

THE VIRGINIA OUTDOORS FOUNDATION
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

VIRGINIA OUTDOORS FOUNDATION
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

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INTRODUCTORY SECTION

THE VIRGINIA OUTDOORS FOUNDATION
DIRECTORY OF OFFICIALS

BOARD OF TRUSTEES

Stephanie Ridder, Chairman

Peter C. Bance

Childs F. Burden

Elizabeth Obenshain

John L. Richardson

Thomas G. Slater, Jr.

Brent Thompson

OTHER OFFICIALS

Brett Christina Glymph, Executive Director

FINANCIAL SECTION

Hicok, Fern & Company

Certified Public Accountants

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*Members of American Institute
of Certified Public Accountants*

*Members of Virginia Society of
Certified Public Accountants*

*•Members of National Association of
Certified Valuation Analysts*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Virginia Outdoor Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Virginia Outdoor Foundation, component unit of The Commonwealth of Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Virginia Outdoor Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Hicok, Fern & Company
Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Virginia Outdoor Foundation, as of June 30, 2015, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–9 and 26–27 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Virginia Outdoor Foundation's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016, on our consideration of Virginia Outdoor Foundation'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 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 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 Virginia Outdoor Foundation's internal control over financial reporting and compliance.



Hicok, Fern & Company
Abingdon, Virginia

February 15, 2016

Management's Discussion and Analysis

To the Board of Trustees of The Virginia Outdoors Foundation

As management of The Virginia Outdoors Foundation, we offer readers of our financial statements this narrative, overview, and analysis of the financial activities of the Foundation for the fiscal year ended June 30, 2015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Foundation's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Local government accounting and financial reporting originally focused on funds, which were designed to enhance and demonstrate fiscal accountability. Now accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with justification from the government that A) public monies have been used to comply with public decisions and B) whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of the Foundation's finances. The statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the preparation of these financial statements in a manner similar to a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The statement of net position presents all of the Foundation's permanent accounts, or assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Foundation is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the Foundation.

The statement of activities presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions, which are supported by recordation tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end to themselves.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Foundation has only one fund - the general fund.

Management's Discussion and Analysis (continued)

Overview of the Financial Statements (continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation between the two methods is provided on the exhibits following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Highlights

The Foundation's overall financial position has changed as described below:

Government-wide Financial Statements

- The assets of the Foundation exceeded its liabilities at the close of the most recent fiscal year by \$8,597,809 (net position). Of this amount, \$1,964,883 (unrestricted net position) may be used to meet the Foundation's ongoing obligations to customers and creditors.
- The Foundation's total net position decreased by \$44,581 this fiscal year as compared to a decrease of \$26,821 in the prior fiscal year. This change was largely the result of an increase in purchased easements during the fiscal year

Fund Financial Statements

At the end of the current fiscal year, fund balance for the general fund was \$2,982,457. Of this amount \$1,460,797 was restricted and held in trust, while \$1,489,493 was unrestricted and available to finance operations of the Foundation. Fund balance of \$32,167 was reported as nonspendable and consists of prepaid items.

Fund balance decreased by \$55,474 during the fiscal year as compared to an increase in the prior year of \$120,630. This change was due to: improvements to owned real estate of \$69,652; the purchase of land totaling \$30,481; and, the aforementioned increase in purchased easements during the fiscal year.

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Management's Discussion and Analysis (continued)

Net Position

The following table reflects the Foundation's condensed summary of the Statement of Net Position as of June 30, 2015 and 2014.

Summary of Statement of Net Position as of June 30, 2015 and 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Current assets	\$ 3,752,988	\$ 3,858,112
Noncurrent assets	<u>5,172,129</u>	<u>5,080,296</u>
Total assets	<u>\$ 8,925,117</u>	<u>\$ 8,938,408</u>
Current liabilities	\$ 140,766	\$ 113,085
Long-term liabilities	<u>186,542</u>	<u>182,933</u>
Total liabilities	<u>\$ 327,308</u>	<u>\$ 296,018</u>
Net position:		
Net investment in capital assets	\$ 5,172,129	\$ 5,080,296
Restricted	1,460,797	1,472,284
Unrestricted	<u>1,964,883</u>	<u>2,089,810</u>
Total net position	<u>\$ 8,597,809</u>	<u>\$ 8,642,390</u>
Total liabilities and net position	<u>\$ 8,925,117</u>	<u>\$ 8,938,408</u>

The Foundation maintains approximately 60% of its net position in capital assets, less any related outstanding debt used to acquire those assets. The Foundation uses these capital assets to perform the operating functions of the Foundation; consequently, these assets are *not* available for future spending.

The Foundation's net position also consists of restricted and unrestricted net position. Restricted net position includes cash and investments reserved for the Bull Run Mountain area. The unrestricted net position includes all other amounts not restricted by an external organization or invested in capital assets. However, these unrestricted amounts have been internally reserved as part of a Foundation policy to provide a cushion against unforeseen contingencies.

Management's Discussion and Analysis (continued)

Revenues, Expenses and Changes in Net Position

The results of the Foundation's operations are reported in the Statement of Activities. The following table presents a condensed summary of this information for the years ended June 30, 2015 and 2014.

Summary of Statement of Activities as of June 30, 2015 and 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Revenues:		
Program revenues:		
Operating grants, contributions & charges	\$ 3,828,737	\$ 3,571,579
General revenues:		
Recordation and license fees	555,136	513,193
Revenue from the use of money and property	9,576	22,818
Miscellaneous revenue	106,454	72,385
Gain on disposal of assets	-	22,240
Total revenues	<u>\$ 4,499,903</u>	<u>\$ 4,202,215</u>
Expenses:		
General government:		
Parks, recreation, and cultural	<u>\$ 4,544,484</u>	<u>\$ 4,229,036</u>
Total expenses	<u>\$ 4,544,484</u>	<u>\$ 4,229,036</u>
Increase (decrease) in net position	\$ (44,581)	\$ (26,821)
Net position - beginning of year	<u>\$ 8,642,390</u>	<u>\$ 8,669,211</u>
Net position - end of year	<u>\$ 8,597,809</u>	<u>\$ 8,642,390</u>

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Management's Discussion and Analysis (continued)

Revenues, Expenses and Changes in Net Position (Continued)

In FY2015, the Foundation's net position decreased by \$44,581 as compared to a decrease in the prior year of \$26,821

The key elements of this (\$17,760) change are discussed below:

- Purchased easements and easement assistance increased from \$218,284 in 2014 to \$310,188 in 2015.
- Operating expenses (exclusive of easement activity and grant expenditures) decreased by \$39,269.
- General revenues from local sources increased by \$40,530 during the current fiscal year.

Financial Analysis of the Government's Fund

As mentioned earlier, the Foundation uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Exhibits 3, 5 and 7 provide information on the Foundation's general fund and are presented using the modified accrual basis of accounting. For the year ended June 30, 2015, the Foundation's general fund balance decreased by \$55,474 to a balance of \$2,982,457. Of this amount \$1,460,797 has been restricted for use. The remaining amount of \$1,521,660 consists of non-spendable fund balance \$32,167 and unassigned fund balance of \$1,489,493. Unassigned fund balance is available to fund operations of the Foundation.

As noted in Exhibit 7, actual revenues exceeded the budget by \$1,519,984. This positive variance was reported as the Foundation's transfer fees exceeded their budget amount by \$82,096 and the Foundation does not budget for certain restricted contributions. These unbudgeted revenues totaled \$1,345,340 for the fiscal year.

Exhibit 7 also presents budgeted expenditures as compared to actual expenditures. Actual expenditures exceeded budgeted expenditures by \$1,505,458; however the Foundation does not budget for expenditures related to the cost of purchased easements, easement assistance or grant expenditures. These items totaled \$1,481,672 for the fiscal year. If these items were removed from the analysis, the Foundation would have reported a positive variance on expenditures of \$23,786.

Capital Asset Activity

The Foundation's investment in capital assets increased during FY2015 to \$5,172,129 (net of accumulated depreciation) from \$5,080,296 in the prior year. The increase was due to a net increase in fee-owned land of \$30,481, improvements to real property of \$69,652 and depreciation charges of (\$8,300) during the fiscal year. Details of the capital assets can be reviewed in Note 3.

Contacting Foundation Management

This financial report is designed to provide a general overview of the Foundation's finances for all readers of this report and to demonstrate the Foundation's accountability for the money it receives. Any questions concerning this report or requests for additional information should be directed to the Foundation's Finance Manager, 1000 South Main Street, Blacksburg, Virginia 24060 or visit our website at www.virginiaoutdoorsfoundation.org.

Basic Financial Statements

Virginia Outdoors Foundation
Statement of Net Position
At June 30, 2015

		Primary Government Governmental Activities
ASSETS		
Cash and cash equivalents	\$	1,518,047
Accounts receivable		700,884
Prepaid items		32,167
Due from employees		1,014
Contributions receivable		77,598
Temporarily restricted cash		1,423,278
Capital assets not being depreciated:		
Conservation land		5,049,727
Capital assets (net of accumulated depreciation):		
Buildings		99,652
Equipment		22,750
Total assets	\$	8,925,117
LIABILITIES		
Accounts payable	\$	73,720
Accrued salaries		67,046
Noncurrent liabilities:		
Due within one year		78,040
Due in more than one year		108,502
Total liabilities	\$	327,308
NET POSITION		
Net investment in capital assets	\$	5,172,129
Restricted		1,460,797
Unrestricted		1,964,883
Total net position	\$	8,597,809

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

Virginia Outdoors Foundation
Statement of Activities
For the Year Ended June 30, 2015

	Program Revenues		Net (Expense) Revenue and Changes in Net Position
<u>Functions/Programs</u>	<u>Expenses</u>	Charges for <u>Services (net)</u>	<u>Virginia Outdoors Foundation</u>
<u>Primary Governmental:</u>		<u>Operating</u> Grants and <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental activities:			
Parks, recreation and cultural	\$ 4,544,484	\$ 22,000	\$ (715,747)
Total governmental activities	\$ 4,544,484	\$ 22,000	\$ (715,747)
General revenues:			
Recordation fees			\$ 555,136
Unrestricted revenues from use of money and property			9,576
Miscellaneous revenue			106,454
Total general revenues			\$ 671,166
Change in net position			(44,581)
Net position - beginning			8,642,390
Net position - ending			\$ 8,597,809

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

Virginia Outdoors Foundation
Balance Sheet
Governmental Funds
At June 30, 2015

ASSETS

	General
Current assets:	
Cash and cash equivalents	\$ 1,518,047
Accounts receivable	700,884
Contributions receivable	77,598
Prepaid items	32,167
Amounts due from employees	1,014
Temporarily restricted cash	1,423,278
Total assets	\$ 3,752,988

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

Current liabilities:	
Accounts payable	\$ 73,720
Accrued salaries	67,046
Total liabilities	\$ 140,766
Deferred inflows of resources:	
Unavailable revenue	\$ 629,765
Fund balance:	
Restricted	
Restricted for Bull Run Mountains	\$ 1,460,797
Nonspendable	32,167
Unassigned	1,489,493
Total fund balance	\$ 2,982,457
Total liabilities, deferred inflows and fund balance	\$ 3,752,988

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

Virginia Outdoors Foundation
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 At June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet	\$	2,982,457
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Conservation land	\$	5,049,727
Buildings		99,652
Equipment		22,750
		5,172,129
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred revenue in the funds		
		629,765
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
OPEB liability	\$	(56,475)
Compensated absences		(130,067)
		(186,542)
Net position of governmental activities	\$	8,597,809

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

Exhibit 5

Virginia Outdoors Foundation
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

Revenues:	General
Recordation fees	\$ 555,136
Interest income	2,076
Reconsideration fees	22,000
Contributions and grants	108,382
Restricted contributions	7,340
Miscellaneous revenue	106,454
Rental income	7,500
Intergovernmental revenues:	
Commonwealth	2,860,346
Federal	908,000
Total revenues	\$ 4,577,234
Expenditures:	
Personnel costs	\$ 2,634,549
Professional services	95,910
IT services	177,606
Utilities	4,000
Postage and delivery	37,594
Telephone	72,904
Insurance	6,471
Rent	105,193
Travel	37,428
Staff training	8,568
Publications	16,513
Supplies	100,559
Easement assistance	91,233
Purchased easements	218,955
Miscellaneous	4,558
Capital outlays	69,652
Purchase of land	30,481
Repairs and maintenance	10,512
Grant expenditures	909,494
Outreach/fundraising	528
Total expenditures	\$ 4,632,708
Excess (deficiency) of revenues over expenditures	\$ (55,474)
Net change in fund balances	(55,474)
Fund balances, beginning of year	\$ 3,037,931
Fund balances, end of year	\$ 2,982,457

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

Virginia Outdoors Foundation
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(55,474)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital asset purchases in the current period. In addition this amount includes the book value of asset sold during the year.

Book value of assets purchased	\$	100,133	
Depreciation expense		<u>(8,300)</u>	91,833

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			(77,331)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in compensated absences	\$	766	
(Increase) decrease in OPEB liability		<u>(4,375)</u>	(3,609)

Change in net position of governmental activities	\$		<u><u>(44,581)</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements
June 30, 2015

Note 1— Summary of Significant Accounting Policies:

The financial statements of the Virginia Outdoors Foundation (the "Foundation") conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Determination of the Reporting Entity

The Foundation is a conservation organization in the Commonwealth of Virginia (the "Commonwealth"). The mission of the Foundation is to promote the preservation of open space lands and to encourage private gifts of money, securities, land, and other property to preserve the natural, scenic, historic, open-space and recreational areas of the Commonwealth. The Foundation was organized in 1966 in accordance with Section 11.1-1800 of the Code of Virginia (1950), as amended.

The Foundation's primary sources of revenue are general appropriations received from the Commonwealth of Virginia, recordation fees, and interest income. These resources are used for the stewardship of the natural and cultural heritage land resources of Virginia on behalf of present and future citizens. The Foundation is a custodian of the "uncommon wealth" for which Virginia has long been revered.

The Foundation is considered a component unit of the Commonwealth of Virginia. As such, the Foundation's financial statements are included as a non-major discretely presented component-unit in the Commonwealth of Virginia's annual financial report.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Foundation. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2015

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. Recordation fees and license fees, which are collected by the State and subsequently remitted to the Foundation, are recognized as revenues and receivables upon collection by the state, which is generally two months preceding receipt by the Foundation.

The government reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government. The general fund is the sole fund of the Foundation.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Deposits and Investments

The Foundation's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the government are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2015

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

E. Land and Land Interest

The Foundation records lands purchased for conservation at cost. These lands are held to maintain the open-space and recreational areas of the Commonwealth of Virginia.

Conservation land is reported at the original book value. Upon sale or gift, the book value of land is removed as an asset from the statement of financial position and reported as a program expense. The related proceeds, if any, are reported as revenue in the statement of activities.

F. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements. Capital assets are defined by the Foundation as assets with initial, individual costs of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Machinery and equipment	3-7

G. Accounts Receivable

Accounts receivable are stated at book value utilizing the direct-write off method for uncollectible accounts. Uncollected balances have not been significant and no allowance for uncollectible accounts is recorded.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2015

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

I. Fund Equity

The Foundation reports fund balance in accordance with provisions of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Non-spendable - items that cannot be spent because they are not in spendable form, such as prepaid items and inventory.

Restricted - items that are restricted by external parties such as creditors or imposed by grants, law, or legislation.

Committed - items that have been committed by formal action by the entity's "highest level of decision-making authority"; which the Virginia Outdoors Foundation considers to be the Board of Trustees.

Assigned - items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The Virginia Outdoors Foundation considers this level of authority to be the Board of Trustees or any Committee granted such authority by the Board of Trustees.

Unassigned - this category is for any balances that have no restrictions placed upon them.

When fund balance resources are available for a specific purpose in more than one classification, it is the Foundation's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

J. Net Position

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

K. Net Position Flow Assumption

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

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2015

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The Foundation does not have any deferred outflows of resources as of June 30, 2015.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Under the modified accrual basis of accounting, unavailable revenue representing taxes receivable is reported in the governmental funds balance sheet as a deferred inflow. This amount is comprised of uncollected transfer fees due prior to June 30 and contributions receivable at year end. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

M. Restricted Net Position

The Bull Mountain Fund was established to care for land in the Bull Run Mountains that is owned by the Foundation and to purchase additional land in this region when it becomes available.

N. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 15, 2016, the date the financial statements were available to be issued.

M. Conservation Easements

The Foundation purchases and/or accepts conservation easements. These easements do not provide for the public use of land; however in some cases the landowners reserve the right to allow public access. The Foundation's primary purpose in relation to conservation easements is to monitor the landowners' (current and future) compliance with such easements. Service capacity under these easements rests with the landowners and not the Foundation. In accordance with GASB Concept Statement 4, the Foundation expenses the cost of conservation easements upon purchase as present service capacity is not retained by the Foundation.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)

June 30, 2015

Note 2—Deposits and Investments:

Deposits

Deposits 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 are considered fully collateralized.

Custodial Credit Risk (Deposits)

This is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation's investment policy requires all deposits to be insured under FDIC or comply with the Virginia Security for Public Deposits Act. At year-end none of the Foundation's deposits are exposed to custodial credit risk.

Investments

Statutes authorize the Foundation 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 and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The Foundation investment policy for credit risk is consistent with the investments allowed by statute as detailed above. The Foundation's rated debt investments as of June 30, 2015 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

<u>Foundation's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 2,244,855

External Investment Pools

The Local Government Investment Pool (LGIP) is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. The LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7. The fair value of the positions in the external investment pools (LGIP) is the same as the value of the pool shares.

Interest Rate Risk

At year end, the Foundation did not hold any investments that were subject to interest rate risk.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2015

Note 3—Capital Assets:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2015.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Conservation land	\$ 5,019,246	\$ 30,481	\$ -	\$ 5,049,727
Total capital assets not being depreciated	<u>5,019,246</u>	<u>30,481</u>	<u>-</u>	<u>5,049,727</u>
Capital assets, being depreciated:				
Buildings	30,000	69,652	-	99,652
Machinery and equipment	242,800	-	-	242,800
Total capital assets being depreciated	<u>272,800</u>	<u>69,652</u>	<u>-</u>	<u>342,452</u>
Accumulated depreciation:				
Machinery and equipment	(211,750)	(8,300)	-	(220,050)
Total accumulated depreciation	<u>(211,750)</u>	<u>(8,300)</u>	<u>-</u>	<u>(220,050)</u>
Total capital assets being depreciated, net	<u>61,050</u>	<u>61,352</u>	<u>-</u>	<u>122,402</u>
Governmental activities capital assets, net	<u>\$ 5,080,296</u>	<u>\$ 91,833</u>	<u>\$ -</u>	<u>\$ 5,172,129</u>

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THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2015

Note 4—Compensated Absences:

Foundation employees earn vacation and sick leave each month at a scheduled rate in accordance with their years of service. Accumulated unpaid vacation, other compensatory leave, and sick leave are accrued when incurred. At June 30, 2015, liabilities for compensated absences were approximately \$130,067. The following is a schedule of changes in compensated absences and other post employment benefits for the fiscal year:

	Balance July 1, 2014	Issuances	Retirements	Balance June 30, 2015	Due Within One Year
Compensated absences	\$ 130,833	\$ 97,359	\$ (98,125)	\$ 130,067	\$ 78,040
OPEB Liability	52,100	4,375	-	56,475	-
Total	\$ 182,933	\$ 101,734	\$ (98,125)	\$ 186,542	\$ 78,040

Note 5—Leases:

The Foundation has entered into noncancelable operating leases for office space, which expire at various dates through 2019. The following is a schedule of future minimum lease payments for all operating leases:

Year Ending June 30	Operating Leases
2016	\$ 45,858
2017	12,965
2018	13,250
2019	10,500
2020	-
	\$ 82,573

Note 6—Retirement Plans:

The Foundation's employees are eligible after six months of service to participate in the Foundation's retirement plan, in which employees can make voluntary, tax-deferred contributions within specified limits. The plan was established under the provisions of Internal Revenue Code Section 401(k) and has received a favorable determination as to its tax status from the Internal Revenue Service. Expenses related to retirement plans during the year ended June 30, 2015 totaled \$73,902. Provisions of the plan may be amended by the Foundation's Board of Directors.

Note 7—Concentration of Grants:

The Foundation received approximately 38% of its current year operating revenues from appropriations by the Commonwealth of Virginia. Any significant change in the Commonwealth's funding of the Foundation could have a significant effect on operations.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2015

Note 8-Other Postemployment Benefits Program (OPEB):

A. Plan Description

The Foundation participates in the Virginia Retiree Health Insurance Credit Program through the Virginia Retirement System (VRS). The plan is a cost sharing multiple-employer other post employment benefit plan. Title 51.1 of the Code of Virginia (11050), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

The plan was established on January 1, 1990 for retired state employees, state police officers, other Virginia law officers and judges who retire with at least 15 years of service credit. The program was opened to retired teachers and eligible employees of participating political subdivisions on July 1, 1993. Members who retire on disability or are on long-term disability through the Virginia Sickness and Disability Program (VSDP) also are eligible for the health insurance credit.

The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against the portion of health insurance premiums retirees pay for single coverage. Retired state employees and teachers are eligible for a credit of \$4.00 per month per year of service credit, with no cap on the monthly amount. Retired local constitutional officers, general registrars and their employees and local social workers are eligible for \$1.50 per month per year of service credit, with a maximum monthly credit of \$45.00. Political subdivisions may elect a \$1.00 enhancement, with a maximum monthly credit of \$75.00, and have the option to elect the health insurance credit for other retired local covered employees at \$1.50 per month per year of service credit, with a maximum monthly credit of \$45.00.

State employees who retire on disability or are on long-term disability through VSDP are eligible for the higher of \$4.00 per year of service credit per month or \$120.00 per month. Those who retire after being on VSDP long-term disability must have at least 15 years of service credit to qualify for the health insurance credit in retirement. Political subdivision employees are eligible for up to \$45.00 per year of service credit. Teachers are eligible for \$4.00 multiplied by (1) twice their service credit or (2) the service they would have earned if they had been active until age 60, whichever is less.

B. Funding Policy

Plan members are required to contribute a percentage of annual covered payroll to the VRS based on actuarial valuations performed every two years. The Foundation's contribution rate for the fiscal year ended 2015 was 0.45% (average) of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

The VRS is required to compute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2015

Note 8-Other Postemployment Benefits Program (OPEB): (continued)

C. Annual OPEB Cost and Net OPEB Obligation: (continued)

The following table shows the components of the Foundation's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligations:

Annual required contribution	\$ 12,274
Contributions made	(7,899)
Increase in net OPEB obligation	<u>\$ 4,375</u>
Net OPEB obligation - beginning of year	<u>52,100</u>
Net OPEB obligation - ending of year	<u>\$ 56,475</u>

For 2015, the Foundations contribution of \$7,899 was not equal to the ARC and OPEB cost. The Foundation's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and previous two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 9,267	65%	\$ 45,749
6/30/2014	13,684	54%	52,100
6/30/2015	12,274	64%	56,475

Required Supplementary Information

Virginia Outdoors Foundation
 Schedule of Revenues, Expenditures and Changes in Fund Balances -- General Fund
 Budget and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local taxes				
Recordation fees	\$ 625,000	\$ 625,000	\$ 555,136	\$ (69,864)
Total local taxes	\$ 625,000	\$ 625,000	\$ 555,136	\$ (69,864)
Revenue from local sources:				
Interest income	\$ 1,500	\$ 1,500	\$ 2,076	\$ 576
Reconsideration fees	-	-	22,000	22,000
Contributions and grants	45,000	45,000	108,382	63,382
Restricted contributions	-	-	7,340	7,340
Miscellaneous revenue	8,000	8,000	106,454	98,454
Rental income	-	-	7,500	7,500
Total revenue from local sources	\$ 54,500	\$ 54,500	\$ 253,752	\$ 199,252
Revenue from the Commonwealth:				
Categorical aid:				
VLCF Appropriation	\$ -	\$ -	\$ 250,000	\$ 250,000
LPC Transfer fees	625,000	625,000	707,096	82,096
Easement purchase grant	-	-	150,500	150,500
VOF Appropriation	1,752,750	1,752,750	1,752,750	-
Total revenue from the Commonwealth	\$ 2,377,750	\$ 2,377,750	\$ 2,860,346	\$ 482,596
Revenue from the federal government:				
Federal grants	\$ -	\$ -	\$ 908,000	\$ 908,000
Total revenue from the federal government	\$ -	\$ -	\$ 908,000	\$ 908,000
Total revenues	\$ 3,057,250	\$ 3,057,250	\$ 4,577,234	\$ 1,519,984

Virginia Outdoors Foundation
Schedule of Revenues, Expenditures and Changes in Fund Balances -- General Fund
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Expenditures:				
Personnel costs	\$ 2,551,000	\$ 2,551,000	\$ 2,634,549	\$ (83,549)
Professional services	100,000	100,000	95,910	4,090
IT services	151,350	151,350	177,606	(26,256)
Utilities	-	-	4,000	(4,000)
Postage and delivery	-	-	37,594	(37,594)
Telephone	48,400	48,400	72,904	(24,504)
Insurance	5,550	5,550	6,471	(921)
Rent	-	-	105,193	(105,193)
Travel	79,300	79,300	37,428	41,872
Staff training	15,000	15,000	8,568	6,432
Publications	5,000	5,000	16,513	(11,513)
Supplies	151,650	151,650	100,559	51,091
Easement assistance	-	-	91,233	(91,233)
Purchased easements	-	-	218,955	(218,955)
Miscellaneous	-	-	4,558	(4,558)
Capital outlays	-	-	69,652	(69,652)
Purchase of land	-	-	30,481	(30,481)
Repairs and maintenance	-	-	10,512	(10,512)
Grant expenditures	-	-	909,494	(909,494)
Outreach/fundraising	20,000	20,000	528	19,472
Total expenditures	\$ 3,127,250	\$ 3,127,250	\$ 4,632,708	\$ (1,505,458)
Excess (deficiency) of revenues over expenditures	\$ (70,000)	\$ (70,000)	\$ (55,474)	\$ 14,526
Net change in fund balances	(70,000)	(70,000)	(55,474)	14,526
Fund balance, beginning of year	\$ 70,000	\$ 70,000	\$ 3,037,931	\$ 2,967,931
Fund balance, end of year	\$ -	\$ -	\$ 2,982,457	\$ 2,982,457

Compliance

Hicok, Fern & Company

Certified Public Accountants

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INDEPENDENT AUDITOR'S 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

Board of Trustees
Virginia Outdoor Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities information of Virginia Outdoor Foundation, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Virginia Outdoor Foundation's basic financial statements, and have issued our report thereon dated February 15, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Virginia Outdoor Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Virginia Outdoor Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia Outdoor Foundation'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 may exist that have not been identified.

Hicok, Fern & Company
Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virginia Outdoor Foundation'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 determination of financial statement amounts. 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.



Hicok, Fern & Company
Abingdon, Virginia

February 15, 2016

Hicok, Fern & Company

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Virginia Outdoor Foundation

Report on Compliance for Each Major Federal Program

We have audited Virginia Outdoor Foundation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Virginia Outdoor Foundation's major federal programs for the year ended June 30, 2015. Virginia Outdoor Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Virginia Outdoor Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Virginia Outdoor Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Virginia Outdoor Foundation's compliance.

Hicok, Fern & Company
Certified Public Accountants

Opinion on Each Major Federal Program

In our opinion, Virginia Outdoor Foundation, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Virginia Outdoor Foundation, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Virginia Outdoor Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Virginia Outdoor Foundation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Hicok, Fern & Company
Abingdon, Virginia

February 15, 2016

The Virginia Outdoors Foundation

Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Department of Agriculture - Natural Resources Conservation Service Direct Aid Farm and Ranch Lands Protection Program	10.913	\$ <u>138,000</u>
Department of the Interior Direct Aid Coastal Wetlands Planning, Protection and Restoration Program	15.614	\$ <u>770,000</u>
Total Expenditures of Federal Awards		\$ <u><u>908,000</u></u>

NOTE 1--BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Virginia Outdoors Foundation under programs of the federal government for the year ended June 30, 2015. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Virginia Outdoors Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Virginia Outdoors Foundation.

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

The Virginia Outdoors Foundation

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
15.614	Coastal Wetlands Planning, Protection and Restoration Program

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior audit findings related to federal awards.