

Blue Ridge Electric Members Foundation, Inc.
Financial Statements
December 31, 2010 and 2009

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Financial Statements

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ADAMS, JENKINS AND CHEATHAM
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS

Independent Auditors' 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. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, 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
March 12, 2011

Statements of Financial Position

Blue Ridge Electric Members Foundation, Inc.

	December 31,	
	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 19,734	\$ 97,536
Due from related party	<u>8,338</u>	<u> </u>
	<u>\$ 28,072</u>	<u>\$ 97,536</u>
Liabilities and Net Assets		
Current Liabilities		
Due to related party	\$	\$ 38,964
Net Assets		
Unrestricted	<u>28,072</u>	<u>58,572</u>
	<u>\$ 28,072</u>	<u>\$ 97,536</u>

See Independent Auditors' Report and Notes to Financial Statements

Statements of Activities

Blue Ridge Electric Members Foundation, Inc.

	Year Ended December 31,	
	2010	2009
Revenue		
General public contributions	\$ 221,759	\$ 185,576
Other	25,000	25,000
Interest	217	385
	<u>246,976</u>	<u>210,961</u>
Functional expenses		
Assistance provided	<u>277,476</u>	<u>213,141</u>
Change in Unrestricted Net Assets	(30,500)	(2,180)
Unrestricted net assets - beginning of year	<u>58,572</u>	<u>60,752</u>
Unrestricted Net Assets - End of Year	<u>\$ 28,072</u>	<u>\$ 58,572</u>

See Independent Auditors' Report and Notes to Financial Statements

Statements of Cash Flows

Blue Ridge Electric Members Foundation, Inc.

	Year Ended December 31,	
	2010	2009
Cash Flows from Operating Activities		
Cash received from donations	\$ 238,421	\$ 210,576
Interest received	217	385
Cash disbursed for assistance	<u>(316,440)</u>	<u>(174,177)</u>
Net Increase (Decrease) in Cash	(77,802)	36,784
Cash and cash equivalents - beginning of year	<u>97,536</u>	<u>60,752</u>
Cash and Cash Equivalents - End of Year	<u>\$ 19,734</u>	<u>\$ 97,536</u>

See Independent Auditors' Report and Notes to Financial Statements

Notes to Financial Statements

Blue Ridge Electric Members Foundation, Inc.

December 31, 2010 and 2009

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 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. The Foundation does not recognize support or expenses related to the donation of facilities or services, since such amounts are not readily determinable.

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.

Subsequent Events

Subsequent events have been evaluated through March 12, 2011, 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).

Notes to Financial Statements

Blue Ridge Electric Members Foundation, Inc.

December 31, 2010 and 2009

Note D - Related Parties

The directors of the Foundation are the same as the directors of Blue Ridge Electric Membership Corporation (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. As of December 31, 2010 and 2009, the value of donated services meeting the requirements for recognition in the financial statements has not been determined.

The Foundation receives contributions from members and employees of BREMC. Total amounts received were \$221,759 and \$185,576 as of December 31, 2010 and 2009.

Amount receivable from BREMC was \$8,338 as of December 31, 2010. Amount payable to BREMC was \$38,964 as of December 31, 2009. The Foundation received \$25,000 from the profits of Blue Ridge Energies, a wholly owned subsidiary of BREMC, as of December 31, 2010 and 2009.

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, 2010 and 2009, the Foundation had not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Note F - Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. All depository accounts of the Foundation are in institutions insured by the Federal Deposit Insurance Corporation.