



BLUE RIDGE AREA FOOD BANK, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016



BLUE RIDGE AREA FOOD BANK, INC.
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS
BLUE RIDGE AREA FOOD BANK, INC.
VERONA, VIRGINIA**

Report on the Financial Statements

We have audited the accompanying financial statements of Blue Ridge Area Food Bank, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, 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 Blue Ridge Area Food Bank, 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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.

Report on Summarized Comparative Information

We have previously audited Blue Ridge Area Food Bank, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016, on our consideration of Blue Ridge Area Food Bank, 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 Blue Ridge Area Food Bank, Inc.'s internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
September 29, 2016

FINANCIAL STATEMENTS

BLUE RIDGE AREA FOOD BANK, INC.

**Statement of Financial Position
June 30, 2016
With Comparative Totals as of 2015**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 608,602	\$ 799,543
Accounts receivable, less allowance for doubtful accounts	255,209	217,941
Pledges receivable, current portion	22,336	83,415
Inventory	2,403,266	1,593,204
Investments - designated for future capital needs	-	1,180,000
Investments - certificates of deposit	2,051,943	1,371,241
Prepaid expenses	50,941	63,635
Deposits	9,119	11,832
Gift cards	3,426	337
Total current assets	<u>\$ 5,404,842</u>	<u>\$ 5,321,148</u>
Noncurrent assets:		
Investments in marketable securities	\$ 2,650,342	\$ 1,559,446
Pledges receivable, net of current portion	8,018	21,089
Depreciable fixed assets, net of accumulated depreciation	4,324,718	1,217,820
Non-depreciable fixed assets	121,012	2,673,128
Total noncurrent assets	<u>\$ 7,104,090</u>	<u>\$ 5,471,483</u>
Total assets	<u>\$ 12,508,932</u>	<u>\$ 10,792,631</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 168,445	\$ 431,234
Accrued payroll and related liabilities	56,339	111,942
Compensated absences	107,269	100,685
Total liabilities	<u>\$ 332,053</u>	<u>\$ 643,861</u>
Net assets:		
Unrestricted:		
Undesignated	\$ 9,119,423	\$ 6,899,358
Designated - Funds held for long-term investment	2,650,342	1,559,446
Designated - Funds held for future capital needs	-	1,180,000
Total unrestricted	<u>\$ 11,769,765</u>	<u>\$ 9,638,804</u>
Temporarily restricted	<u>407,114</u>	<u>509,966</u>
Total net assets	<u>\$ 12,176,879</u>	<u>\$ 10,148,770</u>
Total liabilities and net assets	<u>\$ 12,508,932</u>	<u>\$ 10,792,631</u>

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

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BLUE RIDGE AREA FOOD BANK, INC.

**Statement of Activities
Year Ended June 30, 2016
With Comparative Totals for 2015**

	2016		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support:			
Contributions	\$ 5,196,366	\$ 473,246	\$ 5,669,612
Capital donations - renovation project	-	375,725	375,725
Handling and delivery fees	1,734,736	-	1,734,736
Outreach program reimbursements	415,516	-	415,516
Member fees	10,600	-	10,600
Interest and dividends	73,814	-	73,814
Gain (Loss) on disposal of fixed assets	-	-	-
Net realized and unrealized gains (loss) on investments	95,736	-	95,736
Other income	5,104	-	5,104
Net assets released from restrictions	951,823	(951,823)	-
Total revenues, gains, and other support	<u>\$ 8,483,695</u>	<u>\$ (102,852)</u>	<u>\$ 8,380,843</u>
Expenses:			
Program services	\$ 5,155,510	\$ -	\$ 5,155,510
Supporting services:			
Management and general	704,401	-	704,401
Fundraising	1,275,763	-	1,275,763
Total expenses	<u>\$ 7,135,674</u>	<u>\$ -</u>	<u>\$ 7,135,674</u>
Change in net assets before donated food activity	<u>\$ 1,348,021</u>	<u>\$ (102,852)</u>	<u>\$ 1,245,169</u>
Donated Food Activity:			
Donated food received	\$ 38,395,675	\$ -	\$ 38,395,675
Donated food distributed and disposed	(37,612,735)	-	(37,612,735)
Net donated food activity	<u>\$ 782,940</u>	<u>\$ -</u>	<u>\$ 782,940</u>
Change in net assets	\$ 2,130,961	\$ (102,852)	\$ 2,028,109
Net assets at beginning of year	<u>9,638,804</u>	<u>509,966</u>	<u>10,148,770</u>
Net assets at end of year	<u>\$ 11,769,765</u>	<u>\$ 407,114</u>	<u>\$ 12,176,879</u>

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

2015		
Unrestricted	Temporarily Restricted	Total
\$ 4,733,023	\$ 617,359	\$ 5,350,382
-	393,501	393,501
1,636,867	-	1,636,867
424,125	-	424,125
11,125	-	11,125
46,251	-	46,251
(109,089)	-	(109,089)
(15,946)	(97)	(16,043)
6,854	-	6,854
923,024	(923,024)	-
<u>\$ 7,656,234</u>	<u>\$ 87,739</u>	<u>\$ 7,743,973</u>
\$ 5,028,209	\$ -	\$ 5,028,209
666,477	-	666,477
1,189,891	-	1,189,891
<u>\$ 6,884,577</u>	<u>\$ -</u>	<u>\$ 6,884,577</u>
\$ 771,657	\$ 87,739	\$ 859,396
\$ 39,446,870	\$ -	\$ 39,446,870
(39,338,123)	-	(39,338,123)
<u>\$ 108,747</u>	<u>\$ -</u>	<u>\$ 108,747</u>
\$ 880,404	\$ 87,739	\$ 968,143
8,758,400	422,227	9,180,627
<u>\$ 9,638,804</u>	<u>\$ 509,966</u>	<u>\$ 10,148,770</u>

BLUE RIDGE AREA FOOD BANK, INC.

**Statement of Functional Expenses
Year Ended June 30, 2016
With Comparative Totals for 2015**

	2016		2015	
	Program Services	Program Services	Management and General	Management and General
			Supporting Services	
			2016	2015
			Management and General	Management and General
PERSONNEL				
Salaries and wages	\$ 1,316,055	\$ 1,200,568	\$ 479,085	\$ 467,176
Payroll taxes	94,433	87,846	34,557	33,878
Employee benefits	276,935	235,913	42,628	37,004
Contract services and other	39,343	41,368	2,472	-
Total personnel	\$ 1,726,766	\$ 1,565,695	\$ 558,742	\$ 538,058
TRANSPORTATION				
Freight	\$ 182,757	\$ 214,631	\$ -	\$ -
Depreciation	122,489	125,693	4,078	3,455
Fuel	52,059	75,487	2,132	2,769
Repairs and maintenance	62,939	54,642	1,229	2,097
Insurance, licenses and other	44,615	48,012	21	(2,000)
Total transportation	\$ 464,859	\$ 518,465	\$ 7,460	\$ 6,321
OCCUPANCY				
Rent	\$ 224,320	\$ 233,700	\$ 6,570	\$ 21,967
Depreciation	50,276	26,864	14,351	1,297
Repairs and maintenance	14,925	18,244	3,337	1,901
Rubbish and pest control	7,559	10,239	514	121
Utilities and telephone	105,649	122,170	14,256	8,724
Insurance and other	25,206	30,007	5,368	7,205
Total occupancy	\$ 427,935	\$ 441,224	\$ 44,396	\$ 41,215
OTHER OPERATING AND ADMINISTRATIVE				
Food purchase and packaging	\$ 2,125,791	\$ 2,129,800	\$ -	\$ -
Depreciation	90,038	80,450	6,834	3,407
Supplies and equipment rental	67,354	56,283	8,989	10,486
Agency assistance - pass through	75,411	58,014	-	-
Postage	2,832	1,864	1,840	1,269
Repairs and maintenance	71,430	42,466	1,686	334
Systems support and maintenance	45,216	42,611	12,221	10,855
Printing and Production	91	-	-	-
Dues, subscriptions, fees, and licenses	12,005	22,771	34,615	31,209
Advertising and marketing	800	50	-	-
Professional fees	-	-	-	-
Meetings and training expense	4,807	3,287	4,166	2,961
Board governance	-	-	14,982	13,850
Miscellaneous	40,175	65,229	8,470	6,512
Total other operating and administrative	\$ 2,535,950	\$ 2,502,825	\$ 93,803	\$ 80,883
Total expenses	\$ 5,155,510	\$ 5,028,209	\$ 704,401	\$ 666,477

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

Supporting Services			
2016	2015	2016	2015
Fundraising	Fundraising	Total	Total
\$ 500,022	\$ 477,426	\$ 2,295,162	\$ 2,145,170
35,688	34,766	164,678	156,490
72,766	68,114	392,329	341,031
3,428	1,691	45,243	43,059
<u>\$ 611,904</u>	<u>\$ 581,997</u>	<u>\$ 2,897,412</u>	<u>\$ 2,685,750</u>
\$ -	\$ -	\$ 182,757	\$ 214,631
703	76	127,270	129,224
1,889	2,107	56,080	80,363
2,784	890	66,952	57,629
2,012	5,941	46,648	51,953
<u>\$ 7,388</u>	<u>\$ 9,014</u>	<u>\$ 479,707</u>	<u>\$ 533,800</u>
\$ 9,885	\$ 16,627	\$ 240,775	\$ 272,294
16,021	1,222	80,648	29,383
1,392	1,171	19,654	21,316
693	84	8,766	10,444
20,650	12,086	140,555	142,980
6,527	7,456	37,101	44,668
<u>\$ 55,168</u>	<u>\$ 38,646</u>	<u>\$ 527,499</u>	<u>\$ 521,085</u>
\$ -	\$ -	\$ 2,125,791	\$ 2,129,800
10,084	5,082	106,956	88,939
21,490	12,424	97,833	79,193
-	-	75,411	58,014
105,272	108,446	109,944	111,579
1,948	452	75,064	43,252
19,320	10,157	76,757	63,623
298,254	334,454	298,345	334,454
22,016	21,017	68,636	74,997
96,585	39,736	97,385	39,786
15,000	15,000	15,000	15,000
2,859	4,599	11,832	10,847
-	-	14,982	13,850
8,475	8,867	57,120	80,608
<u>\$ 601,303</u>	<u>\$ 560,234</u>	<u>\$ 3,231,056</u>	<u>\$ 3,143,942</u>
<u>\$ 1,275,763</u>	<u>\$ 1,189,891</u>	<u>\$ 7,135,674</u>	<u>\$ 6,884,577</u>

BLUE RIDGE AREA FOOD BANK, INC.

**Statement of Cash Flows
Year Ended June 30, 2016
With Comparative Totals for 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets before donated food activity	\$ 1,245,169	\$ 859,396
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	314,874	247,546
(Gain) loss on disposal of fixed assets	-	109,089
Unrealized and realized (gain) loss on investments	(95,736)	16,044
Non-cash donation of fixed assets	(6,243)	(25,058)
(Increase) decrease in operating assets:		
Accounts receivable	(37,268)	(535)
Pledges receivable	74,150	(104,504)
Inventory - purchased food	(27,122)	(15,916)
Prepaid expenses	12,694	(13,639)
Deposits	2,713	(5,784)
Gift cards	(3,089)	3,218
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(262,789)	230,807
Accrued payroll and related liabilities	(55,603)	20,501
Compensated absences	6,584	5,138
Net cash provided by (used for) operating activities	\$ <u>1,168,334</u>	\$ <u>1,326,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	\$ (1,810,541)	\$ (408,899)
Proceeds on sale of investments	1,314,681	2,018,733
Proceeds on sale of fixed assets	-	2,000
Purchase of fixed assets	<u>(863,415)</u>	<u>(2,762,763)</u>
Net cash provided by (used for) investing activities	\$ <u>(1,359,275)</u>	\$ <u>(1,150,929)</u>
Net increase (decrease) in cash and cash equivalents	\$ (190,941)	\$ 175,374
Beginning cash and cash equivalents	<u>799,543</u>	<u>624,169</u>
Ending cash and cash equivalents	\$ <u><u>608,602</u></u>	\$ <u><u>799,543</u></u>
SCHEDULE OF NON-CASH OPERATING ACTIVITIES:		
Donated food received	\$ <u>38,395,675</u>	\$ <u>39,446,870</u>
Donated food distributed and disposed	\$ <u>37,612,735</u>	\$ <u>39,338,123</u>

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

BLUE RIDGE AREA FOOD BANK, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – NATURE OF ORGANIZATION:

Blue Ridge Area Food Bank, Inc. (Food Bank) is a non-profit corporation established to collect, warehouse, and distribute salvageable food. The Food Bank operates from locations in Verona, Winchester, Charlottesville and Lynchburg, Virginia, and distributes food to qualified churches and 501(c)(3) nonprofit organizations. Its service area includes eight cities and twenty-five counties in central and western Virginia. The Food Bank is affiliated with Feeding America which is a national hunger relief organization.

Blue Ridge Area Food Bank, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Blue Ridge Area Food Bank, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The statements are prepared on the accrual basis of accounting.

Financial Statement Presentation

The accompanying financial statements present information regarding the Food Bank's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated based on the existence or absence of donor-imposed restrictions, as described below:

- **Unrestricted** net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification. Expenses are reported as decreases in this classification. The Food Bank had \$11,769,765 in unrestricted net assets at June 30, 2016.
- **Temporarily restricted** net assets are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Food Bank pursuant to those stipulations. The Food Bank had \$407,114 in temporarily restricted net assets at June 30, 2016.
- **Permanently restricted** net assets are amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various restricted and other operating needs. The Food Bank had no permanently restricted net assets at June 30, 2016.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BLUE RIDGE AREA FOOD BANK, INC.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Cash and cash equivalents

The Food Bank considers all highly liquid investments that can be readily converted to cash or with a maturity of ninety days or less when purchased, to be cash equivalents. Cash equivalents are stated at cost, which approximates market value. Cash held for long-term investment is classified as investments. Accounts in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, deposits exceed federally insured limits.

Investments – other

Investments are stated at fair value and consist of certificates of deposit with original maturities of more than ninety days, but not more than twelve months. Certificates of deposit are held at various banks and are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Investments in marketable securities

Investments are stated at fair value as determined by quoted market prices. 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. See Note 9 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the statements of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Inventory

Purchased inventory is recorded at the lower of cost or market on a first-in-first-out basis. Donated inventories are stated at the nationally calculated average price per pound of \$1.67 as of June 30, 2016 and \$1.70 as of June 30, 2015. This average value per pound is based on an independent study commissioned by Feeding America.

Accounts receivable

Accounts receivable, consisting of handling fees charged to member agencies to help offset food storage and distribution costs and partial cost reimbursement of purchased food, as well as governmental program reimbursements, are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a valuation allowance based on its assessment of the current status of individual receivables. Balances outstanding after management has applied reasonable collection efforts are written off.

BLUE RIDGE AREA FOOD BANK, INC.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Contributions

Contributions, including unconditional promises to give or contributions receivable, are recognized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions in the period the donor's commitment is received. Unrestricted, unconditional promises to give for future operations are recognized as temporarily restricted revenues unless the donor explicitly stipulates its use to support current period activities.

Non-cash contributions consist primarily of food donated by producers, manufacturers, the United States Department of Agriculture (USDA), and the general public. Contributed food is recorded as income and placed in inventory at the time of the gift.

The Food Bank receives volunteer services through a program funded by the Senior Community Service Employment Program. The value of such services is recorded as contribution with an offsetting expense based on the federal minimum wage rate in effect at the time of service. Other volunteer services are generally not recorded.

Handling and Delivery fees

As specified in its membership agreement with agencies, the Food Bank charges a modest handling fee for some donated food items, to help offset the cost of receiving, storing and distributing donated food. The average fee per pound distributed was 5 cents in 2016 and 6 cents in 2015. In addition, the Food Bank also charges a cost reimbursement fee to help offset a portion of the purchase cost to acquire more nutritious food, as well as better varieties of food, which is highly desirable by our member agencies. That cost reimbursement fee averaged 44 cents per pound distributed in 2016 and 39 cents per pound in 2015. Also, when member agencies request product deliveries, the Food Bank charges a flat delivery fee based on the distance from its warehouses. The average delivery fee charged was \$34 in 2016 and \$33 in 2015.

The Food Bank does not charge a handling fee for the USDA commodities that it distributes. This particular distribution cost is partially reimbursed by the Federal Government, subject to funding availability and is recorded as revenue when Federal commodities are received. The Food Bank sometimes receives these administrative funds from the USDA subsequent to the end of the fiscal year. Amounts received are based on funds available at the Federal level and normally cannot be reasonably estimated. Consequently, the Food Bank records these amounts as revenue when received.

Compensated absences

The Food Bank policy for compensated absences combines vacation leave with PTO (Paid Time Off). Under the policy, employees accrue leave each pay period. PTO is paid upon termination, thus a liability is accrued as of June 30, for the calendar year PTO time not taken, up to a maximum of four weeks. The balance of compensated absences at June 30, 2016 totaled \$107,269.

BLUE RIDGE AREA FOOD BANK, INC.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Property and Equipment

Property and equipment are stated at cost when purchased or at fair market value if donated, less accumulated depreciation. The Food Bank capitalizes assets that benefit future periods with a cost of \$1,000 or greater. The straight-line method of depreciation is used over the following ranges of estimated useful lives.

Land improvements	20 years
Buildings and improvements	15-40 years
Leasehold improvements	5-10 years
Furniture and equipment	3-10 years
Warehouse equipment	5-15 years
Motor vehicles	5-10 years
Demonstration equipment	5 years

Income tax

The Food Bank is tax-exempt under Section 501 (c)(3) of the Internal Revenue Code (IRS). In addition, the Food Bank has been determined to not be a “private foundation” within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Food Bank did not conduct unrelated business activities and therefore, has made no provision for federal income taxes in the accompanying financial statements.

Advertisement costs

The Food Bank utilizes many forms of self-promotion and advertising as part of its fundraising activities. All costs are expensed as incurred.

Functional allocation of expenses

The costs of providing the various programs and supporting 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.

BLUE RIDGE AREA FOOD BANK, INC.

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

NOTE 3 – CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of the following:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents - general	\$ 231,842	\$ 394,081
Cash and cash equivalents - restricted	376,760	405,462
Total	<u>\$ 608,602</u>	<u>\$ 799,543</u>

NOTE 4 – INVESTMENTS – DESIGNATED FOR FUTURE CAPITAL NEEDS:

These investments consist of funds previously set aside by the Board of Directors, as a reserve to help finance the cost of the Food Bank's facilities' renovation. See Note 16.

At June 30, the balance of these investments was, as follows:

	<u>2016</u>	<u>2015</u>
Investments - designated for future capital needs		
Total	\$ -	\$ 1,180,000

NOTE 5 – INVESTMENTS – CERTIFICATES OF DEPOSIT:

Certificates of deposit with original maturity dates greater than 90 days, but less than 365 days from their original issue date, are recorded as investments, as follows:

	<u>2016</u>	<u>2015</u>
Investments - certificates of deposit		
Total	\$ 2,051,943	\$ 1,371,241

NOTE 6 – ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following:

	<u>2016</u>	<u>2015</u>
Due from member agencies	\$ 78,638	\$ 98,208
Other	186,571	129,733
Subtotal	\$ 265,209	\$ 227,941
Less allowance for doubtful accounts	(10,000)	(10,000)
Total	<u>\$ 255,209</u>	<u>\$ 217,941</u>

NOTE 7 – PLEDGES RECEIVABLE:

Pledges receivable in future periods have been discounted to net present value at an effective interest rate of 4.25% and are due as follows:

	<u>2016</u>	<u>2015</u>
Pledges receivable at June 30	\$ 32,834	\$ 108,884
Less discount on pledges receivable	(2,480)	(4,380)
Present value of pledges receivable	\$ 30,354	\$ 104,504
Less current portion	(22,336)	(83,415)
Noncurrent pledges receivable	<u>\$ 8,018</u>	<u>\$ 21,089</u>

BLUE RIDGE AREA FOOD BANK, INC.**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (continued)****NOTE 8 – INVENTORY:**

Inventory consists of the following:

	<u>2016</u>	<u>2015</u>
Purchased	\$ 360,192	\$ 333,070
Donated	<u>2,043,074</u>	<u>1,260,134</u>
Total	<u>\$ 2,403,266</u>	<u>\$ 1,593,204</u>

NOTE 9 – PROPERTY AND EQUIPMENT:

Property and Equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 66,652	\$ 66,652
Land improvements	523,106	2,758
Building and improvements	3,304,355	663,293
Leasehold improvements	263,895	261,144
Furniture and equipment	294,241	166,872
Warehouse equipment	1,058,829	1,000,002
Motor vehicles	1,205,099	1,187,357
Construction in progress	<u>54,360</u>	<u>2,606,476</u>
Subtotal	\$ 6,770,537	\$ 5,954,554
Accumulated Depreciation	<u>(2,324,807)</u>	<u>(2,063,606)</u>
Net Property and Equipment	<u>\$ 4,445,730</u>	<u>\$ 3,890,948</u>

Depreciation expense for the years ended June 30, 2016 and 2015 totaled \$314,874 and \$247,546 respectively.

NOTE 10 – INVESTMENTS IN MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS:

Investments are summarized as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity securities	\$ 700,140	\$ 745,984	\$ 191,138	\$ 197,631
U.S. Treasury Bonds	332,529	355,661	274,231	278,188
Corporate bonds	1,212,444	1,245,335	918,263	909,147
Preferred stock	58,546	58,997	59,897	59,029
Cash and cash equivalents	<u>244,365</u>	<u>244,365</u>	<u>115,451</u>	<u>115,451</u>
Total	<u>\$ 2,548,024</u>	<u>\$ 2,650,342</u>	<u>\$ 1,558,980</u>	<u>\$ 1,559,446</u>

BLUE RIDGE AREA FOOD BANK, INC.

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

**NOTE 10 – INVESTMENTS IN MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS:
(CONTINUED)**

The Food Bank incurred \$13,385 and \$9,261 of investment advisory fees in 2016 and 2015, respectively. These expenses are included in dues, subscriptions, licenses, and fees on the statements of functional expenses.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and have the lowest priority. The Food Bank uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. As all of the investments consist of holdings that are publicly traded, management has classified all investments using Level 1 inputs.

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of donor restricted funds for the following programs:

	<u>2016</u>	<u>2015</u>
Back Pack Program	\$ 267,535	\$ 330,715
Renovation Project, present value of pledges receivable	30,354	104,504
Fresh Produce and other food	86,327	56,438
Other	<u>22,898</u>	<u>18,309</u>
Total	<u>\$ 407,114</u>	<u>\$ 509,966</u>

NOTE 12– CONTRIBUTIONS:

Contributions are summarized as follows:

	<u>2016</u>	<u>2015</u>
General	\$ 5,600,467	\$ 5,335,086
Rent	-	1,806
Volunteer services	1,131	-
Other services	<u>68,014</u>	<u>13,490</u>
Total	<u>\$ 5,669,612</u>	<u>\$ 5,350,382</u>
Capital donations - renovation project	<u>\$ 375,725</u>	<u>\$ 393,501</u>

BLUE RIDGE AREA FOOD BANK, INC.**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (continued)****NOTE 13 – HANDLING AND DELIVERY FEES:**

Handling fees are summarized as follows:

	2016			2015		
	Member Agencies	Outreach and Direct Service	Total	Member Agencies	Outreach and Direct Service	Total
Handling fees-						
donated food	\$ 256,132	\$ 46,009	\$ 302,141	\$ 335,352	\$ 69,722	\$ 405,074
Cost reimbursement fees-						
purchased food	928,347	670,655	1,599,002	897,140	679,162	1,576,302
Delivery fees	<u>38,555</u>	<u>-</u>	<u>38,555</u>	<u>35,954</u>	<u>-</u>	<u>35,954</u>
Gross fees	\$ 1,223,034	\$ 716,664	\$ 1,939,698	\$ 1,268,446	\$ 748,884	\$ 2,017,330
Discounts	<u>-</u>	<u>(716,664)</u>	<u>(716,664)</u>	<u>-</u>	<u>(748,884)</u>	<u>(748,884)</u>
Net fees	\$ <u>1,223,034</u>	\$ <u>-</u>	\$ 1,223,034	\$ <u>1,268,446</u>	\$ <u>-</u>	\$ 1,268,446
Handling fees-USDA			<u>511,702</u>			<u>368,421</u>
Total Handling and delivery fees			\$ <u>1,734,736</u>			\$ <u>1,636,867</u>

NOTE 14 – RETIREMENT PLAN:

The Food Bank has a 401(k) and Profit Sharing Plan under which all employees who have attained the age of 18 and have satisfied a 30-day service requirement are eligible to make elective deferrals, up to the maximum allowed by law. Employer discretionary match contributions of 100% up to 3% of compensation are available for all employees making elective deferrals. Also, an additional employer discretionary contribution may be made to all employees who have satisfied the plan's eligibility requirements and is based on a percentage of participant compensation.

Retirement expense for 2016 and 2015 totaled \$67,463 and \$51,855, respectively.

NOTE 15 – OPERATING LEASE COMMITMENTS:

The Food Bank conducts business from several locations, including branch facilities in Charlottesville, Winchester and Lynchburg, which are leased under operating leases. It also leases office space in Charlottesville and temporary office space in Staunton, to house various personnel during the renovation of its headquarters facility in Verona. Lease terms expire from November 30, 2016 to November 30, 2021 and generally provide for optional lease periods at negotiated rates.

As part of the Winchester lease, the lessor agrees to remit an annual amount of at least \$12,897 to the Food Bank as long as the lessor is entitled to an income tax credit allowed by the Commonwealth of Virginia under the Neighborhood Assistance Act.

BLUE RIDGE AREA FOOD BANK, INC.

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

NOTE 15 – OPERATING LEASE COMMITMENTS: (CONTINUED)

Future minimum lease payments for the succeeding five years are as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Winchester Branch	\$ 70,875	\$ 73,001	\$ 75,191	\$ 77,447	\$ 45,958
Lynchburg Branch	75,840	75,840	75,840	75,840	75,840
Charlottesville Branch	84,000	84,000	84,000	-	-
	<u>\$ 230,715</u>	<u>\$ 232,841</u>	<u>\$ 235,031</u>	<u>\$ 153,287</u>	<u>\$ 121,798</u>

NOTE 16 – FACILITIES DEVELOPMENT:

On June 20, 2014, the Food Bank executed a contract with Nielsen Builders, Inc. in the amount of \$3,027,536 to renovate its facilities in Verona, Virginia. The work consisted of expanding the capacity of its main warehouse, adding a new salvage area to accommodate more volunteers sorting salvage, building a “clean room” for repackaging bulk food quantities, constructing a large commercial produce cooler and building a new office complex. In addition to the construction contract, the Food Bank anticipated additional soft costs (such as design fees, permits, warehouse racking, furniture and fixtures, etc.) to approximate \$600,000. The total project was estimated to cost about \$3,600,000.

This renovation project was completed during this past fiscal year with administrative and support staff relocating back to the new facility. The actual cost of the project was \$3,295,518, which was about \$323,000 lower than original cost estimates. The overall project was financed internally, primarily through the use of several large estate donations received over the past several years, as well as funds generated from a capital campaign, totaling over \$769,000.

NOTE 17 – SUBSEQUENT EVENTS:

In preparing these financial statements, management of the organization has evaluated events and transactions for potential disclosure through September 29, 2016, the date the financial statements were available to be issued.

In August, 2016, the Board of Directors of the Organization approved the division of the Food Bank’s financial reserves into two distinct parts. An emergency fund was established equal to an amount up to a maximum of six months anticipated Organizational operating expenses. The assets set aside in this fund will be invested in highly liquid securities. At June 30, 2016, this amounted to \$2,051,943. The remainder of the financial reserves will be placed into a Board designated internal endowment fund, otherwise known as a “Quasi-Endowment”. At June 30, 2016, this amounted to \$2,650,342. The principal of this endowment, and accumulated earnings in excess of withdrawals, will be retained, unless required by very unusual circumstances. The assets set aside for the Quasi Endowment will be invested in income producing investments, based in the advice of an independent investment advisor. Earnings from the fund will be available to support the Food Bank’s operations. The amount to be withdrawn in any one year will be based on the advice of an independent investment adviser, capped at 4% of the market value of the assets in the endowment.

SUPPLEMENTARY INFORMATION

BLUE RIDGE AREA FOOD BANK, INC.

**Schedule of Food Donated, Purchased, and Distributed
Year Ended June 30, 2016
With Comparative Totals for 2015**

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>Pounds</u>	<u>Pounds</u>	<u>Dollars</u>	<u>Dollars</u>
Beginning inventory	1,321,629	1,280,234	\$ 1,593,204	\$ 1,468,541
Donated food received	22,991,422	23,204,041	38,395,675	39,446,870
Purchased food	<u>3,048,976</u>	<u>3,077,164</u>	<u>1,793,739</u>	<u>1,841,080</u>
Total food available	<u>27,362,027</u>	<u>27,561,439</u>	<u>\$ 41,782,618</u>	<u>\$ 42,756,491</u>
Less:				
Food distributed to member agencies	24,614,487	24,826,015	\$ 37,970,101	\$ 38,769,678
Food distributed to other food banks	812,305	1,383,136	1,356,549	2,351,331
Disposals and inventory adjustments	<u>38,822</u>	<u>30,659</u>	<u>52,702</u>	<u>42,278</u>
Total food distributed and disposed	<u>25,465,614</u>	<u>26,239,810</u>	<u>\$ 39,379,352</u>	<u>\$ 41,163,287</u>
Ending inventory	<u><u>1,896,413</u></u>	<u><u>1,321,629</u></u>	<u><u>\$ 2,403,266</u></u>	<u><u>\$ 1,593,204</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 BLUE RIDGE AREA FOOD BANK, INC. VERONA, 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 Blue Ridge Area Food Bank, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blue Ridge Area Food Bank, 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 Blue Ridge Area Food Bank, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Blue Ridge Area Food Bank, 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 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 Blue Ridge Area Food Bank, 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 the 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
September 29, 2016

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**TO THE BOARD OF DIRECTORS
BLUE RIDGE AREA FOOD BANK, INC.
VERONA, VIRGINIA**

Report on Compliance for Each Major Federal Program

We have audited Blue Ridge Area Food Bank, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in OMB *Compliance Supplement* that could have a direct and material effect on each of Blue Ridge Area Food Bank, Inc.'s major federal programs for the year ended June 30, 2016. Blue Ridge Area Food Bank, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Blue Ridge Area Food Bank, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Blue Ridge Area Food Bank, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Blue Ridge Area Food Bank, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Blue Ridge Area Food Bank, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Blue Ridge Area Food Bank, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Blue Ridge Area Food Bank, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Blue Ridge Area Food Bank, Inc.'s internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
September 29, 2016

BLUE RIDGE AREA FOOD BANK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
<u>Department of Agriculture</u>			
Passed through Virginia Department of Agriculture and Consumer Services:			
Food Distribution Cluster:			
Emergency Food Assistance Program - Food Commodities	10.569	Not Available	\$ 2,496,639
Emergency Food Assistance Program - Administrative Costs	10.568	Not Available	511,702
Commodity Supplemental Food Program	10.565	Not Available	2,735
Total Food Distribution Cluster			<u>\$ 3,011,076</u>
Summer Food Service Program For Children	10.559	Not Available	\$ 3,574
Passed through Virginia Department of Health:			
Summer Food Service Program For Children	10.559	N/A	181,945
Subtotal Summer Food Service Program for Children			<u>\$ 185,519</u>
Child and Adult Care Food Program	10.558	N/A	<u>\$ 233,571</u>
Total Department of Agriculture			<u>\$ 3,430,166</u>
<u>Department of Labor</u>			
Passed through Goodwill Industries of the Valleys:			
Senior Community Service Employment Program	17.235	N/A	<u>\$ 1,131</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,431,297</u></u>

Notes to Schedule of Expenditures of Federal Awards:

Note A- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Blue Ridge Area Food Bank, Inc. under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Blue Ridge Area Food Bank, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Blue Ridge Area Food Bank, Inc.

Note B- Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C- Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2016, the Food Bank had food commodities totaling \$391,542 in inventory.

BLUE RIDGE AREA FOOD BANK, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditors' report issued on compliance for major programs unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes x no

Identification of major programs:

CFDA # NAME OF FEDERAL PROGRAM OR CLUSTER

Food Distribution Cluster

10.568 Emergency Food Assistance Program-Administrative Cost

10.569 Emergency Food Assistance Program-Food Commodities

10.565 Commodity Supplemental Food Program

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary Schedule of Prior Audit Findings

None