

The Blue Ridge Energy Members Foundation
Financial Statements
December 31, 2022 and 2021

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Financial Statements

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Independent Auditor's Report

The Board of Directors
The Blue Ridge Energy Members Foundation
Lenoir, North Carolina

Opinion

We have audited the accompanying statements of financial position of The Blue Ridge Energy Members Foundation (the "Foundation"), a nonprofit organization, as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Blue Ridge Energy Members Foundation as of December 31, 2022 and 2021, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Foundation's 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, 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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.

Richmond, Virginia
April 3, 2023

Alabama, Jenkins & Cheatham

Statements of Financial Position

The Blue Ridge Energy Members Foundation

	December 31,	
	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	<u>\$ 153,669</u>	<u>\$ 95,407</u>
Total Assets	<u>\$ 153,669</u>	<u>\$ 95,407</u>
Liabilities and Net Assets		
Liabilities		
Awards payable	<u>\$</u>	<u>\$ 7,490</u>
Total Liabilities		7,490
Net Assets		
Without donor restrictions (Note B)	<u>153,669</u>	<u>87,917</u>
Total Liabilities and Net Assets	<u>\$ 153,669</u>	<u>\$ 95,407</u>

See Independent Auditor's Report and Notes to Financial Statements

Statements of Activities

The Blue Ridge Energy Members Foundation

	Year Ended December 31,	
	2022	2021
Revenue and Support		
Round up contributions	\$ 183,257	\$ 168,814
Related party contributions	75,000	50,000
Capital credit retirement contributions	57,716	44,390
General public contributions	45,907	31,715
Value of contributed services	29,321	27,847
	<hr/>	<hr/>
Total Revenue and Support	391,201	322,766
Expenses		
Program Services		
Community assistance	296,128	302,632
Supporting Services		
Administrative and general	29,321	27,847
	<hr/>	<hr/>
Total Expenses	325,449	330,479
Change in Net Assets Without Donor Restrictions	65,752	(7,713)
Net Assets Without Donor Restrictions - Beginning of Year	87,917	95,630
	<hr/>	<hr/>
Net Assets Without Donor Restrictions - End of Year	\$ 153,669	\$ 87,917
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See Independent Auditor's Report and Notes to Financial Statements

Statements of Cash Flows

The Blue Ridge Energy Members Foundation

	Year Ended December 31,	
	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in Net Assets Without Donor Restrictions	\$ 65,752	\$ (7,713)
Change in Awards Payable	<u>(7,490)</u>	<u>7,490</u>
Net Increase (Decrease) in Cash and Cash Equivalents	58,262	(223)
Cash and Cash Equivalents - Beginning of Year	<u>95,407</u>	<u>95,630</u>
Cash and Cash Equivalents - End of Year	<u>\$ 153,669</u>	<u>\$ 95,407</u>

See Independent Auditor's Report and Notes to Financial Statements

Notes to Financial Statements

The Blue Ridge Energy Members Foundation

December 31, 2022 and 2021

Note A - Nature of Organization

The Blue Ridge Energy Members Foundation (the “Foundation”) was organized as a nonprofit organization without capital stock under the laws of the state of North Carolina. The Foundation was organized to accumulate and disburse funds for charitable purposes to families in need and financial support for nonprofit community organizations that meet educational, healthcare, economic and community development needs in the counties of Watauga, Caldwell, Wilkes, Alexander, Avery, Ashe and Alleghany, North Carolina. Assistance is provided in the form of payments to those in need to defray the cost of electric utility bills, fuel costs and the weatherization of homes. Recipients and the amount of assistance are determined by various social service agencies for the counties mentioned above. Financial support for community organization projects are reviewed and recommended by a committee comprised of Foundation advisory members and approved by the Foundation’s Board of Directors.

Note B - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The financial statement presentation follows the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

As of December 31, 2022, the Foundation had no net assets with donor restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Liquidity and Availability

As of December 31, 2022 and 2021, financial assets available for general expenditure without donor or other restrictions consisted of \$153,669 and \$95,407, respectively. General expenses include all payments made by the Foundation including community assistance. The Foundation’s funds are maintained in a checking account and are available as needed.

Notes to Financial Statements

The Blue Ridge Energy Members Foundation

December 31, 2022 and 2021

Note B - Summary of Significant Accounting Policies - Continued

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Contributed Services

Contributions of services that create or enhance non-financial assets or those that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at their fair value in the period received. Blue Ridge EMC, an affiliate of the Foundation, provided various services, including rent, professional and other minor services, that met these criteria to the Foundation. The total amount received during the years ended December 31, 2022 and 2021 was \$29,321, and \$27,847, respectively. These amounts were recorded as contribution revenue and charged to the related expense account.

Subsequent Events

Subsequent events have been evaluated through April 3, 2023, which is the date the financial statements were available to be issued.

Functional Allocation of Expenses

Costs are allocated between fundraising, management, and general, or the appropriate program based on evaluations of related benefits. Management and general expenses included those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. There were no such expenses incurred for the years ended December 31, 2022 and 2021.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs and other activities considered to be of a more unusual or nonrecurring nature. As of December 31, 2022 and 2021, there were no non-operating activities.

Notes to Financial Statements

The Blue Ridge Energy Members Foundation

December 31, 2022 and 2021

Note B - Summary of Significant Accounting Policies - Continued

Revenue and Expense Recognition

The Foundation's primary source of revenue is reported as an increase in net assets without donor restrictions unless use of the related asset is limited by donor-imposed time or purpose restrictions. The Foundation recognizes revenue as these restrictions are released or when assets without donor restrictions are received, which complies with the requirements of ASC 606. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets that are subject to the passage of time (that is, the stipulated time period has elapsed or the cash has been collected) are reported as net assets released from restrictions.

Income Taxes

The Foundation was granted exemption from income taxes for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and will be taxed only to the extent it has taxable trade or business income unrelated to its exempt purpose.

Contributions

The Foundation's primary source of revenue is from the members of Blue Ridge EMC who elect to participate in the Round Up Program (the "Program"). The Program allows members to round their monthly electric bills up to the nearest whole dollar. The additional amount is remitted to the Foundation by Blue Ridge EMC, who acts as the collection agent for the Foundation. Although not required by the Program, Blue Ridge EMC absorbs most of the cost of the Foundation's administration.

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. During the years ended December 31, 2022 and 2021, the Foundation had not received any contributions with donor-imposed restrictions.

Note C - Related Parties

The directors of the Foundation are the same as the directors of Blue Ridge Electric Membership Corporation (BREMC), an organization exempt from taxation under Section 501(c)(12) of the IRC. BREMC provides the Foundation with operational support and office space at no charge. The total amounts received during the years ended December 31, 2022 and 2021 were \$29,321 and \$27,847, respectively.

The Foundation receives contributions from members and employees of BREMC. Total amounts received were approximately \$285,000 and \$240,000 as of December 31, 2022 and 2021, respectively.

The Foundation received donations from the profits of Blue Ridge Energies, LLC and RidgeLink, LLC, wholly owned subsidiaries of BREMC. Total amounts received were \$75,000 and \$50,000 as of December 31, 2022 and 2021, respectively.

Notes to Financial Statements

The Blue Ridge Energy Members Foundation

December 31, 2022 and 2021

Note D - Concentration of Credit Risk

The Foundation places its cash on deposit with financial institutions located in the United States of America, which are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC provides insurance coverage for up to \$250,000 of cash held by the Foundation, in each separate FDIC insured bank and savings institution. From time to time, the Foundation may have amounts on deposit in excess of the insured limits. As of December 31, 2022, the Foundation had no deposits that exceed the insured limits.

Note E - Functional Expenses

Functional expenses were as follows for the years ended December 31:

	<u>Program Services</u> Community Assistance	<u>Supporting Services</u> Administrative and General	<u>Total</u>
<u>2022</u>			
Grants	\$ 296,128	\$	\$ 296,128
Accounting and Support		27,321	27,321
Use of facilities		2,000	2,000
Total Expenses by Function	<u>\$ 296,128</u>	<u>\$ 29,321</u>	<u>\$ 325,449</u>
<u>2021</u>			
Grants	\$ 302,632	\$	\$ 302,632
Accounting and Support		26,347	26,347
Use of facilities		1,500	1,500
Total Expenses by Function	<u>\$ 302,632</u>	<u>\$ 27,847</u>	<u>\$ 330,479</u>

There were no allocations of expenses to functional categories.

Note F - Other

The Coronavirus public health emergency (COVID-19) continues to have direct and indirect impacts on the utility industry. The Foundation to date has not seen significant disruption or significant operational restrictions, but the substantial uncertainty and the nature and degree of the pandemic and resulting effects over time could result in disruption or restriction on the Foundation's ability to operate normally. Blue Ridge EMC's members are also affected by the outbreak, which could have negative effects on contributions. Overall, the future impact of the pandemic with respect to the Foundation's territory is difficult to predict and could adversely impact its overall operations in the future.