

Blue Ridge Electric Members Foundation, Inc.
Financial Statements
December 31, 2015 and 2014

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Financial Statements

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ADAMS, JENKINS AND CHEATHAM
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS

Independent Auditor's Report

The Board of Directors
Blue Ridge Electric Members Foundation, Inc.
Lenoir, North Carolina

We have audited the accompanying statements of financial position of Blue Ridge Electric Members Foundation, Inc. (the "Foundation"), a nonprofit organization, as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blue Ridge Electric Members Foundation, Inc. as of December 31, 2015 and 2014, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Adams, Jenkins & Cheatham

Richmond, Virginia
February 15, 2016

Statements of Financial Position

Blue Ridge Electric Members Foundation, Inc.

	December 31,	
	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 104,945	\$ 25,967
Due from related party		9,900
	<u>\$ 104,945</u>	<u>\$ 35,867</u>
Net Assets		
Net Assets		
Unrestricted	<u>104,945</u>	<u>35,867</u>
	<u>\$ 104,945</u>	<u>\$ 35,867</u>

See Independent Auditor's Report and Notes to Financial Statements

Statements of Activities

Blue Ridge Electric Members Foundation, Inc.

		Year Ended December 31,	
		2015	2014
Revenue			
General public contributions	\$	257,575	\$ 257,601
Other		50,000	100,000
Value of contributed services		23,000	19,500
Interest		10	16
		<u>330,585</u>	<u>377,117</u>
Functional expenses			
Assistance provided		238,507	353,376
Administration services		23,000	19,500
Program Services Total		<u>261,507</u>	<u>372,876</u>
Increase in Unrestricted			
Net Assets		69,078	4,241
Unrestricted net assets - beginning of year		<u>35,867</u>	<u>31,626</u>
Unrestricted Net Assets -			
End of Year	\$	<u>104,945</u>	<u>\$ 35,867</u>

See Independent Auditor's Report and Notes to Financial Statements

Statements of Cash Flows

Blue Ridge Electric Members Foundation, Inc.

	Year Ended December 31,	
	2015	2014
Cash Flows from Operating Activities		
Change in Net Assets	\$ 69,078	\$ 4,241
Changes in:		
Due from related party	9,900	(6,578)
Net Increase (Decrease) in Cash and Cash Equivalents	78,978	(2,337)
Cash and cash equivalents - beginning of year	25,967	28,304
Cash and Cash Equivalents - End of Year	<u>\$ 104,945</u>	<u>\$ 25,967</u>

See Independent Auditor's Report and Notes to Financial Statements

Notes to Financial Statements

Blue Ridge Electric Members Foundation, Inc.

December 31, 2015 and 2014

Note A - Organization

Blue Ridge Electric Members Foundation, Inc. (the “Foundation”) was organized as a nonprofit corporation without capital stock under the laws of the state of North Carolina. The Foundation was organized to receive donations from the general public for assistance to families in need and financial support for nonprofit community organizations that meet educational, healthcare, economic and community development needs in the counties of Watauga, Caldwell, Wilkes, Alexander, Avery, Ashe and Alleghany, North Carolina. Assistance is provided in the form of payments to those in need to defray the cost of electric utility bills, fuel costs and the weatherization of homes. Recipients and the amount of assistance are determined by various social service agencies for the counties mentioned above. Financial support for community organization projects are reviewed and recommended by a committee comprised of Foundation advisory members and approved by the Foundation’s Board of Directors.

Note B - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements and accounting records of the Foundation are maintained on the accrual basis of accounting. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounting 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Due from Related Party

The due from related party represents contributions that were collected by Blue Ridge Electric Membership Corporation (“BREMC”) on behalf of the Foundation that were in transit at year end. Contributions are recognized as revenue when a promise to give is received.

Notes to Financial Statements

Blue Ridge Electric Members Foundation, Inc.

December 31, 2015 and 2014

Note B - Summary of Significant Accounting Policies - Continued

Contributed Services

Contributions of services that create or enhance non-financial assets or those that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at their fair value in the period received. The Foundation received various services, including rent, professional and other minor services, that met these criteria. The total amount received during the years ended December 31, 2015 and 2014 was \$23,000 and \$19,500, respectively. These amounts were recorded as contribution revenue and charged to the related expense account.

Subsequent Events

Subsequent events have been evaluated through February 15, 2016, which is the date the financial statements were available to be issued.

Note C - Income Taxes

Blue Ridge Electric Members Foundation, Inc. was granted exemption from income taxes for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Tax years ending after December 31, 2012 remain subject to examination by the taxing authorities.

Note D - Related Parties

The directors of the Foundation are the same as the directors of BREMC, an organization exempt from taxation under Section 501(c)(12) of the IRC. BREMC provides the Foundation with operational support and office space at no charge. The total amounts received during the years ended December 31, 2015 and 2014 were \$23,000 and \$19,500, respectively.

The Foundation receives contributions from members and employees of BREMC. Total amounts received were approximately \$258,000 and \$253,000 as of December 31, 2015 and 2014, respectively.

There were no amounts receivable from BREMC as of December 31, 2015. The amount receivable from BREMC was approximately \$9,900 as of December 31, 2014. The Foundation received \$50,000 and \$100,000 from the profits of Blue Ridge Energies, LLC and RidgeLink, LLC, wholly owned subsidiaries of BREMC, for the years ended December 31, 2015 and 2014, respectively.

Note E - Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. As of December 31, 2015 and 2014, the Foundation had not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Notes to Financial Statements

Blue Ridge Electric Members Foundation, Inc.

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Note F - Concentration of Credit Risk

The Foundation places its cash on deposit with financial institutions located in the United States of America, which are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC provides insurance coverage for up to \$250,000 of cash held by the Foundation, in each separate FDIC insured bank and savings institution. From time to time, the Foundation may have amounts on deposit in excess of the insured limits. As of December 31, 2015, the Foundation had no deposits that exceed the insured limits.