



Blue Ridge Area  
**FOOD BANK**

A member of  
**FEEDING  
AMERICA**

BLUE RIDGE AREA FOOD BANK, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022



**Blue Ridge Area**  
**FOOD BANK**

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AMERICA**

**BLUE RIDGE AREA FOOD BANK, INC.**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2022**

## TABLE OF CONTENTS

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	PAGE
Independent Auditors' Report .....	1-3
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	4
Statements of Activities .....	5-6
Statement of Functional Expenses .....	7-8
Statements of Cash Flows .....	9
Notes to Financial Statements .....	10-22
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Food Donated, Purchased, and Distributed .....	23
Schedule of Operating Expenses .....	24
<b>COMPLIANCE</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	25-26
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	27-29
Schedule of Expenditures of Federal Awards .....	30
Schedule of Findings and Questioned Costs .....	31



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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Blue Ridge Area Food Bank, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Blue Ridge Area Food Bank, Inc. as of June 30, 2022, and June 30, 2021, 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.

***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blue Ridge Area Food Bank, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Ridge Area Food Bank, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Blue Ridge Area Food Bank, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Ridge Area Food Bank, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information and 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*, 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, supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, 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 solely 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 the effectiveness of Blue Ridge Area Food Bank, Inc.'s 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 28, 2022

## **FINANCIAL STATEMENTS**

**BLUE RIDGE AREA FOOD BANK, INC.**

**Statements of Financial Position  
June 30, 2022 and 2021**

<b><u>ASSETS</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Current assets:		
Cash and cash equivalents	\$ 1,949,719	\$ 1,728,398
Accounts receivable, less allowance for doubtful accounts	726,438	374,263
Inventory	3,367,411	5,529,954
Investments - short term	5,073,601	9,274,192
Other	148,086	224,783
Total current assets	\$ 11,265,255	\$ 17,131,590
Noncurrent assets:		
Investments in marketable securities	\$ 13,683,355	\$ 10,070,888
Depreciable fixed assets, net of accumulated depreciation	4,232,369	4,007,438
Non-depreciable fixed assets	344,409	181,204
Operating lease right-of-use asset	1,189,799	1,352,195
Total noncurrent assets	\$ 19,449,932	\$ 15,611,725
Total assets	\$ 30,715,187	\$ 32,743,315
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 522,503	\$ 289,423
Accrued payroll and related liabilities	199,746	160,997
Compensated absences	184,456	246,650
Deferred compensation	66,097	55,762
Operating lease liability, current portion	315,843	302,522
Total current liabilities	\$ 1,288,645	\$ 1,055,354
Noncurrent liabilities:		
Operating lease liability, net of current portion	\$ 898,149	\$ 1,084,688
Total liabilities	\$ 2,186,794	\$ 2,140,042
Net assets:		
Without Donor Restrictions:		
Undesignated	\$ 14,122,264	\$ 15,368,019
Designated - funds held for long-term investment	5,873,932	6,479,883
Designated - capital reserve	3,936,256	3,959,000
Designated - operating reserve	2,725,600	2,783,600
Total without donor restrictions	\$ 26,658,052	\$ 28,590,502
With Donor Restrictions	1,870,341	2,012,771
Total net assets	\$ 28,528,393	\$ 30,603,273
Total liabilities and net assets	\$ 30,715,187	\$ 32,743,315

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



**BLUE RIDGE AREA FOOD BANK, INC.**

**Statement of Activities  
Year Ended June 30, 2022**

	Without Donor Restrictions			With Donor	
	Non-In-Kind	In-Kind	Total	Restrictions	Total
Revenues, gains, and other support:					
In-kind food contributions	\$ -	\$ 43,764,035	\$ 43,764,035	\$ -	\$ 43,764,035
Contributions and non-federal grants	10,454,995	370,045	10,825,040	1,032,124	11,857,164
Program service revenue	815,476	-	815,476	-	815,476
Federal grants	1,821,138	-	1,821,138	-	1,821,138
Interest, capital gains and dividends	1,304,373	-	1,304,373	-	1,304,373
Net realized and unrealized gains (loss) on investments	(3,008,403)	-	(3,008,403)	-	(3,008,403)
Gain (loss) on disposal of fixed assets	33,150	-	33,150	-	33,150
Other income	25,366	-	25,366	-	25,366
Net assets released from restrictions	1,174,554	-	1,174,554	(1,174,554)	-
Total revenues, gains, and other support	\$ 12,620,649	\$ 44,134,080	\$ 56,754,729	\$ (142,430)	\$ 56,612,299
Expenses:					
Program services:					
Food distribution	\$ 9,555,510	\$ 46,125,098	\$ 55,680,608	\$ -	\$ 55,680,608
Supporting services:					
Management and general	1,124,929	-	1,124,929	-	1,124,929
Fundraising	1,873,844	7,798	1,881,642	-	1,881,642
Total expenses	\$ 12,554,283	\$ 46,132,896	\$ 58,687,179	\$ -	\$ 58,687,179
Change in net assets	\$ 66,366	\$ (1,998,816)	\$ (1,932,450)	\$ (142,430)	\$ (2,074,880)
Net assets at beginning of year	23,458,378	5,132,124	28,590,502	2,012,771	30,603,273
Net assets at end of year	\$ 23,524,744	\$ 3,133,308	\$ 26,658,052	\$ 1,870,341	\$ 28,528,393

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

**BLUE RIDGE AREA FOOD BANK, INC.**

**Statement of Activities  
Year Ended June 30, 2021**

	Without Donor Restrictions			With Donor	
	Non-In-Kind	In-Kind	Total	Restrictions	Total
Revenues, gains, and other support:					
In-kind food contributions	\$ -	\$ 46,353,637	\$ 46,353,637	\$ -	\$ 46,353,637
Contributions and non-federal grants	12,034,903	220,188	12,255,091	2,431,549	14,686,640
Program service revenue	151,333	-	151,333	-	151,333
Federal grants	3,237,050	-	3,237,050	-	3,237,050
Interest and dividends	214,596	-	214,596	-	214,596
Net realized and unrealized gains (loss) on investments	1,459,695	-	1,459,695	-	1,459,695
Gain (loss) on disposal of fixed assets	10,118	-	10,118	-	10,118
Other income	32,931	-	32,931	-	32,931
Net assets released from restrictions	1,174,091	-	1,174,091	(1,174,091)	-
Total revenues, gains, and other support	\$ 18,314,717	\$ 46,573,825	\$ 64,888,542	\$ 1,257,458	\$ 66,146,000
Expenses:					
Program services:					
Food distribution	\$ 9,165,458	\$ 43,760,231	\$ 52,925,689	\$ -	\$ 52,925,689
Supporting services:					
Management and general	1,089,027	130	1,089,157	-	1,089,157
Fundraising	1,641,218	7,606	1,648,824	-	1,648,824
Total expenses	\$ 11,895,703	\$ 43,767,967	\$ 55,663,670	\$ -	\$ 55,663,670
Change in net assets	\$ 6,419,014	\$ 2,805,858	\$ 9,224,872	\$ 1,257,458	\$ 10,482,330
Net assets at beginning of year	17,039,364	2,326,266	19,365,630	755,313	20,120,943
Net assets at end of year	\$ 23,458,378	\$ 5,132,124	\$ 28,590,502	\$ 2,012,771	\$ 30,603,273

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

**BLUE RIDGE AREA FOOD BANK, INC.**

**Statement of Functional Expenses  
Year Ended June 30, 2022**

		Supporting Services			
	Program Services Food Distribution	Management and General	Fundraising	Total	
<b>PERSONNEL</b>					
Salaries and wages	\$ 2,432,757	\$ 670,393	\$ 640,325	\$	3,743,475
Payroll taxes	180,223	48,268	49,999		278,490
Employee benefits	649,671	107,016	109,549		866,236
Contract services and other	53,566	-	-		53,566
<b>Total personnel</b>	\$ 3,316,217	\$ 825,677	\$ 799,873	\$	4,941,767
<b>TRANSPORTATION</b>					
Freight-in	\$ 243,389	\$ -	\$ -	\$	243,389
Depreciation	107,214	4,034	1,075		112,323
Fuel	97,035	1,818	1,601		100,454
Repairs and maintenance	91,892	(2,953)	1,738		90,677
Insurance, licenses, and other	39,028	631	668		40,327
<b>Total transportation</b>	\$ 578,558	\$ 3,530	\$ 5,082	\$	587,170
<b>OCCUPANCY</b>					
Rent	\$ 342,108	\$ 4,518	\$ 28,949	\$	375,575
Depreciation	115,711	15,765	18,176		149,652
Repairs and maintenance	72,493	1,883	2,357		76,733
Rubbish and pest control	12,332	178	236		12,746
Utilities and telephone	118,649	16,187	26,356		161,192
Insurance and other	68,650	16,824	14,510		99,984
<b>Total occupancy</b>	\$ 729,943	\$ 55,355	\$ 90,584	\$	875,882
<b>OTHER OPERATING AND ADMINISTRATIVE</b>					
Food purchase and packaging	\$ 2,861,658	\$ -	\$ -	\$	2,861,658
Depreciation	100,531	7,634	20,373		128,538
Supplies and equipment rental	191,989	15,477	21,643		229,109
Agency assistance - pass-through	1,524,612	-	-		1,524,612
Postage	191	1,989	116,507		118,687
Repairs and maintenance	27,156	277	321		27,754
Systems support and maintenance	148,510	22,857	43,780		215,147
Printing and production	2,082	-	200,046		202,128
Dues, subscriptions, fees, and licenses	36,320	51,634	233,459		321,413
Advertising and promotion	11,322	-	178,019		189,341
Professional fees	200,966	67,249	137,440		405,655
Staff training and development	42,866	46,341	23,221		112,428
Board governance	4,496	21,303	-		25,799
Miscellaneous	33,316	5,606	11,294		50,216
<b>Total other operating and administrative</b>	\$ 5,186,015	\$ 240,367	\$ 986,103	\$	6,412,485
<b>Total expenses before donated foods distributed</b>	\$ 9,810,733	\$ 1,124,929	\$ 1,881,642	\$	12,817,304
Donated foods distributed	45,869,875	-	-		45,869,875
<b>Total expenses</b>	\$ 55,680,608	\$ 1,124,929	\$ 1,881,642	\$	58,687,179

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

# BLUE RIDGE AREA FOOD BANK, INC.

## Statement of Functional Expenses Year Ended June 30, 2021

		Supporting Services			
	Program Services Food Distribution	Management and General	Fundraising		Total
<b>PERSONNEL</b>					
Salaries and wages	\$ 2,253,938	\$ 638,139	\$ 593,900	\$	3,485,977
Payroll taxes	163,815	46,284	43,034		253,133
Employee benefits	526,491	105,802	108,268		740,561
Contract services and other	80,793	-	-		80,793
<b>Total personnel</b>	<u>\$ 3,025,037</u>	<u>\$ 790,225</u>	<u>\$ 745,202</u>	<u>\$</u>	<u>4,560,464</u>
<b>TRANSPORTATION</b>					
Freight-in	\$ 103,367	\$ -	\$ -	\$	103,367
Depreciation	97,655	4,034	2,976		104,665
Fuel	69,508	1,306	673		71,487
Repairs and maintenance	93,540	(2,527)	(544)		90,469
Insurance, licenses, and other	35,300	577	640		36,517
<b>Total transportation</b>	<u>\$ 399,370</u>	<u>\$ 3,390</u>	<u>\$ 3,745</u>	<u>\$</u>	<u>406,505</u>
<b>OCCUPANCY</b>					
Rent	\$ 330,149	\$ 4,678	\$ 4,476	\$	339,303
Depreciation	103,846	16,557	21,296		141,699
Repairs and maintenance	48,476	2,584	3,125		54,185
Rubbish and pest control	9,395	1,140	1,477		12,012
Utilities and telephone	109,582	15,163	22,205		146,950
Insurance and other	42,655	12,481	5,362		60,498
<b>Total occupancy</b>	<u>\$ 644,103</u>	<u>\$ 52,603</u>	<u>\$ 57,941</u>	<u>\$</u>	<u>754,647</u>
<b>OTHER OPERATING AND ADMINISTRATIVE</b>					
Food purchase and packaging	\$ 4,023,876	\$ -	\$ -	\$	4,023,876
Depreciation	81,681	8,842	14,295		104,818
Supplies and equipment rental	190,048	21,337	21,493		232,878
Agency assistance - pass-through	607,802	-	-		607,802
COVID-19 mitigation supplies	21,707	-	-		21,707
Postage	1,097	2,874	122,266		126,237
Repairs and maintenance	37,859	189	210		38,258
Systems support and maintenance	123,455	27,935	25,342		176,732
Printing and production	4,055	-	172,307		176,362
Dues, subscriptions, fees, and licenses	11,966	40,462	150,217		202,645
Advertising and promotion	9,665	2,800	164,673		177,138
Professional fees	120,345	52,742	126,916		300,003
Staff training and development	23,872	68,072	4,467		96,411
Board governance	-	14,992	-		14,992
Miscellaneous	29,373	2,694	39,750		71,817
<b>Total other operating and administrative</b>	<u>\$ 5,286,801</u>	<u>\$ 242,939</u>	<u>\$ 841,936</u>	<u>\$</u>	<u>6,371,676</u>
<b>Total expenses before donated foods distributed</b>	<u>\$ 9,355,311</u>	<u>\$ 1,089,157</u>	<u>\$ 1,648,824</u>	<u>\$</u>	<u>12,093,292</u>
Donated foods distributed	43,570,378	-	-		43,570,378
<b>Total expenses</b>	<u><u>\$ 52,925,689</u></u>	<u><u>\$ 1,089,157</u></u>	<u><u>\$ 1,648,824</u></u>	<u><u>\$</u></u>	<u><u>55,663,670</u></u>

**BLUE RIDGE AREA FOOD BANK, INC.**

**Statements of Cash Flows  
Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (2,074,880)	\$ 10,482,330
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	390,513	351,182
Net change in donated food	2,105,840	(2,783,259)
Imputed interest on operating leases	16,414	11,083
(Gain) loss on disposal of fixed assets	(33,150)	(10,118)
Non-cash donation of fixed assets to partner agencies	11,000	10,988
Unrealized and realized (gain) loss on investments	3,008,403	(1,422,705)
(Increase) decrease in operating assets:		
Accounts receivable	(352,175)	38,514
Inventory - purchased food	56,703	172,577
Other current assets	66,361	(16,807)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	<u>219,971</u>	<u>142,492</u>
Net cash provided by (used for) operating activities	\$ <u>3,415,000</u>	\$ <u>6,976,277</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	\$ (8,162,477)	\$ (6,086,896)
Proceeds on sale of investments	5,752,532	842,107
Proceeds from sale of fixed assets	22,150	5,075
Purchase of fixed assets	<u>(805,884)</u>	<u>(602,745)</u>
Net cash provided by (used for) investing activities	\$ <u>(3,193,679)</u>	\$ <u>(5,842,459)</u>
Net increase (decrease) in cash and cash equivalents	\$ 221,321	\$ 1,133,818
Beginning cash and cash equivalents	<u>1,728,398</u>	<u>594,580</u>
Ending cash and cash equivalents	\$ <u><u>1,949,719</u></u>	\$ <u><u>1,728,398</u></u>
<b>SCHEDULE OF NON-CASH OPERATING ACTIVITIES:</b>		
Donated food received	\$ <u><u>43,764,035</u></u>	\$ <u><u>46,353,637</u></u>
Donated food distributed and disposed	\$ <u><u>45,869,875</u></u>	\$ <u><u>43,570,378</u></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, 2022 and 2021

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#### **NOTE 1 – NATURE OF ORGANIZATION:**

Founded in 1981 and headquartered in Verona, Virginia, the Blue Ridge Area Food Bank is the largest organization alleviating hunger in western and central Virginia. The Food Bank serves an average of 109,500 people per month across 25 counties and eight cities through distribution centers in Charlottesville, Lynchburg, Winchester, and Verona. Record numbers of Virginians were served during the prolonged pandemic and its associated economic impacts through our network of more than 400 community partners and program sites, which includes food pantries, soup kitchens, shelters, schools, libraries, health care clinics, community centers, and more. The Food Bank is a member of Feeding America®, a national food bank association that supports 200 food banks across the United States providing 6.6 billion meals to tens of millions of people through 60,000 partner pantries.

Nutrition programs include the Family Backpack Program, Summer Kid Packs, Kids Café, Summer Food Service Program, the Reach Program, Neighborhood Produce Markets, Good Food School Market, Food Pharmacy 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 2022, over 6.0 million pounds of produce were acquired and distributed. Additional funding is received through various federal and state programs in reimbursement of purchased food costs or distribution costs.

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 Food Bank reports information regarding its financial position and activities according to the following two classes of net assets based on the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, or the net assets that were donated with donor-imposed stipulations and released from restriction within the same fiscal year. Net assets without donor restrictions for the year ended June 30, 2022, and 2021 amounted to \$26,658,052, and \$28,590,502, respectively.

Net assets with donor restrictions - Net assets with donor restrictions are resources whose use by the Food Bank is limited by donor-imposed restrictions. This category includes both donor restrictions that are temporary in nature, and those that neither expire by being used in accordance with a donor's restriction nor by the passage of time. Net assets with donor restrictions for the year ended June 30, 2022, and 2021, amounted to \$1,870,341 and \$2,012,771, respectively.

## BLUE RIDGE AREA FOOD BANK, INC.

### Notes to Financial Statements June 30, 2022 and 2021 (continued)

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

##### 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 – Short-term

Investments are stated at fair value and consist of mutual funds, U.S. Treasury Bills, and short term bond exchange traded funds.

##### 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. Net assets without donor restrictions 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 designated by the Board for future needs of the Food Bank. Net assets with donor restrictions 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 as operating reserve in an amount no less than three months' average operating expense less donated food, pass-through expenditures, and depreciation. 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 bequests without donor restriction in excess of \$25,000, to designate 90% of the gift for the quasi-endowment. At this time, all quasi-endowment funds are without donor restriction and as such, invasion of the principal by the Board is permitted under special circumstances and subject to the Food Bank's investment policy.

Additionally, the Board designates certain assets be reserved and invested long-term for supporting funding for long-term capital investment projects and acquisitions and for organizational capacity building or significant non-recurring expenditures that are above and beyond annual operating expense.

## BLUE RIDGE AREA FOOD BANK, INC.

### Notes to Financial Statements June 30, 2022 and 2021 (continued)

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

##### Inventory

Inventory consists of purchased, donated and government foods. Purchased goods are valued at cost on a first in, first out basis. Donated and government goods are valued using Feeding America's Independent Accountants' Report of the estimated weighted average wholesale value of such goods. Management believes this benchmark reflects the most accurate basis for estimating the value of the Food Bank's donated food goods, and it is a widely accepted standard used by other food banks throughout the United States. For the years ended June 30, 2022 and 2021 the value of donated goods and inventory balance reported in the statement of financial position was calculated and using the calendar years 2021 and 2020 estimates of \$1.92 and \$1.79, respectively, which were the most recent numbers available when the Food Bank's fiscal year ended.

##### Accounts Receivable

Accounts receivable, consisting of fees charged to member agencies as partial cost reimbursement of purchased food, and of 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 support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions in the period the donor's commitment is received.

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 higher of the federal or the Commonwealth's 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 may charge handling fee for some donated food items, delivery fees, and fees as a percentage of purchased food costs to help offset the cost of acquiring, storing and distributing food. When the extent of the coronavirus pandemic became clear in March 2020, the Food Bank immediately waived all fees for partner agencies, including the handling fee for donated food, through the end of fiscal year 2021. Fees for purchased food ordered by agency partners were gradually reintroduced in 2022, reaching pre-pandemic levels in January 2022. Donated food and delivery fees continued to be waived for entirety of fiscal year 2022.

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. The Food Bank receives these administrative funds from the USDA through VDACS at various times throughout and 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 estimates government revenue based on historical per pound funding rates realized.



## BLUE RIDGE AREA FOOD BANK, INC.

### Notes to Financial Statements June 30, 2022 and 2021 (continued)

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

##### Compensated Absences

The Food Bank policy for compensated absences combines vacation and sick leave as 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 fiscal year PTO time not taken, up to a maximum of four weeks. The Food Bank waived the maximum carryforward provision in 2020 and 2021 in recognition of the inability of employees to utilize PTO during high volume activities due to the pandemic. The balance of compensated absences at June 30, 2022, and 2021 totaled \$184,456 and \$246,650, respectively.

##### 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.

Buildings and improvements	40 years
Improvements	16 years
Refridgerated Trucks	10 years
Coolers, freezers, forklifts	10 years
Other equipment	4-7 years
Software	4 years
Furniture	8 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 had unrelated business income for employee parking benefits of less than \$1,000 and therefore, has made no provision for federal income taxes in the accompanying financial statements.

##### Promotion and Communication

The Food Bank utilizes many avenues for increasing community awareness of its programs and services including advertising, food drives, fund drives and third-party events. 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 based on qualitative amounts such as estimated time and effort, square footage, or number of assets in service.

**BLUE RIDGE AREA FOOD BANK, INC.****Notes to Financial Statements  
June 30, 2022 and 2021 (continued)****NOTE 3 – ACCOUNTS RECEIVABLE:**

Accounts receivable consist of the following:

	<u>2022</u>	<u>2021</u>
Due from member agencies	\$ 93,051	\$ 29,629
Federal Grantor/Pass-Through Grantor Programs	491,344	309,960
Grocer in-store credits	144,537	41,533
Other	7,506	3,141
Subtotal	\$ 736,438	\$ 384,263
Less allowance for doubtful accounts	(10,000)	(10,000)
Total	<u>\$ 726,438</u>	<u>\$ 374,263</u>

**NOTE 4 – CONTRIBUTIONS RECEIVABLE:**

There are no outstanding contributions as of June 30, 2022 or 2021.

**NOTE 5 – INVENTORY:**

Inventory consists of the following:

	<u>2022</u>	<u>2021</u>
Purchased	\$ 546,399	\$ 603,103
Donated	2,821,012	4,926,851
Total	<u>\$ 3,367,411</u>	<u>\$ 5,529,954</u>

**NOTE 6 – PROPERTY AND EQUIPMENT:**

Property and equipment consist of the following:

	<u>2022</u>	<u>2021</u>
Non-depreciable assets:		
Land	\$ 236,699	\$ 167,939
Construction in progress	107,710	13,265
Total non-depreciable assets	<u>\$ 344,409</u>	<u>\$ 181,204</u>
Depreciable assets:		
Land improvements	\$ 785,059	\$ 523,106
Building and improvements	3,379,672	3,379,672
Leasehold improvements	436,231	428,867
Furniture and equipment	521,645	444,624
Warehouse equipment	1,382,203	1,266,240
Motor vehicles	1,791,585	1,792,777
Total depreciable assets	<u>\$ 8,296,395</u>	<u>\$ 7,835,286</u>
Total assets	<u>\$ 8,640,804</u>	<u>\$ 8,016,490</u>
Accumulated depreciation	<u>(4,064,026)</u>	<u>(3,827,848)</u>
Net property and equipment	<u>\$ 4,576,778</u>	<u>\$ 4,188,642</u>

Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$390,513 and \$351,182, respectively.

**BLUE RIDGE AREA FOOD BANK, INC.****Notes to Financial Statements**  
**June 30, 2022 and 2021 (continued)****NOTE 7 – INVESTMENTS IN MARKETABLE SECURITIES:**

The Food Bank's investments in marketable securities represent reserves, quasi-endowment, and donor-restricted endowment funds. Funds are allocated under policies for two different investment strategies, short-term and long-term, based on the intended use of funds and earnings and the timeline for same. Short-term investments may be used to support near-term budgetary needs and balance fluctuations in cash flows. Long-term investments support sustainability and long-term objectives of the Food Bank, and accordingly, the adopted policy for these funds incorporates the investment objective of preserving, protecting, and growing assets within reasonable parameters of risk tolerance. The composition of assets under each policy on June 30 follows.

	<u>2022</u>	<u>2021</u>
<u>Short-Term Investments</u>		
Exchange Traded Funds in:		
US Treasury Bills	\$ 740,184	\$ 2,699,563
US Govt.-backed Bonds	-	1,793,799
Corporate Bonds	4,267,052	3,503,926
Mutual Funds	65,860	55,662
Cash and Equivalents	505	1,221,242
Total investments	\$ <u>5,073,601</u>	\$ <u>9,274,192</u>
 <u>Long-Term Investments</u>		
Exchange Traded Funds in:		
Equity Securities	\$ 7,119,656	\$ 5,309,031
US Government-backed Bonds	2,660,158	1,319,033
Corporate Bonds	2,284,470	2,417,448
Real Estate Investment Trust	-	223,354
Mutual Funds	937,339	385,123
Cash Equivalents	681,732	416,899
Total-Long-term	\$ <u>13,683,355</u>	\$ <u>10,070,888</u>
 Total Investments	\$ <u>18,756,956</u>	\$ <u>19,345,080</u>

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.

Short-term and long-term investment activity with Net Asset classification and donor restrictions was as follows for the fiscal years ended June 30.

**BLUE RIDGE AREA FOOD BANK, INC.****Notes to Financial Statements  
June 30, 2022 and 2021 (continued)****NOTE 7 – INVESTMENTS IN MARKETABLE SECURITIES: (CONTINUED)**

Short and Long-Term Investments	<u>Without Donor Restrictions</u>		With Donor Restrictions	Total
	Undesignated	Board Designated		
Beginning Balance	\$ 4,351,697	\$ 8,298,533	\$ -	\$ 12,650,230
Bequests	-	208,200	1,097,246	1,305,446
Investment income, net of fees	500,704	1,178,550	-	1,679,254
Board policy allocation	(3,537,200)	3,537,200	-	-
Additions-other	3,710,150	-	-	3,710,150
Total, June 30 ,2021	\$ 5,025,351	\$ 13,222,483	\$ 1,097,246	\$ 19,345,080
Bequests	-	15,435	-	15,435
Investment income (loss), net of fees	(1,075,757)	(644,130)	-	(1,719,887)
Board allocation	58,000	(58,000)	-	-
Additions-other	\$ 1,116,328	-	-	1,116,328
Total, June 30 ,2022	5,123,922	\$ 12,535,788	\$ 1,097,246	\$ 18,756,956

**NOTE 8 –NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions represent funding for future operating expense of the following programs:

	2022	2021
Family Backpack Program	\$ 172,072	\$ 198,965
Fresh produce and other food	47,913	54,359
Senior programs	17,005	34,634
Mobile Food Pantry Program	12,556	106,472
Partner Innovation and Impact Grants	200,000	302,820
Food Pharmacy Program	115,043	103,098
Good Food School Market	32,601	64,995
Summer Kid Packs	166,745	2,048
Technology	-	30,000
Outside storage	-	8,974
Health initiatives	9,160	9,160
Robert and Genevieve Boxley Fund	1,097,246	1,097,246
Total	\$ 1,870,341	\$ 2,012,771

**BLUE RIDGE AREA FOOD BANK, INC.****Notes to Financial Statements  
June 30, 2022 and 2021 (continued)**

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**NOTE 8 –NET ASSETS WITH DONOR RESTRICTIONS: (CONTINUED)**

Net assets with donor restrictions were expended during the current year for the following purposes:

Family Backpack Program	\$	63,776
Mobile Food Pantry Program		250,566
Kids Café		120
Fresh produce and other food		15,341
Other food purchases		121,222
Senior programs		51,870
Partner Innovation and Impact Grants		559,307
Outside storage		13,974
Food Pharmacy Program		25,985
Good Food School Market		42,393
Technology		30,000
Total	\$	<u>1,174,554</u>

**NOTE 9 – 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. The Food Bank amended the Plan as of January 1, 2019, to include a safe harbor provision. Consequently, the employer discretionary match was increased from 100% for up to 3% of employee compensation to the same provision plus an additional 50% match of employee contributions from 3% to 5%, for a total match of 4% on a 5% employee contribution. 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 2022 and 2021 totaled \$130,078 and \$125,662, respectively.

**NOTE 10 – OPERATING LEASE RIGHT-OF-USE ASSET/OPERATING LEASE LIABILITY:**

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 March 31, 2023 to August 31, 2025 and generally provide for optional lease periods at negotiated rates. As a result, the Food Bank has determined there is a high probability that all leases will be renewed for an additional term increasing the expiration terms of the leases to March 2025 to November 2027.

**BLUE RIDGE AREA FOOD BANK, INC.****Notes to Financial Statements  
June 30, 2022 and 2021 (continued)****NOTE 10 – OPERATING LEASE RIGHT-OF-USE ASSET/OPERATING LEASE LIABILITY: (CONTINUED)**

At June 30, 2022, future minimum lease payments (undiscounted) for the succeeding six years are as follows:

Undiscounted Cash Flows on Lease Liabilities

	2023	2024	2025	2026	Total
Winchester Branch	\$ 106,750	\$ 108,885	\$ 111,063	\$ 18,571	\$ 345,269
Lynchburg Branch	80,400	80,400	33,500	-	194,300
Charlottesville Branch	90,000	90,000	-	-	180,000
Charlottesville Office	19,346				
Copier	8,232	8,232	1,372	-	17,836
	<u>\$ 304,728</u>	<u>\$ 287,517</u>	<u>\$ 145,935</u>	<u>\$ 18,571</u>	<u>\$ 737,405</u>

The Food Bank assumes all renewal options will be exercised and, accordingly, has recorded assets and related liabilities based thereon on its Statement of Financial Position in the amount of \$1,189,799 and \$1,213,992 at June 30, 2022 and \$1,352,195 and \$1,387,210 at June 30, 2021. A discount rate of 5.38% and 2.50% for June 30, 2022 and 2021 respectively, which is the current borrowing rate provided by the Food Bank's financial institution, over the current lease terms, was used to determine the net present value of the right-to-use asset and related lease liability. The asset and related liability for June 30, 2022 were calculated as follows:

<u>Operating Leases</u>	Future Lease Payments Undiscounted	Discount Rate	Right-of-Use Asset	Right-of-Use Lease Liability
Winchester Branch	\$ 345,269	5.38%	\$ 306,077	\$ 316,808
Lynchburg Branch	449,900	5.38%	376,330	389,524
Charlottesville Branch	477,911	5.38%	404,046	418,212
Charlottesville Office	74,870	5.38%	83,982	71,779
Copier	17,836	5.38%	19,364	17,669
	<u>\$ 1,365,786</u>		<u>\$ 1,189,799</u>	<u>\$ 1,213,992</u>

The asset and related liability at June 30, 2021 were calculated as follows:

<u>Operating Leases</u>	Future Lease Payments Undiscounted	Discount Rate	Right-of-Use Asset	Right-of-Use Lease Liability
Winchester Branch	\$ 450,449	2.50%	\$ 433,861	\$ 447,887
Lynchburg Branch	272,800	2.50%	262,754	271,611
Charlottesville Branch	645,207	2.50%	621,447	635,820
Copier	34,300	2.50%	34,133	31,892
	<u>\$ 1,402,756</u>		<u>\$ 1,352,195</u>	<u>\$ 1,387,210</u>

The current portion of the lease liability is \$315,843 at June 30, 2022.

**BLUE RIDGE AREA FOOD BANK, INC.****Notes to Financial Statements  
June 30, 2022 and 2021 (continued)****NOTE 10 – OPERATING LEASE RIGHT-OF-USE ASSET/OPERATING LEASE LIABILITY: (CONTINUED)**

For the year ended June 30, 2022, the Food Bank discloses a weighted average remaining lease term of 3.69 years for its operating leases. The weighted-average remaining lease terms as follows:

	(a) Discounted Remaining Payments <u>6/30/2022</u>	(b) Remaining Lease Term at <u>6/30/2022</u>	(c) <u>(a) X (b)</u>	(c)/(a) Weighted Average Lease Term at <u>6/30/2022</u>
<u>Operating Leases</u>				
Winchester Branch	\$ 345,269	3.17	\$ 1,094,503	
Lynchburg Branch	449,900	5.42	2,438,458	
Charlottesville Branch	477,911	5	2,389,555	
Charlottesville Office	74,870	2.75	205,893	
Copier	17,836	2.2	39,239	
	<u>\$ 1,365,786</u>		<u>\$ 6,167,647</u>	<u>4.52</u>

There are no residual value guarantees provided by the Food Bank at June 30, 2022 or 2021.

For the year ended June 30, 2021, the Food Bank discloses a weighted average remaining lease term of 4.89 years for its operating leases. The weighted-average remaining lease terms as follows:

	(a) Discounted Remaining Payments <u>6/30/2021</u>	(b) Remaining Lease Term at <u>6/30/2021</u>	(c) <u>(a) X (b)</u>	(c)/(a) Weighted Average Lease Term at <u>6/30/2021</u>
<u>Operating Leases</u>				
Winchester Branch	\$ 447,887	4.2	\$ 1,881,125	
Lynchburg Branch	271,611	3.5	950,639	
Charlottesville Branch	635,820	6	3,814,920	
Copier	31,892	4.2	133,946	
	<u>\$ 1,387,210</u>		<u>\$ 6,780,630</u>	<u>4.89</u>

**NOTE 11 – BOARD DESIGNATED NET ASSETS:**

In August 2016, the Board designated certain assets be set aside as operating reserve and as quasi-endowment, and in August 2017, the Board established a capital reserve. Board policy requires a minimum of three months' cash operating expense be held in accordance with Feeding America policy.

The Quasi-Endowment was established for long-term investments to attract and manage future gifts, to generate current income and to steward donors through the assurance that financial reserves are used to support both current and future needs. Board policy dictates that 90% of proceeds from unrestricted bequests totaling more than \$25,000 be added to the Quasi-Endowment as well as unrestricted gifts so advised. Annual distributions from the quasi-endowment will be based on a three-year average return of the quasi-endowment and the three-year average balance of the fund.

**BLUE RIDGE AREA FOOD BANK, INC.****Notes to Financial Statements  
June 30, 2022 and 2021 (continued)****NOTE 11 – BOARD DESIGNATED NET ASSETS: (CONTINUED)**

The Capital Reserve represents net assets without donor restrictions from operating surplus designated by the Board to support funding for long-term capital investment projects and acquisitions or other extraordinary expenses. Funds may be used to procure traditional fixed assets including buildings, land, leasehold improvements, vehicles, furniture, fixtures, and equipment necessary for the effective operation of the organization and programs.

Capital Reserve funds may also serve as a source of funding for organizational capacity building or significant non-recurring expenditures that are above and beyond annual operating expense. Funding goals are such that a minimum amount equal to the next three years' projected capital expenditures will be maintained with replenishment made from cash operating surplus.

Quasi-Endowment and Capital Reserve assets are invested in accordance with Board investment policy based on consultation with an independent advisor.

The following schedule summarizes the activity related to the Board Designated Net Asset Activity:

	Quasi Endowment	Capital Reserve	Operating Reserve	Total
Designated Balance, June 30 ,2020	\$ 5,093,133	\$ 959,000	\$ 2,246,400	\$ 8,298,533
Additions:				
Bequests	208,200	-	-	208,200
Net earnings on investments	1,178,550	-	-	1,178,550
Adjustment required for current year operating expense increase	-	-	537,200	537,200
Board allocation	-	3,000,000	-	3,000,000
Designated Balance, June 30 ,2021	\$ 6,479,883	\$ 3,959,000	\$ 2,783,600	\$ 13,222,483
Additions:				
Bequests	15,435	-	-	15,435
Net losses on investments	(621,386)	(22,744)	-	(644,130)
Adjustment required for current year operating expense decrease	-	-	(58,000)	(58,000)
Designated Balance, June 30 ,2022	\$ 5,873,932	\$ 3,936,256	\$ 2,725,600	\$ 12,535,788

**NOTE 12 – IN-KIND CONTRIBUTIONS:**

The Food Bank received the following contributions of nonfinancial assets for the years ended June 30:

	2022	2021
Program Services:		
Donated food	\$ 43,764,035	\$ 46,353,637
Retail grocers gift cards and account credits	127,431	141,896
Retail establishment gift cards	3,425	870
Produce and freight subsidies through food vendors	218,277	58,158
Services through Senior Community Service Employment Program	10,699	11,234
Other supplies-program activities	7,538	-
Fundraising:		
Professional services	2,675	8,030
Total Contributed Nonfinancial Assets	\$ 44,134,080	\$ 46,573,825



## BLUE RIDGE AREA FOOD BANK, INC.

### Notes to Financial Statements June 30, 2022 and 2021 (continued)

#### **NOTE 12 – IN-KIND CONTRIBUTIONS: (CONTINUED)**

Contributed food is valued using the amount calculated in the annual Feeding America commissioned study (see Note2) and is distributed free of charge through partner pantries and Food Bank programs. Gift cards and account credits are recorded at face value and used to purchase food for distribution and for operating supplies. Subsidies, supplies, and professional services are recorded at the value supplied by the contributing vendor and reviewed for reasonableness. Services provided through the Senior Community Service Employment Program are valued at the higher of the federal or state prevailing minimum wage for the hours contributed.

In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Contributed food received through USDA emergency food programs are distributed to recipients meeting government stipulations. All gifts-in-kind received during the years ended June 30, 2022 and 2021, were unrestricted.

#### **NOTE 13 – LIQUIDITY AND AVAILABILITY:**

The following reflects the Food Bank's financial assets as of June 30, 2022 and 2021, reduced by donor restrictions and amounts not available for general use because of board designations.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,631,719	\$ 3,268,126
Investments	18,074,956	17,805,352
Accounts receivable	726,438	374,263
Gift cards	11,562	9,524
Total financial assets available for use at year-end	\$ 21,444,675	\$ 21,457,265
Less those unavailable for general expenditures within one year, due to:		
Board designations:		
Funds designated by board for long term investment	(5,873,932)	(6,479,883)
Funds designated by board for capital reserve	(3,936,256)	(3,959,000)
Funds designated by board for operating reserves	(2,725,600)	(2,783,600)
Donor restricted for long term investments	(1,097,246)	(1,097,246)
Net assests with donor restrictions	(773,095)	(915,525)
Financial assets available to meet cash needs for general expenses within one year	\$ 7,038,546	\$ 6,222,011

None of the financial assets available for use are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Food Bank's liquidity reserves may be drawn upon to fund budgeted expenditures or in the event of financial distress, an immediate liquidity need resulting from events outside of the normal course of business.

In September of 2022, construction began on the Food Bank's expansion of its Verona warehouse facility. The addition of nearly 4,800 square feet of dry, cooler, and freezer space and 2,700 square feet of office space at a cost of \$3.9 million will be funded by a combination of philanthropy, reserves, and an infrastructure grant of \$1.7 million from the American Rescue Plan Act (ARPA) awarded by the Commonwealth. The addition will expand on-site storage for food, replace the rental of expensive off-site cold storage, and allow for the repurposing of warehouse space for volunteer and programmatic activities and offices.

**BLUE RIDGE AREA FOOD BANK, INC.**

**Notes to Financial Statements**  
**June 30, 2022 and 2021 (continued)**

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**NOTE 14 – DATE OF MANAGEMENT REVIEW:**

In preparing these financial statements, management of the organization has evaluated events and transactions for potential disclosure through October 28, 2022, the date the financial statements were available to be issued.

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## **SUPPLEMENTARY INFORMATION**

**BLUE RIDGE AREA FOOD BANK, INC.**

**Schedule of Food Donated, Purchased, and Distributed  
Year Ended June 30, 2022  
With Comparative Totals for 2021**

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>Pounds</u>	<u>Pounds</u>	<u>Dollars</u>	<u>Dollars</u>
Beginning inventory	3,559,768	2,295,208	\$ 5,529,954	\$ 2,919,273
Donated food received	22,793,768	25,895,887	43,764,035	46,353,637
Purchased food	<u>2,519,582</u>	<u>5,100,586</u>	<u>1,952,810</u>	<u>3,429,976</u>
<b>Total food available</b>	<u>28,873,118</u>	<u>33,291,681</u>	<u>\$ 51,246,799</u>	<u>\$ 52,702,886</u>
Less:				
Food distributed to member agencies	24,884,920	28,715,417	\$ 44,389,453	\$ 45,346,012
Food distributed to other food banks	1,765,298	975,919	3,389,372	1,746,895
Disposals and inventory adjustments	<u>56,564</u>	<u>40,577</u>	<u>100,563</u>	<u>80,025</u>
<b>Total food distributed and disposed</b>	<u>26,706,782</u>	<u>29,731,913</u>	<u>\$ 47,879,388</u>	<u>\$ 47,172,932</u>
<b>Ending inventory</b>	<u><u>2,166,336</u></u>	<u><u>3,559,768</u></u>	<u><u>\$ 3,367,411</u></u>	<u><u>\$ 5,529,954</u></u>

**Blue Ridge Area Food Bank. Inc.**

**Schedule of Operating Expenses**

**Year Ended June 30, 2022**

**With Comparative Totals for 2021, 2020, 2019, and 2018**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Expenses</b>					
Program services:					
Food distribution	\$ 55,680,608	\$ 52,925,689	\$ 52,115,807	\$ 47,346,742	\$ 46,731,026
Supporting services:					
Management and general	1,124,929	1,089,157	961,716	816,847	784,451
Fundraising	1,881,642	1,648,824	1,317,903	1,269,029	1,236,928
<b>Total expenses</b>	<b>\$ 58,687,179</b>	<b>\$ 55,663,670</b>	<b>\$ 54,395,426</b>	<b>\$ 49,432,618</b>	<b>\$ 48,752,405</b>

**COMPLIANCE**



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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**

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**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, 2022, 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 28, 2022.

**Report on 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) as a basis for designing 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 Organization'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 or significant deficiencies, 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 or significant deficiencies may exist that have not been identified.

**Report on 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 financial statements.

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 28, 2022



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Blue Ridge Area Food Bank, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the *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, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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 *Government 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Blue Ridge Area Food Bank, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Blue Ridge Area Food Bank, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Blue Ridge Area Food Bank, Inc.'s federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Blue Ridge Area Food Bank, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Blue Ridge Area Food Bank, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Blue Ridge Area Food Bank, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Blue Ridge Area Food Bank, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Blue Ridge Area Food Bank, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not

identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 28, 2022

**BLUE RIDGE AREA FOOD BANK, INC.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing (AL) 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	\$ 7,313,473	\$ 7,313,473
Emergency Food Assistance Program - Administrative Costs	10.568	789,293	-
Commodity Supplemental Food Program	10.565	709,441	709,441
Commodity Supplemental Food Program-Administrative Costs	10.565	202,426	-
Subtotal Commodity Supplemental Food Program		\$ 911,867	\$ 709,441
Total Food Distribution Cluster		\$ 9,014,633	\$ 8,022,914
Summer Food Service Program for Children	10.559	\$ 4,411	\$ 4,411
Passed-through Virginia Department of Health:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	\$ 25,660	\$ 25,660
Child and Adult Care Food Program	10.558	18,774	18,774
Passed-through Virginia Department of Education Office of School Nutrition Programs			
Child and Adult Care Food Program Emergency Operating Costs	10.558	16,648	16,648
Total Department of Agriculture		\$ 9,080,126	\$ 8,088,407
<u>Department of Health and Human Services:</u>			
Pass-through Virginia Department of Social Services:			
Temporary Assistance to Needy Families	93.558	\$ 586,954	\$ 543,058
<u>Department of Labor</u>			
Passed-through Goodwill Industries of the Valleys:			
Senior Community Service Employment Program	17.235	\$ 10,699	-
Total Expenditures of Federal Awards		\$ 9,677,779	\$ 8,631,465

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 award activity of Blue Ridge Area Food Bank, Inc. under programs of the federal government for the year ended June 30, 2022. 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 Blue Ridge Area Food Bank, Inc. did 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, 2022, the Food Bank had food commodities totaling \$1,241,557 in inventory.

BLUE RIDGE AREA FOOD BANK, INC.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

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:

**Assistance Listing #**      **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