

THE VIRGINIA OUTDOORS FOUNDATION
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

VIRGINIA OUTDOORS FOUNDATION
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION

THE VIRGINIA OUTDOORS FOUNDATION

DIRECTORY OF OFFICIALS

BOARD OF TRUSTEES

Elizabeth Crowther, Chair

Ali Alfonja

Elsie Delva

Elizabeth Copeland

Anne Pittman

James Rich, Jr.

Tack Richardson, III

OTHER OFFICIALS

Brett Christina Glymph, Executive Director

David B. Brown, CPA
Juan J. Garcia, CPA
Michael W. Pennington, CPA
Tracy S. Garcia, CPA, CGMA, CIA¹¹,
CVA*



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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Virginia Outdoors Foundation

Opinion

We have audited the accompanying financial statements of Virginia Outdoor Foundation (the "Foundation"), a political subdivision, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Virginia Outdoor Foundation as of June 30, 2025, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Virginia Outdoor Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Foundation'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.

*Members of American Institute
of Certified Public Accountants*

*Members of Virginia Society of
Certified Public Accountants*

**Member of National Association of
Certified Valuation Analysts*

All Accountants Licensed in Virginia

¹¹*Member of Institute of Internal Auditors*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

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 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 opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such

information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2026, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Virginia Outdoor Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Virginia Outdoor Foundation's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "HBC".

HBC Certified Public Accountants
Abingdon, Virginia

January 12, 2026

FINANCIAL SECTION

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, 2025.

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 revenues 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 taxes 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 and deferred outflows of resources of the Foundation exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$40,866,508 (net position). Of this amount, \$13,948,810 (unrestricted net position) may be used to meet the Foundation's ongoing obligations to customers and creditors.
- The Foundation's total net position increased by \$2,619,428 this fiscal year as compared to an increase of \$3,601,199 in the prior fiscal year. During the prior fiscal year, the Foundation sold property at a gain of \$1,073,256 as compared to a loss of on the disposal of property this year totaling \$197,550. The Foundation also noted a decrease in revenue that was largely offset by a decrease in expenditures in the current year.

Fund Financial Statements

At the end of the current fiscal year, fund balance for the general fund was \$32,313,928. Of this amount \$18,222,707 was restricted by external sources; \$3,988,911 was assigned by the Board for Bull Run Mountain projects and the Go Fund Program, while \$10,041,646 was unassigned and available to finance operations of the Foundation. Fund balance of \$60,664 was reported as non-spendable and consists of prepaid items.

Fund balance increased by \$1,792,328 during the fiscal year as compared to an increase in the prior year of \$4,405,322. Overall, the Foundation noted a decrease in proceeds from property sales of approximately \$1.4 million and a decrease of recognized revenue from the Mountain Valley Pipeline Project of approximately \$1.4 million, with same recognized under a percentage of completion model.

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, 2025 and 2024.

Summary of Statement of Net Position
as of June 30, 2025 and 2024

	June 30, 2025	June 30, 2024
Current assets	\$ 32,698,104	\$ 31,192,761
Noncurrent assets	8,906,825	7,920,871
Total assets	\$ 41,604,929	\$ 39,113,632
 Deferred outflows of resources	 \$ 122,969	 \$ 149,188
 Current liabilities	 \$ 329,692	 \$ 383,932
Long-term liabilities	476,029	590,145
Total liabilities	\$ 805,721	\$ 974,077
 Deferred inflows of resources	 \$ 55,669	 \$ 41,663
 Net position		
Net investment in capital assets	\$ 8,694,991	\$ 7,920,871
Restricted	18,222,707	17,396,268
Unrestricted	13,948,810	12,929,941
Total net position	\$ 40,866,508	\$ 38,247,080

The Foundation maintains approximately 21% 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 pipeline forest mitigation and stewardship programs. 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, 2025 and 2024.

Summary of Statement of Activities as of June 30, 2025 and 2024

	June 30, 2025	June 30, 2024
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 6,737,666	\$ 9,568,978
Capital grants and contributions	1,425,300	-
Cost recoveries	412,085	233,652
General revenues:		
Miscellaneous revenue	12,180	-
Recordation and license fees	2,660,061	2,470,932
Revenue from the use of money and property	1,322,389	2,387,543
Total revenues	\$ 12,569,681	\$ 14,661,105
Expenses:		
General government:		
Parks, recreation, and cultural	\$ 9,950,253	\$ 11,059,906
Total expenses	\$ 9,950,253	\$ 11,059,906
Increase (decrease) in net position	\$ 2,619,428	\$ 3,601,199
Net position - beginning of year	\$ 38,247,080	\$ 34,645,881
Net position - end of year	\$ 40,866,508	\$ 38,247,080

In fiscal year 2025, the Foundation's net position increased by \$2,619,428 as compared to an increase in the prior year of \$3,601,199.

The key elements of this \$981,771 change are discussed below:

- The Foundation noted a decrease in operating grants and contributions; however same was largely offset by a decrease in project-related costs.
- The Foundation recognized net gains on the sale of assets totaling \$1,073,256 in the prior fiscal year as compared to a loss of \$197,550.

Management's Discussion and Analysis (continued)

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, 2025, the Foundation's general fund balance increased by \$1,792,328 to a balance of \$32,313,928. Of this amount \$18,222,707 has been restricted for use. The remaining amount of \$14,091,221 consists of non-spendable fund balance of \$60,664; designated funds totaling \$3,988,911; and unassigned fund balance of \$10,041,646. Unassigned fund balance is available to fund operations of the Foundation.

As noted in Exhibit 7, actual revenues exceeded the budget by \$5,928,955. This positive variance is due to the Foundation budgeting for operations and limited project/capital related activities. Accordingly, significant revenues such as partner payments and conservation grants totaling \$4,340,301 for the fiscal year were not contemplated in the budget. On a positive note, interest and investment income exceeded the budgeted amount by approximately \$817,000. All combined, the above-mentioned items account for approximately \$5.16 million in positive variance. The Foundation's budget estimates and projections are centered around the development of an operational budget as opposed to the development of project-related budgets which can vary significantly from year to year. Accordingly, budget variances are expected in relation to projects of the Foundation.

In a similar manner, actual expenditures exceeded budgeted expenditures by \$4,487,282 due to unbudgeted project and capital activities of approximately \$4.5 million.

Capital Asset Activity

The Foundation's investment in capital assets increased by approximately \$985,000 from the prior year. This change was largely driven by a donation of \$1,425,000 along with capital improvements of \$212,000 as offset by disposals of property (carrying costs of approximately \$536,000) and depreciation charges of approximately \$114,000. Details of the capital assets can be reviewed in Note 4 to the financial statements.

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, 2025

		<u>Primary Government Governmental Activities</u>
ASSETS		
Cash and cash equivalents	\$	13,181,663
Investments		807,197
Accounts receivable		425,873
Prepaid items		60,664
Temporarily restricted cash and cash equivalents		10,317,311
Temporarily restricted investments		7,905,396
Capital assets not being depreciated:		
Construction in progress		211,834
Conservation land		7,675,939
Capital assets (net of accumulated depreciation):		
Software		454,367
Buildings		333,721
Equipment		230,964
Total assets	\$	<u>41,604,929</u>
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related items	\$	<u>122,969</u>
LIABILITIES		
Accounts payable	\$	138,307
Accrued salaries		73,362
Noncurrent liabilities:		
Due within one year		118,023
Due in more than one year		476,029
Total liabilities	\$	<u>805,721</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB related items	\$	<u>55,669</u>
NET POSITION		
Net investment in capital assets	\$	8,694,991
Restricted		18,222,707
Unrestricted		13,948,810
Total net position	\$	<u><u>40,866,508</u></u>

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, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Changes in Net Position</u>
		<u>Services (net)</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Virginia Outdoors Foundation</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Governmental</u>
					<u>Activities</u>
Primary Government:					
Governmental activities:					
Parks, recreation and cultural	\$ 9,950,253	\$ 412,085	\$ 6,737,666	\$ 1,425,300	\$ (1,375,202)
Total government activities	<u>\$ 9,950,253</u>	<u>\$ 412,085</u>	<u>\$ 6,737,666</u>	<u>\$ 1,425,300</u>	<u>\$ (1,375,202)</u>
General revenues:					
Recordation fees				\$	2,660,061
Unrestricted revenues from use of money and property					1,322,389
Miscellaneous revenue					12,180
Total general revenues				<u>\$</u>	<u>3,994,630</u>
Change in net position				\$	2,619,428
Net position - beginning					38,247,080
Net position - ending				<u>\$</u>	<u>40,866,508</u>

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

Virginia Outdoors Foundation
Balance Sheet
Governmental Funds
At June 30, 2025

ASSETS

Current assets:	General
Cash and cash equivalents	\$ 13,181,663
Investments	807,197
Accounts receivable	425,873
Prepaid items	60,664
Temporarily restricted cash and cash equivalents	10,317,311
Temporarily restricted investments	7,905,396
	\$ 32,698,104
Total assets	\$ 32,698,104

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

Accounts payable	\$ 138,307
Accrued salaries	73,362
	\$ 211,669
Total liabilities	\$ 211,669
Unavailable revenue	\$ 172,507
	\$ 172,507
Restricted for pipeline forest mitigation	8,700,641
Restricted for Preservation Trust Fund	9,078,326
Restricted for Wancopin Creek stewardship	443,740
Nonspendable	60,664
Designated for Bull Run Mountains	3,622,861
Designated for GO Fund Program	366,050
Unassigned	10,041,646
	\$ 32,313,928
Total fund balance	\$ 32,313,928
Total liabilities, deferred inflows and fund balance	\$ 32,698,104

The accompanying notes to the 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, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet	\$	32,313,928
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Construction in progress	\$	211,834
Conservation land		7,675,939
Software		454,367
Buildings		333,721
Equipment		<u>230,964</u>
		8,906,825
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred revenue in the funds		
		172,507
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
OPEB related items		122,969
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	\$	(397,347)
Compensated absences		<u>(196,705)</u>
		(594,052)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
OPEB related items		<u>(55,669)</u>
Net position of governmental activities	\$	<u><u>40,866,508</u></u>

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, 2025

	General
Revenues:	
Recordation fees	\$ 2,660,061
Interest income gains and losses on investments (net)	1,317,589
Miscellaneous	825
Contributions and grants	472,108
Charges for services - cost recoveries	412,085
Rental income	4,800
Intergovernmental revenues:	
Commonwealth	6,572,237
Total revenues	\$ 11,439,705
Expenditures:	
Personnel costs	\$ 4,454,819
Professional services	162,711
IT services	163,859
Telephone	25,789
Office Cost	112,140
Travel	26,613
Staff training	30,692
Publications	15,220
Supplies	26,105
Grant expenditures	130,000
Miscellaneous	97,092
Capital outlays and software development	211,835
General services	82,623
Project expenses	4,458,534
Total expenditures	\$ 9,998,032
Excess (deficiency) of revenues over expenditures	\$ 1,441,673
Other financing sources(uses):	
Sale of capital assets	\$ 350,655
Net change in fund balances	1,792,328
Fund balances, beginning of year	\$ 30,521,600
Fund balances, end of year	\$ 32,313,928

The accompanying notes to the 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, 2025

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

Net change in fund balances - total governmental funds	\$	1,792,328
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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 capital outlays and donated assets exceeded depreciation expense in the current period. In addition this amount includes the net book value of asset sold during the year.

Asset purchased	\$	211,835	
Donation of land		1,425,000	
Depreciation expense		<u>(114,331)</u>	1,522,504

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Net book value of asset disposals		(536,550)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

		(306,679)
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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.

Change in compensated absences	\$	123,223	
Change in OPEB related items		<u>24,602</u>	147,825

Change in net position of governmental activities	\$	<u><u>2,619,428</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, 2025

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, 2025

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 when they have been earned and 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 principal and interest expenditures on general long-term debt 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. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Accordingly, LGIP investments totaling \$17,070,511 have been reported in the accompanying financial statements as cash and cash equivalents.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

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

E. Investments

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

F. 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.

G. 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 acquisition 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	7-30
Software	15
Machinery and equipment	5-8

H. 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.

I 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, 2025

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

J. Compensated absences

A liability is recognized for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation/PTO/personal, and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

K. Other postemployment benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

State Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employee, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

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

L. 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:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Trustees prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council/Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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.

M. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

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

M. Net Position (Continued)

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the 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.

N. 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 has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net OPEB liabilities and contributions to the OPEB plans made during the current year and subsequent to the net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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. The Foundation has multiple items that qualify for reporting in this category. 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. In addition, certain items related to the measurement of the net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

O. Restricted Net Position

Restricted net position includes funds set aside for pipeline mitigation efforts and the Open-Space Lands Preservation Trust Fund established by the Virginia General Assembly to provide grants for acquisitions, easements, and other methods of permanently protecting open space for farming, forestry, recreation, public access, wildlife, and water quality.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

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

P. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure January 12, 2026, the date the financial statements were available to be issued.

Q. 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.

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 that has received at least two of the following ratings: P-1 by Moody's Investor Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). During the fiscal year, the Foundation held an illiquid investment (through donation) in CNL Healthcare Properties that is not in accordance with the Investment of Public Funds Act.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 2—Deposits and Investments: (Continued)

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, 2025 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

Foundation’s Rated Debt Investments’ Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>		
	AAAm	AAAf	Unrated
LGIP	\$ 17,070,511	\$ -	\$ -
LGIP EM	-	8,691,856	-
CNL Healthcare Properties	-		20,737

External Investment Pools

The LGIP is not SEC registered and regulatory oversight of the pool rests with the Virginia State Treasury. The fair value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants except for the LGIP extended maturity (EM) portfolio only allows one withdrawal per week (on Wednesday). At year end \$8,691,855 was invested in the LGIP EM.

Interest Rate Risk

The Foundation has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>		
	<u>Fair Value</u>	<u>1 Year</u>	<u>1 - 5 Years</u>
LGIP	\$ 17,070,511	\$ 17,070,511	\$ -
LGIP EM	8,691,856	-	8,691,856

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 3—Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Authority maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

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

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

The Foundation's investment in CNL Properties is based on an estimated value of \$6.64 per share as determined by the directors of CNL Healthcare Properties, Inc. times 3,122,978 shares owned by the Foundation. Accordingly, the actual proceeds from the sale of these shares may differ considerably from the estimated value used in the preparation of these financial statements.

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

Investment	6/30/2025	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 2)
LGIP	\$ 17,070,511	\$ 17,070,511	-	-
LGIP EM	8,691,856	8,691,856	-	-
CNL Healthcare Properties	20,737	-	-	20,737
	<u>\$ 25,783,104</u>	<u>\$ 25,762,367</u>	<u>-</u>	<u>\$ 20,737</u>

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 4—Capital Assets:

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Conservation land	\$ 6,751,630	\$ 1,425,300	\$ (500,991)	\$ 7,675,939
Construction in progress	-	211,834	-	211,834
Total capital assets not being depreciated	<u>\$ 6,751,630</u>	<u>\$ 1,637,134</u>	<u>\$ (500,991)</u>	<u>\$ 7,887,773</u>
Capital assets, being depreciated:				
Buildings	\$ 560,208	\$ -	\$ (40,000)	\$ 520,208
Machinery and equipment	543,872	-	-	543,872
Software	681,550	-	-	681,550
Total capital assets being depreciated	<u>\$ 1,785,630</u>	<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ 1,745,630</u>
Accumulated depreciation:				
Buildings	\$ (163,851)	\$ (26,778)	\$ 4,142	\$ (186,487)
Machinery and equipment	(270,791)	(42,117)	-	(312,908)
Software	(181,747)	(45,436)	-	(227,183)
Total accumulated depreciation	<u>\$ (616,389)</u>	<u>\$ (114,331)</u>	<u>\$ 4,142</u>	<u>\$ (726,578)</u>
Total capital assets being depreciated, net	<u>\$ 1,169,241</u>	<u>\$ (114,331)</u>	<u>\$ (35,858)</u>	<u>\$ 1,019,052</u>
Governmental activities capital assets, net	<u>\$ 7,920,871</u>	<u>\$ 1,522,803</u>	<u>\$ (536,849)</u>	<u>\$ 8,906,825</u>

Note 5—Long-Term Obligations:

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

	<u>Balance July 1, 2024</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Compensated absences	\$ 319,928	\$ 68,734	\$ (191,957)	\$ 196,705	\$ 118,023
OPEB liabilities	462,174	176,244	(241,071)	397,347	-
	<u>\$ 782,102</u>	<u>\$ 244,978</u>	<u>\$ (433,028)</u>	<u>\$ 594,052</u>	<u>\$ 118,023</u>

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

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, 2025 totaled \$253,129. Provisions of the plan may be amended by the Foundation's Board of Directors.

Note 7—Concentration of Grants:

The Foundation received approximately 59.62% 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.

Note 8-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the Group Life Insurance Plan OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 8-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were \$15,174 and \$17,643 for the years ended June 30, 2025 and June 30, 2024, respectively.

At June 30, 2025, the entity reported a liability of \$141,945 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01171% as compared to 0.01272% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$11,386. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 8-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,388	\$ 3,467
Net difference between projected and actual earnings on GLI OPEB plan investments	-	11,965
Change in assumptions	809	7,035
Changes in proportionate share	16,273	2,837
Employer contributions subsequent to the measurement date	<u>15,174</u>	<u>-</u>
Total	<u>\$ 54,644</u>	<u>\$ 25,304</u>

\$15,174 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30

2026	\$ 275
2027	7,483
2028	2,763
2029	1,928
2030	1,717

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 8-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

Mortality Rates - General State Employees

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

Mortality Improvement Scale:

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

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 8-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Mortality Rates - General State Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 8-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	<u>3,080,133</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,115,922</u>
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	 73.41%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 8-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 8-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Foundation's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 220,743	\$ 141,945	\$ 78,287

GLI Plan Fiduciary Net Position

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

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 9-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

The specific information about the State Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p>Eligible Employees The State Employee Retiree Health Insurance Credit Program was established January 1, 1990 for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.
<p>Benefit Amounts The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement:</u> For State employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement:</u> For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is \$120.00 or \$4.25 per year of service, whichever is higher. <p>For State police officers employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is \$120.00 or \$4.25 per year of service, whichever is higher.</p> <p>For State police officers employees with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.</p>
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual’s premium amount. • Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 9-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Contributions

The contribution requirement for active employees is governed by § 51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2025 was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Virginia Outdoors Foundation to the VRS State Employee Health Insurance Credit Program were \$36,158 and \$36,592 for the years ended June 30, 2025 and June 30, 2024, respectively.

State Employee Health Insurance Credit Program OPEB Liabilities, State Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to State Employee Health Insurance Credit Program OPEB

At June 30, 2025, the Foundation reported a liability of \$255,402 for its proportionate share of the VRS State Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS State Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2024 and the total VRS State Employee Health Insurance Credit Program OPEB Liability used to calculate the Net VRS State Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The Foundation's proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on the state agency's actuarially determined employer contributions to the VRS State Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2024, the Foundation's proportion of the VRS State Employee Health Insurance Credit Program was 0.03281% as compared to 0.03601% at June 30, 2023.

For the year ended June 30, 2025, the Foundation recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$34,358. Since there was a change in proportionate share between measurement dates a portion of the VRS State Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 9-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

State Employee Health Insurance Credit Program OPEB Liabilities, State Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to State Employee Health Insurance Credit Program OPEB (Continued)

At June 30, 2025, the Foundation reported deferred outflows of resources and deferred inflows of resources related to the VRS State Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 20,199
Net difference between projected and actual earnings on HIC OPEB plan investments	-	864
Change in assumptions	4,114	-
Changes in proportionate share	28,053	9,302
Employer contributions subsequent to the measurement date	<u>36,158</u>	<u>-</u>
Total	<u>\$ 68,325</u>	<u>\$ 30,365</u>

\$36,158 reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from the state agency’s contributions subsequent to the measurement date will be recognized as a reduction of the Net State Employee HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the State Employee HIC OPEB will be recognized in the State Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2026	\$ 4,240
2027	3,690
2028	(731)
2029	(3,713)
2030	(1,684)

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 9-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total State Employee HIC OPEB Liability for the VRS State Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - General State Employees

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

Mortality Improvement Scale:

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

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 9-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - General State Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net State Employee HIC OPEB Liability

The net OPEB liability (NOL) for the State Employee Health Insurance Credit Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS State Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	HIC OPEB Plan
Total State Employee HIC OPEB Liability	\$ 1,094,073
Plan Fiduciary Net Position	384,820
State Employee Net HIC OPEB Liability (Asset)	\$ 709,253
Plan Fiduciary Net Position as a Percentage of the Total State Employee HIC OPEB Liability	
	35.17%

The total State Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net State Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 9-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

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

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

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 9-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total State Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the Foundation for the VRS State Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total State Employee HIC OPEB liability.

Sensitivity of the Foundation’s Proportionate Share of the State Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Foundation’s proportionate share of the VRS State Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the Foundation’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Foundation's proportionate share of the HIC Plan			
Net OPEB Liability	\$ 306,383	\$ 255,402	\$ 292,776

State Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS State Employee Health Insurance Credit Program’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/9df/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

THE VIRGINIA OUTDOORS FOUNDATION

Notes to Financial Statements (Continued)
June 30, 2025

Note 10-Aggregate OPEB Information:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan	\$ 54,644	\$ 25,304	\$ 141,945	\$ 11,386
Health Insurance Credit Plan	68,325	30,365	255,402	34,358
Totals	\$ 122,969	\$ 55,669	\$ 397,347	\$ 45,744

Note 11-Subsequent Events:

On July 16, 2025, the Foundation donated preservation land with a carrying cost of \$113,772 to the Virginia Department of Conservation and Recreation. As this event occurred subsequent to year end, the financial statements do not reflect this activity.

Note 12-Upcoming Pronouncements:

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for resale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update–2025*, effective for fiscal years beginning after June 15, 2025.

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

Required Supplementary Information

Virginia Outdoors Foundation
Schedule of Revenues, Expenditures and Changes in Fund Balances -- General Fund
Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local taxes				
Recordation fees	\$ 2,300,000	\$ 2,300,000	\$ 2,660,061	\$ 360,061
Total local taxes	\$ 2,300,000	\$ 2,300,000	\$ 2,660,061	\$ 360,061
Revenue from local sources:				
Interest income gains and losses on investments (net)	\$ 500,000	\$ 500,000	\$ 1,317,589	\$ 817,589
Miscellaneous	-	-	825	825
Contributions and grants	58,000	58,000	472,108	414,108
Charges for services - cost recoveries	350,000	350,000	412,085	62,085
Rental income	-	-	4,800	4,800
Total revenue from local sources	\$ 908,000	\$ 908,000	\$ 2,207,407	\$ 1,299,407
Revenue from the Commonwealth:				
Categorical aid:				
LPC Transfer fees	\$ 350,000	\$ 550,000	\$ 479,186	\$ (70,814)
PTF Partner payments	-	-	4,340,301	4,340,301
VOF Appropriation	1,752,750	1,752,750	1,752,750	-
Total revenue from the Commonwealth	\$ 2,102,750	\$ 2,302,750	\$ 6,572,237	\$ 4,269,487
Total revenues	\$ 5,310,750	\$ 5,510,750	\$ 11,439,705	\$ 5,928,955
Expenditures:				
Personnel costs	\$ 4,556,691	\$ 4,642,850	\$ 4,454,819	\$ 188,031
Professional services	200,000	200,000	162,711	37,289
IT services	215,000	215,000	163,859	51,141
Telephone	-	-	25,789	(25,789)
Office Cost	243,000	243,000	112,140	130,860
Travel	-	-	26,613	(26,613)
Staff training	26,400	26,400	30,692	(4,292)
Publications	23,500	23,500	15,220	8,280
Supplies	-	-	26,105	(26,105)
Grant expenditures	130,000	130,000	130,000	-
Miscellaneous	-	-	97,092	(97,092)
Capital outlays and software development	30,000	30,000	211,835	(181,835)
General services	-	-	82,623	(82,623)
Project expenses	-	-	4,458,534	(4,458,534)
Total expenditures	\$ 5,424,591	\$ 5,510,750	\$ 9,998,032	\$ (4,487,282)
Excess (deficiency) of revenues over expenditures	\$ (113,841)	\$ -	\$ 1,441,673	\$ 1,441,673
Other financing sources(uses):				
Sale of capital assets	\$ -	\$ -	\$ 350,655	\$ 350,655
Net change in fund balances	(113,841)	-	1,792,328	1,792,328
Fund balance, beginning of year	\$ 113,841	\$ -	\$ 30,521,600	\$ 30,521,600
Fund balance, end of year	\$ -	\$ -	\$ 32,313,928	\$ 32,313,928

Virginia Outdoors Foundation
Schedule of Foundation's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.01171%	\$ 141,945	\$ 3,267,182	4.34%	73.41%
2023	0.01272%	155,791	3,058,859	5.09%	69.30%
2022	0.01260%	151,114	2,730,652	5.53%	67.21%
2021	0.01170%	136,219	2,416,841	5.64%	67.45%
2020	0.01084%	180,902	2,230,253	8.11%	52.64%
2019	0.10260%	166,957	2,012,400	8.30%	52.00%
2018	0.96133%	146,000	1,833,411	7.96%	51.22%
2017	0.00934%	141,000	1,722,591	8.19%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Virginia Outdoors Foundation
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 15,174	\$ 15,174	\$ -	\$ 3,228,417	0.47%
2024	17,643	17,643	-	3,267,182	0.54%
2023	16,518	16,518	-	3,058,859	0.54%
2022	14,746	14,746	-	2,730,652	0.54%
2021	13,051	13,051	-	2,416,841	0.54%
2020	11,597	11,597	-	2,230,253	0.52%
2019	10,464	10,464	-	2,012,400	0.52%
2018	9,653	9,653	-	1,833,411	0.53%
2017	8,957	8,957	-	1,722,591	0.52%
2016	8,651	8,651	-	1,802,252	0.48%

Virginia Outdoors Foundation
 Notes to Required Supplementary Information
 Group Life Insurance Program
 For the Year Ended June 30, 2025

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

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

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Virginia Outdoors Foundation
 Schedule of Foundation's Share of Net OPEB Liability
 Health Insurance Credit Program (HIC)
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2024	0.03281%	\$ 255,402	\$ 3,267,182	7.82%	35.17%
2023	0.03601%	306,383	3,058,859	10.02%	25.46%
2022	0.03604%	295,230	2,730,652	10.81%	21.52%
2021	0.03354%	283,259	2,416,841	11.72%	19.75%
2020	0.03096%	284,214	2,230,253	12.74%	12.02%
2019	0.02953%	272,583	2,012,400	13.55%	10.56%
2018	0.02723%	249,000	1,833,411	13.58%	9.51%
2017	0.02666%	243,000	1,722,591	14.11%	8.03%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Virginia Outdoors Foundation
Schedule of Employer Contributions
Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 36,158	\$ 36,158	\$ -	\$ 3,228,417	1.12%
2024	36,592	36,592	-	3,267,182	1.12%
2023	34,259	34,259	-	3,058,859	1.12%
2022	30,583	30,583	-	2,730,652	1.12%
2021	27,069	27,069	-	2,416,841	1.12%
2020	26,094	26,094	-	2,230,253	1.17%
2019	23,545	23,545	-	2,012,400	1.17%
2018	21,700	21,700	-	1,833,411	1.18%
2017	20,327	20,327	-	1,722,591	1.18%
2016	21,086	21,086	-	1,802,252	1.17%

Virginia Outdoors Foundation
Notes to Required Supplementary Information
Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2025

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

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

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Compliance

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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 Outdoors 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 of Virginia Outdoor Foundation (the “Foundation”), as of and for the year ended June 30, 2025, 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 January 12, 2026.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

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Certified Public Accountants*

**Member of National Association of
Certified Valuation Analysts*

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink, consisting of the letters 'HBC' in a stylized, cursive font.

HBC Certified Public Accountants
Abingdon, Virginia

January 12, 2026