

**TENNESSEE ALLIANCE FOR LEGAL SERVICES**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**December 31, 2015**

# TENNESSEE ALLIANCE FOR LEGAL SERVICES

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Tennessee Alliance for Legal Services  
Nashville, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Tennessee Alliance for Legal Services (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Alliance for Legal Services as of December 31, 2015, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance 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 May 6, 2016 on our consideration of Tennessee Alliance for Legal Services' 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 Tennessee Alliance for Legal Services' internal control over financial reporting and compliance.

*Fraser, Dean & Howard, PLLC*

Nashville, Tennessee  
May 6, 2016

**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2015**

**Assets**

Current assets:	
Cash and cash equivalents	\$ 147,676
Investments	39,432
Accounts receivable	8,674
Grants and contracts receivable	52,498
Prepaid expenses	<u>5,052</u>
Total current assets	253,332
Office furniture and equipment, net of accumulated depreciation of \$91,393	6,954
Other assets	<u>3,700</u>
Total assets	<u><u>\$ 263,986</u></u>

**Liabilities and Net Assets**

Current liabilities:	
Accounts payable	\$ 12,494
Legal assistance payable	47,250
Accrued expenses	22,116
Other liabilities	<u>1,480</u>
Total liabilities	83,340
Net assets	<u>180,646</u>
Total liabilities and net assets	<u><u>\$ 263,986</u></u>

See accompanying notes.

**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2015**

Support and revenue:	
Grants and contract income	\$ 595,837
Helpline	70,960
Equal Justice Conference	50,921
HELP4TN.org	17,000
Other income	7,343
Online Tennessee Justice	3,000
Task Force training fees	1,425
Interest income	39
Investment loss, net	<u>(568)</u>
Total support and revenue	<u>745,957</u>
Expenses:	
Program services	576,603
Administrative	30,849
Fundraising	28,944
Outreach	<u>57,730</u>
Total expenses	<u>694,126</u>
Change in net assets	51,831
Net assets at beginning of year	<u>128,815</u>
Net assets at end of year	<u><u>\$ 180,646</u></u>

See accompanying notes.

**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2015**

	Program Services									Support Services				Total Expenses
	Task Force	State Contracts	HELP-4TN.org	Legislative and Policy	Online Tennessee Justice	Helpline	Equal Justice Conference	Automated Forms	Total	Admini-strative	Fund-raising	Outreach	Total	
Salaries and taxes	\$20,558	\$ 15,583	\$ 13,682	\$ 42,119	\$ 20,711	\$ 62,800	\$ 38,845	\$ -	\$214,298	\$20,199	\$19,476	\$ 33,379	\$ 73,054	\$ 287,352
Legal assistance	-	188,570	-	-	-	-	-	-	188,570	-	-	-	-	188,570
Professional fees	6,800	695	608	31,308	924	2,343	3,691	-	46,369	2,065	1,653	2,250	5,968	52,337
Employee benefits	4,450	2,212	2,877	9,212	2,970	8,562	7,247	-	37,530	2,309	3,999	6,678	12,986	50,516
Equal Justice Conference	-	-	-	-	-	-	31,360	-	31,360	-	-	-	-	31,360
Rent	2,539	1,493	1,305	6,915	1,985	5,029	3,904	-	23,170	2,018	1,940	3,193	7,151	30,321
Computer and website	2,268	489	1,658	2,264	650	1,646	1,278	-	10,253	760	635	2,233	3,628	13,881
Staff travel	-	26	-	180	470	1,115	-	-	1,791	-	-	4,126	4,126	5,917
Printing and copying	531	197	172	913	262	664	516	-	3,255	1,763	256	640	2,659	5,914
Telephone and internet	1,042	221	194	1,025	294	746	579	-	4,101	299	288	473	1,060	5,161
Depreciation	360	212	185	980	281	713	553	-	3,284	286	275	452	1,013	4,297
Insurance	257	151	132	700	474	783	395	-	2,892	204	197	323	724	3,616
Staff costs	63	37	237	360	49	779	143	-	1,668	240	48	1,549	1,837	3,505
Dues and subscriptions	22	13	11	1,203	17	44	34	-	1,344	17	17	1,176	1,210	2,554
Outreach	-	-	456	-	-	456	-	-	912	-	-	995	995	1,907
Office supplies	172	69	61	320	92	233	181	-	1,128	93	90	148	331	1,459
Task force	1,221	-	-	-	-	-	-	-	1,221	-	-	-	-	1,221
CLE filing expense	250	-	-	-	-	-	963	-	1,213	-	-	-	-	1,213
Automated forms project	-	-	-	-	-	-	-	1,144	1,144	-	-	-	-	1,144
Conference calls	77	45	40	210	60	153	119	-	704	62	59	97	218	922
Board of Directors meetings	-	-	-	-	-	-	-	-	-	350	-	-	350	350
Miscellaneous	-	-	10	-	-	160	-	-	170	138	-	-	138	308
Postage	14	14	11	39	18	36	34	-	166	11	11	18	40	206
Bank fees	37	-	-	-	-	-	23	-	60	35	-	-	35	95
	<u>\$40,661</u>	<u>\$210,027</u>	<u>\$ 21,639</u>	<u>\$ 97,748</u>	<u>\$ 29,257</u>	<u>\$ 86,262</u>	<u>\$ 89,865</u>	<u>\$ 1,144</u>	<u>\$576,603</u>	<u>\$30,849</u>	<u>\$28,944</u>	<u>\$ 57,730</u>	<u>\$ 117,523</u>	<u>\$ 694,126</u>

See accompanying notes.

**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2015**

Cash flows from operating activities:	
Change in net assets	\$ 51,831
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,297
Realized and unrealized loss on securities, net	3,458
Changes in operating assets and liabilities:	
Accounts receivable	(1,543)
Grants and contracts receivable	50,399
Prepaid expenses	(3,330)
Accounts payable	6,753
Legal assistance payable	(56,487)
Accrued expenses	<u>(98)</u>
Net cash provided by operating activities	<u>55,280</u>
Cash flows from investing activities:	
Purchase of investments	(42,890)
Purchase of office furniture and equipment	<u>(599)</u>
Net cash used in investing activities	<u>(43,489)</u>
Net increase in cash and cash equivalents	11,791
Cash and cash equivalents, at beginning of year	<u>135,885</u>
Cash and cash equivalents, at end of year	<u><u>\$ 147,676</u></u>

See accompanying notes.



**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Tennessee Alliance for Legal Services (the “Alliance”) is a statewide nonprofit corporation that strengthens the delivery of civil legal help to vulnerable Tennesseans by serving as a statewide coordination point for civil justice issues; educating policy makers, advocates and the public about civil justice issues and connecting vulnerable Tennesseans with civil legal help.

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Alliance and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Alliance and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Alliance had no temporarily restricted net assets at December 31, 2015.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Alliance. Generally the donors of these assets permit the Alliance to use all or part of the income on related investments for general or specific purposes. The Alliance had no permanently restricted net assets at December 31, 2015.

**Cash Equivalents**

The Alliance considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Investments**

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains and losses are reflected in the statement of activities.

**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value Measurements**

Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1     Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Alliance has the ability to access.

Level 2     Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are unobservable for the asset or liability;
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3     Inputs to the valuation methodology are unobservable and reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Mutual funds – valued at the net unit value of the shares held by the fund at year end based on the underlying fund closing price.

No changes in the valuation methodologies were made during 2015.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Alliance's 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 estimate of fair value at the reporting date.

**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables**

Accounts and grants receivable are reviewed periodically as to their collectability. Management provides for losses on receivables using the allowance method. Based on collection experience and management's review, no allowance for doubtful accounts is considered necessary at December 31, 2015.

**Office Furniture and Equipment**

Office furniture and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Depreciation is provided using the straight-line basis over the estimated useful lives of the respective assets, which range from 3 – 5 years. Expenditures for repairs and maintenance are charged to expense as incurred. Major purchases and betterments are capitalized.

**Income Tax Status**

The Alliance is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Alliance is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

The Alliance follows Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") guidance concerning the accounting for income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Alliance does not believe there are any uncertain tax positions at December 31, 2015. Additionally, the Alliance has not recognized any tax related interest and penalties in the accompanying financial statements. Federal tax years that remain open for examination include the years ended December 31, 2012 through December 31, 2015.

**Revenue**

Grant awards are recognized when the grantor makes a promise to give to the Alliance that is, in substance, unconditional. Grant awards that are restricted by the grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the grant awards are recognized. All other grantor-restricted grant awards are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses**

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimates by management.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 those estimates.

**Subsequent Events**

The Alliance evaluated subsequent events through May 6, 2016 when these financial statements were available to be issued. The Alliance is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**NOTE 2 – EMPLOYEE BENEFIT PLANS**

The employees of the Alliance are covered under a simplified employee pension (“SEP”) plan. Contributions are made by the Alliance to the SEP plan on behalf of all employees, as determined by the board of directors based on each employee’s total compensation. Retirement expense for the year ended December 31, 2015 was \$7,480.

**NOTE 3 – INVESTMENTS**

Investments are stated at fair value determined based on active markets (Level 1), and consist of the following at December 31, 2015:

Mutual funds – moderate allocation	\$ <u>39,432</u>
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**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015**

**NOTE 3 – INVESTMENTS (Continued)**

Investment income, net, consists of the following for the year ended December 31, 2015:

Interest and dividends	\$ 2,890
Realized and unrealized loss on investments	<u>(3,458)</u>
	<u>\$ (568)</u>

**NOTE 4 – CONCENTRATIONS**

Substantially all of the Alliance's receivables are from the State of Tennessee, Department of Children's Services; State of Tennessee, Department of Human Services; and the State of Tennessee, Administrative Office of the Courts. Approximately 86% of support and revenues were derived from these three agencies during the year ended December 31, 2015. These concentrations expose the Alliance to vulnerability and reliance on these agencies.

**NOTE 5 – OPERATING LEASE COMMITMENTS**

The Alliance entered into a lease agreement for its office space on July 17, 2007. The original term of the agreement was September 1, 2007 through August 31, 2012. The lease agreement was amended in 2012 to extend the term of the lease through July 31, 2015, and further amended during 2015 to extend the term of the lease through July 31, 2018. The Alliance subleases a portion of its office space to the National Association of Social Workers and Tennessee Citizen Action, Inc. Rent expense and rent income totaled \$50,535 and \$20,214, respectively, for the year ended December 31, 2015.

The Alliance entered into an operating agreement on November 30, 2010 for a copy machine. The term of the lease was for \$290 per month for 60 months. The operating agreement was amended on October 7, 2015. The term of the amendment of the lease was for \$109 per month for 48 months. Total payments for office equipment were \$5,696 for the year ended December 31, 2015.

The Alliance's future minimum lease payments at December 31, 2015 are as follows:

<u><b>Year ended</b></u> <u><b>December 31,</b></u>	<u><b>Lease</b></u> <u><b>Rentals</b></u>
2016	\$ 52,028
2017	53,876
2018	32,602
2019	<u>981</u>
	<u>\$ 139,487</u>

**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015**

**NOTE 6 – DONATED SERVICES**

Officers, members of the Board of Directors, and other members of the Alliance have assisted the Alliance in the accomplishment of its goals and objectives by the donation of their time and services. No amounts have been reflected in the financial statements as the criteria for recognition of such volunteer effort have not been satisfied.

## **SUPPLEMENTAL INFORMATION**

**TENNESSEE ALLIANCE FOR LEGAL SERVICES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**For the Year Ended December 31, 2015**

Grant Description	CFDA Number	Contract Number	Receivable December 31, 2014	Cash Receipts	Expenditures	Receivable December 31, 2015
<b>Federal Awards:</b>						
<u>U.S. Department of Human Services</u>						
<i>Passed through State of Tennessee, Department of Human Services</i>						
Assistance to Disabled Families First Participants						
Qualifying for Supplemental Security Income*	n/a	GR 13-38126	\$ 21,276	\$ 82,409	\$ 84,286	\$ 23,153
Total Department of Human Services			21,276	82,409	84,286	23,153
<i>Passed through State of Tennessee, Department of Children's Services</i>						
Legal Services for Grier Lawsuit*	n/a	359.10-100-72	81,621	177,450	125,174	29,345
Total Department of Children's Services			81,621	177,450	125,174	29,345
<b>Total Federal Awards</b>			<b>102,897</b>	<b>259,859</b>	<b>209,460</b>	<b>52,498</b>
<b>State Financial Assistance:</b>						
<i>Administrative Office of the Courts</i>						
Civil Legal Representation of Indigents Funds	n/a	n/a	-	385,233	385,233	-
Helpline	n/a	n/a	-	44,425	44,425	-
Total State of Tennessee Administrative Office of the Courts			-	429,658	429,658	-
<b>Total State Financial Assistance</b>			<b>-</b>	<b>429,658</b>	<b>429,658</b>	<b>-</b>
<b>Total Federal Awards and State Financial Assistance</b>			<b>\$ 102,897</b>	<b>\$ 689,517</b>	<b>\$ 639,118</b>	<b>\$ 52,498</b>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of Tennessee Alliance for Legal Services under programs of the federal and state governments for the year ended December 31, 2015. The schedule is presented using the accrual basis of accounting. Grant revenues are recognized when the related program expenditures are incurred.

\* This grant was passed through to subrecipients: Legal Aid of Middle Tennessee, Legal Aid of East Tennessee, West Tennessee Legal Services and Memphis Area Legal Services.





**INDEPENDENT AUDITOR'S 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 of  
Tennessee Alliance for Legal Services

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 Tennessee Alliance for Legal Services (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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 May 6, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tennessee Alliance for Legal Services' 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 Tennessee Alliance for Legal Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Tennessee Alliance for Legal Services' 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tennessee Alliance for Legal Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Tennessee Alliance for Legal Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tennessee Alliance for Legal Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Fraser, Dean & Howard, PLLC*

Nashville, Tennessee  
May 6, 2016