

TENNESSEE ALLIANCE FOR LEGAL SERVICES

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

December 31, 2014

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, 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.

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, 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 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 April 30, 2015, 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
April 30, 2015

TENNESSEE ALLIANCE FOR LEGAL SERVICES
STATEMENT OF FINANCIAL POSITION
December 31, 2014

Assets

Current assets:

Cash and cash equivalents	\$ 135,885
Accounts receivable	7,131
Grants and contracts receivable	102,897
Prepaid expenses	<u>1,722</u>

Total current assets 247,635

Office furniture and equipment, net of accumulated depreciation of \$87,096 10,652

Other assets 3,700

Total assets \$ 261,987

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 5,741
Legal assistance payable	103,737
Accrued expenses	22,214
Other liabilities	<u>1,480</u>

Total liabilities 133,172

Net assets 128,815

Total liabilities and net assets \$ 261,987

See accompanying notes.

TENNESSEE ALLIANCE FOR LEGAL SERVICES
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Support and revenue:	
Grants and contract income	\$ 598,132
Equal Justice Conference	50,893
aLEGALz	69,425
Other income	18,614
LIFT website	17,000
Online Tennessee Justice	11,333
Task Force training fees	1,942
Interest income	108
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Total support and revenue	767,447
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Expenses:	
Program services	592,667
Administrative	29,558
Fundraising	31,790
Outreach	47,905
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Total expenses	701,920
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Change in net assets	65,527
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Net assets at beginning of year	63,288
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Net assets at end of year	\$ 128,815
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See accompanying notes.

TENNESSEE ALLIANCE FOR LEGAL SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014

	Program Services						Support Services						
	Task Force	State Contracts	LIFT Website	Legislative and Policy	Online Tennessee Justice	Equal Justice Conference	Total	Administrative	Fund-raising	Outreach	Total	Total Expenses	
Salaries and taxes	\$ 25,729	\$ 10,879	\$ 15,569	\$ 44,596	\$ 17,032	\$ 51,402	\$ 44,408	\$ 209,615	\$ 17,306	\$ 19,197	\$ 32,653	\$ 69,156	\$ 278,771
Legal assistance	-	215,120	-	-	-	-	-	215,120	-	-	-	-	215,120
Employee benefits	5,575	1,639	3,328	10,113	2,681	9,105	8,730	41,171	3,138	4,060	6,762	13,960	55,131
Professional fees	2,963	457	655	30,096	716	2,161	3,847	40,895	2,609	4,571	1,374	8,554	49,449
Equal Justice Conference	-	-	-	-	-	-	28,388	28,388	-	-	-	-	28,388
Rent	2,386	938	1,343	6,349	1,469	4,431	3,997	20,913	1,659	1,990	2,817	6,466	27,379
Computer and website	712	280	5,971	1,895	703	1,350	1,193	12,104	613	594	1,138	2,345	14,449
Telephone and internet	1,340	145	207	979	226	1,296	616	4,809	257	307	434	998	5,807
Printing and copying	348	137	196	926	402	646	583	3,238	393	290	411	1,094	4,332
Insurance	291	114	164	775	474	836	488	3,142	203	243	344	790	3,932
Staff costs	114	45	64	304	70	1,527	210	2,334	639	95	200	934	3,268
Staff travel	-	26	99	113	631	1,242	-	2,111	719	-	25	744	2,855
Task force	2,471	-	-	-	-	-	-	2,471	-	-	-	-	2,471
Depreciation	209	82	118	557	129	389	350	1,834	145	174	247	566	2,400
Dues and subscriptions	101	40	57	919	62	188	169	1,536	72	84	269	425	1,961
Outreach	-	-	85	-	625	-	-	710	-	-	835	835	1,545
Board of Directors meetings	-	-	-	-	-	-	-	-	1,137	-	134	1,271	1,271
Office supplies	108	42	61	287	66	201	181	946	76	90	127	293	1,239
Conference calls	91	36	51	242	56	169	153	798	64	76	108	248	1,046
Miscellaneous	-	-	-	-	110	-	-	110	510	-	-	510	620
Postage	15	25	12	39	40	31	24	186	11	12	17	40	226
Bank fees	13	3	5	23	5	16	71	136	7	7	10	24	160
CLE filing expense	100	-	-	-	-	-	-	100	-	-	-	-	100
	\$ 42,566	\$ 230,008	\$ 27,985	\$ 98,213	\$ 25,497	\$ 74,990	\$ 93,408	\$ 592,667	\$ 29,558	\$ 31,790	\$ 47,905	\$ 109,253	\$ 701,920

See accompanying notes.

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TENNESSEE ALLIANCE FOR LEGAL SERVICES
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014

Cash flows from operating activities:	
Change in net assets	\$ 65,527
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	2,400
Changes in operating assets and liabilities:	
Accounts receivable	16,395
Grants receivable	(66,212)
Prepaid expenses	4,211
Accounts payable	534
Legal assistance payable	62,578
Accrued expenses	3,322
Deferred revenue	<u>(95,333)</u>
Net cash used in operating activities	<u>(6,578)</u>
Cash flows from investing activities:	
Purchase of office furniture and equipment	<u>(6,393)</u>
Net cash used in investing activities	<u>(6,393)</u>
Net decrease in cash	(12,971)
Cash and cash equivalents, at beginning of year	<u>148,856</u>
Cash and cash equivalents, at end of year	<u><u>\$ 135,885</u></u>

See accompanying notes.

TENNESSEE ALLIANCE FOR LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014.

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, 2014.

Cash Equivalents

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

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, 2014.

TENNESSEE ALLIANCE FOR LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014. 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, 2011 through December 31, 2014.

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.

The Alliance has been awarded 25% of the State of Tennessee’s Civil Legal Representation of Indigents Fund (the “Indigent Fund”) to provide assistance, support and education to those organizations that provide civil legal representation to the indigent. The Indigent Fund is based on a set fee per case privilege tax on civil legal representation in Tennessee courts below the level of the Court of Appeals or Supreme Court. Accordingly, the amount of revenue from the Indigent Fund is recognized when realized.

TENNESSEE ALLIANCE FOR LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2014

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 April 30, 2015 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, 2014 was \$7,668.

NOTE 3 – 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 80% of support and revenues was derived from these three agencies during the year ended December 31, 2014. These concentrations expose the Alliance to vulnerability and reliance on these agencies.

TENNESSEE ALLIANCE FOR LEGAL SERVICES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2014

NOTE 4 – 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 paid applicable to the office facility leases for the year ended December 31, 2014 was \$46,080 and sublease rentals were \$18,701.

The Alliance's future minimum lease payments at December 31, 2014 for office space are as follows:

<u>Year ended</u> <u>December 31,</u>	<u>Lease</u> <u>Rentals</u>
2015	\$ 47,693
2016	50,720
2017	52,568
2018	<u>31,294</u>
	<u>\$ 182,275</u>

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. Total payments for office equipment were \$4,144 for the year ended December 31, 2014.

The Alliance's future minimum lease payments for office equipment are as follows:

<u>Year ended</u> <u>December 31,</u>	
2015	<u>\$ 3,190</u>

NOTE 5 – 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, 2014

Grant Description	CFDA Number	Contract Number	Receiveable December 31, 2013	Cash Receipts	Expenditures	Receiveable December 31, 2014
Federal Awards:						
<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	\$ 16,859	\$ 108,895	\$ 113,312	\$ 21,276
Total Department of Human Services			16,859	108,895	113,312	21,276
<i>Passed through State of Tennessee, Department of Children's Services</i>						
Legal Services for Grier Lawsuit	n/a	359,10-100-72	20,156	64,514	125,979	81,621
Total Department of Children's Services			20,156	64,514	125,979	81,621
Total Federal Awards			37,015	173,409	239,291	102,897
State Financial Assistance:						
<i>Administrative Office of the Courts</i>						
Civil Legal Representation of Indigents Fund:	n/a	n/a	-	358,841	358,841	-
aLEGALz	n/a	n/a	-	44,425	44,425	-
Total State of Tennessee Administrative Office of the Courts			-	403,266	403,266	-
Total State Financial Assistance			-	403,266	403,266	-
Total Federal Awards and State Financial Assistance			\$ 37,015	\$ 576,675	\$ 642,557	\$ 102,897

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, 2014. The schedule is presented using the accrual basis of accounting. Grant revenues are recognized when the related program expenditures are incurred.



**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
Nashville, 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 Tennessee Alliance for Legal Services (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 April 30, 2015.

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 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.

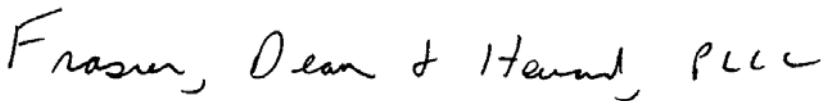
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in black ink that reads "Fraser, Dean & Howard, PLLC". The signature is written in a cursive, flowing style.

Nashville, Tennessee
April 30, 2015



April 30, 2015

To the Board of Directors
Tennessee Alliance for Legal Services

We have audited the financial statements of Tennessee Alliance for Legal Services for the year ended December 31, 2014, and have issued our report thereon dated April 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 11, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tennessee Alliance for Legal Services are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Alliance during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the collectability of accounts receivable is based on historical collection trends, the aging of receivables outstanding, and analysis of specific balances outstanding. We evaluated the key factors and assumptions used to analyze accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimated functional allocation of the Alliance's expenses is based upon management's analysis and categorization of expenses. We evaluated the factors and assumptions used for determining the functional expense allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such material misstatements either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 30, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Alliance's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

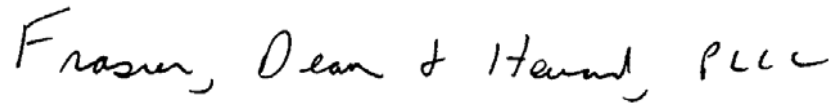
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Alliance's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Tennessee Alliance for Legal Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Frasier, Dean & Howard, PLLC". The script is cursive and fluid, with the company name written in all lowercase letters.

FRASIER, DEAN & HOWARD, PLLC