

**The Blue Ridge Energy Members Foundation**  
**Financial Statements**  
**December 31, 2020 and 2019**

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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

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, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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 financial statement presentation.

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 The Blue Ridge Energy Members Foundation as of December 31, 2020 and 2019, 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.

Richmond, Virginia  
March 31, 2021

*Adams, Jenkins & Cheatham*

## Statements of Financial Position

### The Blue Ridge Energy Members Foundation

	December 31,	
	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	<u>\$ 95,630</u>	<u>\$ 79,749</u>
Total Current Assets	<u><u>\$ 95,630</u></u>	<u><u>\$ 79,749</u></u>
<b>Net Assets</b>		
Net Assets		
Without donor restrictions (Note B)	<u>\$ 95,630</u>	<u>\$ 79,749</u>
Total Net Assets	<u><u>\$ 95,630</u></u>	<u><u>\$ 79,749</u></u>

See Independent Auditor's Report and Notes to Financial Statements

## Statements of Activities

### The Blue Ridge Energy Members Foundation

	Year Ended December 31,	
	2020	2019
<b>Revenue and Support</b>		
Round up contributions	\$ 170,434	\$ 175,150
General public contributions	74,269	32,481
Related party contributions	50,000	50,000
Capital credit retirement contributions	45,334	38,633
Value of contributed services	26,967	24,500
	<hr/>	<hr/>
Total Revenue and Support	367,004	320,764
<b>Expenses</b>		
Program Services		
Community Assistance	324,156	405,673
Supporting Services		
Administrative and general	26,967	24,500
	<hr/>	<hr/>
Total Expenses	351,123	430,173
	<hr/>	<hr/>
Change in Net Assets Without Donor Restrictions	15,881	(109,409)
Net Assets Without Donor Restrictions - Beginning of Year	79,749	189,158
	<hr/>	<hr/>
Net Assets Without Donor Restrictions - End of Year	\$ 95,630	\$ 79,749
	<hr/> <hr/>	<hr/> <hr/>

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>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets Without Donor Restrictions	<u>\$ 15,881</u>	<u>\$ (109,409)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	15,881	(109,409)
Cash and Cash Equivalents - Beginning of Year	<u>79,749</u>	<u>189,158</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 95,630</u></u>	<u><u>\$ 79,749</u></u>

See Independent Auditor's Report and Notes to Financial Statements

## Notes to Financial Statements

### The Blue Ridge Energy Members Foundation

#### December 31, 2020 and 2019

##### 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 subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

*Net assets with donor restrictions* - Net assets subject to permanent donor-imposed stipulations. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when a stipulated purpose which the resource was restricted has been fulfilled, or both. The Foundation has 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, 2020 and 2019, financial assets available for general expenditure without donor or other restrictions consisted of \$95,630 and \$79,749, 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 and are available for use within one year of the state of financial position date.

## Notes to Financial Statements

### The Blue Ridge Energy Members Foundation

#### December 31, 2020 and 2019

##### 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, 2020 and 2019 was \$26,967, and \$24,500, respectively. These amounts were recorded as contribution revenue and charged to the related expense account.

###### Subsequent Events

Subsequent events have been evaluated through March 31, 2021, 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, 2020 and 2019.

###### 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, 2020 and 2019, there were no non-operating activities.

## Notes to Financial Statements

### The Blue Ridge Energy Members Foundation

#### December 31, 2020 and 2019

##### Note B - Summary of Significant Accounting Policies - Continued

###### Revenue and Expense Recognition

As of January 1, 2019, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) using the retrospective method. The Foundation evaluated and determined that ASC 606 did not have a material effect on the financial statements.

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.

##### Note C - 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.

##### Note D - 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, 2020 and 2019 were \$26,967 and \$24,500, respectively.

The Foundation receives contributions from members and employees of BREMC. Total amounts received were approximately \$290,000 and \$246,000 as of December 31, 2020 and 2019, respectively.

The Foundation received \$50,000 from the profits of Blue Ridge Energies, LLC and RidgeLink, LLC, wholly owned subsidiaries of BREMC, for the years ended December 31, 2020 and 2019.

## **Notes to Financial Statements**

### **The Blue Ridge Energy Members Foundation**

**December 31, 2020 and 2019**

#### **Note E - Contributions Revenue**

Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions that are restricted for the purpose specified by the donor in the same year as the contribution is received are recognized as increases in net assets without donor restrictions.

Contributions are reported at fair value, which is net of estimated uncollectible amounts. The Foundation uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. Contributions, including multiyear pledges to be received after one year, are recorded at the present value of the estimated future cash flows. Subsequent changes in the discount resulting from the passage of time are accounted for as contributions in subsequent years.

#### **Note F - 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, 2020, the Foundation had no deposits that exceed the insured limits.

## Notes to Financial Statements

### The Blue Ridge Energy Members Foundation

#### December 31, 2020 and 2019

##### Note G - Functional Expenses

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

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Community Assistance</u>	<u>Administrative and General</u>	<u>Total</u>
<u>2020</u>			
Grants	\$ 324,156	\$	\$ 324,156
Accounting and Support		25,967	25,967
Use of facilities		1,000	1,000
Total Expenses by Function	<u>\$ 324,156</u>	<u>\$ 26,967</u>	<u>\$ 351,123</u>
<u>2019</u>			
Grants	\$ 405,673	\$	\$ 405,673
Accounting and Support		23,500	23,500
Use of facilities		1,000	1,000
Total Expenses by Function	<u>\$ 405,673</u>	<u>\$ 24,500</u>	<u>\$ 430,173</u>

There were no allocations of expenses to functional categories.

##### Note H - COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced in Wuhan, China and has spread around the world, with resulting business and social disruption. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. BREMF 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 BREMF's ability to operate normally. BREMF's donors are also affected by the outbreak, which could result in fewer donations. Overall, the future impact of the pandemic with respect to BREMF's industry is difficult to predict and could adversely impact its overall operations in the future.