

PROJECT DISCOVERY OF VIRGINIA, INC.



FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Communication with Those Charged with Governance

To the Board of Directors Project Discovery of Virginia, Inc.

We have audited the financial statements of Project Discovery of Virginia, Inc. for the year ended June 30, 2016, and have issued our report thereon dated October 7, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 12, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Project Discovery of Virginia, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the depreciation is based on an estimated useful life. We evaluated the key factors and assumptions used to develop the useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 7, 2016.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board and management of Project Discovery of Virginia, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Staunton, Virginia
October 7, 2016

PROJECT DISCOVERY OF VIRGINIA, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016

PROJECT DISCOVERY OF VIRGINIA, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016

BOARD OF DIRECTORS

Ron Jones – President

Tempestt Boone – Vice President

Gloria Bynum – Secretary

Russell Poindexter – Treasurer

Rick Watson

Kevin Holmes

David Anderson

Suzanne Kratzok

Carolyn Lewis

Sherman Saunders

Michael O'Grady

David Foster

Bob Ayers

Robyn Porterfield

Barry Simmons

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
 BASIC FINANCIAL STATEMENTS:	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
 SUPPLEMENTARY INFORMATION:	
Schedule of Functional Expenses	9
Schedule 1 Schedule of Activities – Virginia Department of Education Fund – Budget and Actual	10
Schedule 2 Schedule of Activities – Community Services Block Grant Fund – Budget and Actual	11
Schedule 3 Schedule of Activities – Virginia College Savings Plan (VA529) SOAR Virginia Program Fund – Budget and Actual	12
 COMPLIANCE:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-14

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS
PROJECT DISCOVERY OF VIRGINIA, INC.
SALEM, VIRGINIA**

Report on the Financial Statements

We have audited the accompanying financial statements of Project Discovery of Virginia, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Discovery of Virginia, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses and other supplementary schedules on pages 9-12 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2016, on our consideration of Project Discovery of Virginia, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Project Discovery of Virginia, Inc.'s internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
October 7, 2016

FINANCIAL STATEMENTS

PROJECT DISCOVERY OF VIRGINIA, INC.

**Statement of Financial Position
June 30, 2016**

	Unrestricted			Combined Total
	Agency Fund	Virginia Department of Education Fund	Community Services Block Grant Fund	
Assets				
Current Assets:				
Cash and cash equivalents (Note 1e)	\$ 304,337	\$ 100,515	\$ 5,805	\$ 410,657
Investments	14,325	-	-	14,325
Grants receivable	36,840	-	-	36,840
Total current assets	\$ 355,502	\$ 100,515	\$ 5,805	\$ 461,822
Total Assets	\$ 355,502	\$ 100,515	\$ 5,805	\$ 461,822
Liabilities				
Current Liabilities:				
Accounts payable	\$ 42,191	\$ 65,440	\$ -	\$ 107,631
Compensated absences (Note 5)	18,280	-	-	18,280
Accrued wages	9,669	-	-	9,669
Total current liabilities	\$ 70,140	\$ 65,440	\$ -	\$ 135,580
Total Liabilities	\$ 70,140	\$ 65,440	\$ -	\$ 135,580
Net Assets				
Net Assets:				
Unrestricted	\$ 285,362	\$ 35,075	\$ 5,805	\$ 326,242
Total Liabilities and Net Assets	\$ 355,502	\$ 100,515	\$ 5,805	\$ 461,822

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

PROJECT DISCOVERY OF VIRGINIA, INC.

Statement of Activities
Year Ended June 30, 2016

	Unrestricted				Combined Total
	Agency Fund	Virginia Department of Education Fund	Community Services Block Grant Fund	SOAR Virginia Program Fund	
Revenues and other support:					
Investment Income	\$ 117	\$ -	\$ -	\$ -	\$ 117
Project Discovery Grant	-	425,000	-	-	425,000
CSBG Grant	-	-	149,810	-	149,810
SOAR VA	-	-	-	32,500	32,500
Grants	27,556	-	-	-	27,556
Contributions	7,593	-	-	-	7,593
Legislative Assessment	11,700	-	-	-	11,700
Total revenues and other support	\$ 46,966	\$ 425,000	\$ 149,810	\$ 32,500	\$ 654,276
Expenses:					
Program services	\$ 113,030	\$ 425,000	\$ 149,810	\$ 32,500	\$ 720,340
Supporting services:					
Management and general	51,580	-	-	-	51,580
Total expenses	\$ 164,610	\$ 425,000	\$ 149,810	\$ 32,500	\$ 771,920
Change in net assets	\$ (117,644)	\$ -	\$ -	\$ -	\$ (117,644)
Net assets, beginning of year	403,006	35,075	5,805	-	443,886
Net assets, end of year	\$ 285,362	\$ 35,075	\$ 5,805	\$ -	\$ 326,242

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

PROJECT DISCOVERY OF VIRGINIA, INC.

Statement of Cash Flows
Year Ended June 30, 2016

Cash flows from operating activities:	
Increase (decrease) in net assets	\$ (117,644)
Adjustments to reconcile increase in net assets to net cash provided by (used for) operating activities:	
(Increase) decrease in:	
Grants receivable	(36,840)
Increase (decrease) in:	
Accounts payable	(16,919)
Compensated absences	1,737
Accrued wages	4,153
	<hr/>
Total adjustments	\$ (47,869)
Net cash provided by (used for) operating activities	\$ (165,513)
Cash flows from investing activities:	
Interest received	\$ (65)
Net cash provided by (used for) investing activities	\$ (65)
Net increase (decrease) in cash and cash equivalents	\$ (165,578)
Cash and cash equivalents at beginning of year	<hr/> 576,235
Cash and cash equivalents at end of year	\$ <hr/> <hr/> 410,657

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

PROJECT DISCOVERY OF VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1—ORGANIZATION:

The Organization administers, through partner agencies, the Project Discovery Grant throughout the Commonwealth of Virginia and monitors subrecipient activities on an ongoing basis. Project Discovery's vision is to see that every student graduates from high school and every student who has the desire and demonstrates the ability, be able to attend post-secondary education.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting:

The Organization maintains its assets and liabilities, and records its income and expenses by use of the accrual basis of accounting. Under the accrual basis, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

B. Financial Statement Presentation:

The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – Net assets that are not subject to donor or grantor-imposed stipulations. The Organization had \$326,242 in unrestricted net assets at June 30, 2016.

Temporarily restricted net assets – Net assets subject to donor or grantor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. The Organization had no temporarily restricted net assets at June 30, 2016.

Permanently restricted net assets – Net assets subject to donor or grantor-imposed stipulations that they may be maintained permanently by the Organization. Generally, the donor or grantors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets at June 30, 2016.

C. 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.

D. Property and Equipment:

Equipment is valued at cost and depreciated over its estimated useful life using the straight-line method. Estimated useful lives range from 5 to 10 years for all equipment currently held by the Organization.

E. Cash and Cash Equivalents:

Cash and cash equivalents include all cash on hand, certificates of deposit, and temporary investments purchased with an original maturity of three months or less for purposes of the cash flow statement. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

PROJECT DISCOVERY OF VIRGINIA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

G. Accounts Receivable:

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

H. Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is report as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTE 3—INCOME TAXES:

Project Discovery of Virginia, Inc. is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 4—COMPENSATED ABSENCES:

Project Discovery of Virginia, Inc. employees earns annual leave at various rates. Accumulated vacation is paid upon termination. Accrued leave as of June 30, 2016 for the Organization was \$18,280.

NOTE 5—GRANT MATCHING REQUIREMENTS:

Matching requirements applicable to the Department of Education Grant are reported at the subrecipient level. Unaudited in-kind revenue reported to Project Discovery of Virginia, Inc. from subrecipients totaled \$665,448 for the fiscal year.

PROJECT DISCOVERY OF VIRGINIA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)**

NOTE 6—CONCENTRATIONS OF CREDIT RISK:

For the year ended June 30, 2016, the Organization received \$425,000 in Virginia Department of Education grant funds from the Commonwealth of Virginia. This revenue represents 65% of the Organization's total revenue, thereby generating concentration of revenue risk.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization places its cash and cash equivalents in three financial institutions located in Salem, Virginia. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2016, the Organization did not have any uninsured deposits.

NOTE 7—SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through October 7, 2016, the date the financial statements were available to be issued.

THIS SPACE LEFT BLANK INTENTIONALLY

SUPPLEMENTARY INFORMATION

PROJECT DISCOVERY OF VIRGINIA, INC.

Schedule of Functional Expenses
Year Ended June 30, 2016

Expenses Category	Program Services	Management and General	Total
Payroll and related expense	\$ 183,875	\$ 27,476	\$ 211,351
Professional services	33,692	5,034	38,726
Payments to partner agencies	403,615	-	403,615
Board expenses	8,622	1,288	9,910
Utilities	5,097	762	5,859
Office supplies and materials	3,780	565	4,345
Dues and subscriptions	-	6,932	6,932
Strategic planning	3,738	558	4,296
SOAR	26,000	-	26,000
STEM	10,250	-	10,250
Small equipment purchases	-	2,741	2,741
Training and travel	19,464	2,908	22,372
Other	5,546	826	6,372
Rent	11,169	1,669	12,838
Insurance	1,616	242	1,858
Website	3,876	579	4,455
Total expenses	\$ 720,340	\$ 51,580	\$ 771,920

Schedule of Activities
 Virginia Department of Education Fund--Budget and Actual
 Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Project Discovery Grant	\$ 425,000	\$ 425,000	\$ -
Total revenues	<u>\$ 425,000</u>	<u>\$ 425,000</u>	<u>\$ -</u>
Expenses:			
Payroll and related expense	\$ 21,385	\$ 21,385	\$ -
Payments to partner agencies	<u>403,615</u>	<u>403,615</u>	<u>-</u>
Total expenses	<u>\$ 425,000</u>	<u>\$ 425,000</u>	<u>\$ -</u>
Total increase (decrease) in net assets	\$ -	\$ -	\$ -
Net assets, beginning of year	<u>-</u>	<u>35,075</u>	<u>35,075</u>
Net assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ 35,075</u></u>	<u><u>\$ 35,075</u></u>

Schedule of Activities
 Community Services Block Grant Fund--Budget and Actual
 Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
CSBG grant	\$ 174,311	\$ 149,810	\$ (24,501)
Total revenues	<u>\$ 174,311</u>	<u>\$ 149,810</u>	<u>\$ (24,501)</u>
Expenses:			
Payroll and related expense	\$ 141,289	\$ 141,469	\$ (180)
Board expenses	18,000	3,921	14,079
Professional services	4,000	-	4,000
Dues and subscriptions	5,122	1,833	3,289
Utilities	2,000	2,324	(324)
Office supplies and materials	2,400	125	2,275
Training and travel	1,500	138	1,362
Total expenses	<u>\$ 174,311</u>	<u>\$ 149,810</u>	<u>\$ 24,501</u>
Total increase (decrease) in net assets	\$ -	\$ -	\$ -
Net assets, beginning of year	<u>-</u>	<u>5,805</u>	<u>5,805</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 5,805</u>	<u>\$ 5,805</u>

Schedule of Activities

Virginia College Savings Plan (VA529) SOAR Virginia Program Fund--Budget and Actual
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
SOAR Virginia	\$ 5,000	\$ 32,500	\$ 27,500
Total revenues	<u>\$ 5,000</u>	<u>\$ 32,500</u>	<u>\$ 27,500</u>
Expenses:			
Pass-through funding	\$ 5,000	\$ 26,000	\$ (21,000)
Payroll and related expense	<u>-</u>	<u>6,500</u>	<u>(6,500)</u>
Total expenses	<u>\$ 5,000</u>	<u>\$ 32,500</u>	<u>\$ (27,500)</u>
Total increase (decrease) in net assets	\$ -	\$ -	\$ -
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO THE BOARD OF DIRECTORS
PROJECT DISCOVERY OF VIRGINIA, INC.
SALEM, VIRGINIA

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 Project Discovery of Virginia, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Project Discovery of Virginia, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Project Discovery of Virginia, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Project Discovery of Virginia, Inc.'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Project Discovery of Virginia, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Staunton, Virginia
October 7, 2016