ASSOCIATION OF TENNESSEE VALLEY GOVERNMENTS
FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2025

ASSOCIATION OF TENNESSEE VALLEY GOVERNMENTS

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Association of Tennessee Valley Governments

Opinion

We have audited the accompanying financial statements of the Association of Tennessee Valley Governments (Association) (a non-profit organization), which comprise the statement of financial position as of June 30, 2024 and 2025, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2024 and 2025, 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 of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Association 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 aggregate, that raise substantial doubt about the Association'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 the 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 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, 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 the Association'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 the Association'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.

/s/ Eric B. Greer

Eric Greer, CPA
Brentwood, Tennessee

October 25, 2026

ASSOCIATION OF TENNESSEE VALLEY GOVERNMENTS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024 AND 2025

ASSETS	**2024**	**2025**
CURRENT ASSETS		
Cash	$ 132,488	$ 145,264
Prepaid Expenses	993	1,998
Total Current Assets	133,481	147,262
PROPERTY, PLANT AND EQUIPMENT		
Office Equipment	3,444	3,444
Accumulated Depreciation	(2,371)	(2,728)
Net Property, Plant and Equipment	1,073	716
TOTAL ASSETS	$ 134,554	$ 147,978
NET ASSETS		
NET ASSETS		
Without Donor Restrictions	$ 134,554	$ 147,978
TOTAL NET ASSETS	$ 134,554	$ 147,978

ASSOCIATION OF TENNESSEE VALLEY GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2025

	2024	2025
REVENUE AND SUPPORT		
Contributions - Membership Dues	$ 86,161	$ 87,158
Interest Income	2,610	4,482
Registration Fees	24,290	23,700
Total Revenue and Support	113,061	115,340
EXPENSES		
Insurance	3,323	3,311
Contracted Services	58,800	51,000
Postage	873	728
Meeting Expense	36,571	28,134
Miscellaneous	5,386	14,464
Depreciation	357	357
Travel and Entertainment	17,970	3,922
Total Expenses	123,280	101,916
CHANGE IN NET ASSETS	$ (10,219)	$ 13,424
NET ASSETS, BEGINNING OF FISCAL YEAR	$ 144,773	$ 134,554
NET ASSETS, END OF FISCAL YEAR	$ 134,554	$ 147,978

ASSOCIATION OF TENNESSEE VALLEY GOVERNMENTS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2025

For the Year Ended June 30, 2024

	Program Services	General and Administrative	Total Expenses
Insurance	$ 1,662	$ 1,661	$ 3,323
Contracted Services	29,400	29,400	58,800
Postage	-	873	873
Meeting Expense	18,286	18,285	36,571
Miscellaneous	2,693	2,693	5,386
Depreciation	-	357	357
Travel and Entertainment	8,985	8,985	17,970
Total Expenses	$ 61,026	$ 62,254	$ 123,280

For the Year Ended June 30, 2025

	Program Services	General and Administrative	Total Expenses
Insurance	$ 1,656	$ 1,655	$ 3,311
Contracted Services	25,500	25,500	51,000
Postage	-	728	728
Meeting Expense	14,067	14,067	28,134
Miscellaneous	7,232	7,232	14,464
Depreciation	-	357	357
Travel and Entertainment	1,961	1,961	3,922
Total Expenses	$ 50,416	$ 51,500	$ 101,916

ASSOCIATION OF TENNESSEE VALLEY GOVERNMENTS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2025

	2024	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (10,219)	$ 13,424
Adjustments to Reconcile Change in Net Assets to Net Cash Used for Operating Activities:		
Depreciation	357	357
(Increase) Decrease in Current Assets		
Prepaid Expenses	(29)	(1,005)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(9,891)	12,776
NET INCREASE (DECREASE) IN CASH	(9,891)	12,776
CASH AT BEGINNING OF FISCAL YEAR	142,379	132,488
CASH AT END OF FISCAL YEAR	$ 132,488	$ 145,264

NOTE 1 - NATURE OF ACTIVITIES

The Association of Tennessee Valley Counties (ATVC) was chartered by the State of Tennessee as a not-for profit corporation on December 8, 1981. On June 2, 1995, the name was changed to the Association of Tennessee Valley Governments (the Association) to more accurately reflect the mission of the Association. The purpose for which the Association was organized is to improve the communication and understanding between county and city governments in the Tennessee Valley Authority (TVA) region, to develop consistent policies and priorities to enhance the effectiveness of TVA programs applicable to county and city governments, to provide research, support and assistance to the memberships pertaining to local, state and federal programs, policies and laws, and to represent the view of the member counties and cities before the TVA Board of Directors or its staff. Local government membership in the Association is open to each of the 201 counties plus the incorporated cities/towns that reside within the seven-state TVA region of Alabama, Georgia, Kentucky, Mississippi, North Carolina, Tennessee and Virginia. Each local government member is represented in the Association by the chief elected executive officer or by his/her designated representative. Dues for local government members are based on the 1990 census as follows: Counties dues are calculated as 1.2 cents x 1990 population or $400/minimum and $2,200 maximum. Towns/Cities dues are calculated as 25 percent of county payment or $300 minimum and $700 maximum. In addition, the Association offers an affiliate membership. The Affiliate Membership program addresses challenges in the seven-state Tennessee Valley region by encouraging a partnership between local governments and the public and private sectors. Membership is open to any corporate, state government, academic, and nonprofit organization that wants to support and be affiliated with the Association. Affiliate members participate fully in the activities of the Association. They are invited to attend meetings and to take an active role in implementing the “Program of Work”. Members are recognized in the Association publications and at meetings and events throughout the year. The Association policy is developed by the Board of Directors. Elected to serve staggered three-year terms, the Association Board members are from each geographical region. In addition, past presidents serve on the Board of Directors. The day-to-day operations of the Association are the responsibility of the Executive Director. The Association has no shareholders.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Association are reported using the accrual basis of accounting in conformity with generally accepted accounting principles. In the accrual basis of accounting, revenues are generally recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the guidance of the *Financial Accounting Standards Board Accounting Standards Codification* (FASB ASC). The Association is required to report

information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets with donor restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue Recognition

Program service revenues include registration fees for annual and quarterly meetings and events. The performance obligation is the actual event being held. Revenues from registration fees are recognized at time the event takes place. Revenues from sponsorships are in essence a contribution to the Association to help defray costs of the program and are recognized when the condition of having the event takes place. Sponsors may receive free admission to the event and revenue would be recognized for the part that represents the free tickets, once the event takes place. If revenue from program service and registration fees are received before the event and are conditioned upon the event’s occurrence, these are classified as contract liabilities and are recognized in revenue at the time of the event. Reimbursements are recognized once the Association has billed the third party for goods and services rendered. Membership dues are deemed a contribution as there is no exchange component of the dues. Revenue Recognition (Continued) The Association recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities and 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 these estimates.

Capital Assets

Capital assets are carried at cost less appropriate allowances for depreciation. Depreciation is provided by the straight-line method over the estimated useful lives of the assets ranging from 5-15 years. Maintenance and repairs are charged to expenses as incurred; major renewals, assets and betterments costing at least $500 are capitalized. When items of equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program, and general and administrative. Such allocations are determined by management on an equitable basis. Management allocated the following natural expense categories based on time and effort spent for each respective function: insurance, contracted services, meeting expense, miscellaneous expenses, and travel and entertainment.

Income Taxes

The Association is a nonprofit organization that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code.

Cash

For purposes of the Statement of Cash Flows, the Association considers all cash and cash deposits with initial maturities of three months or less to be cash.

Subsequent Events

The Association has evaluated subsequent events through October 25, 2026, the date which the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association meets cash needs for expenditures primarily with dues received throughout the year. Financial assets available to meet cash needs for general expenditure within one year is as follows:

	2024	2025
Cash	$ 132,488	$ 145,264

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment owned by the Association as of June 30, 2024 and 2025 are stated at cost. Items are capitalized which have an estimated useful life of more than a year. Depreciation is computed by the straight-line method over the estimated useful lives of the assets.

NOTE 5 - CONCENTRATIONS

The Association receives approximately 75% of its support from local government membership dues. A substantial reduction in the level of this support, should it occur, would have a significant effect on the activities and programs.

NOTE 6 - UNCERTAIN TAX POSITIONS

The Association follows FASB ASC, which provides guidance on accounting for uncertainty in income taxes recognized in the Association's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2024 and 2025, the Association had no uncertain tax positions that qualify for either recognition or disclosure in the Association's financial statements. The Association's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were recorded during the years ended June 30, 2024 and 2025.

NOTE 7 - RELATED PARTY

The Association has a contract for client services with a company owned in part by the executive director. Total paid by the Association to the company for each of the fiscal years ended June 30, 2024 and 2025 was approximately $21,000, respectively.