Boys and Girls Clubs of the Tennessee Valley

Financial Statements with Accompanying Information

Years Ended June 30, 2014 and 2013

and

Independent Auditors' Report

Boys and Girls Clubs of the Tennessee Valley

Table of Contents

HG&A ASSOCIATES, P.C.
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Boys and Girls Clubs of the Tennessee Valley
Knoxville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Boys and Girls Clubs of the Tennessee Valley (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

J. Wesley Edmondson • Tim Royster • Jenny C. Raines • Michelle Herrell • Jennifer M. Blackwood
P.O. Box 50846, Knoxville, TN 37950-0846 • Telephone (865) 691-8000 • FAX (865) 691-3064 • 6504 Deane Hill Drive, Knoxville, TN 37919

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys and Girls Clubs of the Tennessee Valley as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, included on pages 20 and 21, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015, on our consideration of the Boys and Girls Clubs of the Tennessee Valley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys and Girls Clubs of the Tennessee Valley's internal control over financial reporting and compliance.

HG&A Associates, P.C.

Knoxville, Tennessee

March 23, 2015

Boys and Girls Clubs of the Tennessee Valley
Statements of Financial Position
June 30, 2014 and 2013

ASSETS

	2014	2013
Current assets:		
Cash and cash equivalents	$ 496,739	569,938
Grants receivable:		
Federal and state	475,634	250,877
Other	43,663	27,754
Fee vouchers receivable	122,639	109,898
Special events receivable	29,700	43,755
Interest and dividend receivable	389	551
Unconditional promises to give, net of allowance for uncollectible amounts - current portion:		
Capital	348,401	40,651
Operating	146,235	151,994
Other receivables	53,088	95,467
Prepaid expenses	86,558	102,977
Prepaid insurance	1,395	1,395
Notes receivable - current portion	2,461	1,260
Total current assets	1,806,903	1,396,517
Restricted and designated cash and investments:		
Endowment funds:		
Restricted:		
Cash	18,769	29,496
Investments	291,986	306,140
Designated:		
Cash	165,431	177,156
Investments	1,352,727	986,990
Total endowment funds	1,828,913	1,499,782
Other restricted assets:		
Cash	668,663	326,453
Total restricted and designated cash and investments	2,497,576	1,826,235
Unconditional promises to give, net of allowance for uncollectible amounts - long-term portion:		
Capital	1,503,410	2,455
Operating	98,041	228,352
Notes receivable - long-term portion	5,524	7,986
Property and equipment, net of accumulated depreciation	7,297,846	7,492,308
Deposits	4,700	4,700
Total assets	$ 13,214,000	10,958,553

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

		2014	2013
Current liabilities:			
Notes payable - current portion	$	46,690	44,766
Accounts payable		803,540	375,657
Accounts payable - other Boys and Girls Clubs		11,161	5,290
Accrued expenses		165,684	145,636
Deferred revenue		236,558	328,483
Total current liabilities		1,263,633	899,832
Line of credit - long term		215,000	100,000
Notes payable, less current portion		1,137,254	1,187,272
Total liabilities		2,615,887	2,187,104
Net assets:			
Unrestricted		7,766,883	8,066,254
Temporarily restricted		2,688,180	562,145
Permanently restricted		143,050	143,050
Total net assets		10,598,113	8,771,449
Total liabilities and net assets	$	13,214,000	10,958,553

Boys and Girls Clubs of the Tennessee Valley
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2014 and 2013

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenue and Gains:				
Contributions	$ 1,329,518	517,119	-	1,846,637
Contributions - in-kind	245,121	-	-	245,121
Support from the capital campaign	-	2,298,044	-	2,298,044
Special events, net of direct expenses of $500,483 in 2014 and $545,358 in 2013	676,321	-	-	676,321
Allocation - Knoxville Community Development Corporation	75,000	-	-	75,000
Allocation - United Way	863,635	-	-	863,635
Support from government agencies	2,284,170	-	-	2,284,170
Proceeds from vendor/voucher program	763,956	-	-	763,956
Activity fees and income	17,287	-	-	17,287
Day care fees	1,111,160	-	-	1,111,160
Income from investments	35,298	5,136	-	40,434
Rental income	117,223	-	-	117,223
Net realized and unrealized gains (losses) from investments	175,386	23,866	-	199,252
Gain on disposition of assets	13,143	-	-	13,143
Other support and revenue	87,717	16,250	-	103,967
Net assets released from restrictions:				
Restrictions satisfied by payments	734,380	(734,380)	-	-
Total revenue	8,529,315	2,126,035	-	10,655,350
Expenses:				
Program services - child development	6,739,393	-	-	6,739,393
Management and general	1,687,197	-	-	1,687,197
Development and fundraising	402,096	-	-	402,096
Total expenses	8,828,686	-	-	8,828,686
Increase (decrease) in net assets	(299,371)	2,126,035	-	1,826,664
Net assets - beginning of year	8,066,254	562,145	143,050	8,771,449
Net assets - end of year	$ 7,766,883	2,688,180	143,050	10,598,113

The accompanying notes are an integral part of these financial statements.

2013			
Unrestricted	Temporarily Retricted	Permanently Restricted	Total
1,156,866	135,375	-	1,292,241
321,368	-	-	321,368
-	291,148	-	291,148
562,901	-	-	562,901
75,000	-	-	75,000
861,378	-	-	861,378
2,303,071	-	-	2,303,071
916,634	-	-	916,634
24,897	-	-	24,897
1,059,679	-	-	1,059,679
24,054	6,967	-	31,021
123,255	-	-	123,255
115,630	20,273	-	135,903
65,410	-	-	65,410
65,355	1,306	-	66,661
416,311	(416,311)	-	-
8,091,809	38,758	-	8,130,567
6,066,795	-	-	6,066,795
1,782,161	-	-	1,782,161
419,524	-	-	419,524
8,268,480	-	-	8,268,480
(176,671)	38,758	-	(137,913)
8,242,925	523,387	143,050	8,909,362
8,066,254	562,145	143,050	8,771,449

Boys and Girls Clubs of the Tennessee Valley

Statements of Functional Expenses

Years Ended June 30, 2014 and 2013

	2014			
	Total Program Services	Management and General	Development and Fund Raising	Total
Salaries	$ 3,190,689	690,137	176,318	4,057,144
Pension plan contributions	116,318	36,101	5,875	158,294
Other payroll benefits	207,088	35,777	10,431	253,296
Payroll taxes	239,391	51,721	13,465	304,577
Unemployment tax reimbursement	9,165	2,622	-	11,787
Total salaries and related expenses	3,762,651	816,358	206,089	4,785,098
Conferences, conventions and meetings	9,500	44,871	2,218	56,589
Direct program expenses	1,299,143	135,057	5,813	1,440,013
Dues and subscriptions	22,967	41,513	425	64,905
Repairs and maintenance	228,775	53,329	-	282,104
Insurance	99,538	19,054	1,019	119,611
Interest expense	1,385	62,005	-	63,390
Licenses and permits	310	3,520	-	3,830
Occupancy	45,098	2,592	-	47,690
Plaques, awards and gifts	7,383	4,114	10	11,507
Postage and shipping	373	7,855	7,888	16,116
Professional fees	10,719	126,344	29,608	166,671
Promotions	-	-	68,789	68,789
Supplies	14,021	17,508	61,545	93,074
Technology	18,289	53,388	1,616	73,293
Telephone	54,606	27,903	78	82,587
Transportation and travel	65,897	47,654	46	113,597
Trust fees	-	8,432	-	8,432
Utilities	612,834	32,269	3,023	648,126
Uncollectible pledges	-	126,901	-	126,901
Miscellaneous expenses	10,698	28,844	13,036	52,578
Total before depreciation	6,264,187	1,659,511	401,203	8,324,901
Depreciation	475,206	27,686	893	503,785
	$ 6,739,393	1,687,197	402,096	8,828,686

2013			
Total Program Services	Management and General	Development and Fund Raising	Total
2,853,554	857,798	112,420	3,823,772
195,122	75,225	9,362	279,709
184,858	48,752	14,116	247,726
235,762	48,218	8,993	292,973
878	17,476	-	18,354
3,470,174	1,047,469	144,891	4,662,534
9,954	65,728	2,159	77,841
919,237	131,650	89,110	1,139,997
54,290	13,499	35	67,824
256,737	64,288	193	321,218
87,555	32,210	3,029	122,794
1,903	57,038	-	58,941
1,625	3,293	-	4,918
44,498	2,410	-	46,908
995	2,657	442	4,094
617	11,059	6,083	17,759
5,890	86,854	40,790	133,534
-	-	24,165	24,165
8,323	22,369	73,569	104,261
21,914	33,752	7,800	63,466
56,668	20,068	409	77,145
60,873	42,862	1,342	105,077
-	6,075	-	6,075
628,806	26,605	2,727	658,138
-	34,336	-	34,336
5,590	44,954	21,862	72,406
5,635,649	1,749,176	418,606	7,803,431
431,146	32,985	918	465,049
6,066,795	1,782,161	419,524	8,268,480

Boys and Girls Clubs of the Tennessee Valley
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

		2014	2013
Cash flows from operating activities:			
Increase (decrease) in net assets	$	1,826,664	(137,913)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation		503,785	465,049
Realized and unrealized gain on investments		(139,396)	(73,619)
Gain on disposition of assets		(13,143)	(65,410)
Change in allowance for uncollectible promises to give		126,902	27,666
Change in present value discount of uncollectible promises to give		577,276	24,689
Change in operating assets and liabilities:			
Unconditional promises to give		(2,376,813)	(322,152)
Grants receivable		(240,666)	(24,364)
Fee vouchers receivable		(12,741)	(8,083)
Special events receivable		14,055	(38,074)
Interest, dividends and other receivables		42,541	(18,192)
Prepaid expenses		16,419	(45,158)
Prepaid insurance		-	(8)
Deposits		-	(4,200)
Accounts payable		433,754	(18,523)
Accrued expenses		20,048	(1,712)
Deferred revenue		(91,925)	215,988
Net cash provided (used) by operating activities		686,760	(24,016)
Cash flows from investing activities:			
Purchases of land, building and equipment		(311,898)	(88,789)
Proceeds from sale of property and equipment		15,718	398,987
Proceeds from sale of investments		346,205	782,726
Purchases of investments		(558,393)	(831,385)
Change in notes receivable		1,261	2,000
Net cash provided (used) by investing activities		(507,107)	263,539
Cash flows from financing activities:			
Proceeds of new borrowings		200,000	1,300,000
Principal payments on notes payable and line of credit		(133,094)	(1,203,731)
Net cash provided by financing activities		66,906	96,269
Net increase in cash and cash equivalents		246,559	335,792
Cash and cash equivalents - beginning of year		1,103,043	767,251
Cash and cash equivalents - end of year	$	1,349,602	1,103,043
Supplemental disclosures of cash flow information:			
Interest paid	$	63,111	63,210

The accompanying notes are an integral part of these financial statements.

Boys and Girls Clubs of the Tennessee Valley

Notes to Financial Statements

June 30, 2014 and 2013

(1) Nature of Activities and Significant Accounting Policies

(a) Nature of Activities

The Boys and Girls Clubs of the Tennessee Valley (the Organization) is a nonprofit corporation that provides services based on principles of behavioral guidance which will promote health, social education, vocational, character and leadership development of their membership.

(b) Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for Profit Organizations.* Under this standard, the Organization 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 financial statements are prepared on an accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(c) Promises to Give

Contributions are recognized when a donor makes a written promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in permanent or temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Promises to give that extend beyond one year from the end of the fiscal year are recorded at their estimated present values, discounted at 6%.

(d) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted and temporarily restricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(e) Accounts Receivable

Accounts receivable primarily consists of the following: (1) grants receivable – routine revenues receivable from federal, state and local governments; (2) fee vouchers receivable – revenues from the Department of Human Services for child care programs at Boys and Girls Club Centers in order to help with the support to allow families to work and/or attend school while promoting child physical, emotional, educational and social development; (3) special events – revenues from various fundraising events; and (4) other receivables – primarily made up of revenues due from the Tennessee Alliance of Boys and Girls Clubs, Inc. All of these receivables are considered fully collectible. Therefore, an allowance for uncollectible accounts is not considered necessary.

(continued)

(1) Nature of Activities and Significant Accounting Policies (continued)

(f) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position as unrestricted, temporarily restricted, or permanently restricted, according to donor restrictions. Unrealized gains and losses are included in the statement of activities.

(g) Property, Equipment and Depreciation

Property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation expense for the years ended June 30, 2014 and 2013 was $503,785 and $465,049, respectively, computed using the straight-line and declining balance methods over the estimated useful lives of the assets, which range from five to thirty-nine years.

(h) Compensated Absences

The Organization's policy concerning vacations requires accumulated vacation days to be used by December 31st of each year or they are forfeited. Accrued compensated absences at June 30, 2014 and 2013 of $38,300 and $53,147, respectively, are included in accrued expenses.

(i) Functional Allocation of Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

(j) Donated Services

The Organization receives significant donated services from a substantial number of unpaid volunteers who assist the Organization in many of its activities. No amounts have been recognized in the statement of activities for donated services because the criteria for recognition under Statement of Financial Accounting Standards have not been satisfied.

(continued)

Boys and Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2014 and 2013

(1) Nature of Activities and Significant Accounting Policies (continued)

(k) Income Taxes

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the Internal Revenue Service has determined that the Organization is not a private foundation under Internal Revenue Code Section 509(a).

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year 2014 and 2013.

The Organization's form 990, *Return of Organization Exempt from Income Tax*, for the years' 2011, 2012, 2013 and 2014 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

(l) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Concentration of Credit Risk for Deposits Held in Bank

The Organization's bank deposits consist of various checking and money market accounts. At June 30, 2014 and June 30, 2013, the bank deposits exceeded Federal Deposit Insurance Corporation insurance limits by $395,442 and $229,337, respectively.

Boys and Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2014 and 2013

(3) Restrictions on Net Assets

Substantially all of the restrictions on net assets at June 30, 2014 and 2013, relate to funds raised through capital campaigns and the Organization's continuing endowment campaign. The newest capital campaign, beginning in 2014, is to provide funds for a new building, technology upgrades and operations. The purpose of the previous capital campaigns is to provide funding for renovations of the Haslam Family Club University (formerly known as the Caswell location). Cash and promises to give raised through capital campaigns are temporarily restricted for campaign objectives until payments are made for the capital objectives. Interest earned on the temporary investment of such support is temporarily restricted.

The Board considers all donor restricted endowment gifts to be permanently restricted and not subject to appropriation for expenditure. All earnings are appropriated as a source to fund current expenses. The Organization's investment policies for endowment investments are the same as for other investments.

Permanently restricted endowment net assets for the years ended June 30, 2014 and 2013 have remained unchanged at $143,050.

Temporarily restricted and designated cash and investments that are invested under the same policies as and held with, the permanently restricted endowment fund were $1,685,863 and $1,356,732 at June 30, 2014 and 2013, respectively.

At June 30, 2014 and 2013, restricted net assets consisted of the following:

		2014		2013	
		Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Cash and cash equivalents	$	687,432	-	355,949	-
Investments		148,937	143,050	163,090	143,050
Capital unconditional promises to give:					
Caswell and Cansler Centers		72,507	-	74,574	-
2014-2018 Capital Campaign		2,510,933	-	-	-
Less:					
6% present value discount		(600,143)	-	(5,409)	-
Allowance for doubtful promises to give		(131,486)	-	(26,059)	-
	$	2,688,180	143,050	562,145	143,050

(continued)

Boys and Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2014 and 2013

(3) Restrictions on Net Assets (continued)

Capital unconditional promises to give are as follows at June 30, 2014:

Year Ended June 30	
2015	$ 348,401
2016	315,216
2017	394,634
2018	382,341
2019	252,648
2020	220,200
2021	220,000
2022	220,000
2023	220,000
2024	10,000
	2,583,440
6% present value discount	(600,143)
Allowance for doubtful promises to give	(131,486)
Net unconditional promises to give	$ 1,851,811

Net assets were released from donor restrictions by satisfaction of donor requirements during the years ended June 30, 2014 and 2013, and were used for the following purposes:

	2014	2013
Debt service:		
Principal	$ 57,049	139,832
Interest	-	35,338
Doubtful accounts	105,428	735
Purchase of property and equipment	54,471	12,945
Supplies	98,293	44,551
Salaries	126,765	63,567
Fundraising expenses	65,056	81,276
Repair and maintenance expenses	-	3,550
Costs to open Ft. Craig	-	22,301
Club travel to Haiti	-	11,725
Outdoor classroom	27,425	-
Security cameras	39,928	-
Operations	132,800	-
Buses for Blount County	17,515	-
Other	9,650	491
	$ 734,380	416,311

(4) Functional Allocation Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Expenses are charged directly to program, fund-raising, or management categories based on specific identification or management's allocation, based on expenditures and assessment of time and effort devoted to the respective functions. During the years ended June 30, 2014 and 2013, the Organization incurred no joint costs involving fundraising appeals.

(5) Fair Value Measurements

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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, and Level 3 inputs have the lowest priority. Definitions of these inputs are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. When no level 1 inputs are available the Organization utilizes Level 2 inputs or Level 3 inputs. No Level 2 or Level 3 inputs were utilized in 2014 or 2013.

(continued)

Boys and Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2014 and 2013

(5) Fair Value Measurements (continued)

Investments at June 30, 2014 and 2013 are as follows:

	2014			2013		
	Cost	Fair Value (Level 1 Inputs)	Unrealized Gains (Losses)	Cost	Fair Value (Level 1 Inputs)	Unrealized Gains (Losses)
Equities	$ 524,291	816,790	292,499	450,917	649,605	198,688
International equities	262,715	302,279	39,564	194,859	204,058	9,199
Fixed income	532,857	525,644	(7,213)	461,899	439,467	(22,432)
	$ 1,319,863	1,644,713	324,850	1,107,675	1,293,130	185,455

(6) Related Party Transactions

The Organization's Board of Directors and their companies are given equal opportunity to bid on items and services required by the Organization. The Organization purchased insurance totaling $116,727 in 2014 and $119,974 in 2013 from a company in which a director of the Organization is a partner. The Organization also purchased insurance totaling $2,884 in 2014 and $3,027 in 2013 from a company in which a director of the Organization is company president.

At June 30, 2014 and 2013, capital campaign pledges due from various members of the Organization's Board of Directors were $487,455 and $35,271, respectively. The pledges are receivable through June 2024.

At June 30, 2014 and 2013, various members of the Organization's Board of Directors made operating pledges to the Organization totaling $71,609 and $88,059, respectively. The pledges are receivable through 2020.

(7) Pension Plan

Effective October 1, 2009, the Organization's money purchase plan was amended to become a 401(k) plan. The amended plan allows eligible employees to make contributions of up to the maximum dollar limit which is set by law ($17,500 for 2014 and 2013). Employees who will attain age 50 before the end of the calendar year may elect to defer additional "catch-up" contributions up to the maximum dollar limit which is set by law ($5,500 for 2014 and 2013). The amended plan does not require an employer contribution. Effective November 15, 2013, the plan was restated to allow participants to borrow from their fund accounts with a maximum number of loans outstanding at two per participant. Pension contributions made for each participant represent a percentage of the participant's annual compensation. Pension expense for the years ended June 30, 2014 and 2013 was $158,294 and $279,709, respectively, which included a plan administration fee of $3,193, and $6,246, respectively.

Boys and Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2014 and 2013

(8) Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The following is a list of non-cash donations valued at greater than $30,000 by the Organization that are included within in-kind contributions:

Donor	Description		Estimated Fair Value 2014	2013
Knoxville Community Development Corporation	Utilities and maintenance	$	226,566	226,566
Lamar Billboards	Ignite greatness advertising		-	35,000
Comcast	Ignite greatness advertising		-	54,110

Donated material and supplies totaling $235,846 and $238,003 for the years ended June 30, 2014 and 2013, respectively, are included in special event revenue and expenses. The following is a list of special events donations valued at greater than $30,000 by the Organization:

Donor	Description		Estimated Fair Value 2014	2013
Knoxville News Sentinel	Advertising	$	41,342	54,318
WIVK (Cumulus)	Advertising		40,325	32,700
WBIR	Advertising		47,600	40,000

(9) Deferred Revenue

Deferred revenue activity for the years ended June 30, 2014 and 2013, was as follows:

		2014	2013
Hall of Fame ticket sales	$	39,700	105,460
Hall of Fame sponsor donations		68,900	72,800
Hall of Fame other donations		7,314	3,600
Duck Race sponsor donations		30,500	28,000
Duck Race donations		28	3,276
Duck Race adoptions		88,900	105,715
Duck Race auction		-	2,025
Duck Race merchandise sales		16	1,007
Loudon County Golf sponsor donations		-	5,000
Anderson County Golf sponsor donations		1,200	400
Anderson County Golf entry fees		-	1,200
	$	236,558	328,483

Boys and Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2014 and 2013

(10) Property, Equipment and Accumulated Depreciation

At June 30, 2014 and 2013, property, equipment and accumulated depreciation consist of the following:

	2014	2013
Land	$ 410,335	410,335
Building and improvements	10,292,549	10,185,097
Educational equipment	172,155	172,155
Office furniture and equipment	1,319,311	1,212,262
Kitchen and food preparation equipment	49,898	49,898
Vehicles	386,094	394,579
Machinery and equipment	19,607	17,807
Fundraising equipment	43,776	43,776
Playground equipment	430,075	421,575
Construction in progress	114,283	75,000
	13,238,083	12,982,484
Less accumulated depreciation	(5,940,237)	(5,490,176)
	$ 7,297,846	7,492,308

(11) Leases

The Organization leases its Vestal facilities from the City of Knoxville for $37,938 per year. Under the terms of the agreement, the City has granted the Organization the perpetual right to occupy this location as long as the Organization provides its activities to youth. In the event the Organization no longer provides activities for youth, the City may terminate the lease at any time without cause upon 30 days written notice.

The Organization leases its Fort Craig facilities from the City of Maryville for $500 a month. The original contract expired June 30, 2014 but was renewed through June 30, 2015 with the option to renew for additional one year terms.

Future minimum lease payments under non-cancelable leases at June 30, 2014 are as follows:

Years ended June 30	Operating Leases
2015	$ 43,938
2016	37,938
2017	37,938
2018	37,938
2019	37,938

Boys and Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2014 and 2013

(12) Operating Unconditional Promises to Give

During fiscal year 2014, the Organization conducted an annual pledge campaign. The Organization had $336,819 in pledge receivables at June 30, 2014 related to the annual pledge campaign.

Future pledge payments at June 30, 2014 are as follows:

Years ended June 30		
2015	$	146,235
2016		123,275
2017		18,937
2018		18,919
2019		17,362
2020		12,091
		336,819
less: 6% present value discount		(28,486)
		308,333
Allowance for uncollectible pledges		(64,057)
Net unconditional promises to give	$	244,276
Amounts due in less than one year	$	146,235
Amounts due in one to five years		98,041
	$	244,276

(13) Line of Credit

On January 22, 2013, the Organization entered into a $450,000 line of credit with a local bank to provide funds for short-term operating needs, capital campaigns and renovations or furnishing of locations. This line of credit was renewed on October 21, 2013. The line of credit is collateralized by property on Dry Gap Pike. On February 28, 2013, $100,000 was drawn against this line of credit. $200,000 was drawn down in $100,000 increments on November 13, 2013 and December 11, 2013. As of June 30, 2014, $85,000 has been repaid leaving a balance remaining of $215,000 due October 7, 2023. Interest is payable monthly at the bank's base rate, which was 4.0% at June 30, 2014. Interest expense on the line of credit for the years ended June 30, 2014 and 2013 was $8,471 and $1,356, respectively.

Boys and Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2014 and 2013

(14) Notes Payable

The Organization has the following notes payable:

		2014	2013
(a) Note payable to a bank, payable in monthly installments of $556 plus interest at 4.0% through July 27, 2015, collateralized by a first mortgage on the Lenoir City facility.	$	33,906	40,579
(b) Note payable to a bank in monthly payments of $7,639 for 240 months, including interest at 4.5% through March 5, 2033. The note is collateralized by property at 407 Caswell Avenue and a commercial loan security agreement.		1,150,038	1,191,459
		1,183,944	1,232,038
Less: current maturities		(46,690)	(44,766)
	$	1,137,254	1,187,272

Future maturities of notes payable at June 30, 2014 are as follows:

Years ended June 30		
2015	$	46,690
2016		68,980
2017		43,828
2018		45,870
2019		48,007
Thereafter		930,569
	$	1,183,944

(15) Rental Income

The Organization leases a portion of the Moses Center to the City of Knoxville on a month-to-month basis under a verbal agreement for a monthly rent of $3,334.

In February 2012, the Organization began renting a portion of its Caswell Avenue facilities to Living Stone Fellowship Church at a rate of $1,500 per month.

On April 1, 2010 the Organization began renting a portion of its Lenoir City facilities on a month-to-month basis at a rate of $1,250 per month. In August, 2012, this rate increased to $1,750. On November 1, 2013 a three year contract was signed for a monthly rate of $2,050.

On September 19, 2010 the Organization entered into an agreement to lease a portion of its Halls/Powell facilities to White Stone Church at a rate of $1,400 per month. This contract is to be reviewed annually.

(continued)

(15) Rental Income (continued)

On April 19, 2013 the Organization entered into an agreement to rent a portion of its Moses Center for $833 per month. This contract is to be reviewed annually.

Total rental income for 2014 and 2013 was $117,223 and $123,255, respectively.

(16) Service Agreement

On January 1, 2014, the Organization entered into a twelve-month service agreement with the Tennessee Alliance of Boys and Girls Clubs, Inc. and the Boys & Girls Clubs in Tennessee, both Tennessee nonprofit corporations. The agreement provides that the Organization will manage the administrative and operational services for the Boys & Girls Clubs in Tennessee and the Tennessee Alliance of Boys and Girls Clubs, Inc., and bill the Tennessee Alliance of Boys and Girls Clubs, Inc., on a quarterly basis for all costs incurred on behalf of the Tennessee Alliance of Boys and Girls Clubs, Inc. and the Boys & Girls Clubs in Tennessee. In addition, a quarterly contract fee is to be paid to the Organization in the amount of $36,480. Reimbursements of expenses received under this agreement for the year ended June 30, 2014 totaled $72,960.

(17) Subsequent Events

Subsequent events have been evaluated through March 23, 2015 which is the date the financial statements were available to be issued. Based upon that evaluation the following events are noted:

- On January 1, 2015 the Organization renewed its service agreement with the Tennessee Alliance of Boys and Girls Clubs, Inc. and the Boys & Girls Clubs in Tennessee, both Tennessee nonprofit corporations. Under the renewed agreement the Organization will bill the Boys & Girls Clubs in Tennessee a quarterly service fee of $36,277 and other out-of-pocket costs incurred on behalf of the Boys & Girls Clubs in Tennessee and the Tennessee Alliance of Boys and Girls Clubs, Inc. The Tennessee Alliance of Boys and Girls Clubs will reimburse the Boys & Girls Clubs in Tennessee for a portion of the expenses through contributions.

- On July 29, 2014, the Organization drew down $130,000 from the line of credit.

- On December 3, 2014 the Organization sold the Moses Building at 220 Carrick Street to Emerald Charter Schools for $700,000.

- Subsequent to year end, the Organization's administrative offices were moved to Alexander Place (Shafer Building) located at 1100 Marion Street, Knoxville, Tennessee. A lease agreement was entered into on November 26, 2014, for an eighteen month period beginning January 1, 2015 and ending June 30, 2016, at a monthly rate of $5,213.

(continued)

Boys and Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2014 and 2013

(17) Subsequent Events (continued)

- The Organization entered into an agreement in February, 2015, with a company as its representative to oversee the various stages of project design and construction. This agreement is for a three year period February 20, 2015 through February 19, 2018, and automatically renews for additional one year periods up to five years unless written notice is given by either party. The contract will require the Organization to compensate the company for its services at 2% of certain budgeted projects.

- The Board of Directors has approved the issuance of a $10,700,000 construction loan with a local bank for the construction of the New Youth Center Building on Caswell Avenue.

- Subsequent to year end, The Board of Directors approved the use of the proceeds from the sales of the Cansler and Moses Buildings to be used as follows: $143,000 for plumbing and mechanical renovations for the new Carter Club, $345,000 to pay off the line of credit balance in 2015, $104,320 to pay off educational loans for the Organization's President and Chief Executive Officer, $300,000 to be reserved for the construction of the new building, and $34,212 transferred into the endowment funds.

(18) Reclassifications

Certain items previously reported in the 2013 financial statements have been reclassified to facilitate the presentations in the 2014 financial statements.

ACCOMPANYING INFORMATION

Boys and Girls Clubs of the Tennessee Valley

Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2014

CFDA Number	Description
Federal Awards:	
	Major Programs:
	Direct Assistance from U.S. Department of Education
84.044	TRIO Talent Search (PO44A060162)
84.047A	TRIO Upward Bound (PO47A120880)
84.047A	TRIO Upward Bound (PO47A120893)
	Passed through State of Tennessee Department of Human Services from U.S. Department of Agriculture
10.558	Child and Adult Care Food Program (CACFP)
	Total major programs
	Non-major Programs:
	Passed through State of Tennessee Department of Health from U.S. Department of Health and Human Services
93.235	Abstinence Education Program (34347-36012)
	Passed through Boys & Girls Clubs in Tennessee from U.S. Department of Education
84.048	Career Technical Education (CTE) Grant
	Passed through Boys & Girls Clubs in Tennessee from U.S. Department of Education
23.001	Appalachian Regional Commission (ARC) Grant
	Direct Assistance from U.S. Department of Education
84.215	Carol M. White Physical Education Program (PEP) Grant
	Direct Assistance from U.S. Department of Justice
16.726	Second Chance Act Juvenile Mentoring Initiative (2010-JU-FX-0006)
	Passed through Boys and Girls Clubs of America from U.S. Department of Justice
16.726	Office of Justice Program (OJP-2011-24146)
16.726	Office of Justice Program (OJP-2012-29712)
16.726	Office of Justice Program (OJP-2012-29714)
16.726	Office of Justice Program (OJP-2012-29716)
16.726	Office of Justice Program (OJP-2013-32523)
16.726	Office of Justice Program (OJP-2013-32525)
	Passed through State of Tennessee Department of Education from U.S. Department of Education
84.287	21st Century Grant (33119-00113)
84.287	21st Century Grant (33109-03013)
84.287	21st Century Grant (33109-00513)
	Passed through State of Tennessee Commission on Children and Youth from U.S. Department of Justice
16.540	Disproportionate Minority Contract (31601-03013)
	Total non-major programs
	Total federal awards

Balance July 1, 2013	Cash Receipts	Expenditures	Balance June 30, 2014	
$ (9,157)	218,774	229,022	(19,405)	1)
(17,219)	84,120	66,901	-	
(16,921)	72,005	55,084	-	
-	486,035	486,035	-	
(43,297)	860,934	837,042	(19,405)	
(4,434)	65,796	70,100	(8,738)	1)
-	15,000	15,000	-	
-	6,325	6,325	-	
-	-	17,084	(17,084)	1)
(12,670)	59,736	47,066	-	
(3,350)	3,350	-	-	
(6,724)	14,995	8,271	-	
(6,602)	13,364	6,762	-	
(5,597)	15,075	9,478	-	
-	10,227	18,161	(7,934)	1)
-	3,108	9,743	(6,635)	1)
-	190,828	438,072	(247,244)	1)
(87,378)	342,505	335,203	(80,076)	1)
(26,615)	148,303	121,688	-	
(7,093)	22,585	35,081	(19,589)	1)
(160,463)	911,197	1,138,034	(387,300)	
(203,760)	1,772,131	1,975,076	(406,705)	

(continued)

Boys and Girls Clubs of the Tennessee Valley
Schedule of Expenditures of Federal and State Awards (continued)
Year Ended June 30, 2014

CFDA Number	Description
State Awards:	
	Direct Assistance from Tennessee Department of Mental Health and Substance Abuse Services
N/A	The Comprehensive Alcohol, Tobacco and Other Drug Prevention Services for Youth (31309)
N/A	The Comprehensive Alcohol, Tobacco and Other Drug Prevention Services for Youth (37271)
	Direct Assistance from Tennessee Department of Education
N/A	LEAP Grant (33119-00113)
	Total state awards
	Total federal and state awards

1) Due from grantor

Note A - Basis of Presentation

The schedule of expenditures of federal and state awards includes the federal and State of Tennessee grant activity of the Boys and Girls Clubs of the Tennessee Valley and is presented on the accrual basis of accounting.

	Balance July 1, 2013	Cash Receipts	Expenditures	Balance June 30, 2014	
$	(7,020)	7,020	-	-	
	-	69,275	95,000	(25,725)	1)
	(40,097)	212,720	215,827	(43,204)	1)
	(47,117)	289,015	310,827	(68,929)	
$	(250,877)	2,061,146	2,285,903	(475,634)	

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Boys and Girls Clubs of the Tennessee Valley
Knoxville, Tennessee

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 the Boys and Girls Clubs of the Tennessee Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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 March 23, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Boys and Girls Clubs of the Tennessee Valley's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Boys and Girls Clubs of the Tennessee Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

J. Wesley Edmondson • Tim Royster • Jenny C. Raines • Michelle Herrell • Jennifer M. Blackwood
P.O. Box 50846, Knoxville, TN 37950-0846 • Telephone (865) 691-8000 • FAX (865) 691-3064 • 6504 Deane Hill Drive, Knoxville, TN 37919

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boys and Girls Clubs of the Tennessee Valley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HG&A Associates, P.C.

Knoxville, Tennessee
March 23, 2015

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Directors
Boys and Girls Clubs of the Tennessee Valley
Knoxville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the Boys and Girls Clubs of the Tennessee Valley's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Boys and Girls Clubs of the Tennessee Valley's major federal programs for the year ended June 30, 2014. Boys and Girls Clubs of the Tennessee Valley's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Boys and Girls Clubs of the Tennessee Valley's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Boys and Girls Clubs of the Tennessee Valley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Boys and Girls Clubs of the Tennessee Valley's compliance.

Opinion on Each Major Federal Program

In our opinion, Boys and Girls Clubs of the Tennessee Valley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Boys and Girls Clubs of the Tennessee Valley is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Boys and Girls Clubs of the Tennessee Valley's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Boys and Girls Clubs of the Tennessee Valley's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

HG&A Associates, P.C.

Knoxville, Tennessee
March 23, 2015

BOYS AND GIRLS CLUBS OF THE TENNESSEE VALLEY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Boys and Girls Clubs of the Tennessee Valley.
2. There were no significant deficiencies relating to the audit of the financial statements reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the Boys and Girls Clubs of the Tennessee Valley were disclosed during the audit.
4. There were no significant deficiencies in internal control over major federal award programs disclosed during the audit as reported in the auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
5. The auditors' report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 for the Boys and Girls Clubs of the Tennessee Valley expresses an unqualified opinion.
6. There are no audit findings relative to major federal award programs for the Boys and Girls Clubs of the Tennessee Valley.
7. The TRIO Talent Search (CFDA No. 84.044), TRIO Upward Bound (CFDA No. 84.047A) and Child and Adult Care Food Program (CFDA No. 10.558) were tested as major programs.
8. The threshold for distinguishing Type A and Type B programs was $300,000.
9. Boys and Girls Clubs of the Tennessee Valley was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None. There were no prior year audit findings.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None. There were no prior year audit findings.