

**BLUE RIDGE AREA
FOOD BANK**

a member of
**FEEDING
AMERICA**

BLUE RIDGE AREA FOOD BANK, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017



BLUE RIDGE AREA FOOD BANK, INC.
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017

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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, 2017, 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, 2017, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Food Donated, Purchased, and Distributed are presented for purposes of additional analysis and are 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, 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 October 6, 2017, 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
October 6, 2017

FINANCIAL STATEMENTS

BLUE RIDGE AREA FOOD BANK, INC.

**Statement of Financial Position
June 30, 2017
With Comparative Totals as of 2016**

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 815,312	\$ 608,602
Accounts receivable, less allowance for doubtful accounts	401,969	255,209
Pledges receivable, current portion	5,098	22,336
Inventory	3,259,096	2,403,266
Investments - certificates of deposit	2,499,060	2,051,943
Prepaid expenses	86,873	50,941
Deposits	7,132	9,119
Gift cards	17,905	3,426
Total current assets	<u>\$ 7,092,445</u>	<u>\$ 5,404,842</u>
Noncurrent assets:		
Investments in marketable securities	\$ 3,351,387	\$ 2,650,342
Pledges receivable, net of current portion	-	8,018
Depreciable fixed assets, net of accumulated depreciation	4,101,098	4,324,718
Non-depreciable fixed assets	125,715	121,012
Total noncurrent assets	<u>\$ 7,578,200</u>	<u>\$ 7,104,090</u>
Total assets	<u>\$ 14,670,645</u>	<u>\$ 12,508,932</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 197,769	\$ 168,445
Accrued payroll and related liabilities	52,483	56,339
Compensated absences	91,630	107,269
Total liabilities	<u>\$ 341,882</u>	<u>\$ 332,053</u>
Net assets:		
Unrestricted:		
Undesignated	\$ 8,879,434	\$ 9,119,423
Designated - Funds held for long-term investment	3,351,387	2,650,342
Designated - Operating reserve	1,698,000	-
Total unrestricted	<u>\$ 13,928,821</u>	<u>\$ 11,769,765</u>
Temporarily restricted	<u>399,942</u>	<u>407,114</u>
Total net assets	<u>\$ 14,328,763</u>	<u>\$ 12,176,879</u>
Total liabilities and net assets	<u>\$ 14,670,645</u>	<u>\$ 12,508,932</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, 2017
With Comparative Totals for 2016**

	2017		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support:			
Contributions	\$ 5,536,001	\$ 1,052,149	\$ 6,588,150
Capital donations - renovation project	-	2,078	2,078
Handling and delivery fees	950,639	-	950,639
Federal grants	947,961	-	947,961
Member fees	9,902	-	9,902
Interest and dividends	90,478	-	90,478
Gain (Loss) on disposal of fixed assets	(9,571)	-	(9,571)
Net realized and unrealized gains (loss) on investments	65,305	-	65,305
Other income	8,024	-	8,024
Donated foods received	41,204,404	-	41,204,404
Net assets released from restrictions	1,061,399	(1,061,399)	-
Total revenues, gains, and other support	<u>\$ 49,864,542</u>	<u>\$ (7,172)</u>	<u>\$ 49,857,370</u>
Expenses:			
Program services	\$ 45,649,188	\$ -	\$ 45,649,188
Supporting services:			
Management and general	771,162	-	771,162
Fundraising	1,285,136	-	1,285,136
Total expenses	<u>\$ 47,705,486</u>	<u>\$ -</u>	<u>\$ 47,705,486</u>
Change in net assets	\$ 2,159,056	\$ (7,172)	\$ 2,151,884
Net assets at beginning of year	<u>11,769,765</u>	<u>407,114</u>	<u>12,176,879</u>
Net assets at end of year	<u>\$ 13,928,821</u>	<u>\$ 399,942</u>	<u>\$ 14,328,763</u>

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

2016		
Unrestricted	Temporarily Restricted	Total
\$ 5,196,366	\$ 473,246	\$ 5,669,612
-	375,725	375,725
1,223,034	-	1,734,736
927,218	-	415,516
10,600	-	10,600
73,814	-	73,814
-	-	-
95,736	-	95,736
5,104	-	5,104
38,395,675	-	38,395,675
951,823	(951,823)	-
<u>\$ 46,879,370</u>	<u>\$ (102,852)</u>	<u>\$ 46,776,518</u>
\$ 42,768,245	\$ -	\$ 42,768,245
704,401	-	704,401
1,275,763	-	1,275,763
<u>\$ 44,748,409</u>	<u>\$ -</u>	<u>\$ 44,748,409</u>
\$ 2,130,961	\$ (102,852)	\$ 2,028,109
9,638,804	509,966	10,148,770
<u>\$ 11,769,765</u>	<u>\$ 407,114</u>	<u>\$ 12,176,879</u>

BLUE RIDGE AREA FOOD BANK, INC.

**Statement of Functional Expenses
Year Ended June 30, 2017
With Comparative Totals for 2016**

	2017		2016	
	Program Services	Program Services	Management and General	Management and General
			Supporting Services	
			2017	2016
			Management and General	Management and General
PERSONNEL				
Salaries and wages	\$ 1,535,598	\$ 1,316,055	\$ 499,095	\$ 479,085
Payroll taxes	112,487	94,433	35,719	34,557
Employee benefits	337,755	276,935	46,810	42,628
Child Hunger Corps	71,000	-	-	-
Contract services and other	35,399	39,343	2,273	2,472
Total personnel	\$ 2,092,239	\$ 1,726,766	\$ 583,897	\$ 558,742
TRANSPORTATION				
Freight	\$ 168,712	\$ 182,757	\$ -	\$ -
Depreciation	120,341	122,489	5,180	4,078
Fuel	56,602	52,059	2,216	2,132
Repairs and maintenance	100,824	62,939	(2,387)	1,229
Insurance, licenses, and other	19,869	44,615	883	21
Total transportation	\$ 466,348	\$ 464,859	\$ 5,892	\$ 7,460
OCCUPANCY				
Rent	\$ 222,315	\$ 224,320	\$ 3,600	\$ 6,570
Depreciation	77,985	50,276	26,861	14,351
Repairs and maintenance	33,559	14,925	3,439	3,337
Rubbish and pest control	7,107	7,559	908	514
Utilities and telephone	99,560	105,649	13,693	14,256
Insurance and other	27,249	25,206	9,158	5,368
Total occupancy	\$ 467,775	\$ 427,935	\$ 57,659	\$ 44,396
OTHER OPERATING AND ADMINISTRATIVE				
Food purchase and packaging	\$ 1,634,939	\$ 2,125,791	\$ -	\$ -
Depreciation	101,817	90,038	11,506	6,834
Supplies and equipment rental	122,496	67,354	12,577	8,989
Agency assistance - pass-through	236,137	75,411	-	-
Postage	2,459	2,832	1,718	1,840
Repairs and maintenance	65,905	71,430	1,183	1,686
Systems support and maintenance	67,974	45,216	22,980	12,221
Printing and production	2,399	91	-	-
Dues, subscriptions, fees, and licenses	26,757	12,005	48,426	34,615
Advertising and marketing	4,647	800	-	-
Professional fees	17,431	-	90	-
Meetings and training expense	9,140	4,807	2,087	4,166
Board governance	-	-	14,074	14,982
Miscellaneous	47,022	40,175	9,073	8,470
Total other operating and administrative	\$ 2,339,123	\$ 2,535,950	\$ 123,714	\$ 93,803
Total expenses before donated foods distributed	\$ 5,365,485	\$ 5,155,510	\$ 771,162	\$ 704,401
Donated foods distributed	40,283,703	37,612,735	-	-
Total expenses	\$ 45,649,188	\$ 42,768,245	\$ 771,162	\$ 704,401

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

Supporting Services			
2017	2016	2017	2016
Fundraising	Fundraising	Total	Total
\$ 423,326	\$ 500,022	\$ 2,458,019	\$ 2,295,162
31,515	35,688	179,721	164,678
73,158	72,766	457,723	392,329
-	-	71,000	-
472	3,428	38,144	45,243
<u>\$ 528,471</u>	<u>\$ 611,904</u>	<u>\$ 3,204,607</u>	<u>\$ 2,897,412</u>
\$ -	\$ -	\$ 168,712	\$ 182,757
4,806	703	130,327	127,270
1,912	1,889	60,730	56,080
4,351	2,784	102,788	66,952
1,325	2,012	22,077	46,648
<u>\$ 12,394</u>	<u>\$ 7,388</u>	<u>\$ 484,634</u>	<u>\$ 479,707</u>
\$ 4,800	\$ 9,885	\$ 230,715	\$ 240,775
28,269	16,021	133,115	80,648
4,084	1,392	41,082	19,654
1,186	693	9,201	8,766
19,548	20,650	132,801	140,555
6,812	6,527	43,219	37,101
<u>\$ 64,699</u>	<u>\$ 55,168</u>	<u>\$ 590,133</u>	<u>\$ 527,499</u>
\$ -	\$ -	\$ 1,634,939	\$ 2,125,791
16,952	10,084	130,275	106,956
17,718	21,490	152,791	97,833
-	-	236,137	75,411
95,408	105,272	99,585	109,944
313	1,948	67,401	75,064
18,455	19,320	109,409	76,757
185,686	298,254	188,085	298,345
47,376	22,016	122,559	68,636
141,082	96,585	145,729	97,385
145,049	15,000	162,570	15,000
2,516	2,859	13,743	11,832
-	-	14,074	14,982
9,017	8,475	65,112	57,120
<u>\$ 679,572</u>	<u>\$ 601,303</u>	<u>\$ 3,142,409</u>	<u>\$ 3,231,056</u>
\$ 1,285,136	\$ 1,275,763	\$ 7,421,783	\$ 7,135,674
-	-	40,283,703	37,612,735
<u>\$ 1,285,136</u>	<u>\$ 1,275,763</u>	<u>\$ 47,705,486</u>	<u>\$ 44,748,409</u>

BLUE RIDGE AREA FOOD BANK, INC.

**Statement of Cash Flows
Year Ended June 30, 2017
With Comparative Totals for 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,151,884	\$ 2,028,109
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	393,717	314,874
(Gain) loss on disposal of fixed assets	9,571	-
Unrealized and realized (gain) loss on investments	(65,305)	(95,736)
Donated foods received	(41,204,404)	(38,395,675)
Donated foods distributed	40,283,703	37,612,735
Non-cash donation of fixed assets	-	(6,243)
(Increase) decrease in operating assets:		
Accounts receivable	(146,760)	(37,268)
Pledges receivable	25,256	74,150
Inventory - purchased food	64,871	(27,122)
Prepaid expenses	(35,932)	12,694
Deposits	1,987	2,713
Gift cards	(14,479)	(3,089)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	29,324	(262,789)
Accrued payroll and related liabilities	(3,856)	(55,603)
Compensated absences	(15,639)	6,584
Net cash provided by (used for) operating activities	\$ <u>1,473,938</u>	\$ <u>1,168,334</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	\$ (2,162,732)	\$ (1,810,541)
Proceeds on sale of investments	1,079,876	1,314,681
Purchase of fixed assets	<u>(184,372)</u>	<u>(863,415)</u>
Net cash provided by (used for) investing activities	\$ <u>(1,267,228)</u>	\$ <u>(1,359,275)</u>
Net increase (decrease) in cash and cash equivalents	\$ 206,710	\$ (190,941)
Beginning cash and cash equivalents	<u>608,602</u>	<u>799,543</u>
Ending cash and cash equivalents	\$ <u><u>815,312</u></u>	\$ <u><u>608,602</u></u>
SCHEDULE OF NON-CASH OPERATING ACTIVITIES:		
Donated food received	\$ <u>41,204,404</u>	\$ <u>38,395,675</u>
Donated food distributed and disposed	\$ <u>40,283,703</u>	\$ <u>37,612,735</u>
Donated fixed assets	\$ <u>-</u>	\$ <u>(6,243)</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, 2017**

NOTE 1 – NATURE OF ORGANIZATION:

Founded in 1981, the Blue Ridge Area Food Bank (Food Bank) has grown from an organization which distributed 223,000 pounds of food in its first year to one which currently distributes approximately 25 million pounds of food each year across 25 counties and eight cities in western and central Virginia. This is accomplished by working with over 200 hundred partner agencies—local food pantries, soup kitchens, and shelters—throughout the service area, and by operating several outreach programs to serve the most vulnerable populations -- primarily children and seniors, and rural communities. The Food Bank is a member of Feeding America, the nation's largest domestic hunger-relief organization consisting of a network of 200 food banks across the country.

Outreach programs include the Family Backpack Program, Summer Kid Packs, Kids Café, Summer Feeding, the Reach Program, and the Mobile Food Pantry. The Food Bank also partners with Virginia Cooperative Extension to offer Super Pantry, a nutrition education program.

The majority of funding comes from financial contributions and grants, and in-kind food donations. Food distributed is obtained through national, regional and local sources. Food includes fresh produce, meat, dairy and other perishable goods secured through retailers, farmers, manufacturers, and other local and national growers. In fiscal year 2017, more than 6.2 million pounds of produce were acquired and distributed.

The Food Bank operates from locations in Verona (where the headquarters and administrative offices are housed), Winchester, Charlottesville and Lynchburg, Virginia, and distributes food to qualified churches and 501(c)(3) nonprofit organizations. Blue Ridge Area Food Bank, Inc. is non-profit corporation 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 \$13,928,821 in unrestricted net assets at June 30, 2017.
- **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 \$399,942 in temporarily restricted net assets at June 30, 2017.

BLUE RIDGE AREA FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (continued)

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

Financial Statement Presentation (continued)

- **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, 2017.

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.

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.

Net Assets

The accompanying financial statements present information regarding the Food Bank's financial position and activities based on the existence or absence of donor-imposed restrictions as described below.

Unrestricted net assets are free of donor-imposed restrictions and represent the portion of resources that are available for support of operations. Board designated net assets represent resources that have been restricted by the Board for future needs of the Food Bank.

Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various purposes or time periods.

In accordance with the Feeding America Member Contract, the Board of Directors has designated certain assets be held in short-term investments in an amount no less than three months' average cash operating expense less donated food and pass-through expenditures. Additionally, the Board of Directors has designated certain assets be invested long-term as quasi-endowment to support the mission of the Food Bank by generating income for current and future needs of Food Bank programs. The Board policy is to accept donor gifts restricted for endowment, and for unrestricted bequests in excess of \$25,000, to designate 90% of the gift for the quasi-endowment. At this time, all quasi-endowment funds are unrestricted and as such, invasion of the principal by the Board is permitted under special circumstances and subject to the Food Bank's investment policy.

BLUE RIDGE AREA FOOD BANK, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 (continued)**

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

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.

Investment income or loss, including interest, dividends, fees, and realized and unrealized gains and losses on investments, is recorded on the accrual basis and is included in the accompanying Statements of Activities. The Food Bank's investments consist of a managed portfolio of various exchange traded funds holding assets in fixed income and equity instruments with a targeted balance as directed by Board policy.

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 \$1.73 as of June 30, 2017 and \$1.67 as of June 30, 2016. 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.

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.

BLUE RIDGE AREA FOOD BANK, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 (continued)**

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

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 both 2017 and 2016. 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 46 cents per pound distributed in 2017 and 44 cents per pound in 2016. 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 \$32.15 in 2017 and \$34 in 2016.

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, 2017 totaled \$91,630.

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

Income Tax

The Food Bank is tax-exempt under Section 501 (c)(3) of the Internal Revenue Code (IRC). 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.

BLUE RIDGE AREA FOOD BANK, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 (continued)**

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

Advertising and Promotion

The Food Bank utilizes many avenues for increasing awareness in the community of its programs and services as well as fundraising events. All costs are incurred as expensed.

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.

NOTE 3 – CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of the following:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents - general	\$ 420,467	\$ 231,842
Cash and cash equivalents - restricted	394,845	376,760
Total	<u>\$ 815,312</u>	<u>\$ 608,602</u>

NOTE 4 – 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>2017</u>	<u>2016</u>
Investments - certificates of deposit		
Total	<u>\$ 2,499,060</u>	<u>\$ 2,051,943</u>

NOTE 5 – ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following:

	<u>2017</u>	<u>2016</u>
Due from member agencies	\$ 62,971	\$ 78,638
Federal Grantor/Pass-Through Grantor programs	325,504	117,468
Accrued interest receivable	6,099	1,115
Other	17,395	67,990
Subtotal	<u>\$ 411,969</u>	<u>\$ 265,211</u>
Less allowance for doubtful accounts	<u>(10,000)</u>	<u>(10,000)</u>
Total	<u>\$ 401,969</u>	<u>\$ 255,211</u>

BLUE RIDGE AREA FOOD BANK, INC.**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 (continued)**

NOTE 6 – 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>2017</u>	<u>2016</u>
Pledges receivable at June 30	\$ 5,500	\$ 32,834
Less discount on pledges receivable	(402)	(2,480)
Present value of pledges receivable	\$ 5,098	\$ 30,354
Less current portion	(5,098)	(22,336)
Noncurrent pledges receivable	<u>\$ -</u>	<u>\$ 8,018</u>

NOTE 7 – INVENTORY:

Inventory consists of the following:

	<u>2017</u>	<u>2016</u>
Purchased	\$ 295,321	\$ 360,192
Donated	2,963,775	2,043,074
Total	<u>\$ 3,259,096</u>	<u>\$ 2,403,266</u>

NOTE 8 – PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 66,652	\$ 66,652
Land improvements	523,106	523,106
Building and improvements	3,326,663	3,304,355
Leasehold improvements	278,941	263,895
Furniture and equipment	348,576	294,241
Warehouse equipment	1,072,556	1,058,829
Motor vehicles	1,220,072	1,205,099
Construction in progress	59,063	54,360
Subtotal	\$ 6,895,629	\$ 6,770,537
Accumulated Depreciation	<u>(2,668,816)</u>	<u>(2,324,807)</u>
Net Property and Equipment	<u>\$ 4,226,813</u>	<u>\$ 4,445,730</u>

Depreciation expense for the years ended June 30, 2017 and 2016 totaled \$393,717 and \$314,874 respectively.

BLUE RIDGE AREA FOOD BANK, INC.**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 (continued)**

NOTE 9 – INVESTMENTS IN MARKETABLE SECURITIES:

The Food Bank has adopted an investment policy with the investment objective of preserving, protecting and growing its assets within reasonable parameters of risk tolerance. The designated quasi-endowment assets are managed under these guidelines.

Investments at June 30 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Exchange Traded Funds in:		
Equity securities	\$ 1,156,993	\$ 613,422
US Govt.-backed Bonds	745,264	578,409
Corporate Bonds	720,719	839,200
Preferred Stock	62,515	58,997
International Bonds	160,145	183,387
Real Estate Investment Trust	259,697	132,562
Cash and Equivalents	246,054	244,365
	<u>\$ 3,351,387</u>	<u>\$ 2,650,342</u>

Investment income is summarized as follows for the year ended June 30:

	<u>2017</u>	<u>2016</u>
Interest and Dividends	\$ 74,169	\$ 66,620
Net realized and unrealized gains and losses	65,194	95,034
Investment fees	(16,818)	(13,385)
	<u>\$ 122,545</u>	<u>\$ 148,269</u>

Investment advisory fees 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.

BLUE RIDGE AREA FOOD BANK, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 (continued)**

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS:

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

	<u>2017</u>	<u>2016</u>
Backpack Program	\$ 130,679	\$ 267,535
Fresh produce and other food	170,359	86,327
Refrigerator truck	41,000	11,000
Summer Kids Program	32,030	-
Verona Renovation Project	5,098	30,354
Other	<u>20,776</u>	<u>11,898</u>
Total	<u>\$ 399,942</u>	<u>\$ 407,114</u>

Temporarily restricted net assets were expended during the current year for the following purposes:

Backpack Program	\$ 295,409
Mobile Food Pantry	136,605
Produce value-added packaging fees	352,167
Summer kids program	22,115
Other food purchases	89,319
Verona Renovation Project	27,334
Agency capacity assistance	126,191
Other	<u>12,259</u>
Total	<u>\$ 1,061,399</u>

NOTE 11 – CONTRIBUTIONS:

Contributions are summarized as follows:

	<u>2017</u>	<u>2016</u>
General	\$ 6,436,704	\$ 5,600,467
Volunteer services	8,031	1,131
Other services	<u>143,415</u>	<u>68,014</u>
Total	<u>\$ 6,588,150</u>	<u>\$ 5,669,612</u>
Capital donations - renovation project	<u>\$ 2,078</u>	<u>\$ 375,725</u>

BLUE RIDGE AREA FOOD BANK, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 (continued)**

NOTE 12 – 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 2017 and 2016 totaled \$66,473 and \$67,463, respectively.

NOTE 13 – 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. Lease terms expire from June 30, 2019 to November 30, 2021 and generally provide for optional lease periods at negotiated rates.

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Winchester Branch	\$ 73,001	\$ 75,191	\$ 77,447	\$ 45,958	\$ -
Lynchburg Branch	75,840	75,840	75,840	75,840	31,600
Charlottesville Branch	84,000	84,000	-	-	-
	<u>\$ 232,841</u>	<u>\$ 235,031</u>	<u>\$ 153,287</u>	<u>\$ 121,798</u>	<u>\$ 31,600</u>

NOTE 14 – BOARD DESIGNATED NET ASSETS:

In August 2016, the Board of Directors of the Food Bank approved designated reserves for future operating needs. The Board policy requires a minimum of three months' cash operating expense be held in short-term investments in accordance with Feeding America policy. Additionally, the Board established a "quasi-endowment" for long-term investment to generate income to support current and future needs, primarily food purchases for the benefit of the people served. Quasi-Endowment assets are invested in accordance with Board investment policy, based on the advice of an independent advisor. Annual spending from the Endowment will be based on a three-year rolling average value and return on the investments, with a percentage retained for fund growth.

NOTE 15 – SUBSEQUENT EVENTS:

In preparing these financial statements, management of the organization has evaluated events and transactions for potential disclosure through October 6, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BLUE RIDGE AREA FOOD BANK, INC.

**Schedule of Food Donated, Purchased, and Distributed
Year Ended June 30, 2017
With Comparative Totals for 2016**

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>Pounds</u>	<u>Pounds</u>	<u>Dollars</u>	<u>Dollars</u>
Beginning inventory	1,896,413	1,321,629	\$ 2,403,266	\$ 1,593,204
Donated food received	23,817,575	22,991,422	41,204,404	38,395,675
Purchased food	<u>1,946,487</u>	<u>3,048,976</u>	<u>1,202,606</u>	<u>1,793,739</u>
Total food available	<u>27,660,475</u>	<u>27,362,027</u>	<u>\$ 44,810,276</u>	<u>\$ 41,782,618</u>
Less:				
Food distributed to member agencies	24,390,211	24,614,487	\$ 39,659,985	\$ 37,970,101
Food distributed to other food banks	969,624	812,305	1,677,450	1,356,549
Disposals and inventory adjustments	<u>136,533</u>	<u>38,822</u>	<u>213,745</u>	<u>52,702</u>
Total food distributed and disposed	<u>25,496,368</u>	<u>25,465,614</u>	<u>\$ 41,551,180</u>	<u>\$ 39,379,352</u>
Ending inventory	<u><u>2,164,107</u></u>	<u><u>1,896,413</u></u>	<u><u>\$ 3,259,096</u></u>	<u><u>\$ 2,403,266</u></u>

Blue Ridge Area Food Bank. Inc.

Schedule of Operating Expense

Year Ended June 30, 2017

With Comparative Totals for 2016, 2015, 2014, and 2013

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses					
Program services	\$ 45,649,188	\$ 42,768,245	\$ 46,222,700	\$ 43,627,466	\$ 38,903,181
Fundraising	1,285,136	1,275,763	1,189,891	1,026,750	1,001,523
Management and general	<u>771,162</u>	<u>704,401</u>	<u>666,477</u>	<u>662,044</u>	<u>675,544</u>
Total expenses	<u>\$ 47,705,486</u>	<u>\$ 44,748,409</u>	<u>\$ 48,079,068</u>	<u>\$ 45,316,260</u>	<u>\$ 40,580,248</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, 2017, 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 October 6, 2017.

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
October 6, 2017

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, 2017. 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, 2017.

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
October 6, 2017

BLUE RIDGE AREA FOOD BANK, INC.

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures	Pass- Through to Subrecipients
<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	\$ 3,110,409	\$ 3,110,409
Emergency Food Assistance Program - Administrative Costs	10.568	Not Available	448,654	-
Commodity Supplemental Food Program	10.565	Not Available	220,221	220,221
Total Food Distribution Cluster			<u>\$ 3,779,284</u>	<u>\$ 3,330,630</u>
Summer Food Service Program for Children	10.559	Not Available	\$ 4,764	\$ 4,764
Passed-through Virginia Department of Health:				
Summer Food Service Program for Children	10.559	N/A	135,258	135,258
Subtotal Summer Food Service Program for Children			<u>\$ 140,022</u>	<u>\$ 140,022</u>
Child and Adult Care Food Program	10.558	N/A	\$ 89,195	\$ 89,195
Total Department of Agriculture			<u>\$ 4,008,501</u>	<u>\$ 3,559,847</u>
<u>Department of Labor</u>				
Passed-through Goodwill Industries of the Valleys:				
Senior Community Service Employment Program	17.235	N/A	\$ 8,031	\$ -
Total Expenditures of Federal Awards			<u>\$ 4,016,532</u>	<u>\$ 3,559,847</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, 2017. The information in the Schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - De Minimis Cost Rate

The Food Bank did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note D - Loan Balances

The Food Bank has no loans or loan guarantees which are subject to reporting requirements in the current year.

Note E - Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2017, the Food Bank had food commodities totaling \$681,950 in inventory.

BLUE RIDGE AREA FOOD BANK, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

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