THE VIRGINIA INNOVATION PARTNERSHIP AUTHORITY

INCLUDING ITS BLENDED COMPONENT UNIT

VIRGINIA INNOVATION PARTNERSHIP CORPORATION

Herndon, Virginia

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2023

VIPC | VIRGINIA INNOVATION PARTNERSHIP CORPORATION

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MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

The management of the Virginia Innovation Partnership Authority (the Authority) offers readers of the Authority's consolidated financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2023, with selected comparative information. We encourage readers to consider the information presented here in conjunction with the consolidated financial statements and accompanying notes.

About The Authority

The Authority is a political subdivision of the Commonwealth of Virginia (Commonwealth), as authorized by the Commonwealth of Virginia Innovation Partnership Authority Act (VIPA Act), Title 2.2, Chapter 22 of the Code of Virginia. Legislation was passed during the FY2020 General Assembly session that established the Authority on July 1, 2020, and repealed the Innovation and Entrepreneurship Investment Authority (IEIA) on June 30, 2020. The Authority is the successor in interest to IEIA and the Virginia Research Investment Committee (VRIC) and was established to support the life cycle of innovation, from translational research; to entrepreneurship; to pre-seed and seed stage funding; and to acceleration, growth, and commercialization. To that end, the Authority consolidates specific Commonwealth appropriated economic development initiatives, known as Centers of Excellence (COEs), under one umbrella, including the Virginia Biosciences Health Research Corporation, the Commonwealth Center for Advanced Manufacturing, the Commonwealth Cyber Initiative, and the Commonwealth Center for Advanced Logistics. Additionally, another organization, the Virginia Academy of Science, Engineering and Medicine, receives Commonwealth appropriations through the Authority.

Reporting Entity

For financial reporting purposes, the Authority's reporting entity consists of the Authority and its blended component unit organization, Virginia Innovation Partnership Corporation ("VIPC"), for which the Authority is financially accountable. The funds and accounts of all entities that have been identified as part of the Authority or VIPC have been included. Transactions are accounted for and reports have been prepared on the accrual basis of accounting. Please refer to Note B in the accompanying notes to financial statements for a summary of the Authority's significant accounting policies.

The Consolidated Statement of Net Position presents information on all of the Authority and VIPC, collectively "the Organization", assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The Consolidated Statement of Revenues, Expenses and Changes in Net Position presents information showing how the net position of the Organization 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 the related cash flow. Thus, revenues and expenses are reported in this statement for some items that are related to cash flows in prior or future fiscal periods.

Consolidated Net Position as of June 30

	2023	2022	Change
Assets:			
Current assets	$ 85,667,030	$ 77,503,743	$ 8,163,287
Capital assets	203,256	389,231	(185,975)
Total assets	85,870,286	77,892,974	7,977,312
Liabilities:			
Current liabilities	15,644,518	1,869,484	13,775,034
Long term liabilities	267,189	354,309	(87,120)
Total liabilities	15,911,707	2,223,793	13,687,914
Net Position:			
Net investment in capital assets	42,585	(7,404)	49,989
Unrestricted	69,915,994	75,676,585	(5,760,591)
Total net position	$ 69,958,579	$ 75,669,181	$ (5,710,602)

As of the end of FY2023, the Organization's assets exceeded its liabilities by $70 million (net position), a decrease of $5.7 million from the prior fiscal year. The ending net position balance is comprised of net investment in capital assets and unrestricted net position. Unrestricted net position balances are available to fund operations of the organization, subject to certain funding designations per the Commonwealth's legislated budget for the Authority.

Current assets increased $8.2 million from the prior fiscal year due to a $6.6 million increase in cash and a $1.5 million increase in Accounts and Accrued Receivables. The increase in cash was driven primarily by receipt of cash from the State Small Business Credit Initiative ("SSBCI") program in January 2023 offset by expenditures from the program. Accrued receivables increased due to more program activities.

Current liabilities increased $13.8 million from the prior fiscal year due to a $13.1 million increase in Unearned Revenue and $726k of Accounts Payable and Accrued Expenses. Unearned revenue is recorded when SSBCI program funds are received, and the balance is reduced upon subsequent investments. See Note I for more detail.

Consolidated Revenues, Expenses, and Changes in Net Position for the Fiscal Year Ended June 30

	2023	2022	Change
Operating revenues:			
Contracts, grants & program revenue	11,914,483	4,819,294	7,095,189
Other income	223,688	137,564	86,124
Total operating revenues	12,138,171	4,956,858	7,181,313
Operating expenses:			
VIPC expenses	38,026,081	25,978,938	12,047,143
Authority administrative	3,485	-	3,485
Total operating expenses	38,029,566	25,978,938	12,050,628
Non-operating revenues/(expenses):			
Appropriations from the Commonwealth of Virginia	47,863,371	41,494,554	6,368,817
Interest revenue and gain on investment	3,058,422	1,798,037	1,260,385
Appropriations Disbursed to COEs	(30,741,000)	(25,519,145)	(5,221,855)
Total non-operating revenues/(expenses)	20,180,793	17,773,446	2,407,347
Change in net position	(5,710,602)	(3,248,634)	(2,461,968)
Net position at July 1, beginning fiscal year	75,669,181	78,917,815	(3,248,634)
Net position at June 30, ending fiscal year	$ 69,958,579	$ 75,669,181	$ (5,710,602)

Approximately 76% of the Organization's consolidated revenue comes from Commonwealth appropriations and is considered non-operating revenue. Total appropriations in FY2023 were $47.9 million, $17.2 million of appropriation dollars are for VIPC programs and $30.7 million are pass-through funds for the Centers of Excellence (COEs). This represents an increase in appropriations in FY2023 over FY2022 of $6.4 million. In FY 2023, there was a $1 million increase in appropriation funding for the Entrepreneurial Ecosystems Division to support and promote technology-based entrepreneurial activities in the Commonwealth as specified in § 2.2-2357, Code of Virginia and COE appropriations increased $5.3 million due to new appropriation allocation to Commonwealth Center for Advanced Manufacturing (CCAM) per Virginia State Budget Item 127.K.6. This also resulted in the $5.2 million increase in Appropriations Disbursed to COE's.

The $1.3 million increase in Interest revenue and gain on investment is attributable to liquidations of Virginia Venture Partners ("VVP") investments and interest income, both of which were higher than in the prior year.

The remainder of revenue is from VIPC contracts and grants with federal entitiesVVP investment proceeds, and interest income. The timing, volume and proceed amounts from the liquidation events are unpredictable in nature and vary from year to year. Contracts, grants and program revenue in FY2023 were $7.1 million higher than FY 2022 due primarily to revenue recognized as funds were disbursed under the SSBCI program.

Operating expenses increased $12 million in FY2023 over FY2022. This increase was driven by a) The Investment Division VVP Fund invested $2.3 million more than in the previous fiscal year; b) the Commercialization Division's grants expenditures increased by $4.5 million; and c) Strategic Initiatives incurred $1.9 million more of contractual expenses associated with DHS contracts. The remaining $3.2 million increase in operating expenses is the result of continued growth and expansion in FY2023.

Economic Outlook

In December 2022, Virginia was approved for up to $230 million by the federal U.S. Department of the Treasury under the State Small Business Credit Initiative (SSBCI) program to accelerate the formation and growth of entrepreneurial businesses across the Commonwealth. The credit lending and early-stage equity financing programs available through SSBCI will provide Virginia-based businesses with increased access to both public and private capital, especially around under-represented communities and entrepreneurs.

Approximately $173 million of the SSBCI funding will be allocated to VIPC, over 10 years, starting in FY2023, and deployed through two co-investment equity / venture capital programs. VIPC will leverage the SSBCI funding to significantly expand its current seed and early-stage direct co-investment program for Virginia-based technology start-ups. VIPC will also initiate a new indirect investment program through SSBCI funding that enables limited partner capital commitments to emerging and established seed investment funds in order to further support start-up growth and stimulate risk capital infrastructure within Virginia's entrepreneurial ecosystems.

Through June 2023, VIPC had received $18.1 million in funds under the SSBCI program and expects to receive an additional $36.2 million in late FY2024 or early FY2025 as VIPC commits additional funds under the program.

VIPC's appropriations from the Commonwealth over the next two years are expected to be in line with those received in FY2023.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Net Position

Virginia Innovation Partnership Authority with
Virginia Innovation Partnership Corporation
As of June 30, 2023

ASSETS		
Current assets:		
Cash and cash equivalents (Unrestricted, Note C)	$	69,668,276
Cash and cash equivalents (Restricted, Note C)		13,134,273
Accounts and accrued receivables (Note D)		2,620,874
Prepaid expenses and deposits		243,607
Notes receivable (Note E)		4,861,756
Less: allowance for doubtful accounts		(4,861,756)
Total current assets		85,667,030
Noncurrent assets:		
Notes receivable (Note E)		5,200,000
Less: allowance for doubtful accounts		(5,200,000)
Total noncurrent assets		-
Capital assets:		
Right to Use Asset (Note F)		723,043
Less: accumulated amortization		(563,345)
Intangible Right to use Subscription Asset		63,777
Less: accumulated amortization		(20,219)
		203,256
Total assets		**85,870,286**
LIABILITIES		
Current liabilities:		
Accounts payable		1,322,723
Accrued expenses		957,437
Compensated absences (Notes H & L)		63,634
Unearned revenue (Note I)		13,147,817
Lease Obligations (Note F)		152,907
Total current liabilities		15,644,518
Long Term liabilities:		
Compensated absences (Notes H & L)		259,425
Lease obligations (Notes F & L)		7,764
Total long term liabilities		267,189
Total liabilities		**15,911,707**
NET POSITION		
Net investment in capital assets		42,585
Unrestricted		69,915,994
Total net position	**$**	**69,958,579**

The accompanying Notes to Consolidated Financial Statements are an integral part of this consolidated financial statement.

Consolidated Statement of Revenues, Expenses and Changes in Net Position

Virginia Innovation Partnership Authority with
Virginia Innovation Partnership Corporation
For the Fiscal Year ending June 30, 2023

Operating revenues:	
Contracts and grants	11,374,611
Virginia Venture Partners	539,872
Other Income	223,688
Total operating revenues	**12,138,171**
Operating expenses:	
Commercialization Division	10,394,112
Investment Division	15,069,922
Entrepreneurial Ecosystems Division	1,474,197
Strategic initiatives	7,738,117
Unmanned Systems	1,849,490
Policy, Communications and Commonwealth Engagement	1,500,243
VIPA administrative	3,485
Total operating expenses	**38,029,566**
Operating loss	**(25,891,395)**
Non-operating revenues/(expenses):	
Appropriations from the Commonwealth of Virginia	47,863,371
Interest revenue	2,801,873
Gain on investment	256,549
Appropriations Disbursed to COEs	(30,741,000)
Total non-operating revenues/(expenses)	**20,180,793**
Change in net position	**(5,710,602)**
Change in net position	(5,710,602)
Net position at July 1, 2022	75,669,181
Net position at June 30, 2023	**$ 69,958,579**

The accompanying Notes to Consolidated Financial Statements are an integral part of this consolidated financial statement.

Consolidated Statement of Cash Flows

Virginia Innovation Partnership Authority with
Virginia Innovation Partnership Corporation
For the Fiscal Year ending June 30, 2023

Cash flows from (used by) operating activities:	
Contracts and grants revenue received	4,639,397
SSBCI grant revenue received	18,434,657
Virginia Venture Partners revenue received	539,872
Miscellaneous receipts	215,451
Payments to Commonwealth Commercialization Fund recipients	(7,953,511)
Payments to Regional Innovation Fund recipients	(525,000)
Payments to Petersburg Founders Fund recipients	(500,000)
Payments to Virginia Venture Partner recipients	(9,886,717)
Payments to vendors	(12,832,533)
Payments to employees	(5,660,765)
Net cash used by operating activities	**(13,529,149)**
Cash flows from non-capital financing activities:	
Appropriations received from the Commonwealth of Virginia	47,863,371
Appropriations Disbursed to COEs	(30,741,000)
Net cash provided by non-capital financing activities	**17,122,371**
Cash flows from investing activities:	
Proceeds from liquidations of investments	256,549
Interest received	2,749,277
Net cash provided by investing activities	**3,005,826**
Net decrease in cash and cash equivalents	**6,599,048**
Cash and cash equivalents at July 1, 2022	76,203,501
Cash and cash equivalents at June 30, 2023	**$ 82,802,549**

Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$	(25,891,395)
Adjustments to reconcile operating loss to net cash:		
Amortization on long term leases and subscription assets		362,989
Changes in assets and liabilities:		
Increase in accounts and accrued receivables		(1,460,096)
Increase in prepaid expenses and deposits		(55,033)
Increase in right of use subscription assets		(63,777)
Increase in accounts payable		102,138
Increase in accrued expenses		627,518
Increase in unearned revenue		13,147,817
Decrease in lease obligations		(349,201)
Increase in compensated absences		49,891
Net cash used by operating activities	**$**	**(13,529,149)**
Non-cash investing, capital and financing activites:		
Right to use assets acquired through the assumption of a liability		113,237

Notes to the Consolidated Financial Statements

NOTE A – DESCRIPTION OF ORGANIZATION

The consolidated financial statements include the accounts of the Virginia Innovation Partnership Authority (the Authority) and its blended component unit, the Virginia Innovation Partnership Corporation (VIPC), collectively "the Organization". The Authority is a political subdivision of the Commonwealth of Virginia (the Commonwealth), as authorized by the Commonwealth of Virginia Innovation Partnership Authority Act (VIPA Act), Title 2.2, Chapter 22 of the Code of Virginia. The VIPA Act provides for the Authority's Board of Directors to designate the president and staff of a not-for-profit entity to carry out the day-to-day operations and activities of the Authority. VIPC is the non-stock, not-for-profit corporation designated for this purpose, and it acts as the operating arm of the Authority. The mission of VIPC is to support the life cycle of innovation, from translational research; to entrepreneurship; to pre-seed and seed stage funding; and to acceleration, growth, and commercialization. The Virginia General Assembly 2022 Special Session I, Virginia Acts of Assembly Chapter 2 authorizes the Authority to transfer funds appropriated to it by the Commonwealth to VIPC for use in realizing its mission.

The financial statements of the Authority, including its blended component unit VIPC, are intended to present the financial position and the changes in financial position and cash flows on only that portion of the financial reporting entity of the Commonwealth that is attributable to the transactions of the Organization. A separate report is prepared for the Commonwealth that includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises oversight authority. The Authority is a component unit of the Commonwealth and is included in the basic financial statements of the Commonwealth. Consolidating financial statements for the Authority and VIPC can be found in the Supplementary Information section of the Annual Financial Statement report.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The consolidated financial statements of the Organization have been prepared using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of cash flows.

Basis of Consolidation – The consolidated financial statements incorporate the financial statements of the Authority and VIPC. Significant inter-organizational transactions include other operating costs and Appropriations disbursed to Centers of Excellence (COEs). These inter-organizational transactions, as applicable, have been eliminated during consolidation.

Use of Estimates – 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 revenues and expenses during the reporting period and the reported amounts of consolidated assets and liabilities at the date of the consolidated financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Allocation Method – VIPC uses the full-cost allocation approach using historically approved indirect rates to allocate indirect costs among activities for all program areas, including those that are billable to the Federal government on a cost-reimbursement basis. VIPC allocates indirect costs based on three rates: fringe, overhead and general and administrative costs. The fringe and overhead rates are applied to functions based upon direct labor cost. The general and administrative rate is applied to functions based

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

upon total cost. Included within the accrued expenses line item is the amount VIPC has estimated is owed to the Federal government based on the delay of when VIPC receives the approved indirect rates versus when the billing occurs. For annual financial statement presentation, VIPC allocates the under/over-applied indirect costs to the applicable program area(s).

Consolidated Net Position – The net position of the Organization and changes therein are classified and reported as follows:

> *Net Investment in Capital Assets* – Component of net position consisting of capital assets and subscription assets, net of accumulated depreciation or amortization, reduced by outstanding balances of bonds, mortgages, notes, lease obligations, IT arrangements or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> *Unrestricted Net Position* – Component of net position available for use in general operations and not subject to restrictions.

As of June 30, 2023, net position of the Organization was classified as either net investment in capital assets or unrestricted net position.

Revenue Recognition – Revenue is recognized when earned. Payments received in advance are unearned until the applicable period when the related services are performed, or expenditures are incurred. Contributions are recognized when cash, securities or other assets, or notification of a beneficial interest is received.

Prepaid Expenses and Deposits – Prepaid expenses and deposits represent amounts paid prior to delivery of the related service.

Accounts Receivable – Accounts receivable are primarily unsecured non-interest-bearing amounts due from contracts and grants. The Organization provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Normal accounts receivable are due 30 days after issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer/grantor.

Capital Assets – Property and equipment are stated at cost at the date of acquisition or, in the case of gifts, at acquisition value at the date of donation. Capital assets are recorded for items with a cost of $5,000 or more and a useful life of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expenses as incurred. Depreciation is recognized using the straight-line method over the useful lives of the assets, 3 to 10 years for furniture, fixtures and equipment.

No impairment losses were recognized in the consolidated financial statement for the fiscal year ended June 30, 2023.

In accordance with Governmental Accounting Standards Board (GASB) Statement Number 87, which the organization adopted in FY2022, leases are reported for the full lease term value as a right to use asset with corresponding lease amortization and lease liability. When interest rates are not included within the lease terms, the federal short-term borrowing rate is used as an estimated interest rate. For the fiscal year ended June 30, 2023, The Organization had the following open long term leases:

1) Office rent, Richmond, due monthly, 3 months remaining on an annual, renewable lease
2) Office rent, Herndon, due monthly, 6 months remaining on a 24 month lease
3) Office equipment, Herndon, due monthly, 34 months remaining on a 4-year lease

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

In accordance with Governmental Accounting Standards Board (GASB) Statement Number 96, which the organization adopted in FY2023, Subscription Based IT Arrangements (SBITA) are reported for the full contract term value as an intangible right to use subscription asset with corresponding asset amortization. No liability was recorded because all arrangements were paid in full at the start of the contract. When interest rates are not included within the contract terms, the federal short-term borrowing rate is used as an estimated interest rate.

Accounts payable and accrued expenses – Accounts payable and accrued expenses represent amounts owed for goods and services received but not paid prior to year-end. Accounts payable are vendor expenses with invoices currently in process for payment in the near future. Accrued expenses are liabilities that are estimable (invoice not received). Additionally, a portion of accrued expenses reflects what is due for overapplied indirect rates from the indirect cost allocation process for federal programs.

Compensated Absences – Compensated absences represent the Organization's liability for compensated time off earned by employees but not taken as of June 30, 2023.

Unearned Revenue – Unearned revenue primarily represents State Small Business Credit Initiative (SSBCI) program funds received but not yet deployed as of June 30, 2023.

Long Term Lease obligations – Long Term Lease obligations represent the Organization's lease obligations that are due greater than one year from year end, June 30, 2023. For more information see Footnotes F & L.

Operating and Non-Operating Activity – Most of the financial activity of the Organization is a result of operations. Operating activities are directly related to the Organization's promotion of the Commonwealth's economic growth. Currently, non-operating activity relates to appropriations from the Commonwealth and investment activities.

Gain (Loss) on Investment – This non-operating activity is related to investments made in Virginia Venture Partners (VVP) portfolio companies. The gain could be related to note repayments, acquisitions or mergers, or sale of stock. See Footnotes E and J for more information regarding notes receivable and equity positions. Loss on investment is netted with gains within this line item.

Appropriation Disbursed to Centers of Excellence – The Authority consolidates specific Commonwealth appropriated economic development initiatives, known as COEs, under one umbrella, including the Virginia Biosciences Health Research Corporation, the Commonwealth Center for Advanced Manufacturing, the Commonwealth Cyber Initiative, and the Commonwealth Center for Advanced Logistics. Additionally, another organization, Virginia Academy of Science, Engineering and Medicine, receives Commonwealth appropriations through the Authority. The Authority receives the appropriation for these COEs and organizations directly from the Commonwealth and disburses their appropriations to them directly.

Income Taxes – The Authority is a political subdivision of the Commonwealth; and, therefore, is exempt from federal income tax.

VIPC is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though tax can be levied on income unrelated to the exempt purpose of VIPC (unless that income is otherwise excluded by the IRC). Contributions to VIPC are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation.

For all open tax years for all major taxing jurisdictions, management of the Organization has concluded that there are no uncertain tax positions that would require recognition in the financial statements. Management does not expect that its assessment regarding unrecognized tax positions will materially change over the next 12 months.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Generally, tax returns of the Organization's entities remain open to inspection by federal, state, and local authorities for three years from the date of filing. Returns for fiscal years ended June 30, 2020 and later (VIPC) remain subject to examination.

NOTE C – CASH AND INVESTMENTS

The investment policy of the Organization, established and monitored by the Board of Directors, complies with the Investment of Public Funds Act, Code of Virginia Section 2.2-4500 – 4518. The investment policy establishes guidelines for the quality of investments, maturities, and investment yields. Cash and cash equivalents represent deposits and short-term investments with original maturity dates of up to 90 days.

Custodial Credit Risk - All deposits of the Organization are maintained in accounts covered by federal depository insurance and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia, as amended, which provides for an assessable multiple financial institution collateral pool.

Disclosure is required for risk associated with uncollateralized cash deposits and uninsured and unregistered securities held by a counterparty, or its trust department or agent, but not in the Organization's name. As of June 30, 2023, the Organization had no deposits or investments exposed to custodial credit risk.

Concentration of Credit Risk – Disclosure of any one issuer is required when it represents five percent or more of total investments. At June 30, 2023, the Organization had no investments in any single issuer greater than five percent.

Foreign Currency Risk – Disclosure is required for investments exposed to changes in exchange rates that could adversely affect the fair value of an investment or deposit. The Organization had no foreign investment or deposits during the fiscal year ended June 30, 2023.

Credit Risk – Disclosure of the credit quality rating is required for investments exposed to the risk an issuer or other counterparty will not fulfill its obligations. On June 30, 2023, the Organization had cash and cash equivalents as shown in the chart below:

	Credit Rating	Amount
Cash, cash equivalents and investments:		
Cash (Unrestricted)		$ 150,786
Local Government Investment Pool (Unrestricted)	AAAm	69,517,490
		69,668,276
Local Government Investment Pool (Restricted)	AAAm	13,134,273

The Local Government Investment Pool (LGIP) enables governmental entities to maximize their return on investments by providing for a State administered fund where monies can be commingled for investment purposes to realize the economies of large-scale investing and professional funds management. The LGIP is managed in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 79. The LGIP is in compliance with all the standards of GASB Statement No. 79 and elects to report its investments for financial reporting at amortized cost. Participants in the LGIP should also report their investments in the LGIP at amortized cost. The LGIP is rated AAAm by Standard & Poor's rating service.

The amount listed as Restricted within LGIP represents funds received specifically for the U.S. Department of the Treasury State Small Business Credit Initiative (SSBCI) but not yet deployed. Also see Note I for further information.

NOTE D – ACCOUNTS AND ACCRUED RECEIVABLES

On June 30, 2023, VIPC held accounts and accrued receivables of $2,620,874, of which, $2,538,914 is related to contracts and grants and the remaining $81,960 is from sponsorships and miscellaneous accrued revenue.

NOTE E – NOTES RECEIVABLE

As of June 30, 2023, VIPC had 97 convertible note purchase agreements with 71 emerging companies under its Virginia Venture Partners (VVP) Fund. The promissory notes have maturity dates of 2 to 41 months from issuance. Payment due at maturity includes principal plus interest, at rates ranging from 2% to 12%.

In some cases, VIPC has granted extensions as the notes have become due. At VIPC's option, VIPC may convert certain notes into company equity, subject to terms of the related note.

Notes due to be repaid within one fiscal year have been classified as Current Notes Receivable. Notes due to be repaid after one fiscal year or longer have been classified as Noncurrent Notes Receivable.

On June 30, 2023, VIPC held $10,061,756 in notes receivable. Due to the risk involved with emerging-stage companies, VIPC elects to set up an allowance for the full amount when a promissory note is issued. At fiscal year-end, VIPC set up a full allowance of $10,061,756.

NOTE F – CAPITAL ASSETS

The Organization had the following capital asset activities as of and during the year ended June 30, 2023:

	Beginning Balance	Acquisitions and Additions	Sales and Dispositions	Ending Balance
Furniture, Fixtures, and Equipment	236,064	-	-	236,064
Accumulated Depreciation	(236,064)	-	-	(236,064)
Right to Use Assets				
Buildings	708,354	113,237	(115,157)	706,434
Accumulated Amortization	(335,051)	(338,618)	115,157	(558,512)
Equipment	16,609	-	-	16,609
Accumulated Amortization	(681)	(4,152)	-	(4,833)
Intangible Right to Use Subscription Assets				
Software	-	63,777	-	63,777
Accumulated Amortization	-	(20,219)	-	(20,219)
Total	$ 389,231	$ (185,975)	$ -	$ 203,256

VIPC entered into three leases with the following principal and interest payments due under the lease liability, as of June 30, 2023:

Year ending June 30,	Principal	Interest	Total Payment
2024	152,907	1,008	153,915
2025	4,200	117	4,317
2026	3,564	33	3,597
	160,671	1,158	161,829

NOTE G – CONCENTRATION OF REVENUE

For the fiscal year ended June 30, 2023, approximately 76% of the Organization's revenue was from appropriations received from the Commonwealth of Virginia.

NOTE H – COMPENSATED ABSENCES

It is VIPC's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since VIPC does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred. Each employee may carry the equivalent of two weeks of annual leave forward to the following calendar year. The Organization had the following compensated absence activity as of and during the year ended June 30, 2023:

	Beginning Balance	Earned and Accrued	Used or Lost	Ending Balance	Current Portion	Non-Current Portion
Compensated Absences	$ 273,168	$ 384,091	$ (334,200)	$ 323,059	$ 63,634	$ 259,425
Total	$ 273,168	$ 384,091	$ (334,200)	$ 323,059	$ 63,634	$ 259,425

NOTE I – UNEARNED REVENUE

In January 2023, VIPC received the first distribution of SSBCI program funds. Upon receipt, all of the funds were recorded as Unearned Revenue. As investments are made, an entry is recorded to reduce Unearned Revenue. Other transactions in this account include increases due to interest earned on funds received but not yet deployed and decreases for VIPC administrative fees (% of allocation is recoverable overhead costs associated with the deployment of SSBCI funds).

	Beginning Balance	Accrued and Additions	Used or Invested	Ending Balance
Unearned Revenue	$ -	$ 18,434,657	$ (5,286,840)	$ 13,147,817
Total	$ -	$ 18,434,657	$ (5,286,840)	$ 13,147,817

NOTE J – EQUITY POSITIONS

On June 30, 2023, VIPC held equity positions in 119 start-up organizations, obtained through VIPC's VVP Fund. The equity was obtained by exercising conversion options in the VVP Fund note purchase agreements and through cash purchases.

With the exception of one holding, Zimmer Biomet, Inc., the are not traded on the open market, so it is difficult to determine a market value for the equity without full company valuations. Because there is no clear assessment of value, the Organization has not recorded the equity positions as assets. VIPC's VVP

NOTE J – EQUITY POSITIONS (continued)

Fund equity positions, as of June 30, 2023, are listed in detail in the table below:

Company Name	Number of Shares / Units / Ownership Interest	Equity Type
418 Intelligence Corp.	109,494	Preferred
Agrology, PBC (formerly Aquasys)	263,300	Preferred
Anatrope, Inc.	59,167	Common
AnswersNow, Inc.	169,764	Preferred
Aquanta, Inc.	2,679,389	Preferred
Archemedx	305,975	Preferred
Atomic Corporate Industries, Inc.	79,621	Preferred
Axon Ghost Sentinel, Inc.	59,167	Common
Babylon Micro-Farms, Inc.	57,985	Preferred
BlackBoiler, Inc.	52,356	Preferred
Blackhawk Network Holdings	11,449	Preferred
Blue Triangle Technologies, Inc.	14,368	Preferred
BrainBox Solutions, Inc	NA	SAFE
Brazen Careerist, Inc.	560,734	Preferred
Buddy Technology, Inc	43,599	Preferred
Card Isle Corporation	200	Preferred
CargoSense, Inc.	321,395	Preferred
Caveonix/Eunomic Inc.	136,979	Preferred
Cerillo Inc	1,550	Preferred
Cervais, Inc.	136,122	Common
ChurnZero, Inc.	416,831	Preferred
Cirrusworks, Inc.	368,250	Preferred
Cont3nt.com, Inc.	133,262	Preferred
Contraline, Inc.	87,186	Preferred
CORIT Medical, LLC	94,402	Preferred
Coulomb (Lumin)	522,726	Preferred
Crunchy Hydration	NA	SAFE
Curbside Kitchen, Inc	214,285	Preferred
Cyber 20/20, Inc.	74,386	Common
CynjaTech, LLC	373,636	Preferred
Cyph, Inc.	360,772	Common
CySecure, Inc.	160,952	Common
CytoRecovery Inc.	1,708,677	Preferred
Deep Sig	494,097	Preferred
DHK Storage Inc.	268,890	Preferred
DroneUp, LLC	406,666	Preferred
EdConnective	200,000	Common
Electra.aero, Inc.	20,105	Preferred
FarmRaiser	62,826	Preferred
Fend, Inc	NA	SAFE
Fenris, Inc.	921,103	Preferred
Fitnet Corporation	965	Preferred
FRNGE, Inc.	440,927	Preferred
Gathering, Inc. (aka Rize)	699,077	Preferred
GenEp, Inc.	49,617	Preferred
GenEp, Inc.	NA	SAFE
Gryphn Corporation, Inc. (Uppidy)	24,621	Preferred

NOTE J – EQUITY POSITIONS (continued)

VIPC's VVP Fund equity portfolio, as of June 30, 2023 (continued):

Company Name	Number of Shares / Units / Ownership Interest	Equity Type
Happyly, Inc	9,994	Preferred
Harbinger Technology Solutions, LLC	107,497	Preferred
Hashlit, Inc. (Corsha)	125,000	Preferred
Hideez Group, Inc.	428,810	Common
Hosted Harbor LLC (nexVortex spin out)	1.65% ownership interest	Ownership Interest
Hungry Marketplace, Inc.	245,250	Preferred
Hyperqube Technologies, Inc.	1,015,664	Preferred
ID.ME, Inc.	10,160,300	Preferred
INF Robotics Inc.	NA	SAFE
Introhive, Inc.	322,580	Preferred
iTi Health, Inc.	62,696	Preferred
Kinometrix, Inc.	175,100	Preferred
LevelFields, Inc.	43,103	Common
LiteIdeas, LLC	48,678	Preferred
Llamawood, Inc.	NA	SAFE
Locurity Inc.	59,167	Common
Loop88, Inc.	43,450	Preferred
Loric Games, Inc.	NA	SAFE
Luminoah, Inc.	121,271	Preferred
Lynk Global Inc.	NA	SAFE
Manor Financial Inc./Upsidedoor	238,435	Preferred
MarginEdge Co.	402,539	Preferred
Maternity Neighborhood, Inc.	200,000	Preferred
Micronic Technologies, Inc.	77,893	Preferred
MINTangible Inc.	NA	SAFE
Mobilesense Technologies, Inc. (Mobilephire)	451,329	Common
Moment AI, Inc.	NA	SAFE
Shiftone, Inc (MomentSnap)	321,015	Preferred
Novela Company Inc.	NA	SAFE
One Digital Trust, Inc.	217,076	Preferred
OpsCanvas, Inc.	NA	SAFE
Ostendio, Inc.	129,913	Preferred
OxiWear Inc	NA	SAFE
Panaceutics Nutrition, Inc.	349,969	Preferred
PerformYard, Inc.	347,830	Preferred
Please Assist Me, Inc.	NA	SAFE
Plutus Privacy Security, Inc.	200	Common
Power Fingerprinting, Inc.	21,671	Preferred
PS-Fertility, Inc.	38,986	Preferred
Public Relay HoldCo	375,824	Preferred
Qrvey, Inc.	2,133,810	Preferred
Quirk, Inc.	376,000	Common
RegScale Inc.	768,076	Preferred
Resale Global, Inc.	NA	SAFE
RiPSIM Technologies, Inc.	NA	SAFE
Rivanna Medical Inc.	1,007	Preferred
RoundlyX, Inc.	1,182,451	Preferred
RunSafe Security, Inc.	614,777	Preferred
SceneThink, Inc.	769	Preferred
SCOUT Space Inc.	1,426,114	Preferred
Senseware, Inc.	888,536	Preferred
Shevirah Inc.	384,199	Common
Sitscape Inc.	37	Common
Slate Bio, Inc	72,997	Preferred
Societas Analytics, Inc. (Anova Intelligence)	40,000	Common

NOTE J – EQUITY POSITIONS (continued)

VIPC's VVP Fund equity portfolio, as of June 30, 2023 (continued):

Company Name	Number of Shares / Units / Ownership Interest	Equity Type
Suvola Corporation	212,189	Common
Syllab Systems, Inc	300,000	Common
TearSolutions, Inc.	82,680	Preferred
Tenant Turner	2,093	Common
Territory Foods, Inc.	286,530	Common
The Endowment Project	80,000	Common
ThreatQuotient, Inc.	440,691	Preferred
Urgent.Ly Inc.	1,186	Common
Value Unlimited, Inc. (dba ChowCall)	3,775	Preferred
Vangogh Imaging, Inc.	240,000	Common
Virgil Security, Inc.	324,675	Preferred
Wealthengine, Inc. (Brightcontext)	47,002	Preferred
WealthForge, LLC	33,422	Preferred
Wellthi Technologies Inc.	NA	SAFE
Wrangld Inc.	209,863	Preferred
Zimmer Biomet Holdings, Inc. (Embody acquirer)	17,659	Common
Zoobean, Inc.	1,256,982	Preferred
Zoomph, Inc.	390,964	Preferred

NOTE K - EMPLOYEE BENEFITS

VIPC has a defined contribution retirement plan covering substantially all employees. Under the plan, VIPC makes contributions fixed at 12% of each employee's compensation to pay premiums for individual retirement annuity contracts written by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Plan contributions are fully and immediately vested, and amounts are non-forfeitable. Additional tax-deferred contribution, subject to certain limitations, may be made by the employees through a salary reduction program. Pension expense for the plan totaled $665,219 for the fiscal year ended June 30, 2023.

NOTE L – LONG TERM LIABILITIES

The Organization had the following Long Term Liability activity as of and during the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Compensated absences	$ 273,168	$ 384,091	$ (334,200)	$ 323,059	$ 63,634	$ 259,425
Long Term Lease	396,635	113,237	(349,201)	160,671	152,907	7,764
Total	$ 669,803	$ 497,328	$ (683,401)	$ 483,730	$ 216,541	$ 267,189

NOTE M – CONDENSED COMBINING FINANCIAL INFORMATION

Blended component unit condensed combining financial information is listed in the tables below.

CONDENSED STATEMENT OF NET POSITION
Virginia Innovation Partnership Corporation
As of June 30, 2023

ASSETS	
Total current assets	83,044,909
Total capital assets	203,256
Total assets	**83,248,165**
LIABILITIES	
Total current liabilities	15,644,518
Total long term liabilities	267,189
Total liabilities	**15,911,707**
NET POSITION	
Net investment in capital assets	42,585
Unrestricted	67,293,873
Total net position	**$ 67,336,458**

CONDENSED STATEMENT OF REVENUES, EXPENSES, and CHANGES IN NET POSITION
Virginia Innovation Partnership Corporation
For the Fiscal Year ending June 30, 2023

Operating revenues	12,138,171
Operating expenses	38,026,081
Operating loss	**(25,887,910)**
Appropriations from the Commonwealth of Virginia	17,122,371
Interest revenue	2,705,381
Gain on investment	256,549
Total non-operating revenues/(expenses)	**20,084,301**
Change in net position	**(5,803,609)**
Net position at July 1, 2022	73,140,067
Net position at June 30, 2023	**$ 67,336,458**

CONDENSED STATEMENT OF CASH FLOWS
Virginia Innovation Partnership Corporation
For the Fiscal Year ending June 30, 2023

Net cash provided (used) by:	
Operating activities	(13,529,149)
Non-capital financing activities	17,122,371
Investing activities	3,005,826
Capital and related financing activities	-
Net decrease in cash and cash equivalents	**6,599,048**
Cash and cash equivalents at July 1, 2022	76,203,501
Cash and cash equivalents at June 30, 2023	**$ 82,802,549**

NOTE N - CONTINGENT LIABILITIES

On June 30, 2023, VIPC had 23 contingent liabilities related to letters of commitment for VVP investments of $5,925,015. The letter of commitment states VIPC's intention to enter into a convertible note purchase agreement with the company, subject to certain conditions. After year end, VIPC made investments in 15 of these companies for a combined amount of $3,950,015.

NOTE O - RISK MANAGEMENT

The Authority and VIPC are exposed to various risks of loss related to torts, theft, or damage and destruction to assets, injuries to employees, and natural disasters. Risk management insurance includes general liability, property, directors and officers, errors and omissions, equipment, and worker's compensation. The Authority is insured through the Commonwealth's Risk Management Program. VIPC is insured through commercial insurance policies with The Hartford, and Philadelphia Indemnity Insurance Company, VIPC's health care plan is administered by Anthem. As of June 30, 2023, VIPC does not have any claims nor any possible/potential claims or judgements.

NOTE P – SUBSEQUENT EVENT

On June 30, 2023, VIPC held 17,659 shares of Zimmer Biomet Holdings, Inc. that were received as proceeds for the sale of Embody, a company in which VIPC was an investor. The shares were sold on October 27, 2023 for total realized proceeds of $1,843,759. VIPC's cumulative investment in Embody totaled $720,000, resulting in a realized gain of $1,123,758.

SUPPLEMENTARY INFORMATION

Consolidating Statement of Net Position

Virginia Innovation Partnership Authority with
Virginia Innovation Partnership Corporation
As of June 30, 2023

	VIPA	VIPC	Eliminating Entry	Total
ASSETS				
Current assets:				
Cash and cash equivalents (Unrestricted)	$ 2,625,606	$ 67,042,670	$ -	$ 69,668,276
Cash and cash equivalents (Restricted)	-	13,134,273	-	13,134,273
Accounts and accrued receivables	-	2,620,874	-	2,620,874
Prepaid expenses and deposits	-	243,607	-	243,607
Notes receivable	-	4,861,756	-	4,861,756
Less: allowance for doubtful accounts	-	(4,861,756)	-	(4,861,756)
Due from VIPA (Operating Expenses)	-	3,485	(3,485)	-
Total current assets	2,625,606	83,044,909	(3,485)	85,667,030
Noncurrent assets:				
Notes receivable	-	5,200,000	-	5,200,000
Less: allowance for doubtful accounts	-	(5,200,000)	-	(5,200,000)
Total noncurrent assets	-	-	-	-
Capital assets:				
Right to use asset	-	723,043	-	723,043
Less: Accumulated Amortization	-	(563,345)	-	(563,345)
Intangible Right to use Subscription Asset	-	63,777	-	63,777
Less: Accumulated Amortization	-	(20,219)	-	(20,219)
Total capital assets	-	203,256	-	203,256
Total assets	**2,625,606**	**83,248,165**	**(3,485)**	**85,870,286**
LIABILITIES				
Current liabilities:				
Due to VIPC (Operating Expenses)	3,485	-	(3,485)	-
Accounts payable	-	1,322,723	-	1,322,723
Accrued expenses	-	957,437	-	957,437
Compensated absences	-	63,634	-	63,634
Unearned revenue	-	13,147,817	-	13,147,817
Lease Obligations	-	152,907	-	152,907
Total current liabilities	3,485	15,644,518	(3,485)	15,644,518
Long Term liabilities:				
Compensated absences	-	259,425	-	259,425
Lease obligations	-	7,764	-	7,764
Total long term liabilities	-	267,189	-	267,189
Total liabilities	**3,485**	**15,911,707**	**(3,485)**	**15,911,707**
NET POSITION				
Net investment in capital assets	-	42,585	-	42,585
Unrestricted	2,622,121	67,293,873	-	69,915,994
Total net position	**$ 2,622,121**	**$ 67,336,458**	**$ -**	**$ 69,958,579**

Consolidating Statement of Revenues, Expenses, Changes in Net Position

Virginia Innovation Partnership Authority with
Virginia Innovation Partnership Corporation
For the Fiscal Year ending June 30, 2023

	VIPA	VIPC	Eliminating Entry	Total
Operating revenues:				
Contracts and grants	$ -	$ 11,374,611	$ -	$ 11,374,611
Virginia Venture Partners	-	539,872	-	539,872
Other Income	-	223,688	-	223,688
Total operating revenues	**-**	**12,138,171**	**-**	**12,138,171**
Operating expenses:				
Commercialization Division	-	10,394,112	-	10,394,112
Investment Division	-	15,069,922	-	15,069,922
Entrepreneurial Ecosystems Division	-	1,474,197	-	1,474,197
Strategic Initiatives	-	7,738,117	-	7,738,117
Unmanned Systems	-	1,849,490	-	1,849,490
Policy, Communications and Commonwealth Engagement	-	1,500,243	-	1,500,243
VIPA administrative	3,485	-	-	3,485
Total operating expenses	**3,485**	**38,026,081**	**-**	**38,029,566**
Operating loss	**(3,485)**	**(25,887,910)**	**-**	**(25,891,395)**
Non-operating revenues/(expenses):				
Appropriations from the Commonwealth of Virginia	47,863,371	-	-	47,863,371
Interest & Miscellaneous income	96,492	2,705,381	-	2,801,873
Gain (Loss) on investment	-	256,549	-	256,549
Total non-operating revenues/(expenses)	**47,959,863**	**2,961,930**	**-**	**50,921,793**
Income/(loss) before transfers and other comprehensive income	47,956,378	(22,925,980)	-	25,030,398
Transfers (out)/in - VIPC Appropriations	(17,122,371)	17,122,371	-	-
Appropriations disbursed to COEs	(30,741,000)	-	-	(30,741,000)
Change in net position	**93,007**	**(5,803,609)**	**-**	**(5,710,602)**
Change in net position	93,007	(5,803,609)	-	(5,710,602)
Net position at July 1, 2022	2,529,114	73,140,067	-	75,669,181
Net position at June 30, 2023	**$ 2,622,121**	**$ 67,336,458**	**$ -**	**$ 69,958,579**

Appendix A - INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

July 23, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Directors
Virginia Innovation Partnership Authority and
Virginia Innovation Partnership Corporation

Joe Benevento, President & CEO
Virginia Innovation Partnership Corporation

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Virginia Innovation Partnership Authority** (Authority), a component unit of the Commonwealth of Virginia, including its blended component unit, the Virginia Innovation Partnership Corporation, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the of the Authority as of June 30, 2023, and the respective changes in financial position and, where applicable, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 Management's Discussion and Analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Consolidating Statement of Net Position and the Consolidating Statement of Revenues, Expenses, and Changes in Net Position (consolidating statements) are presented for the purpose 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 consolidating statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 23, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Authority's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

NJJ/vks

Appendix B – AGENCY OFFICIALS

VIRGINIA INNOVATION PARTNERSHIP AUTHORITY

And

VIRGINIA INNOVATION PARTNERSHIP CORPORATION

BOARD OF DIRECTORS

As of June 30, 2023