



Blue Ridge Area  
**FOOD BANK**

A member of  
**FEEDING  
AMERICA**

BLUE RIDGE AREA FOOD BANK, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023



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



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

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS**

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	<b>PAGE</b>
Independent Auditors' Report .....	1-3
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	4
Statement of Activities.....	5-6
Statement of Functional Expenses .....	7-8
Statements of Cash Flows .....	9
Notes to Financial Statements .....	10-23
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Food Donated, Purchased, and Distributed .....	24
Schedule of Operating Expenses.....	25
<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> .....	26-27
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	28-30
Schedule of Expenditures of Federal Awards .....	31
Schedule of Findings and Questioned Costs .....	32



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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, 2023 and 2022, 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, 2023, and June 30, 2022, 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 is 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 November 17, 2023, 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  
November 17, 2023

## **FINANCIAL STATEMENTS**

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

**Statements of Financial Position  
June 30, 2023 and 2022**

<b>ASSETS</b>	2023	2022
Current assets:		
Cash and cash equivalents	\$ 1,452,962	\$ 1,949,719
Accounts receivable, less allowance for doubtful accounts	428,844	235,094
Government grants receivable	2,272,980	491,344
Inventory	1,564,753	3,367,411
Investments - short term	4,310,786	5,073,601
Other	123,574	148,086
Total current assets	\$ 10,153,899	\$ 11,265,255
Noncurrent assets:		
Investments in marketable securities	\$ 14,510,486	\$ 13,683,355
Depreciable fixed assets, net of accumulated depreciation	4,401,496	4,232,369
Non-depreciable fixed assets	3,748,033	344,409
Operating lease right-of-use asset	1,368,079	1,189,799
Total noncurrent assets	\$ 24,028,094	\$ 19,449,932
Total assets	\$ 34,181,993	\$ 30,715,187
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,081,611	\$ 522,503
Accrued payroll and related liabilities	241,948	199,746
Compensated absences	227,999	184,456
Deferred compensation	93,956	66,097
Operating lease liability, current portion	302,044	315,843
Total current liabilities	\$ 1,947,558	\$ 1,288,645
Noncurrent liabilities:		
Operating lease liability, net of current portion	\$ 1,110,262	\$ 898,149
Total liabilities	\$ 3,057,820	\$ 2,186,794
Net assets:		
Without Donor Restrictions:		
Undesignated	\$ 16,100,019	\$ 14,122,264
Designated - funds held for long-term investment	5,530,318	5,873,932
Designated - capital reserve	3,959,000	3,936,256
Designated - operating reserve	3,528,000	2,725,600
Total without donor restrictions	\$ 29,117,337	\$ 26,658,052
With Donor Restrictions	2,006,836	1,870,341
Total net assets	\$ 31,124,173	\$ 28,528,393
Total liabilities and net assets	\$ 34,181,993	\$ 30,715,187

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, 2023**

	Without Donor Restrictions			With Donor	
	Non-In-Kind	In-Kind	Total	Restrictions	Total
Revenues, gains, and other support:					
In-kind food contributions	\$ -	\$ 44,666,026	\$ 44,666,026	\$ -	\$ 44,666,026
Contributions and non-federal grants	10,085,515	273,375	10,358,890	1,426,505	11,785,395
Program service revenue	1,621,938	-	1,621,938	-	1,621,938
Federal grants	5,766,774	11,726	5,778,500	-	5,778,500
Interest and dividends	379,244	-	379,244	-	379,244
Net realized and unrealized gains (loss) on investments	806,481	-	806,481	-	806,481
Gain (loss) on disposal of fixed assets	16,289	-	16,289	-	16,289
Other income	68,014	-	68,014	-	68,014
Net assets released from restrictions	1,290,010	-	1,290,010	(1,290,010)	-
Total revenues, gains, and other support	\$ 20,034,265	\$ 44,951,127	\$ 64,985,392	\$ 136,495	\$ 65,121,887
Expenses:					
Program services:					
Food distribution	\$ 11,865,248	\$ 46,918,725	\$ 58,783,973	\$ -	\$ 58,783,973
Supporting services:					
Management and general	1,491,126	2,029	1,493,155	-	1,493,155
Fundraising	2,241,521	7,458	2,248,979	-	2,248,979
Total expenses	\$ 15,597,895	\$ 46,928,212	\$ 62,526,107	\$ -	\$ 62,526,107
Change in net assets	\$ 4,436,370	\$ (1,977,085)	\$ 2,459,285	\$ 136,495	\$ 2,595,780
Net assets at beginning of year	23,524,744	3,133,308	26,658,052	1,870,341	28,528,393
Net assets at end of year	\$ 27,961,114	\$ 1,156,223	\$ 29,117,337	\$ 2,006,836	\$ 31,124,173

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
<b>Revenues, gains, and other support:</b>					
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	465,212	-	465,212	-	465,212
Net realized and unrealized gains (loss) on investments	(2,169,242)	-	(2,169,242)	-	(2,169,242)
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)	-
<b>Total revenues, gains, and other support</b>	<b>\$ 12,620,649</b>	<b>\$ 44,134,080</b>	<b>\$ 56,754,729</b>	<b>\$ (142,430)</b>	<b>\$ 56,612,299</b>
<b>Expenses:</b>					
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
<b>Total expenses</b>	<b>\$ 12,554,283</b>	<b>\$ 46,132,896</b>	<b>\$ 58,687,179</b>	<b>\$ -</b>	<b>\$ 58,687,179</b>
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	<u>\$ 23,524,744</u>	<u>\$ 3,133,308</u>	<u>\$ 26,658,052</u>	<u>\$ 1,870,341</u>	<u>\$ 28,528,393</u>

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, 2023**

	Supporting Services			
	Program Services Food Distribution	Management and General	Fundraising	Total
<b>PERSONNEL</b>				
Salaries and wages	\$ 2,632,142	\$ 845,290	\$ 814,953	\$ 4,292,385
Payroll taxes	193,936	58,034	61,883	313,853
Employee benefits	671,298	160,206	171,709	1,003,213
Contract services and other	7,662	4,150	-	11,812
<b>Total personnel</b>	<b>\$ 3,505,038</b>	<b>\$ 1,067,680</b>	<b>\$ 1,048,545</b>	<b>\$ 5,621,263</b>
<b>TRANSPORTATION</b>				
Freight-in	\$ 242,293	\$ -	\$ -	\$ 242,293
Depreciation	126,866	4,363	1,179	132,408
Fuel	115,530	2,004	2,394	119,928
Repairs and maintenance	86,704	(6,666)	791	80,829
Insurance, licenses, and other	39,261	659	658	40,578
<b>Total transportation</b>	<b>\$ 610,654</b>	<b>\$ 360</b>	<b>\$ 5,022</b>	<b>\$ 616,036</b>
<b>OCCUPANCY</b>				
Rent	\$ 278,401	\$ 4,668	\$ 27,709	\$ 310,778
Depreciation	143,403	15,574	17,521	176,498
Repairs and maintenance	115,691	909	1,286	117,886
Rubbish and pest control	14,419	-	-	14,419
Utilities and telephone	133,831	20,920	30,462	185,213
Insurance and other	78,098	20,741	4,619	103,458
<b>Total occupancy</b>	<b>\$ 763,843</b>	<b>\$ 62,812</b>	<b>\$ 81,597</b>	<b>\$ 908,252</b>
<b>OTHER OPERATING AND ADMINISTRATIVE</b>				
Food purchase and packaging	\$ 5,031,793	\$ -	\$ -	\$ 5,031,793
Depreciation	97,991	7,462	21,574	127,027
Supplies and equipment rental	247,055	20,552	14,271	281,878
Agency assistance - pass-through	1,388,683	-	-	1,388,683
Postage	1,387	2,177	191,322	194,886
Repairs and maintenance	34,023	82	75	34,180
Systems support and maintenance	226,728	36,680	118,238	381,646
Printing and production	6,421	-	199,005	205,426
Dues, subscriptions, fees, and licenses	34,341	31,497	133,004	198,842
Advertising and promotion	16,285	-	101,738	118,023
Professional fees	171,559	183,410	285,666	640,635
Staff training and development	27,047	22,356	12,217	61,620
Personnel recruitment	-	36,074	-	36,074
Board governance	-	19,248	-	19,248
Miscellaneous	31,643	2,765	36,705	71,113
<b>Total other operating and administrative</b>	<b>\$ 7,314,956</b>	<b>\$ 362,303</b>	<b>\$ 1,113,815</b>	<b>\$ 8,791,074</b>
<b>Total expenses before donated foods distributed</b>	<b>\$ 12,194,491</b>	<b>\$ 1,493,155</b>	<b>\$ 2,248,979</b>	<b>\$ 15,936,625</b>
Donated foods distributed	46,589,482	-	-	46,589,482
<b>Total expenses</b>	<b>\$ 58,783,973</b>	<b>\$ 1,493,155</b>	<b>\$ 2,248,979</b>	<b>\$ 62,526,107</b>

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

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

	Supporting Services			Total
	Program Services Food Distribution	Management and General	Fundraising	
<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>	<b>\$ 3,316,217</b>	<b>\$ 825,677</b>	<b>\$ 799,873</b>	<b>\$ 4,941,767</b>
<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>	<b>\$ 578,558</b>	<b>\$ 3,530</b>	<b>\$ 5,082</b>	<b>\$ 587,170</b>
<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>	<b>\$ 729,943</b>	<b>\$ 55,355</b>	<b>\$ 90,584</b>	<b>\$ 875,882</b>
<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>	<b>\$ 5,186,015</b>	<b>\$ 240,367</b>	<b>\$ 986,103</b>	<b>\$ 6,412,485</b>
<b>Total expenses before donated foods distributed</b>	<b>\$ 9,810,733</b>	<b>\$ 1,124,929</b>	<b>\$ 1,881,642</b>	<b>\$ 12,817,304</b>
Donated foods distributed	45,869,875	-	-	45,869,875
<b>Total expenses</b>	<b>\$ 55,680,608</b>	<b>\$ 1,124,929</b>	<b>\$ 1,881,642</b>	<b>\$ 58,687,179</b>

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

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

**Statements of Cash Flows  
Years Ended June 30, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,595,780	\$ (2,074,880)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	435,933	390,513
Net change in donated food	1,923,457	2,105,840
Imputed interest on operating leases	20,033	16,414
(Gain) loss on disposal of fixed assets	(16,289)	(33,150)
Non-cash donation of fixed assets to partner agencies	-	11,000
Unrealized loss (gain) on investments	(996,530)	3,008,403
(Increase) decrease in operating assets:		
Accounts and government grants receivable	(1,975,386)	(352,175)
Inventory - purchased food	(120,799)	56,703
Other current assets	24,512	66,361
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	644,853	219,971
Net cash provided by (used for) operating activities	\$ 2,535,564	\$ 3,415,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	\$ (5,148,344)	\$ (8,162,477)
Proceeds on sale of investments	6,108,420	5,752,532
Proceeds from sale of fixed assets	30,106	22,150
Purchase of fixed assets	(4,022,503)	(805,884)
Net cash provided by (used for) investing activities	\$ (3,032,321)	\$ (3,193,679)
Net increase (decrease) in cash and cash equivalents	\$ (496,757)	\$ 221,321
Beginning cash and cash equivalents	1,949,719	1,728,398
Ending cash and cash equivalents	\$ 1,452,962	\$ 1,949,719
<b>SCHEDULE OF NON-CASH OPERATING ACTIVITIES:</b>		
Donated food received	\$ 44,666,026	\$ 43,764,035
Donated food distributed and disposed	\$ 46,589,482	\$ 45,869,875

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, 2023 and 2022

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

Founded in 1981 and headquartered in Verona, Virginia, the Blue Ridge Area Food Bank is a nonprofit organization and is the largest organization alleviating hunger in western and central Virginia. The Food Bank serves an average of 127,500 people per month across 25 counties and eight cities through distribution centers in Charlottesville, Lynchburg, Winchester, and Verona. With inflation rising in recent years, record numbers of Virginians are being served through our network of more than 400 community partners and program sites, which include food pantries, soup kitchens, shelters, schools, libraries health care clinics and more. The Food Bank is a partner member of Feeding America, a national organization supporting more than 200 food banks across the country and the largest domestic hunger relief agency in the United States. Through the Federation of Virginia Food Banks, Blue Ridge Area Food Bank and six other Virginia food banks collaborate and coordinate on statewide initiatives to improve nutrition security and empower strong, healthy communities.

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 Food Bank funding and support comes from financial contributions, government grants and distribution assistance, and in-kind food donations. Food includes fresh produce, meat, dairy, and shelf stable goods secured through USDA programs, retail grocers, farmers, manufacturers, and community food drives. In fiscal year 2023, of the 27.4 million pounds distributed in network, 10.1 million pounds came from retail grocers, and 8.2 million pounds were fresh produce.

The Food Bank's distribution centers rely heavily on volunteers to assist with produce sorting and food packaging activities. In fiscal year 2023, community volunteers contributed over 26,000 hours to Food Bank operations, the value of which, if recorded, would represent fourteen full-time employees.

### **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, 2023, and 2022 amounted to \$29,117,337, and \$26,658,052, 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, 2023, and 2022, amounted to \$2,006,836 and \$1,870,341, respectively.

## BLUE RIDGE AREA FOOD BANK, INC.

### Notes to Financial Statements June 30, 2023 and 2022 (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

Investments are reported at fair value. Investment return is reported in the statements of activities as an increase in net assets without donor restrictions unless the use of income is limited by donor-imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in net assets with donor restrictions. Investment return directed to operational expense is recorded as an increase in net assets without donor restriction. Investment return includes dividend and interest income and realized and unrealized gains and losses on investments carried at fair value.

##### 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 of \$25,000 or more, 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, 2023 and 2022 (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, 2023 and 2022 the value of donated goods and inventory balance reported in the statement of financial position was calculated and using the calendar years 2022 and 2021 estimates of \$1.93 and \$1.92, 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.

Program Service Revenue

As specified in its membership agreement with agencies, the Food Bank may charge handling fees for certain donated items and for purchased food inventory, agencies are charged a percentage of the food cost to help offset the cost of acquiring, storing, and distributing food. When the extent of the coronavirus pandemic became clear in March of 2020, the Food Bank waived all fees for partner agencies through June 2021. Fees for purchased food items were gradually reintroduced at the start of fiscal year 2022, reaching the pre-pandemic level in January 2022. Delivery fees and handling fees for donated products continue to be waived.

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, 2023 and 2022 (continued)

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

##### Compensated Absences

Unused PTO of up to four weeks is paid upon termination, thus a liability is accrued for PTO time not taken. The Food Bank has established September 30 as the rollover date for employees where unused time is reduced to 160 hours as applicable. The Food Bank maintains a 'leave bank' of employee donated time which may provide up to eighty hours in a fiscal year for employees in extraordinary circumstances. The balance of compensated absences at June 30, 2023, and 2022 totaled \$227,999 and \$184,456, 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 quantitative amounts such as estimated time and effort, square footage, or number of assets in service.

##### Government Grants and Contracts

Support funded by grants is recognized as the Food Bank meets the conditions prescribed by the grant agreement, distributes commodities, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such an audit, adjustments could be required. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, for any impact from the revocation of future grant funds cannot be determined at this date.

**BLUE RIDGE AREA FOOD BANK, INC.****Notes to Financial Statements  
June 30, 2023 and 2022 (continued)****NOTE 3 – ACCOUNTS AND GOVERNMENT GRANTS RECEIVABLE:**

Accounts and government grants receivable consist of the following:

	<u>2023</u>	<u>2022</u>
Due from member agencies	\$ 164,540	\$ 93,051
Grocer in-store credits	252,561	144,537
Other	21,743	7,506
Subtotal	\$ 438,844	\$ 245,094
Less allowance for doubtful accounts	(10,000)	(10,000)
Total	\$ <u>428,844</u>	\$ <u>235,094</u>
Federal Grantor/Pass-Through Grantor Programs	\$ <u>2,272,980</u>	\$ <u>491,344</u>

**NOTE 4 – CONTRIBUTIONS RECEIVABLE:**

There are no outstanding contributions as of June 30, 2023 or 2022.

**NOTE 5 – INVENTORY:**

Inventory consists of the following:

	<u>2023</u>	<u>2022</u>
Purchased	\$ 667,198	\$ 546,399
Donated	897,555	2,821,012
Total	\$ <u>1,564,753</u>	\$ <u>3,367,411</u>

**NOTE 6 – PROPERTY AND EQUIPMENT:**

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Non-depreciable assets:		
Land	\$ 236,699	\$ 236,699
Construction in progress	3,511,334	107,710
Total non-depreciable assets	\$ <u>3,748,033</u>	\$ <u>344,409</u>
Depreciable assets:		
Land improvements	\$ 785,059	\$ 785,059
Building and improvements	3,379,672	3,379,672
Leasehold improvements	614,235	436,231
Furniture and equipment	579,674	521,645
Warehouse equipment	1,536,060	1,382,203
Motor vehicles	1,740,314	1,791,585
Total depreciable assets	\$ <u>8,635,014</u>	\$ <u>8,296,395</u>
Total assets	\$ 12,383,047	\$ 8,640,804
Accumulated depreciation	(4,233,518)	(4,064,026)
Net property and equipment	\$ <u>8,149,529</u>	\$ <u>4,576,778</u>

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$435,933 and \$390,513, respectively.

**BLUE RIDGE AREA FOOD BANK, INC.****Notes to Financial Statements  
June 30, 2023 and 2022 (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>2023</u>	<u>2022</u>
<u>Short-Term Investments</u>		
Exchange Traded Funds in:		
US Treasury Bills	\$ -	\$ 740,184
Corporate Bonds	4,216,532	4,267,052
Mutual Funds	93,794	65,860
Cash and Equivalents	460	505
Total short-term investments	<u>\$ 4,310,786</u>	<u>\$ 5,073,601</u>
<u>Long-Term Investments</u>		
Exchange Traded Funds in:		
Equity Securities	\$ 8,224,543	\$ 7,119,656
US Government-backed Bonds	1,323,370	2,660,158
Corporate Bonds	3,402,488	2,284,470
High Yield Bonds	418,649	-
Mutual Funds	742,446	937,339
Cash Equivalents	398,990	681,732
Total-long-term investments	<u>\$ 14,510,486</u>	<u>\$ 13,683,355</u>
Total Investments	<u>\$ 18,821,272</u>	<u>\$ 18,756,956</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, 2023 and 2022 (continued)

#### **NOTE 7 – INVESTMENTS IN MARKETABLE SECURITIES: (CONTINUED)**

Short and Long-Term Investments	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
Beginning Balance	\$ 5,025,351	\$ 13,222,483	\$ 1,097,246	\$ 19,345,080
Bequests	-	15,435	-	15,435
Investment income, net of fees	(1,075,757)	(644,130)	-	(1,719,887)
Board policy 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
Investment income (loss), net of fees	\$ 463,474	\$ 728,624	\$ -	\$ 1,192,098
Board allocation	(2,906)	2,906	-	-
Spending Policy and Other Withdrawals	(877,782)	(250,000)	-	(1,127,782)
Total, June 30 ,2023	\$ 4,706,708	\$ 13,017,318	\$ 1,097,246	\$ 18,821,272

#### **NOTE 8 – 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 \$25,000 or more be added to the Quasi-Endowment as well as unrestricted gifts so advised. Annual distributions from the endowment funds will be based on a twelve quarter rolling average return of the quasi-endowment and the three-year average balance of the fund.

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.

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

**Notes to Financial Statements  
June 30, 2023 and 2022 (continued)**

**NOTE 8 – BOARD DESIGNATED NET ASSETS: (CONTINUED)**

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

	Quasi <u>Endowment</u>	Capital <u>Reserve</u>	Operating <u>Reserve</u>	<u>Total</u>
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)
Board allocation	-	-	(58,000)	(58,000)
Designated Balance, June 30 ,2022	\$ 5,873,932	\$ 3,936,256	\$ 2,725,600	\$ 12,535,788
Additions:				
Withdrawals/Expenses	(250,000)	-	-	(250,000)
Net gain on investments allocated	705,880	22,744	-	728,624
Board policy allocation	(799,494)	-	802,400	2,906
Designated Balance, June 30 ,2023	<u>\$ 5,530,318</u>	<u>\$ 3,959,000</u>	<u>\$ 3,528,000</u>	<u>\$ 13,017,318</u>

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS:**

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

	<u>2023</u>	<u>2022</u>
Family Backpack Program	\$ 157,981	\$ 172,072
Fresh produce and other food	40,909	47,913
Senior programs	-	17,005
Mobile Food Pantry Program	59,000	12,556
Partner Innovation and Impact Grants	412,330	200,000
Food Pharmacy Program	4,500	115,043
Good Food School Market	2,490	32,601
Summer Kid Packs	108,001	166,745
SNAP Outreach	71,900	-
Order Ahead Initiatives	34,350	-
Health initiatives	18,129	9,160
Robert and Genevieve Boxley Fund	<u>1,097,246</u>	<u>1,097,246</u>
Total	<u>\$ 2,006,836</u>	<u>\$ 1,870,341</u>

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

**Notes to Financial Statements  
June 30, 2023 and 2022 (continued)**

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**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS: (CONTINUED)**

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

Family Backpack Program	\$	39,048
Mobile Food Pantry Program		93,317
Kids Café		425
Fresh produce and other food		23,738
Other food purchases		291,153
Summer Kids Program		77,387
Senior programs		33,904
Partner Innovation and Impact Grants		211,133
Community Backpack Program		60,000
SNAP Outreach		28,100
Verona warehouse expansion		217,000
Food Pharmacy Program		77,112
Good Food School Market		66,412
Health Initiatives		71,281
Total	\$	<u><u>1,290,010</u></u>

**NOTE 10 – RETIREMENT PLAN:**

The Food Bank maintains a defined contribution 401(k) plan under which all employees who have reached 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. The Food Bank matches employee contributions 100% of the first 3% of employee compensation and 50% 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 2023 and 2022 totaled \$144,948 and \$130,078, respectively.

**NOTE 11 – 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, 2024 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 August 2031.

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

**Notes to Financial Statements  
June 30, 2023 and 2022 (continued)**

**NOTE 11 – OPERATING LEASE RIGHT-OF-USE ASSET/OPERATING LEASE LIABILITY: (CONTINUED)**

At June 30, 2023, future minimum lease payments (undiscounted) for the succeeding five years are as follows:

Undiscounted Cash Flows on Lease Liabilities

	2024	2025	2026	2027	2028	Thereafter	Total
Winchester Branch	\$ 108,885	\$ 111,063	\$ 113,284	\$ 115,550	\$ 117,890	\$ 263,343	\$ 830,015
Lynchburg Branch	80,400	83,200	85,200	85,200	35,500	-	369,500
Charlottesville Branch	90,000	94,500	99,225	104,186	-	-	387,911
Charlottesville Office	27,792	21,616	-	-	-	-	49,408
Copier	6,081	6,081	1,014	-	-	-	13,176
	<u>\$ 313,158</u>	<u>\$ 316,460</u>	<u>\$ 298,723</u>	<u>\$ 304,936</u>	<u>\$ 153,390</u>	<u>\$ 263,343</u>	<u>\$ 1,650,010</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 \$1,368,079 and \$1,412,306 at June 30, 2023 and \$1,189,799 and \$1,213,992 at June 30, 2022. A discount rate of 5.50% and 5.38% for June 30, 2023 and 2022 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, 2023 were calculated as follows:

<u>Operating Leases</u>	Future Lease Payments <u>Undiscounted</u>	Discount <u>Rate</u>	Right-of-Use <u>Asset</u>	Right-of-Use Lease <u>Liability</u>
Winchester Branch	\$ 830,015	5.50%	\$ 671,648	\$ 580,376
Lynchburg Branch	369,500	5.50%	311,530	378,456
Charlottesville Branch	387,911	5.50%	327,744	397,313
Charlottesville Office	49,408	5.50%	50,456	50,606
Copier	13,176	5.50%	6,701	5,555
	<u>\$ 1,650,010</u>		<u>\$ 1,368,079</u>	<u>\$ 1,412,306</u>

The asset and related liability at June 30, 2022 were calculated as follows:

<u>Operating Leases</u>	Future Lease Payments <u>Undiscounted</u>	Discount <u>Rate</u>	Right-of-Use <u>Asset</u>	Right-of-Use Lease <u>Liability</u>
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 current portion of the lease liability is \$302,044 and \$315,843 at June 30, 2023 and June 30, 2022, respectively.

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

**Notes to Financial Statements  
June 30, 2023 and 2022 (continued)**

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**NOTE 12 – IN-KIND CONTRIBUTIONS:**

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

	<u>2023</u>	<u>2022</u>
Program Services:		
Donated food	\$ 44,666,026	\$ 43,764,035
Retail grocers gift cards and account credits	129,431	127,431
Retail establishment gift cards	-	3,425
Produce and freight subsidies through food vendors	140,859	218,277
Services through Senior Community Service Employment Program	11,726	10,699
Other supplies-program activities	710	7,538
Fundraising:		
Professional services	<u>2,375</u>	<u>2,675</u>
Total Contributed Nonfinancial Assets	<u>\$ 44,951,127</u>	<u>\$ 44,134,080</u>

Contributed food is valued using the amount calculated in the annual Feeding America commissioned study (see Note 2) 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, 2023 and 2022, were unrestricted.

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**BLUE RIDGE AREA FOOD BANK, INC.****Notes to Financial Statements  
June 30, 2023 and 2022 (continued)****NOTE 13 – GOVERNMENT GRANTS AND CONTRACTS:**

The Food Bank is party to contracts with federal and state government agencies. Certain grant support is received through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Food Bank are prepared on an accrual basis, all earned portions of the grants not yet received as of June 30, have been recorded as receivables. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming. Sources and grants and contracts are as follows:

	<u>2023</u>	<u>2022</u>
<b><u>Program and Administrative costs:</u></b>		
<b>U.S. Department of Agriculture through Virginia Department of Agriculture and Consumer Services (VDACS)</b>		
The Emergency Food Assistance Program	\$ 1,109,718	\$ 970,854
Commodity Supplemental Feeding Program	200,500	202,426
<b>Virginia Department of Education Office of School Nutrition Programs</b>		
Summer Food Service Program for Children	47,386	30,250
Child and Adult Care Program	33,214	36,721
<b>Virginia Department of Social Services</b>		
Temporary Assistance to Needy Families	435,887	435,887
<b><u>Contracts and Grants</u></b>		
<b>U.S. Department of the Treasury</b>		
Pass-Through from VDACS Virginia American Rescue Plan Act		
State and Local Fiscal Recovery Fund - Food purchase programs	467,162	-
Pass-Through from VDACS Virginia American Rescue Plan Act		
State and Local Fiscal Recovery Fund - Food Bank capacity expansion	1,617,907	-
Pass-Through Virginia Department of Housing and and Community Development - COVID-19 CDBG Project	1,855,000	145,000
<b><u>In-Kind Assistance</u></b>		
U.S. Department of Labor - Goodwill Senior Community Service Employment Program	11,726	10,699
U. S. Department of Agriculture - Commodities	9,248,444	11,523,694
Total government grants and contracts	<u>\$ 15,026,944</u>	<u>\$ 13,355,531</u>

As of June 30, 2023, the amount remaining to be drawn from government contracts is \$422,981 for food purchases and \$84,950 for capacity building from VDACS ARPA State and Local Fiscal Recovery Funds.

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

**Notes to Financial Statements  
June 30, 2023 and 2022 (continued)**

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**NOTE 14 – LIQUIDITY AND AVAILABILITY:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,852,250	\$ 2,631,719
Investments	18,421,984	18,074,956
Accounts receivable	2,701,824	726,438
Gift cards	6,106	11,562
Total financial assets available for use at year-end	\$ 22,982,164	\$ 21,444,675
Less those unavailable for general expenditures within one year, due to:		
Board designations:		
Funds designated by board for long term investment	(5,530,318)	(5,873,932)
Funds designated by board for capital reserve	(3,959,000)	(3,936,256)
Funds designated by board for operating reserves	(3,528,000)	(2,725,600)
Donor restricted for long term investments	(1,097,246)	(1,097,246)
Net assets with donor restrictions	(909,590)	(773,095)
Financial assets available to meet cash needs for general expenses within one year	\$ <u>7,958,010</u>	\$ <u>7,038,546</u>

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 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 is being funded through a combination of philanthropy, reserves, and an infrastructure grant of \$1.7 million from the American Rescue Plan Act (ARPA) awarded through the Virginia Department of Agricultural and Consumer Services. In addition to expanding on-site storage capacity, the project eliminates the need for rental of expensive off-site cold storage and allows the repurposing of existing warehouse space for volunteer and programmatic activities and offices. Full occupancy is anticipated by October 2023.

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

**Notes to Financial Statements  
June 30, 2023 and 2022 (continued)**

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**NOTE 15 – CONSTRUCTION COMMITMENTS**

The Food Bank has an active construction project as of June 30, 2023. The project involves the expansion of office and dry and refrigerated warehouse space at the Verona headquarters. At year end the Food Bank’s commitment with the contractor is as follows:

	<b>Contract Amount</b>	<b>Amount Completed June 20, 2023</b>	<b>Amount of Contract Remaining at Year End</b>
Expansion of Verona Facility	\$ <u>3,898,565</u>	\$ <u>3,327,736</u>	\$ <u>570,829</u>

The Food Bank is a recipient through VDACS of a grant through the American Rescue Plan Act State and Local Fiscal Recovery Fund in support of certain costs associated with the warehouse expansion. As of June 30, 2023, the Food Bank has recorded as revenue and receivable \$1,617,907 of grant reimbursements due. An additional \$84,950 remains available for reimbursement as the project nears completion in October 2024.

**NOTE 16 – DATE OF MANAGEMENT REVIEW:**

In preparing these financial statements, management of the organization has evaluated events and transactions for potential disclosure through November 17, 2023, 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, 2023  
With Comparative Totals for 2022**

	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>Pounds</u>	<u>Pounds</u>	<u>Dollars</u>	<u>Dollars</u>
Beginning inventory	2,166,336	3,559,768	\$ 3,367,411	\$ 5,529,954
Donated food received	23,143,019	22,793,768	44,666,026	43,764,035
Purchased food	<u>4,887,538</u>	<u>2,519,582</u>	<u>4,100,125</u>	<u>1,952,810</u>
<b>Total food available</b>	<u>30,196,893</u>	<u>28,873,118</u>	<u>\$ 52,133,562</u>	<u>\$ 51,246,799</u>
Less:				
Food distributed to member agencies	27,424,184	24,884,920	\$ 47,844,754	\$ 44,389,453
Food distributed to other food banks	1,384,543	1,765,298	2,672,168	3,389,372
Disposals and inventory adjustments	<u>32,285</u>	<u>56,564</u>	<u>51,887</u>	<u>100,563</u>
<b>Total food distributed and disposed</b>	<u>28,841,012</u>	<u>26,706,782</u>	<u>\$ 50,568,809</u>	<u>\$ 47,879,388</u>
<b>Ending inventory</b>	<u><u>1,355,881</u></u>	<u><u>2,166,336</u></u>	<u><u>\$ 1,564,753</u></u>	<u><u>\$ 3,367,411</u></u>

Blue Ridge Area Food Bank. Inc.

Schedule of Operating Expenses

Year Ended June 30, 2023

With Comparative Totals for 2022, 2021, 2020, and 2019

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Expenses</b>					
Program services:					
Food distribution	\$ 58,783,973	\$ 55,680,608	\$ 52,925,689	\$ 52,115,807	\$ 47,346,742
Supporting services:					
Management and general	1,493,155	1,124,929	1,089,157	961,716	816,847
Fundraising	<u>2,248,979</u>	<u>1,881,642</u>	<u>1,648,824</u>	<u>1,317,903</u>	<u>1,269,029</u>
<b>Total expenses</b>	<u>\$ 62,526,107</u>	<u>\$ 58,687,179</u>	<u>\$ 55,663,670</u>	<u>\$ 54,395,426</u>	<u>\$ 49,432,618</u>

# **COMPLIANCE**



**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, 2023, 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 November 17, 2023.

**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, & Associates*

Staunton, Virginia  
November 17, 2023



**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, 2023. 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 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, 2023.

***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  
November 17, 2023

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

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023**

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	\$ 6,071,108	\$ 6,071,108
Emergency Food Assistance Program - Administrative Costs	10.568	1,109,718	-
Commodity Supplemental Food Program	10.565	910,590	910,590
Commodity Supplemental Food Program-Administrative Costs	10.565	200,500	-
Subtotal Commodity Supplemental Food Program		\$ 1,111,090	\$ 910,590
Total Food Distribution Cluster		\$ 8,291,916	\$ 6,981,698
Summer Food Service Program for Children	10.559	\$ 1,106	\$ 1,106
Passed-through Virginia Department of Health:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	\$ 47,386	\$ 47,386
Subtotal Summer Food Service Program for Children		\$ 48,492	\$ 48,492
Child and Adult Care Food Program	10.558	33,214	33,214
Total Department of Agriculture		\$ 8,373,622	\$ 7,063,404
<u>Department of Health and Human Services:</u>			
Pass-through Virginia Department of Social Services:			
Temporary Assistance to Needy Families	93.558	\$ 435,887	\$ 435,887
<u>Department of Labor</u>			
Passed-through Goodwill Industries of the Valleys:			
Senior Community Service Employment Program	17.235	\$ 11,726	\$ -
<u>Department of Housing and Urban Development</u>			
Pass Through Payments:			
Virginia Department of Housing and Community Development Community Development Block Grant	14.228	\$ 1,855,000	1,651,360
<u>Department of Treasury</u>			
Pass-through from the Virginia Department of Agriculture: and Consumer Services (VDACS Agency Number 67-500)			
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 1,617,907	\$ -
Pass-through from Federation of Virginia Food Banks:			
COVID-19-Coronavirus State and Local Fiscal Recovery Funds- Agriculture Food Assistance Program	21.027	19,585	19,585
COVID 19-Coronavirus State and Local Fiscal Recovery Funds	21.027	447,577	411,040
Total Department of Treasury		\$ 2,085,069	\$ 430,625
Total Expenditures of Federal Awards		\$ 12,761,304	\$ 9,581,276

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, 2023. 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 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, 2023, the Food Bank had food commodities totaling \$311,433 in inventory.

BLUE RIDGE AREA FOOD BANK, INC.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

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:

<b><u>Assistance Listing #</u></b>	<b><u>NAME OF FEDERAL PROGRAM OR CLUSTER</u></b>
14.228	Community Development Block Grant
21.027	Coronavirus State and Local Fiscal Recovery Funds

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