Health insurance funds at VT Foundation	252,484	-	-	-	252,484
Unrestricted (deficit)	29,015,726	6,542,319	(1,603,380)	-	33,954,665
Total net position	$ 156,962,982	$ 11,902,102	$ 3,970,243	$ -	$ 172,835,327

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The Institute for Advanced Learning and Research

Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2026

	IALR	Foundation	Foundation Real Estate Holding Co.	Eliminations	Total
Operating Revenues:					
Conference center sales and services (incl. catering)	$ 712,886	$ -	$ -	$ -	$ 712,886
Café sales	169,518	-	-	-	169,518
Contract revenue	48,230	-	-	-	48,230
Program income	34,511,298	88,180	-	(15,513)	34,583,965
Rental revenues	1,009,290	8,100	52,190	-	1,069,580
Recovered costs	619,532	-	-	-	619,532
Other revenues	409,427	30,000	-	-	439,427
Total operating revenues	$ 37,480,181	$ 126,280	$ 52,190	$ (15,513)	$ 37,643,138
Operating Expenses:					
Personnel costs	$ 20,662,272	$ -	$ -	$ -	$ 20,662,272
Contractual services and consultants	4,171,113	81,183	730	-	4,253,026
Supplies and equipment maintenance	2,292,082	25	162	-	2,292,269
Equipment	-	-	8,649	-	8,649
Facilities	2,604,370	7,145	35,155	-	2,646,670
Telecommunications	109,709	-	-	-	109,709
Utilities	1,858,011	12,740	86,870	-	1,957,621
Insurance	-	-	32,363	-	32,363
Repairs and maintenance	989,936	2,656	51,027	-	1,043,619
Project expense	2,465,697	-	-	-	2,465,697
Taxes	-	741	37,156	-	37,897
Travel	488,620	3,581	-	-	492,201
Marketing and advertising	1,378,231	4,740	-	-	1,382,971
Miscellaneous	491,740	110,751	25	(15,513)	587,003
Memberships	26,679	-	-	-	26,679
Student support services	538,798	-	-	-	538,798
Depreciation	6,662,964	334,672	156,190	-	7,153,826
Scholarships	4,949,429	-	-	-	4,949,429
Total operating expenses	$ 49,689,651	$ 558,234	$ 408,327	$ (15,513)	$ 50,640,699
Operating income (loss)	$ (12,209,470)	$ (431,954)	$ (356,137)	$ -	$ (12,997,561)
Noncapital Subsidies:					
State appropriations	$ 8,245,903	$ -	$ -	$ -	$ 8,245,903
Donations	-	30,846	-	-	30,846
Grant income	3,445,185	-	-	-	3,445,185
Total noncapital subsidies	$ 11,691,088	$ 30,846	$ -	$ -	$ 11,721,934
Operating income (loss) and noncapital subsidies	$ (518,382)	$ (401,108)	$ (356,137)	$ -	$ (1,275,627)
Other Nonoperating Revenues (Expenses):					
Investment expense	$ -	$ (29,204)	$ -	$ -	$ (29,204)
Realized gain (loss) on investment	-	499,387	-	-	499,387
Unrealized gain (loss) on investment	-	(131,767)	-	-	(131,767)
Interest expense	-	-	(251,973)	-	(251,973)
Interest income	560,091	102,145	1,716	-	663,952
Capital grants (expense)	(5,164,000)	-	-	5,164,000	-
Capital grants (revenues)	20,860,264	860,248	5,164,000	(5,164,000)	21,720,512
Total other nonoperating revenues (expenses)	$ 16,256,355	$ 1,300,809	$ 4,913,743	$ -	$ 22,470,907
Change in net position	$ 15,737,973	$ 899,701	$ 4,557,606	$ -	$ 21,195,280
Net position, beginning of year	141,225,009	11,002,401	(587,363)	-	151,640,047
Net position, end of year	$ 156,962,982	$ 11,902,102	$ 3,970,243	$ -	$ 172,835,327

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The Institute for Advanced Learning and Research

Combining Statement of Cash Flows
For the Year Ended June 30, 2026

	IALR	Foundation	Foundation Real Estate Holding Co.	Eliminations	Total
Cash Flows from Operating Activities:					
Conference center fees	$ 629,261	$ -	$ -	$ -	$ 629,261
Café sales	169,518	-	-	-	169,518
Contracts	48,230	-	-	-	48,230
Rents collected	928,997	8,100	52,190	-	989,287
Program income and other receipts	38,750,784	118,180	-	(15,513)	38,853,451
Payments to employees	(21,153,602)	-	-	-	(21,153,602)
Payments to suppliers for goods and services	(23,080,087)	(223,752)	(266,730)	15,513	(23,555,056)
Net cash provided by (used for) operating activities	$ (3,706,899)	$ (97,472)	$ (214,540)	$ -	$ (4,018,911)
Cash Flows from Noncapital Financing Activities:					
State appropriation and operating grants	$ 19,650,827	$ -	$ -	$ -	$ 19,650,827
Donations	-	30,846	-	-	30,846
Transfers from (to) other funds	47,605	(51,151)	3,546	-	-
Net cash provided by (used for) noncapital financing activities	$ 19,698,432	$ (20,305)	$ 3,546	$ -	$ 19,681,673
Cash Flows from Capital and Related Financing Activities:					
State and other capital grants	$ 20,512,398	$ 860,248	$ 5,164,000	$ (5,164,000)	$ 21,372,646
Purchase of capital assets	(24,344,079)	(831,670)	(58,563)	-	(25,234,312)
Capital grants (expense)	(5,164,000)	-	-	5,164,000	-
Principal payments on indebtedness	-	-	(4,736,580)	-	(4,736,580)
Interest payments on indebtedness	-	-	(272,495)	-	(272,495)
Net cash provided by (used for) capital and related financing activities	$ (8,995,681)	$ 28,578	$ 96,362	$ -	$ (8,870,741)
Cash Flows from Investing Activities:					
Interest income	$ 560,091	$ -	$ 1,716	$ -	$ 561,807
Net cash provided by (used for) investing activities	$ 560,091	$ -	$ 1,716	$ -	$ 561,807
Increase (decrease) in cash and cash equivalents	$ 7,555,943	$ (89,199)	$ (112,916)	$ -	$ 7,353,828
Cash and cash equivalents at beginning of year (including $317,722 reported in restricted accounts)	21,002,097	613,816	526,448	-	22,142,361
Cash and cash equivalents at end of year (including $252,484 reported in restricted accounts)	$ 28,558,040	$ 524,617	$ 413,532	$ -	$ 29,496,189
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ (12,209,470)	$ (431,954)	$ (356,137)	$ -	$ (12,997,561)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	6,662,964	334,672	156,190	-	7,153,826
Changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	3,003,654	-	-	-	3,003,654
(Increase) decrease in prepaid items	(228,355)	549	(1,163)	-	(228,969)
(Increase) decrease in leases receivable	43,639	-		-	43,639
(Increase) decrease in net pension asset	(307,175)	-	-	-	(307,175)
(Increase) decrease in deferred outflows of resources related to pension	(167,293)	-	-	-	(167,293)
Increase (decrease) in accounts payable - operations	(439,389)	(739)	(13,430)	-	(453,558)
Increase (decrease) in accrued payroll and related employee expenses	43,382	-	-	-	43,382
Increase (decrease) in compensated absences	(7,599)	-	-	-	(7,599)
Increase (decrease) in health insurance claims IBNR	(79,738)	-	-	-	(79,738)
Increase (decrease) in customer deposits	(684)	-	-	-	(684)
Increase (decrease) in deferred inflows of resources related to pension	27,093	-	-	-	27,093
Increase (decrease) in deferred inflows of resources related to lease	(47,928)	-	-	-	(47,928)
Net cash provided by (used for) operating activities	$ (3,706,899)	$ (97,472)	$ (214,540)	$ -	$ (4,018,911)
Schedule of noncash investing, capital and related financing activities:					
Capital asset additions included in accounts payable at end of year	$ 1,119,079	$ -	$ -	$ -	$ 1,119,079

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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*

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, 2026, 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 September 21, 2026.

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, Farmer, Cox Associates

Blacksburg, Virginia
September 21, 2026

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The Institute for Advanced Learning and Research

June 30, 2026 Audit Presentation

Fiscal Year Ended June 30, 2026

Corbin Stone, CPA, MBA
Robinson, Farmer, Cox Associates, PLLC
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Blacksburg, Virginia 24060
e-mail: cstone@rfca.com
phone: 540-552-7322

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INSTITUTE FOR ADVANCED LEARNING AND RESEARCH

AUDIT PRESENTATION
FISCAL YEAR ENDED JUNE 30, 2026

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Audit Results Summary

Fiscal Year Ended June 30, 2026

Report / Communication	Result
Independent Auditors' Report on the financial statements	**Unmodified ("clean") opinion**, dated September 21, 2026. Includes a paragraph on the change in accounting principle (adoption of GASB Statement No. 103); the opinion is not modified for this matter.
Report on Internal Control and Compliance (*Government Auditing Standards*)	No material weaknesses identified. No instances of noncompliance or other matters required to be reported.
Supplementary combining statements	Fairly stated in all material respects in relation to the basic financial statements.
Virginia Retirement System census data examination	**Unmodified opinion** on management's assertion that census data reported to VRS was complete and accurate.
Communication with Those Charged with Governance	No significant difficulties and no disagreements with management. All identified misstatements were corrected by management; none were material. No consultations with other accountants.

Fiscal Year 2026 Highlights

- **Net position grew to $172.8 million** for the reporting entity (Institute, Foundation and Real Estate Holding Co. combined), an increase of $21.2 million. Of this, $137.0 million is invested in capital assets.
- **Program activity continued to expand.** Program income rose from $28.0 million to $34.6 million, with personnel costs rising from $16.4 million to $20.7 million as staffing increased to meet demand.
- **Construction funded by grants.** Capital grants of $21.7 million supported continued construction work.
- **The Institute is now debt-free.** The Real Estate Holding Co. note payable of $4.7 million was retired during the year, funded through $5.2 million passed through from the Institute.
- **Liquidity remains solid.** Combined cash and cash equivalents increased $7.4 million to $29.5 million. Unearned revenue (grant funds received in advance) roughly doubled to $9.9 million.
- **Pension plan remains over-funded.** The VRS plan fiduciary net position is 128.7% of the total pension liability, producing a net pension asset of $1.6 million.
- **New accounting standard.** GASB Statement No. 103 was implemented, reshaping the MD&A and adding an "operating income (loss) and noncapital subsidies" subtotal to the operating statement.

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The Institute for Advanced Learning and Research
Summary of Financial Data
Fiscal Years 2022 through 2026

	2022	2023	2024	2025	2026	FY26 vs FY25	Annualized Growth
INCOME STATEMENT REVIEW							
Income:							
Operating income and grants	17,961,211	13,658,948	32,960,885	34,946,397	40,925,366	17.1%	22.9%
Other income (interest)	18,810	1,427	289,975	437,132	560,091	28.1%	133.6%
State appropriations	6,509,577	7,325,903	7,325,903	8,040,903	8,245,903	2.5%	6.1%
Capital contributions (construction)	12,178,243	20,604,136	36,065,184	38,305,365	20,860,264	-45.5%	14.4%
Total Income	**36,667,841**	**41,590,414**	**76,641,947**	**81,729,797**	**70,591,624**	**-13.6%**	**17.8%**
Expenses:							
Payroll/Fringes	(5,598,552)	(7,562,120)	(12,867,828)	(16,412,703)	(20,662,272)	25.9%	38.6%
Other	(9,760,231)	(13,854,217)	(18,623,522)	(20,228,226)	(22,364,415)	10.6%	23.0%
Depreciation	(1,625,667)	(2,492,742)	(4,952,465)	(5,756,646)	(6,662,964)	15.7%	42.3%
Capital grant passed to Real Estate Co. (1)	-	-	-	-	(5,164,000)		
Total Expenses	**(16,984,450)**	**(23,909,079)**	**(36,443,815)**	**(42,397,575)**	**(54,853,651)**	**29.4%**	**34.1%**
Change in Net Position	**19,683,391**	**17,681,335**	**40,198,132**	**39,332,222**	**15,737,973**		
NET POSITION REVIEW							
Assets:							
Current Assets	20,169,762	18,658,293	34,124,077	38,516,599	40,716,298	5.7%	19.2%
Long-term Assets	30,664,022	50,100,114	82,637,417	115,609,848	128,813,851	11.4%	43.2%
Total Assets	**50,833,784**	**68,758,407**	**116,761,494**	**154,126,447**	**169,530,149**	**10.0%**	**35.1%**
Deferred outflows - pension	184,700	161,802	226,668	501,976	669,269	33.3%	38.0%
Liabilities:							
Current Liabilities	5,998,496	6,670,556	14,502,545	13,126,941	12,982,698	-1.1%	21.3%
Long-term Liabilities	39,251	49,029	34,614	27,255	25,355	-7.0%	-10.3%
Total Liabilities	**6,037,747**	**6,719,585**	**14,537,159**	**13,154,196**	**13,008,053**	**-1.1%**	**21.2%**
Deferred inflows - pension/leases	967,417	505,969	558,216	249,218	228,383	-8.4%	-30.3%
Net Position (Equity):							
Net Investment in Capital Assets	26,834,700	47,470,302	74,174,597	108,429,454	126,110,569	16.3%	47.2%
Restricted	922,874	1,187,181	1,472,986	1,515,012	1,836,687	21.2%	18.8%
Unrestricted	**16,255,746**	**13,037,172**	**26,245,204**	**31,280,543**	**29,015,726**	**-7.2%**	**15.6%**
Total Net Position - IALR	**44,013,320**	**61,694,655**	**101,892,787**	**141,225,009**	**156,962,982**	**11.1%**	**37.4%**
Total Net Position - Reporting Entity (2)	52,097,953	69,908,500	112,618,858	151,640,047	172,835,327	14.0%	35.0%
Current Ratio (liquidity ratio)	3.36	2.80	2.35	2.93	3.14		
Unrestricted Net Position as % of Op. Exp. (3)	96%	55%	72%	74%	58%		

Amounts are for the Institute (IALR column of the combining statements), consistent with prior-year presentations; fiscal 2022 reflects restated amounts due to implementation of GASB 87. “Annualized Growth” is the compound annual growth rate from 2022 to 2026.

(1) In 2026 the Institute passed $5,164,000 of capital grant funding to the IALR Foundation Real Estate Holding Co., which used it to retire its note payable. The amount is eliminated in the reporting-entity totals.

(2) Total net position of the full reporting entity (Institute, Foundation and Real Estate Holding Co.) as reported in the audited Statement of Net Position.

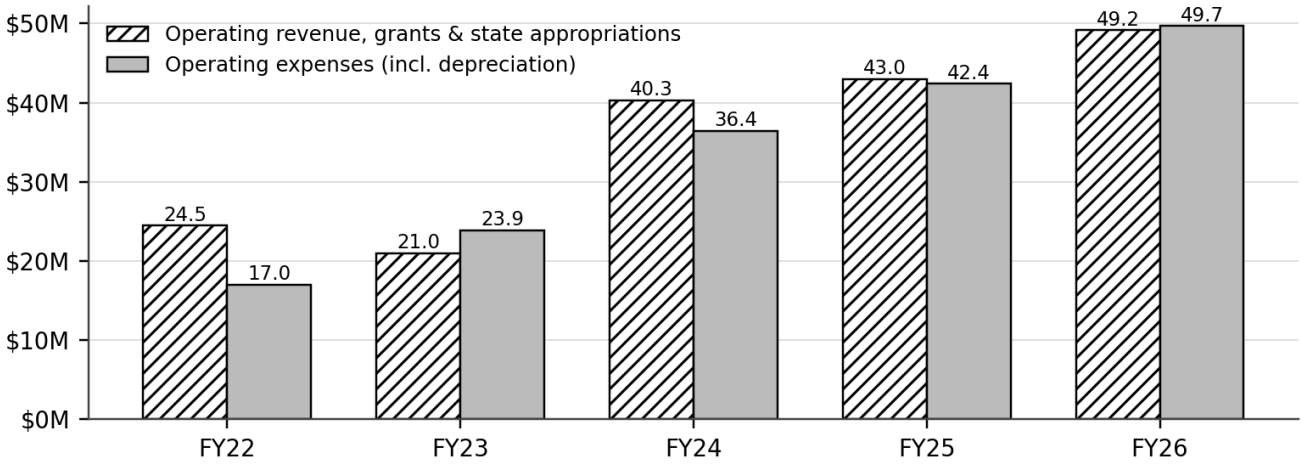
(3) Operating expenses exclude the 2026 capital grant pass-through.

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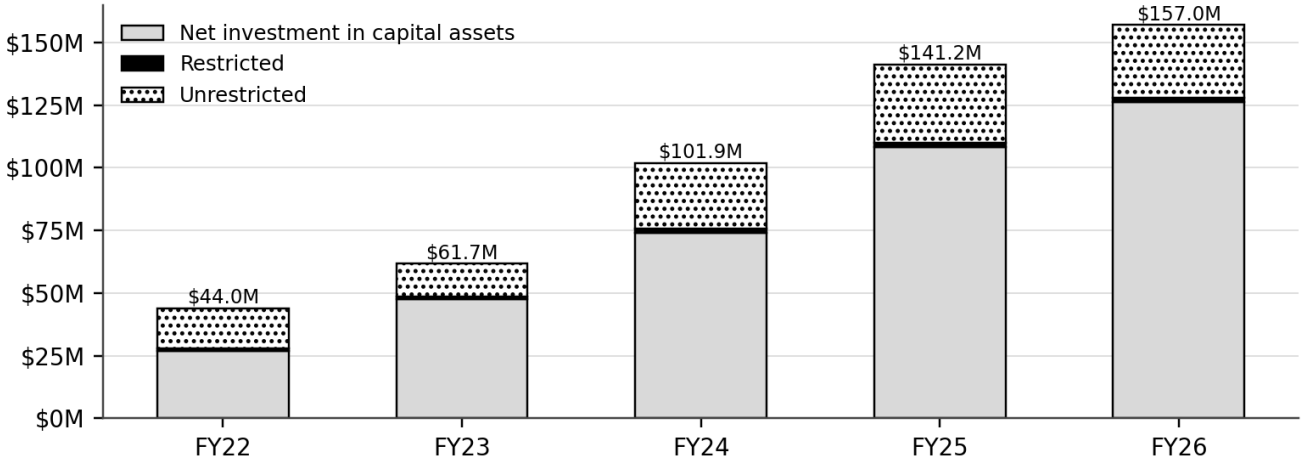
Key Financial Trends

Fiscal Years 2022 through 2026 (Institute)

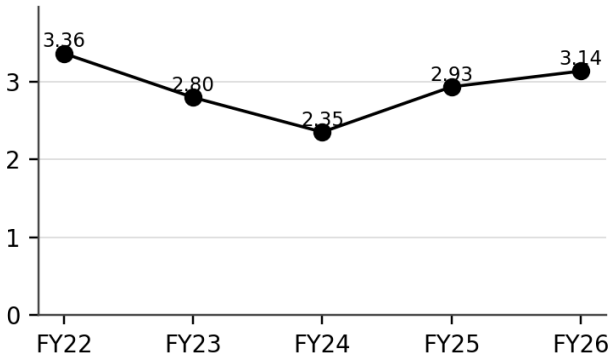
Operating Revenues vs. Operating Expenses



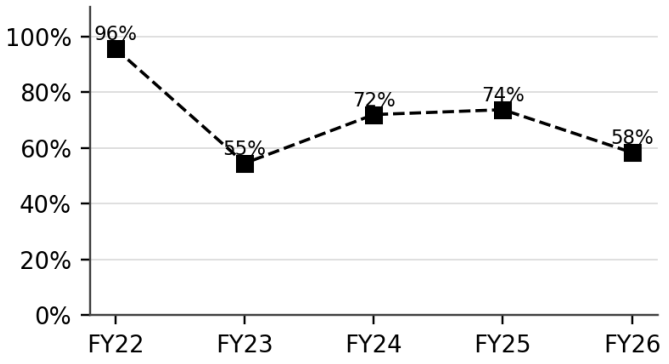
Net Position by Component (IALR)



Current Ratio



Unrestricted Net Position as % of Operating Expenses



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Independent Accountants' Report

Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

We have examined management of the Institute for Advanced Learning and Research's assertion that the census data reported to the Virginia Retirement System by the Institute for Advanced Learning and Research during the year ended June 30, 2026, were complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated in § 51.1-136 of the Code of Virginia. The Institute for Advanced Learning and Research's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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 the engagement.

In our opinion, management's assertion that the census data reported to the Virginia Retirement System by the Institute for Advanced Learning and Research during the year ended June 30, 2026, were complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated in § 51.1-136 of the Code of Virginia, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Auditor of Public Accounts of the Commonwealth of Virginia, the Viginia Retirement System, and the Insititute for Advanced Learning and Research's management and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

September 21, 2026

cc: Institute for Advanced Learning and Research Board of Trustees

Appendix A

We identified one control environment during this review for which the Institute for Advanced Learning and Research was responsible.

The following table reflects the population size and sample size for each procedure performed over the control environment for which the Institute for Advanced Learning and Research was responsible:

Required Audit Procedure	Population Size	Sample Size	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements	231	25	No risk identified – see note below for documentation of sample size
Review of Eligibility of Newly Enrolled Members Reported to the VRS	79	8	No risk identified – see note below for documentation of sample size
Review of Monthly *my*VRS Navigator Contribution Confirmation Reconciliations	12	3	Small population – 10% deemed appropriate
Review of *my*VRS Navigator System Access	2	2	Tested full population

Sample sizes are based on a 5% tolerable rate and approximately a 75% confidence level for populations over 250. Sample sizes for populations under 250 are based on a percentage of the population which is not less than 10%.

Communication with Those Charged with Governance

To the Board of Trustees
The Institute for Advanced Learning and Research

We have audited the financial statements of the business-type activities of the Institute for Advanced Learning and Research for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 22, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Institute for Advanced Learning and Research are described in Note 1 to the financial statements. As described in Note 19 to the financial statements, the Institute for Advanced Learning and Research changed accounting policies by adopting Governmental Accounting Standards (GASB Statement No. 103, *Financial Reporting Model Improvements*. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Institute's financial statements were:

Management's estimate of depreciation expense is based on estimated useful lives of assets. We evaluated the methods, assumptions, and data used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the net pension asset and related deferred inflows and outflows are based on information provided by actuaries. We evaluated the methods, assumptions and data used to develop these estimates in determining if such estimates are reasonable in relation to the financial statements taken as a whole.

Management's estimate of compensated absences is based on accrued leave balances, as evaluated for use or payout based on historical use trend information. We evaluated the methods, assumptions, and data used to develop estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedules related to pension funding, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the

supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the Institute for Advanced Learning and Research and is not intended to be, and should not be, used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
September 21, 2026

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Appendix 1

Accounting Update – Summary of Upcoming Pronouncements by the Governmental Accounting Standards Board (GASB)

GASB STATEMENT NO. 105 – *Subsequent Events*

GASB issued Statement No. 105 in December 2025 to bring more consistency to how governments evaluate and report events that happen after year-end. It replaces the subsequent events guidance previously carried in Statement No. 56 and aligns it with GASB's conceptual framework.

Key provisions:

- **Definition and evaluation period.** A subsequent event is a transaction or other event occurring after the financial statement date but before the statements are *available to be issued*. That date — when the statements are complete in GAAP form and the approvals needed for issuance are in hand — ends the evaluation period, and it may not be the same as the audit report date.
- **Recognized vs. nonrecognized events.** Events that provide evidence about conditions that existed at year-end are recognized in the statements. Events arising from conditions that came about after year-end are not recognized, but significant ones must be disclosed in the notes.
- **New disclosure.** Governments must disclose the date through which subsequent events were evaluated.
- **Effective date.** Fiscal years beginning after June 15, 2026 — the Institute's fiscal year ending **June 30, 2027**. Earlier application is encouraged.

What this means for the Institute: management should identify the point in the year-end close and Board approval process at which the statements become "available to be issued," and build a subsequent-events review into the normal close rather than relying on audit inquiries.

GASB PROJECTS TO WATCH

- **Implementation Guide – Subsidies.** Additional guidance on applying the Statement No. 103 definition of subsidies was expected to be finalized in late 2026. This is relevant to the Institute's new "noncapital subsidies" presentation.
- **Infrastructure Assets.** An exposure draft was issued in March 2026 proposing an updated definition of infrastructure, recognition and measurement guidance, and additional note disclosures. A final statement is anticipated in early 2027.
- **Going Concern Uncertainties and Severe Financial Stress.** GASB plans an exposure draft in mid-2027 and a final statement in mid-2028 addressing when governments should disclose going concern uncertainties and financial stress.
- **Revenue and Expense Recognition.** A long-term project to create a single, principles-based model for revenue and expense transactions; exposure drafts are expected beginning in 2027, with a final statement not anticipated until about 2031.

Sources: Governmental Accounting Standards Board (www.gasb.org); Forvis Mazars, "GASB 2026–2027 Outlook: What to Watch" (September 2026); Crowe LLP, "GASB Updates Disclosure Requirements for Subsequent Events." Readers may obtain complete copies of these standards from GASB.

Return to Agenda

Communication with Those Charged with Governance

To the Board of Trustees
The Institute for Advanced Learning and Research

We have audited the financial statements of the business-type activities of the Institute for Advanced Learning and Research for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 22, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Institute for Advanced Learning and Research are described in Note 1 to the financial statements. As described in Note 19 to the financial statements, the Institute for Advanced Learning and Research changed accounting policies by adopting Governmental Accounting Standards (GASB Statement No. 103, *Financial Reporting Model Improvements*. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Institute's financial statements were:

Management's estimate of depreciation expense is based on estimated useful lives of assets. We evaluated the methods, assumptions, and data used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the net pension asset and related deferred inflows and outflows are based on information provided by actuaries. We evaluated the methods, assumptions and data used to develop these estimates in determining if such estimates are reasonable in relation to the financial statements taken as a whole.

Management's estimate of compensated absences is based on accrued leave balances, as evaluated for use or payout based on historical use trend information. We evaluated the methods, assumptions, and data used to develop estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedules related to pension funding, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the

supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the Institute for Advanced Learning and Research and is not intended to be, and should not be, used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
September 21, 2026

The Institute for Advanced Learning and Research

June 30, 2026 Audit Presentation

Corbin Stone, CPA, MBA
Robinson, Farmer, Cox Associates, PLLC
cstone@rfca.com | 540-552-7322

Agenda

1. Audit results summary
2. Fiscal year 2026 highlights
3. Summary of financial data, FY2022–2026
4. Key financial trends
5. VRS census data attestation
6. Communication with those charged with governance
7. GASB standards update

Audit Results Summary

Report / Communication	Result
Independent Auditors' Report on the financial statements	Unmodified ("clean") opinion, dated September 21, 2026. Includes a paragraph on the change in accounting principle (adoption of GASB Statement No. 103); opinion not modified for this matter.
Report on Internal Control and Compliance (Government Auditing Standards)	No material weaknesses identified. No instances of noncompliance or other matters required to be reported.
Supplementary combining statements	Fairly stated in all material respects in relation to the basic financial statements.
Virginia Retirement System census data examination	Unmodified opinion on management's assertion that census data reported to VRS was complete and accurate.
Communication with Those Charged with Governance	No significant difficulties and no disagreements with management. All identified misstatements were corrected; none were material.

Fiscal Year 2026 Highlights

$172.8M

Reporting-entity net position, up $21.2M

$34.6M

Program income, up from $28.0M

$21.7M

Capital grants supporting construction

$0

Debt outstanding after $4.7M note retired

- **Program activity continued to expand.** Personnel costs rose from $16.4 million to $20.7 million as staffing increased to meet demand.
- **The Institute is now debt-free.** The Real Estate Holding Co. note payable of $4.7 million was retired, funded through $5.2 million passed through from the Institute.
- **Liquidity remains solid.** Combined cash rose $7.4 million to $29.5 million. Unearned revenue (grant funds received in advance) roughly doubled to $9.9 million.
- **Pension plan remains over-funded.** VRS plan fiduciary net position is 128.7% of the total pension liability, producing a $1.6 million net pension asset.
- **New accounting standard.** GASB 103 implemented: new MD&A structure and an “operating income (loss) and noncapital subsidies” subtotal.

Summary of Financial Data: Income Statement

	2022	2023	2024	2025	2026	FY26 vs FY25	Annualized Growth
Income:							
Operating income and grants	17,961,211	13,658,948	32,960,885	34,946,397	40,925,366	17.1%	22.9%
Other income (interest)	18,810	1,427	289,975	437,132	560,091	28.1%	133.6%
State appropriations	6,509,577	7,325,903	7,325,903	8,040,903	8,245,903	2.5%	6.1%
Capital contributions (construction)	12,178,243	20,604,136	36,065,184	38,305,365	20,860,264	-45.5%	14.4%
Total Income	**36,667,841**	**41,590,414**	**76,641,947**	**81,729,797**	**70,591,624**	**-13.6%**	**17.8%**
Expenses:							
Payroll/Fringes	(5,598,552)	(7,562,120)	(12,867,828)	(16,412,703)	(20,662,272)	25.9%	38.6%
Other	(9,760,231)	(13,854,217)	(18,623,522)	(20,228,226)	(22,364,415)	10.6%	23.0%
Depreciation	(1,625,667)	(2,492,742)	(4,952,465)	(5,756,646)	(6,662,964)	15.7%	42.3%
Capital grant passed to Real Estate Co. (1)	-	-	-	-	(5,164,000)		
Total Expenses	**(16,984,450)**	**(23,909,079)**	**(36,443,815)**	**(42,397,575)**	**(54,853,651)**	**29.4%**	**34.1%**
Change in Net Position	**19,683,391**	**17,681,335**	**40,198,132**	**39,332,222**	**15,737,973**		

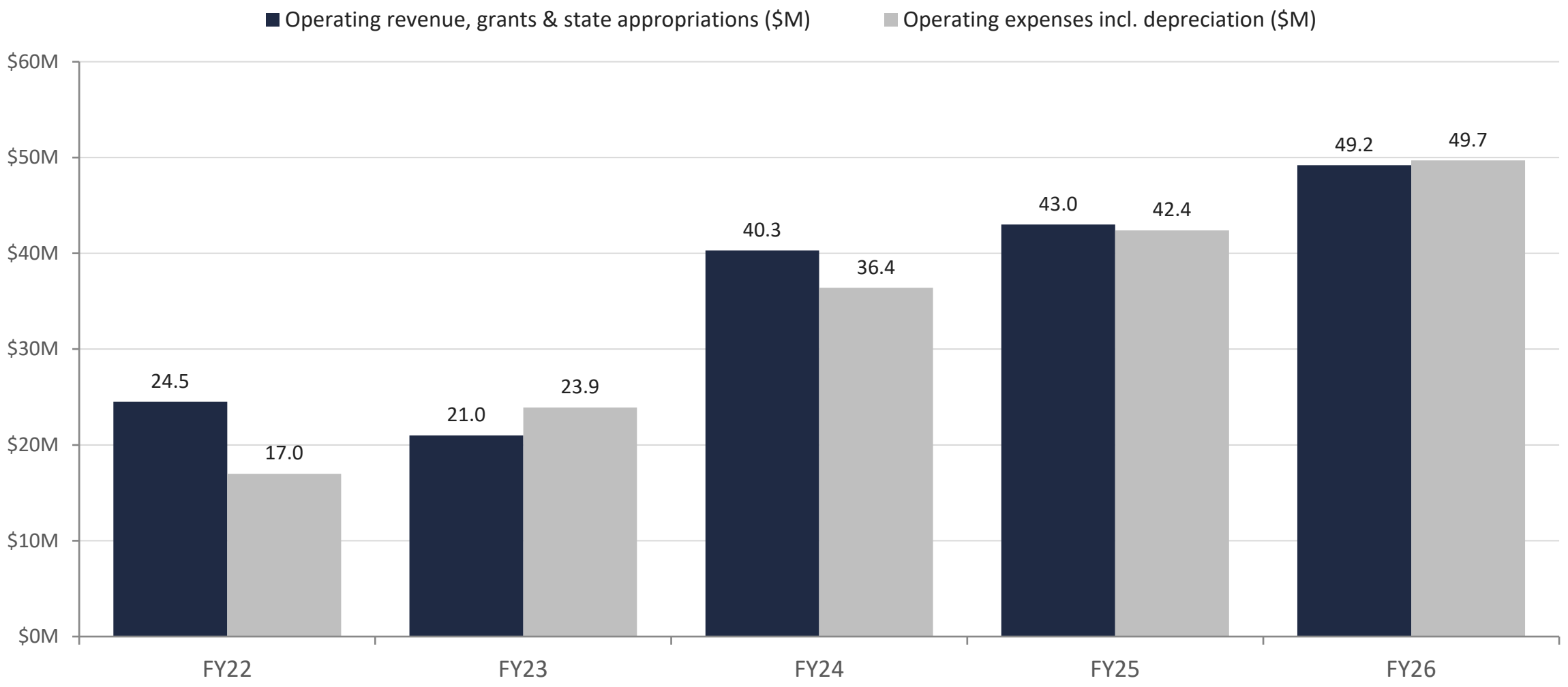
Fiscal years 2022–2026, Institute only (IALR column of the combining statements), consistent with prior-year presentations; fiscal 2022 reflects restated amounts. Annualized growth is the compound annual rate from 2022 to 2026.
(1) In 2026 the Institute passed $5,164,000 of capital grant funding to the Real Estate Holding Co., which used it to retire its note payable; eliminated in reporting-entity totals.

Summary of Financial Data: Net Position

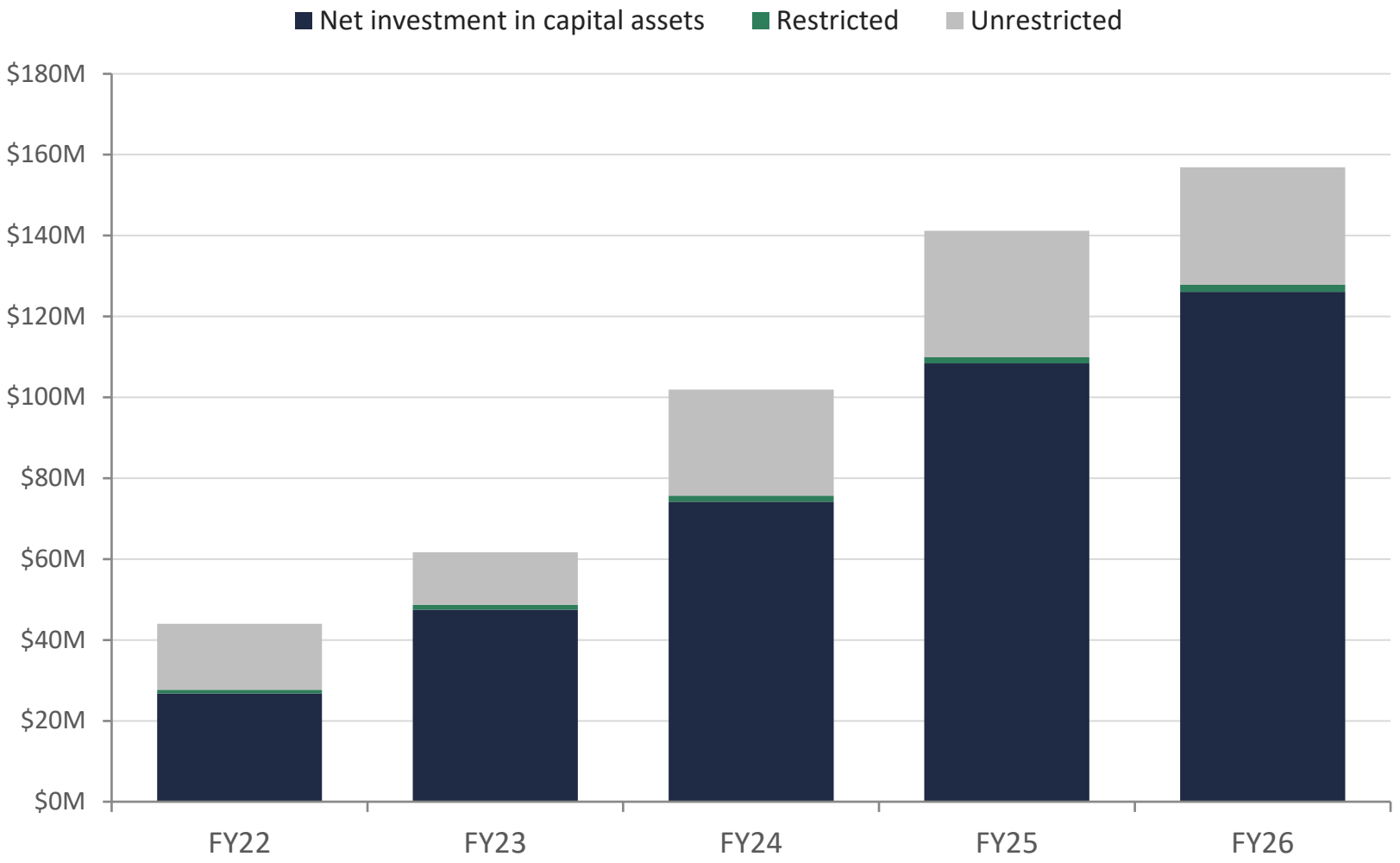
	2022	2023	2024	2025	2026	FY26 vs FY25	Annualized Growth
Current Assets	20,169,762	18,658,293	34,124,077	38,516,599	40,716,298	5.7%	19.2%
Long-term Assets	30,664,022	50,100,114	82,637,417	115,609,848	128,813,851	11.4%	43.2%
Total Assets	**50,833,784**	**68,758,407**	**116,761,494**	**154,126,447**	**169,530,149**	**10.0%**	**35.1%**
Deferred outflows - pension	184,700	161,802	226,668	501,976	669,269	33.3%	38.0%
Current Liabilities	5,998,496	6,670,556	14,502,545	13,126,941	12,982,698	-1.1%	21.3%
Long-term Liabilities	39,251	49,029	34,614	27,255	25,355	-7.0%	-10.3%
Total Liabilities	**6,037,747**	**6,719,585**	**14,537,159**	**13,154,196**	**13,008,053**	**-1.1%**	**21.2%**
Deferred inflows - pension/leases	967,417	505,969	558,216	249,218	228,383	-8.4%	-30.3%
Net Investment in Capital Assets	26,834,700	47,470,302	74,174,597	108,429,454	126,110,569	16.3%	47.2%
Restricted	922,874	1,187,181	1,472,986	1,515,012	1,836,687	21.2%	18.8%
Unrestricted	**16,255,746**	**13,037,172**	**26,245,204**	**31,280,543**	**29,015,726**	**-7.2%**	**15.6%**
Total Net Position - IALR	**44,013,320**	**61,694,655**	**101,892,787**	**141,225,009**	**156,962,982**	**11.1%**	**37.4%**
Total Net Position - Reporting Entity (2)	52,097,953	69,908,500	112,618,858	151,640,047	172,835,327	14.0%	35.0%
Current Ratio (liquidity ratio)	3.36	2.80	2.35	2.93	3.14		
Unrestricted Net Position as % of Op. Exp. (3)	96%	55%	72%	74%	58%		

(2) Net position of the full reporting entity (Institute, Foundation and Real Estate Holding Co.) as reported in the audited Statement of Net Position.
(3) Operating expenses exclude the 2026 capital grant pass-through.

Operating Revenues vs. Operating Expenses



Net Position Has Grown to $157.0 Million



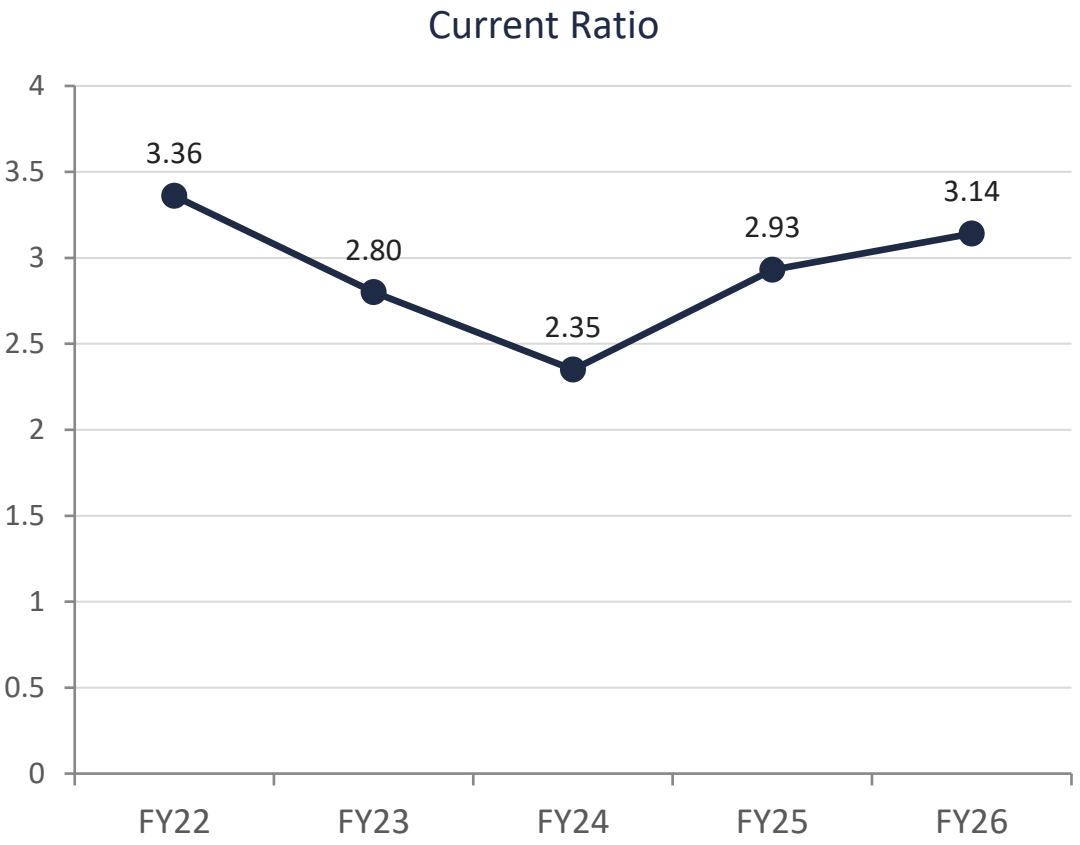
Institute net position, June 30, 2026

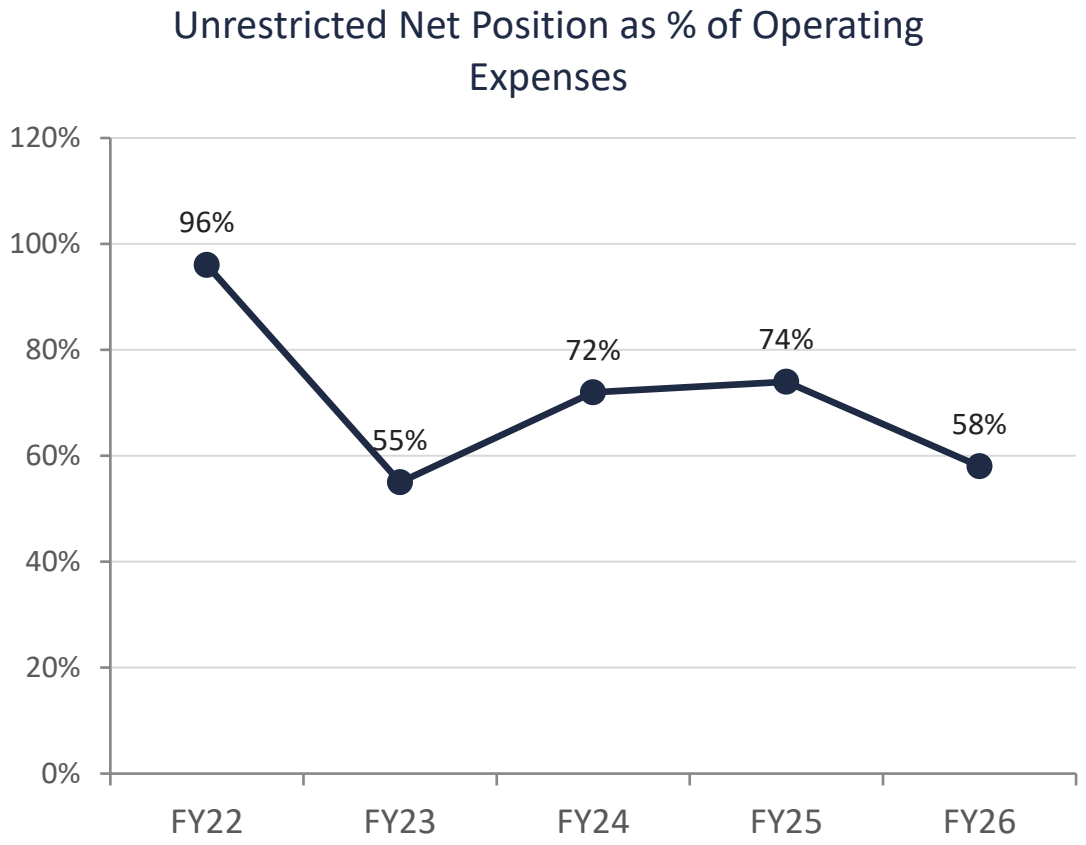
$157.0M

$126.1M
invested in capital assets

$29.0M
unrestricted, down from $31.3M

Liquidity Indicators





The current ratio of 3.14 means the Institute holds about $3 of current assets for every $1 due within a year. Unrestricted net position covers roughly seven months of operating expenses.

VRS Census Data Attestation

Unmodified opinion

Management's assertion that census data reported to the Virginia Retirement System for the year ended June 30, 2026 was complete and accurate is fairly stated in all material respects.

Report dated September 21, 2026, addressed to the Auditor of Public Accounts, with a copy to the VRS Board of Trustees.

Procedure	Population	Sample
Census data elements	231	25
Eligibility of newly enrolled members	79	8
Monthly myVRS Navigator contribution reconciliations	12	3
myVRS Navigator system access	2	2

Communication with Those Charged with Governance

Accounting policies

GASB 103 adopted in 2026. No transactions lacking authoritative guidance; all significant transactions recorded in the proper period.

Sensitive estimates

Depreciation (useful lives), net pension asset and related deferrals (actuarial), and compensated absences. All evaluated as reasonable.

Misstatements

All identified misstatements were corrected by management. None were material, individually or in aggregate.

Difficulties & disagreements

No significant difficulties encountered and no disagreements with management.

Management representations

Requested in the management representation letter dated September 21, 2026.

Other matters

No consultations with other accountants. Limited procedures applied to MD&A and pension RSI.

GASB Statement No. 105, Subsequent Events

- **Definition and evaluation period.** Events after year-end but before the statements are available to be issued. That date may differ from the audit report date.
- **Recognized vs. nonrecognized.** Events reflecting year-end conditions are recorded; significant events from later conditions are disclosed in the notes.
- **New disclosure.** The date through which subsequent events were evaluated.

Issued December 2025; replaces the guidance previously in GASB Statement No. 56. Earlier application is encouraged.

Effective for the Institute

FY2027

Year ending June 30, 2027

Action item: identify when the statements become “available to be issued” and build a subsequent-events review into the year-end close.

GASB Projects to Watch

Implementation Guide: Subsidies

Late 2026

Further guidance on the GASB 103 definition of subsidies; relevant to the new noncapital subsidies presentation.

Infrastructure Assets

Final expected early 2027

Updated definition, recognition and measurement guidance, and added note disclosures.

Going Concern & Severe Financial Stress

Final expected mid-2028

When to disclose going concern uncertainties and financial stress.

Revenue & Expense Recognition

Final expected ~2031

A single, principles-based model for revenue and expense transactions.

Sources: GASB; Forvis Mazars, “GASB 2026–2027 Outlook” (Sept. 2026); Crowe LLP.

Questions

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the INSTITUTE
FOR ADVANCED LEARNING AND RESEARCH

IALR Financial Overview

1. Budget, 09 30 2026
2. Financial Result Summary

Return to Agenda

Institute for Advanced Learning and Research
2027 YTD Current Rev, Exp, & Changes in Net Assets by Dept.
Period Ending 9/30/26

	Budget 06/30/2027	1st Qtr	Total	Remaining Balance	25% 3 Mo Target Spent
Revenues					
00 - General	$ 12,962,423	$ 3,364,033	$ 3,364,033	$ 9,598,390	
10 - Research	$ 40,000	$ 8,741	$ 8,741	$ 31,259	
40 - Advanced Learning	$ 51,000	$ 37,261	$ 37,261	$ 13,739	
60 - Conference Services	$ 1,110,423	$ 242,024	$ 242,024	$ 868,399	
74 - Facility Op & Maintenance	$ 705,395	$ 192,202	$ 192,202	$ 513,193	
82 - Human Resources	$ -	$ 491	$ 491	$ (491)	
84 - Central	$ -	$ 1	$ 1	$ (1)	
88 - Executive	$ 124,095	$ -	$ -	$ 124,095	
91 - Economic Development & Business Development	$ 393,150	$ 25,303	$ 25,303	$ 367,847	
99 - Capital Improvements	$ 250,000	$ -	$ -	$ 250,000	
Total Revenues	**$ 15,636,486**	**$ 3,870,057**	**$ 3,870,057**	**$ 11,766,429**	**24.75%**
Expenses					
00 - General	$ 524,172	$ 168,481	$ 168,481	$ 355,691	32.14%
10 - Research	$ 980,870	$ 230,793	$ 230,793	$ 750,077	23.53%
20 - Health & Safety	$ 336,821	$ 65,486	$ 65,486	$ 271,335	19.44%
30 - Contracts & Grants	$ 247,492	$ 66,486	$ 66,486	$ 181,006	26.86%
40 - Advanced Learning	$ 1,318,647	$ 196,330	$ 196,330	$ 1,122,317	14.89%
55 - Center for Advanced Manufacturing	$ 416,098	$ 104,024	$ 104,024	$ 312,074	25.00%
60 - Conference Services	$ 1,697,389	$ 418,369	$ 418,369	$ 1,279,020	24.65%
70 - Finance	$ 884,523	$ 215,817	$ 215,817	$ 668,706	24.40%
74 - Facility Op & Maintenance	$ 2,898,400	$ 722,806	$ 722,806	$ 2,175,594	24.94%
76 - Technology Support	$ 1,678,585	$ 508,829	$ 508,829	$ 1,169,756	30.31%
82 - Human Resources	$ 779,190	$ 167,420	$ 167,420	$ 611,770	21.49%
84 - Central	$ 700,915	$ 125,260	$ 125,260	$ 575,655	17.87%
88 - Executive	$ 1,741,718	$ 306,556	$ 306,556	$ 1,435,162	17.60%
91 - Economic Development & Business Development	$ 1,045,567	$ 201,698	$ 201,698	$ 843,869	19.29%
94 - Public Relations	$ 668,099	$ 201,865	$ 201,865	$ 466,234	30.21%
99 - Capital Improvements	$ 250,000	$ 9,582	$ 9,582	$ 240,418	3.83%
Total Expenses	**$ 16,168,486**	**$ 3,709,802**	**$ 3,709,802**	**$ 12,458,684**	**22.94%**
NET SURPLUS/(DEFICIT)	**$ (532,000)**	**$ 160,255**	**$ 160,255**	**$ (692,255)**	**1.81%**

the INSTITUTE
FOR ADVANCED LEARNING AND RESEARCH

IALR

1. Income Statement
2. Statement of Net Position

Return to Agenda

INSTITUTE FOR ADVANCED LEARNING AND RESEARCH
FY2027 BOARD REPORT - September 30, 2026
FINANCIAL RESULT SUMMARY

1) ACCOUNTS RECEIVABLE

9/30/2025		9/30/2026	
A/R Bal	Over 30	A/R Bal	Over 30
$11,751,245	$3,534,148	$9,600,230	$4,176,982

2) IALR CASH

UNRESTRICTED IALR CASH

	2026 YTD	2026 1st Quarter	2027 1st Quarter
CASH RESERVE - BALANCE	$2,082,069	$2,041,767	$2,095,375
OPERATING - BALANCE	$799,525	$1,829,566	$888,619
TOTAL UNRESTRICTED IALR CASH	$2,881,594	$3,871,333	$2,983,994

RESTRICTED IALR CASH	2026 YTD	2026 1st Quarter	2027 1st Quarter
NON-FEDERAL - BALANCE	$4,427,227	$3,540,956	$3,999,406
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	($14,782)	$6,492	($9,204)
Robert Woods Johnson	$0	$0	$0
Americorp/ServeIT	$251,205	$342,639	$236,075
DRF - STEM-H	$0	$0	$0
STEM-H Various Donors	$0	$0	$0
DRF-DRRC	$274,140	$308,515	$263,823
Industrial Hemp Summit	$1,351,213	$0	$1,351,213
Industry 4.0 - DRF Grant	$862,880	$862,880	$862,880
FOP - Regional Food Systems	$29,295	$56,803	$19,500
Life Long Learning	$9,710	$2,123	$983
REACH	$1,040,294	($115,475)	$884,987
CMA - DRF Funding	$0	$1,483,021	$0
Experience Works - Intern Program	$56,300	$58,675	$51,999
Experience Works - Match Funding	$15,753	$23,141	$21,591
SCHEV	$0	$60,021	$0
GOTEC Private Funding	($339,359)	$254,688	$482,543
Womack Foundation - Family Literacy	$0	$0	$9,600
	$0	$0	$473,378
Restricted Funds at 9/30/26	$3,543,446	$3,350,322	$4,656,166
Reconciling Items:			
Money moved after 9/30	$883,781	$190,634	($656,760)
Cash Receipts Received	$0	$0	$0
	$4,427,227	$3,540,956	$3,999,406

RESTRICTED IALR CASH	2026 YTD	2026 1st Quarter	2027 1st Quarter
FEDERAL - BALANCE	$3,540,449	$2,065,305	$8,425,277
Restricted Funds:			
Account Beginning Balance	$3,000	$3,000	$3,000
DOD-ATDM 3.0	$75,518	$75,518	$75,518
DOD - ATDM 5.0 FY26	$0	$0	$7,028,696
DOD - ATDM 5.0 FY27	$2,689,698	$0	$618,133
Afghan #4	$0	$7,996	$0
Afghan #5	$0	$51,614	$0
BFA - Submarine	$0	$0	$0
BFA - Mahmood	$4,008	$4,008	$4,008
EDA - CMA Equipment	$276,858	$276,858	$276,858
BFA - RTC Long Lead	$237,717	$0	$0
AMPRO SOW #1	$0	$26,041	$0
AMPRO SOW #2	$0	$58,445	$0
AMPRO SOW #3	$0	$971,107	$0
BFA - NAVAIR	$213,922	$373,674	$0
ROCK ISLAND - RTC CONSTRUCTION	$0	$169,277	$0
EB2	$4,160	$4,160	$4,160
Afghan #6	$0	$41,897	$0
Austal Hermle	$0	$0	$21,156
Austal Miller Augmented Arc	$0	$0	$0
BFA - Sea Cadets	$31,776	$1,777	$48,306
BFA - Band Saw	$3,858	$0	$3,858
AMCOE 2026	$0	$0	$341,652
Bank Fee	($67)	($67)	($67)
	$3,540,449	$2,065,305	$8,425,277

Return to Agenda

3) Advanced Manufacturing Cash

	2026 YTD	2026 1st Quarter	2027 1st Quarter
ADVANCED MANUFACTURING	$14,286,273	$12,100,309	$4,322,587
Restricted Funds:			
Account Beginning Balance	$3,000	$3,000	$3,000
Bechtel Plant Machinery	$315,400	$380,000	$211,034
Bechtel Plant Machinery - SIB Workforce Dev.	$43,706	$69,300	$43,706
ATDM Equipment Reserve	$2,189,984	$0	$2,189,984
Unrestricted Funds:			
Unrestricted Cash	$11,734,183	$11,648,009	$1,874,864
	$14,286,273	$12,100,309	$4,322,587

4) FOUNDATION CASH

	2026 YTD	2026 1st Quarter	2027 1st Quarter
FOUNDATION - CASH (Checking)	$524,617	$775,298	$747,370
Foundation Restricted - Cash	$250,472	$301,030	$470,759
Foundation Unrestricted - Cash	$274,145	$474,268	$276,611
FOUNDATION - Cash Money Market	$0	$0	$10,000,000

	2026 YTD	2026 1st Quarter	2027 1st Quarter
FOUNDATION - Real Estate Holding Company	$413,532	$383,178	$223,020
First National Bank Account	$146,552	$26,959	$147,016
Atlantic Union Bank Account	$266,980	$356,220	$76,004

FOUNDATION INVESTMENTS	2026 YTD	2026 1st Quarter	2027 1st Quarter
FOUNDATION - INVESTMENTS			
Foundation CD's	$355,464	$351,929	$355,464
Foundation Endowment	$2,075,032	$1,929,889	$2,059,466
Foundation Investment	$1,661,791	$1,547,132	$1,650,041
TOTAL FOUNDATION - INVESTMENTS	$4,092,287	$3,828,950	$4,064,971

5) MONEY MOVEMENT

FOUNDATION TO IALR	July	August	September	Total for 1st Qtr	Restricted / Unresticted
REIMBURSEMENT FROM ALL OTHER GRANTS	($92)	$428	$13,106	$13,441	UNRESTRICTED

FEDERAL TO IALR	July	August	September	Total for 1st Qtr	Restricted / Unresticted
REIMBURSEMENT FROM NAVAIR	$0	$0	$0	$0	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	$3,470	$0	$3,470	UNRESTRICTED
REIMBURSEMENT FROM BFA - HERMLE	$0	$0	$0	$0	UNRESTRICTED
REIMBURSEMENT FROM BFA - SAIL & RUDDER	$0	$0	$0	$0	UNRESTRICTED
REIMBURSEMENT FROM BFA - NAVSEA(NDAMT)	$0	$0	$480,535	$480,535	UNRESTRICTED
REIMBURSEMENT FROM AUSTAL - BANDSAW	$0	$0	$0	$0	UNRESTRICTED
REIMBURSEMENT FROM DOD - RTC CONSTRUCTION	$991,138	$612,558	$78,985	$1,682,681	UNRESTRICTED
REIMBURSEMENT FROM ATDM 4.0	$0	$359,768	$0	$359,768	UNRESTRICTED
REIMBURSEMENT FROM ATDM 5.0	$0	$2,182,241	$2,001,063	$4,183,304	UNRESTRICTED

IALR TO FOUNDATION	July	August	September	Total for 1st Qtr	Restricted / Unresticted
DONATION TO FOUNDATION	$0	$0	$10,000,000	$10,000,000	UNRESTRICTED

Non-Federal to IALR	July	August	September	Total for 1st Qtr	Restricted / Unresticted
REIMBURSE IALR FOR CHW	$30,086	$75,402	$16,776	$122,264	UNRESTRICTED
REIMBURSE IALR FOR GRANT ACTIVITY	$0	$0	$0	$0	UNRESTRICTED

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Institute for Advanced Learning and Research
Income Statement - Budget to Actual QTD & YTD
Period Ending September 30, 2026

	Budget FY27	Actual 09/30/2026 QTD	Total	Over/(Under) Budget 06/30/2027	25% 3 Mo Target Spent
Revenues					
Sales	$1,109,773	$238,770	$238,770	($839,843)	
Program Income	$45,000	$16,956	$16,956	($6,300)	
Indirect Cost Recovery	$3,301,574	$981,280	$981,280	($2,319,830)	
Recovered Costs	$557,541	$82,574	$82,574	($451,609)	
Other Revenue	$296,650	$57,200	$57,200	($171,891)	
Rental Revenue	$425,099	$111,127	$111,127	($276,117)	
Profit Margin	$630,341	$174,693	$174,693	($455,610)	
Total Operating Revenues:	**$6,365,978**	**$1,662,600**	**$1,662,600**	**($4,521,201)**	
State Appropriation	$8,246,336	$2,061,581	$2,061,581	($5,480,152)	
VA College Building Authority (VCBA)	$524,172	$0	$0	($524,172)	
Interest Income	$500,000	$145,876	$145,876	($354,124)	
Total Non-Operating Revenues:	**$9,270,508**	**$2,207,456**	**$2,207,456**	**($6,358,448)**	
Total Revenues:	**$15,636,486**	**$3,870,057**	**$3,870,057**	**($10,879,649)**	**25%**
Expenses					
Personnel Costs	$7,916,677	$1,934,046	$1,934,046	($5,982,631)	
Contractual Services and Consultants	$2,545,809	$541,811	$541,811	($2,003,998)	
Supplies and Equipment Maintenance	$167,192	$40,033	$40,033	($127,159)	
Facility Expense	$1,316,113	$325,583	$325,583	($990,530)	
Telecommunication	$107,417	$21,724	$21,724	($85,693)	
Utilities	$740,000	$184,706	$184,706	($555,294)	
Repairs and Maintenance	$1,248,291	$270,418	$270,418	($977,873)	
Equipment Expense	$1,183,672	$11,817	$11,817	($1,171,855)	
Other Expenses	$693,315	$88,507	$88,507	($604,808)	
Depreciation and Amortization	$250,000	$167,864	$167,864	($82,136)	
Capital Equipment & Construction	$0	$123,293	$123,293	$123,293	
Total Operating Expenses	**$16,168,486**	**$3,709,802**	**$3,709,802**	**($12,458,684)**	**23%**
Total Operating Expenses:	**$16,168,486**	**$3,709,802**	**$3,709,802**	**($12,458,684)**	
NET SURPLUS/(DEFICIT)	**($532,000)**	**$160,255**	**$160,255**	**$1,579,035**	**1.81%**

Non GAAP Financials - Internal Use only

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Institute for Advanced Learning and Research
IALR Statement of Net Position
9/30/2025 vs. 9/30/2026 Comparison

	9/30/25 IALR Total	9/30/26 IALR Total	Variance
Assets			
Current Assets:			
Unrestricted			
Cash and Cash Equivalents	$24,001,079	$22,021,567	($1,979,512)
Accounts Receivable, net	$11,708,884	$9,529,230	($2,179,655)
Prepaid Expenses	$524,575	$703,986	$179,411
Interfund	$130,726	$131,283	$557
Total Unrestricted Current Assets:	**$36,365,265**	**$32,386,066**	**($3,979,199)**
Other Assets:			
Restricted Cash and Cash Equivalents	$317,722	$252,485	($65,238)
Total Other Assets:	**$317,722**	**$252,485**	**($65,238)**
Total Current Assets:	**$36,682,987**	**$32,638,550**	**($4,044,436)**
Noncurrent Assets:			
Net Pension Asset	$1,277,028	$1,584,203	$307,175
Fixed Assets Depreciable	$116,972,045	$125,457,600	$8,485,555
Total Noncurrent Assets:	**$118,249,073**	**$127,041,803**	**$8,792,730**
Total Assets	**$154,932,060**	**$159,680,354**	**$4,748,294**
Deferred Outflows of Resources-VRS Charges	**$501,976**	**$669,269**	**$167,293**
Liabilities and Net Position			
Current Liabilities:			
Accounts payable - Operations	$1,561,179	$510,364	($1,050,814)
Accrued Payroll and Related Employee Expenses	$103,364	$181,588	$78,224
Deferred Revenue	$3,868,996	$9,725,727	$5,856,732
Customer Deposits	$90,199	$74,085	($16,114)
Total Current Liabilities:	**$5,623,738**	**$10,491,765**	**$4,868,027**
Noncurrent Liabilities			
Long Term Liabilities	$99,451	$94,633	($4,818)
Total Noncurrent Liabilities:	**$99,451**	**$94,633**	**($4,818)**
Deferred Inflows of Resources - VRS Investment Income	**($249,218)**	**($228,383)**	**$20,835**
Net Position:			
Restricted	$116,450,279	$121,969,455	$5,519,176
Unrestricted	$33,011,349	$27,565,386	($5,445,963)
Total Net Position:	**$149,461,628**	**$149,534,841**	**$73,213**
Total Liabilities and Net Assets	**$155,434,036**	**$160,349,623**	**$4,915,587**

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the INSTITUTE
FOR ADVANCED LEARNING AND RESEARCH

Advanced Manufacturing Division

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

Institute for Advanced Learning and Research
2026 Advanced Manufacturing Summary
Period Ending 9/30/26

	Budget 06/30/2027	July	Aug	Sept	Total	Remaining Balance	25% 3 Mo Target Spent
Revenues							
Advanced Manufacturing (923)	$ 4,742,258	$ 110,749	$ 73,043	$ 1,409,328	$ 1,593,120	$ 3,149,138	
CMA (922)	$ 3,259,569	$ 303,624	$ 322,664	$ 326,455	$ 952,742	$ 2,306,827	
Digital (933)	$ 112,503	$ -	$ -	$ (28,125)	$ (28,125)	$ 140,628	
Workforce (935)	$ 489,016	$ 833	$ 833	$ 833	$ 2,500	$ 486,516	
Rapid Launch (921)	$ 266,182	$ 40,394	$ 21,885	$ 23,664	$ 85,943	$ 180,239	
149 Slayton (932)	$ 782,009	$ -	$ 988	$ -	$ 988	$ 781,021	
Htech (490)	$ 406,088	$ 33,842	$ 33,842	$ 33,842	$ 101,525	$ 304,564	
Total	**$ 10,057,625**	**$ 489,442**	**$ 453,255**	**$ 1,765,997**	**$ 2,708,694**	**$ 7,348,931**	**26.93%**
Expenses							
Advanced Manufacturing (923)	$ 2,857,232	$ 225,215	$ 135,289	$ 297,309	$ 657,813	$ 2,199,419	23.02%
CMA (922)	$ 3,259,561	$ 68,840	$ 112,351	$ 119,338	$ 300,529	$ 2,959,032	9.22%
Digital (933)	$ 478,130	$ 27,155	$ 33,453	$ 40,252	$ 100,859	$ 377,271	21.09%
Program Management (934)	$ 368,424	$ 25,894	$ 23,583	$ 19,016	$ 68,493	$ 299,931	18.59%
Workforce (935)	$ 832,156	$ 29,097	$ 20,798	$ 18,641	$ 68,536	$ 763,620	8.24%
Business Development (936)	$ 346,891	$ 14,466	$ 22,389	$ 14,429	$ 51,284	$ 295,607	14.78%
Rapid Launch (921)	$ 306,184	$ 9,736	$ 19,463	$ 22,325	$ 51,524	$ 254,660	16.83%
149 Slayton (932)	$ 1,202,959	$ -	$ -	$ 60,864	$ 60,864	$ 1,142,095	5.06%
Htech (490)	$ 406,088	$ 3,640	$ 8,158	$ 9,065	$ 20,863	$ 385,225	5.14%
Total	**$ 10,057,625**	**$ 404,043**	**$ 375,484**	**$ 601,238**	**$ 1,380,766**	**$ 8,676,859**	**13.73%**
NET SURPLUS/(DEFICIT)	**$ -**	**$ 85,399**	**$ 77,771**	**$ 1,164,758**	**$ 1,327,928**		**13.20%**

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	$	4,104,331.00
FY23 Surplus	$	1,377,753.31
FY24 Surplus	$	1,586,413.31
Withdrawal for Real Estate Purchase	$	(6,664,000.00)
Bechtel Plant Machinery Inc	$	211,033.73
Interest	$	647,970.82
Mitutoyo Partnership	$	64,000.00
Bechtel Plant Machinery Inc - SIB Workforce Development	$	43,705.64
FY25 Surplus	$	5,395,696.59
ATDM Equipment Reserve	$	2,189,984.00
FY26 Surplus	$	2,382,678.00
Afghan #4-6	$	66,049.31
NAVAIR 2025	$	107,955.00
AMPRO #1-3	$	2,504,155.00
Sail & rudder funding	$	(645,499.00)
Board Approved Donation to Foundation	$	(10,000,000.00)
FY27 Surplus	$	50,398.71
	$	4,322,587.23

9/30/26

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%		

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%		

BFA - Submarine Transportation

	Budget	Actual	Remaining Balance
Revenue	$ 81,858	$ 81,858	$ -
Expenses	$ 81,858	$ 112,567	$ (30,709)
Surplus/ (Deficit)	$ -	$ (30,709)	$ 30,709
% Spend	138%		

Funding Granted - Awaiting Funding

BFA - RTC Long Lead

	Budget	Actual	Remaining Balance
Revenue	$ 19,215,000	$ 19,392,384	$ (177,384)
Expenses	$ 19,215,000	$ 19,284,191	$ (69,191)
Surplus/ (Deficit)	$ -	$ 108,194	$ (108,194)
% Spend	100%		

ATDM 4.0

	Budget	Actual	Remaining Balance
Revenue	$ 25,168,546	$ 25,149,672	$ 18,874
Expenses	$ 25,168,546	$ 25,319,275	$ (150,729)
Surplus/ (Deficit)	$ -	$ (169,604)	$ 169,604
% Spend	101%		

BFA - NAVAIR 2026

	Budget	Actual	Remaining Balance
Revenue	$ 748,729	$ 213,922	$ 534,806
Expenses	$ 748,729	$ 647,795	$ 100,934
Surplus/ (Deficit)	$ -	$ (433,872)	$ 433,872
% Spend	87%		

DOD - RTC Funding

	Budget	Actual	Remaining Balance
Revenue	$ 66,731,614	$ 68,047,180	$ (1,315,566)
Expenses	$ 66,731,614	$ 67,768,831	$ (1,037,217)
Surplus/ (Deficit)	$ -	$ 278,349	$ (278,349)
% Spend	102%		

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%		

BFA - Sail & Rudder

	Budget	Actual	Remaining Balance
Revenue	$ 1,500,000	$ 645,499	$ 854,501
Expenses	$ 2,145,499	$ 2,077,632	$ 67,867
Surplus/ (Deficit)	$ (645,499)	$ (1,432,133)	$ 786,634
% Spend	97%		

Austal - Miller Augmented Arc System

	Budget	Actual	Remaining Balance
Revenue	$ 398,197	$ 398,197	$ -
Expenses	$ 398,197	$ 412,425	$ (14,228)
Surplus/ (Deficit)	$ -	$ (14,228)	$ 14,228
% Spend	104%		

Austal - Hermle

	Budget	Actual	Remaining Balance
Revenue	$ 2,307,112	$ 2,307,112	$ -
Expenses	$ 2,307,112	$ 2,293,312	$ 13,800
Surplus/ (Deficit)	$ -	$ 13,800	$ (13,800)
% Spend	99%		

BFA - Sea Cadets

	Budget	Actual	Remaining Balance
Revenue	$ 70,000	$ 70,000	$ -
Expenses	$ 70,000	$ 21,694	$ 48,306
Surplus/ (Deficit)	$ -	$ 48,306	$ (48,306)
% Spend	31%		

Austal - AMPRO 2026

	Budget	Actual	Remaining Balance
Revenue	$ 6,648,575	$ 4,421,195	$ 2,227,380
Expenses	$ 6,648,575	$ 4,884,730	$ 1,763,845
Surplus/ (Deficit)	$ -	$ (463,535)	$ 463,535
% Spend	73%		

ATDM 5.0 FY26

	Budget	Actual	Remaining Balance
Revenue	$ 35,556,385	$ 28,527,689	$ 7,028,696
Expenses	$ 35,556,385	$ 28,527,689	$ 7,028,696
Surplus/ (Deficit)	$ -	$ -	$ -
% Spend	80%		

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%		

ATDM 5.0 FY27

	Budget	Actual	Remaining Balance
Revenue	$ 36,242,648	$ 7,233,229	$ 29,009,419
Expenses	$ 36,242,648	$ 6,666,738	$ 29,575,910
Surplus/ (Deficit)	$ -	$ 566,491	$ (566,491)
% Spend	18%		

NAVSEA (NDAMT) 2026

	Budget	Actual	Remaining Balance
Revenue	$ 1,492,907	$ 646,198	$ 846,709
Expenses	$ 1,492,907	$ 868,418	$ 624,489
Surplus/ (Deficit)	$ -	$ (222,220)	$ 222,220
% Spend	58%		

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FOR ADVANCED LEARNING AND RESEARCH

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
9/30/2025 vs 9/30/2026 Comparison

	9/30/25 IALRF Total	9/30/26 IALRF Total	Variance
Assets			
Current Assets:			
Unrestricted			
Cash and Cash Equivalents	$1,158,477	$10,970,391	$9,811,914
Prepaid Expenses	$2,752	$5,926	$3,175
Interfund	($130,726)	($131,283)	($557)
Total Unrestricted Current Assets:	**$1,030,502**	**$10,845,034**	**$9,814,533**
Total Current Assets:	**$1,030,502**	**$10,845,034**	**$9,814,533**
Noncurrent Assets:			
Certificate of Deposits	$351,929	$355,464	$3,535
Investments	$3,477,021	$3,709,507	$232,486
Fixed Assets Depreciable	$11,132,963	$11,032,652	($100,311)
Total Noncurrent Assets:	**$14,961,913**	**$15,097,623**	**$135,710**
Total Assets	**$15,992,415**	**$25,942,658**	**$9,950,243**
Liabilities and Net Position			
Current Liabilities:			
Accounts payable - Operations	$4,746,695	$0	($4,746,695)
Total Current Liabilities:	**$4,746,695**	**$0**	**($4,746,695)**
Net Position:			
Restricted	$2,230,919	$2,530,225	$299,306
Unrestricted	$9,014,800	$23,412,432	$14,397,632
Total Net Position:	**$11,245,719**	**$25,942,658**	**$14,696,938**
Total Liabilities and Net Assets	**$15,992,415**	**$25,942,658**	**$9,950,243**

Restricted Cash
Foundation

Advanced Learning				
Mid - Atlantic Broadband Communitites	$	1,500		
Community Foundation - Serve & Learn Camp	$	2,636		
Capstone				
Gene Haas Foundation	$	190,024		
MFG Host Funding	$	17,500		
AutoDesk	$	25,000		
SME Education Foundtion	$	5,000		
BWX Technologies	$	4,000		
Misc Program Donations	$	300		
Advanced Manufacturing				
NWI Draper Family Scholarship	$	7,353		
IALR Internal Restriction				
McAllister & Quinn Engagement	$	12,446		
Video Wall				
Mid - Atlantic Broadband Communitites	$	200,000		
Hitachi	$	5,000		
Restricted for Grants, Scholarships & Internal	$	470,759		
Restricted for HAAS Endowment	$	2,059,466		
Total Restricted			$	2,530,225
Total Unrestricted Cash			$	276,611

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Institute for Advanced Learning and Research
IALRF Real Estate Holding Company
Period Ending September 30, 2026

	Budget FY27	Actual 09/30/2026 QTD	Total	Over/(Under) Budget 06/30/2027
Revenues				
Rental Revenue	$405,210	$102,255	$102,255	($302,955)
Total Operating Revenues	**$405,210**	**$102,255**	**$102,255**	**($302,955)**
Interest Income	$0	$555	$555	$555
Total Non-Operating Reve	**$0**	**$555**	**$555**	**$555**
Total Revenues:	**$405,210**	**$102,810**	**$102,810**	**($302,400)**
Expenses				
Contractual Services and	$10,000	$90	$90	($9,910)
Supplies and Equipment	$10,000	$0	$0	($10,000)
Facility Expense	$38,307	$30,514	$30,514	($7,793)
Utilities	$225,000	$18,779	$18,779	($206,221)
Repairs and Maintenance	$121,903	$10,459	$10,459	($111,444)
Equipment Expense	$0	$2,670	$2,670	$2,670
Depreciation and Amorti	$0	$41,977	$41,977	$41,977
Total Operating Expenses	**$405,210**	**$104,488**	**$104,488**	**($300,722)**
Total Operating Expenses:	**$405,210**	**$104,488**	**$104,488**	**($300,722)**
NET SURPLUS/(DEFICIT)	**$0**	**($1,679)**	**($1,679)**	**($1,679)**