

WEST TENNESSEE LEGAL SERVICES INC.

FINANCIAL STATEMENTS

December 31, 2025

With Comparative totals for 2024

LSC Recipient 643061

WEST TENNESSEE LEGAL SERVICES INC.
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**WEST TENNESSEE LEGAL SERVICES INC.
BOARD LISTING
December 31, 2025**

Vanedda Webb – President

Laura Keeton – Secretary and Finance Committee

Barbara Hudson – Treasurer, Audit Committee, Finance Committee

Mary Jo Middlebrooks – Audit Committee

Michael Tate – Audit Committee, Finance Committee

Sara Barnett – Member

Brandi Boyd – Member

Amina Dilawari – Member

Jocelyn Gargus – Member

Cecil Giles – Member

John Hamilton – Member

Ben Harmon – Member

Sehrish Siddiqui – Member



Independent Auditor's Report

To the Board of Directors
West Tennessee Legal Services Inc.
Jackson, Tennessee

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of West Tennessee Legal Services, Inc. (a nonprofit corporation) (the Organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year 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 Organization as of December 31, 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 for Opinion

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 and the Legal Services Corporation Audit Guide for Recipients and Auditors. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Tennessee Legal Services, Inc. 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 the aggregate, that raise substantial doubt about West Tennessee Legal Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 and *Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and with the LSC Audit Guide for Recipients and Auditors, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to the 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 West Tennessee Legal Services Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Tennessee Legal Services, Inc.'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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, the notes to the schedule of expenditures of federal awards and the supplemental statement of LSC grant activity, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and*

Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the financial statements. The supplementary 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 supplementary 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other information

Management is responsible for the other information included in the annual report. The other information comprises the board listing but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2026, on our consideration of the Organization'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 solely 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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

ATA, PC

Jackson, Tennessee
April 27, 2026

WEST TENNESSEE LEGAL SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2025, with Comparative Totals for 2024

ASSETS	2025	2024
Current assets		
Cash and cash equivalents	\$ 1,693,347	\$ 926,446
Certificates of deposit	404,418	386,977
Grants receivable - federal and local	1,824,222	1,389,419
Prepaid expenses	44,705	26,217
Total current assets	<u>3,966,692</u>	<u>2,729,059</u>
Property		
Land	<u>50,000</u>	<u>50,000</u>
Furniture, fixtures & equipment	699,619	654,000
Buildings and leasehold improvements	1,298,951	1,224,009
Accumulated depreciation	<u>(1,187,683)</u>	<u>(1,083,006)</u>
Net	<u>810,887</u>	<u>795,003</u>
Total property	<u>860,887</u>	<u>845,003</u>
Other assets		
Security deposit	12,500	10,500
Right to use asset, net of amortization	<u>509,841</u>	<u>588,030</u>
Total other assets	<u>522,341</u>	<u>598,530</u>
Total assets	<u>\$ 5,349,920</u>	<u>\$ 4,172,592</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 115,792	\$ 242,986
Salaries payable	163,209	118,322
Payroll- related payables	82,564	76,530
Refundable advance - LSC	1,187,138	759,566
Refundable advance - grants	27,964	-
Operating lease liabilities	<u>119,172</u>	<u>78,672</u>
Total current liabilities	<u>1,695,839</u>	<u>1,276,076</u>
Long term liabilities		
Operating lease liabilities, net of current portion	<u>390,669</u>	<u>509,358</u>
Total liabilities	<u>2,086,508</u>	<u>1,785,434</u>
Net assets		
Without donor restriction		
Grants and donations	2,248,744	1,476,905
Property	<u>61,925</u>	<u>70,264</u>
	<u>2,310,669</u>	<u>1,547,169</u>
With donor restriction		
Legal Services Corporation- property	736,488	774,739
IOLTA - property	62,475	
Other Non LSC	<u>153,780</u>	<u>65,250</u>
	<u>952,743</u>	<u>839,989</u>
Total net assets	<u>3,263,412</u>	<u>2,387,158</u>
Total liabilities and net assets	<u>\$ 5,349,920</u>	<u>\$ 4,172,592</u>

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

WEST TENNESSEE LEGAL SERVICES, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025, With Comparative Totals for 2024

	Without Donor Restrictions	With Donor Restrictions			2025 Total	2024 Total
		LSC	NON-LSC	Total		
Revenues and other support:						
Grants and contracts	\$ -	\$ 3,472,027	\$ 5,310,548	\$ 8,782,575	\$ 8,782,575	\$ 6,627,374
Interest income	17,502	39,781	-	39,781	57,283	50,420
Rental income	-	-	-	-	-	250
Attorney fees	-	5,190	7,850	13,040	13,040	9,000
Insurance proceeds	10,620	-	-	-	10,620	3,221
Other	-	4,470	-	4,470	4,470	4,847
Contribution	830,928	-	8,181	8,181	839,109	208,198
In-kind services	-	1,975	50,263	52,238	52,238	57,161
Net assets released from restrictions (Note 6)	<u>8,787,531</u>	<u>(3,561,694)</u>	<u>(5,225,837)</u>	<u>(8,787,531)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>9,646,581</u>	<u>(38,251)</u>	<u>151,005</u>	<u>112,754</u>	<u>9,759,335</u>	<u>6,960,471</u>
Expenses:						
Program services	6,954,092	-	-	-	6,954,092	5,505,192
Management and general	<u>1,928,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,928,989</u>	<u>1,205,484</u>
Total expenses	<u>8,883,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,883,081</u>	<u>6,710,676</u>
Change in net assets	763,500	(38,251)	151,005	112,754	876,254	249,795
Net assets at the beginning of year	<u>1,547,169</u>	<u>774,739</u>	<u>65,250</u>	<u>839,989</u>	<u>2,387,158</u>	<u>2,137,363</u>
Net assets at the end of year	<u>\$ 2,310,669</u>	<u>\$ 736,488</u>	<u>\$ 216,255</u>	<u>\$ 952,743</u>	<u>\$ 3,263,412</u>	<u>\$ 2,387,158</u>

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

WEST TENNESSEE LEGAL SERVICES, INC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2025, with Comparative Totals for 2024

	Program Services					
	Aging	Benefits	Disaster Services	General Law	Housing	Private Bar/ Pro Bono
Personnel expenses						
Salaries	\$ 41,906	\$ 306,452	\$ 283,803	\$ 2,707,662	\$ 402,550	\$ 321,120
Fringe benefits	11,989	125,202	89,659	769,498	115,595	86,237
Total personnel expenses	<u>53,895</u>	<u>431,654</u>	<u>373,462</u>	<u>3,477,160</u>	<u>518,145</u>	<u>407,357</u>
Other expenses						
Subgrants	-	-	-	-	383,581	-
Professional fees	-	-	-	43,470	-	-
Community educational materials	-	2,400	3,496	1,871	9,369	-
Continuing legal education	-	-	-	15	-	1,941
Conference, training and meeting	350	618	20,171	83,664	3,706	16,623
Travel	1,039	767	24,046	35,411	3,363	2,354
Occupancy	-	10,119	6,701	98,027	11,795	13,826
Supplies	-	2,539	7,527	198,043	13,519	11,006
Advertising	-	-	-	926	57,734	-
Computer software	-	-	600	10,500	-	2,610
Insurance	-	3,243	3,419	22,489	3,322	2,856
Postage and shipping	-	1,023	911	8,382	1,955	847
Telephone and internet	-	5,152	4,628	36,550	5,294	4,461
Dues and fees	-	-	-	9,122	41	902
Equipment maintenance	-	60	53	495	74	60
Litigation/ other assistance	-	1,712	-	40,986	200	-
Library	-	-	-	-	-	-
Contract services to clients	-	-	-	56,361	-	3,950
Contract services to programs	-	-	-	-	4,150	8,428
Depreciation	-	-	-	115,483	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Other expenses	-	-	-	1,090	58	103
Total other expenses	<u>1,389</u>	<u>27,633</u>	<u>71,552</u>	<u>762,885</u>	<u>498,161</u>	<u>69,967</u>
Allocation of admin cost	-	144,612	138,704	1,250,063	176,763	151,293
Total Expenses	\$ 55,284	\$ 603,899	\$ 583,718	\$ 5,490,108	\$ 1,193,069	\$ 628,617

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

WEST TENNESSEE LEGAL SERVICES, INC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2025, with Comparative Totals for 2024

	<u>Victim Services</u>	<u>Other</u>	<u>Total Program services</u>	<u>Management and General</u>	<u>2025 Total</u>	<u>2024 Total</u>
Personnel expenses						
Salaries	\$ 151,321	\$ 10,340	\$ 4,225,154	\$ 1,258,120	\$ 5,483,274	\$ 3,347,746
Fringe benefits	29,489	2,948	1,230,617	354,255	1,584,872	1,019,221
Total personnel expenses	<u>180,810</u>	<u>13,288</u>	<u>5,455,771</u>	<u>1,612,375</u>	<u>7,068,146</u>	<u>4,366,967</u>
Other expenses						
Subgrants	-	-	383,581	-	383,581	1,077,797
Professional fees	-	-	43,470	59,995	103,465	138,338
Community educational materials	-	-	17,136	-	17,136	10,617
Continuing legal education	-	-	1,956	189	2,145	2,100
Conference, training and meeting	5,260	11,275	141,667	44,613	186,280	126,768
Travel	1,621	(8,889)	59,712	7,892	67,604	42,111
Occupancy	2,434	2,458	145,360	37,637	182,997	219,744
Supplies	2,131	4,001	238,766	31,075	269,841	139,403
Advertising	-	-	58,660	-	58,660	129,779
Computer software and support	-	1,099	14,809	54,689	69,498	53,496
Insurance	949	60	36,338	9,128	45,466	50,876
Postage and shipping	376	222	13,716	2,979	16,695	12,383
Telephone and internet	1,635	98	57,818	15,507	73,325	47,459
Dues and fees	676	11,974	22,715	15,097	37,812	16,799
Equipment maintenance	20	1	763	194	957	2,805
Litigation/ other assistance	508	-	43,406	-	43,406	23,493
Library	-	-	-	32,686	32,686	28,326
Contract services to clients	-	-	60,311	-	60,311	56,503
Contract services to programs	-	15,973	28,551	-	28,551	39,197
Depreciation	-	8,865	124,348	-	124,348	105,823
Loss on disposal of equipment	-	-	-	-	-	6,341
Other expenses	-	3,987	5,238	4,933	10,171	13,551
Total other expenses	<u>15,610</u>	<u>51,124</u>	<u>1,498,321</u>	<u>316,614</u>	<u>1,814,935</u>	<u>2,343,709</u>
Allocation of admin cost	62,745	4,809	-	-	-	-
Total Expenses	<u>\$ 259,165</u>	<u>\$ 69,221</u>	<u>\$ 6,954,092</u>	<u>\$ 1,928,989</u>	<u>\$ 8,883,081</u>	<u>\$ 6,710,676</u>

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

WEST TENNESSEE LEGAL SERVICES, INC.
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025, With Comparative Totals for 2024

	2025	2024
Cash flows from operating activities		
Cash received from grantors	\$ 8,803,308	\$ 6,864,966
Other sources of income	856,619	222,295
Security deposit	(2,000)	(10,500)
Client trust deposits	36,554	211
Client trust payments	(36,554)	(211)
Cash paid to suppliers	(1,394,416)	(1,227,458)
Cash paid to employees	(7,023,259)	(4,339,750)
Cash paid to subgrantees	(383,581)	(1,077,797)
Net cash provided (used) by operating activities	856,671	431,756
Cash flows from investing activities		
Interest income	57,283	50,420
Purchases of property and equipment	(140,232)	(347,887)
Insurance proceeds	10,620	3,221
Sale of certificates of deposits	593,389	-
Purchase of certificates of deposits	(610,830)	(19,047)
Net cash provided (used) by investing activities	(89,770)	(313,293)
Net increase (decrease) in cash and cash equivalents	766,901	118,463
Cash and cash equivalents, January 1	926,446	807,983
Cash and cash equivalents, December 31	\$ 1,693,347	\$ 926,446

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

WEST TENNESSEE LEGAL SERVICES, INC.
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025, With Comparative Totals for 2024

	2025	2024
Reconciliation of change in net assets to net cash (used) provided by operating activities:		
Change in net assets	\$ 876,254	\$ 249,795
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	124,348	105,823
(Gain) loss on disposal of assets	-	6,341
Insurance proceeds	(10,620)	(3,221)
Interest income	(57,283)	(50,420)
(Increase) decrease in grants receivable	(434,803)	(219,834)
(Increase) decrease in prepaid expenses	(18,488)	43,136
(Increase) decrease in security deposit	(2,000)	(10,500)
Increase (decrease) in accounts payable	(127,194)	(194,977)
Increase (decrease) in salaries payable	44,887	27,217
Increase (decrease) in accrued expenses	6,034	20,970
Increase (decrease) in refundable advances	455,536	457,426
Net cash (used) provided by operating activities	\$ 856,671	\$ 431,756
Supplemental disclosure of non-cash items:		
In-kind services	\$ 52,238	\$ 57,161

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

WEST TENNESSEE LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Organization

West Tennessee Legal Services, Inc. (a non-profit organization) (the Organization) was organized in Jackson, Tennessee in 1977 for the purpose of assisting the people of West Tennessee to obtain resolutions to their civil legal issues. It operates under the direction of a 16-member Board of Directors. The Organization's support comes primarily from federal, state, and local grants.

B. Grant Support

The Legal Services Corporation, a nonprofit corporation organized by Congress to administer a nationwide legal assistance program, primarily funds the Organization. Grants from other entities either as pass-through of federal funds or from private foundations are also a source of funding for the Organization. Grants and other contributions of cash and other assets are reported as increases in net assets with donor restriction if they are received with donor stipulations that limit the use of the contributions or other assets. When the donor-imposed restrictions expire, that is, when the stipulated time restriction ends or the purpose restriction has been satisfied, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Per the LSC Program Letter 20-4 and in conjunction with ASU 2018-08, LSC Basic Field Grant awards do not involve an exchange with recipients of commensurate value and the benefit to LSC is considered indirect because the grant serves the general public. As such these grants are deemed nonexchange/ contributions with conditions. The Organization, upon satisfaction of the conditions outlined in the LSC grant agreements and incurrence of certain qualifying expense, records the LSC revenue as earned. Unexpended grant amounts are reflected in the financial statements as a "Refundable Advance" liability. Legal Services Corporation may, at its discretion, request reimbursement for expense or return of funds or both as result of non-compliance by the Organization with the terms of the grant. Additionally, should the Organization terminate its legal assistance activities, all unexpended funds will be required to be returned to Legal Services Corporation.

C. Basis of Accounting and Presentation

The financial statements are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles. These financial statements include prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

West Tennessee Legal Services, Inc. reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction: Net assets that are not subject to or are no longer subject to donor imposed stipulations.

Net Assets With Donor Restriction: Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

WEST TENNESSEE LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

D. Cash Equivalents

West Tennessee Legal Services, Inc. considers all highly liquid investments with maturities of three months or less to be cash equivalents.

E. Income Taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. However, the Organization is required to file Form 990, Return of Organization Exempt from Income Tax. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code.

F. Property and Equipment

Property and equipment acquired with Legal Services Corporation grant funds are considered to be owned by the Organization while used in the program or in future authorized programs. However, the funding sources have a reversionary interest in the property as well as the right to determine the use of any proceeds from the sale of assets purchased with their respective funds. All acquisitions of property and equipment in excess of \$25,000 shall have prior approval of Legal Services Corporation.

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. These assets are capitalized at cost if purchased or at fair value if donated. Assets are depreciated using the straight-line method over the following useful lives.

Furniture, fixtures and equipment	3 to 10 years
Buildings	50 years
Improvements to land and buildings	10 to 50 years

G. Allocation of Expenses

Common expenses, in some cases, are incurred which support the work performed under more than one grant or contract. Such expenses are allocated to the various grants and contracts based upon time reporting, copy cost, space utilization and the like.

H. Donated Property and Services

Contributions of non-cash assets to the Organization are recorded at their fair market value at the time of receipt. During the year ended December 31, 2025, the Organization received \$27,300 in discounted attorney fees under its Contracted Attorney Program (CAP) and \$24,938 discounted advertising fees. Donated property and services are recognized as support and expenses and therefore, do not affect net assets.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WEST TENNESSEE LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

J. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

K. Restricted Asset

Of the carrying amount of the Organization's deposits at December 31, 2025, \$0 is restricted for client trust accounts. Client trust funds (if any) are maintained in a separate bank account and its use is limited for the benefits of the clients.

L. Refundable Advances

The amount reflected in the balance sheet as "Refundable Advances" is the amount of grants or contracts received but qualifying expenses have not been incurred. This amount will be recognized as revenues in future accounting period(s) in which the qualifying expenses occur.

M. Date of Management Review

Subsequent events have been evaluated through April 27, 2026 which is the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

N. Advertising

Advertising expenditures are expensed when incurred. The amount of advertising expense is \$58,660 for the year ended December 31, 2025.

O. Leases

The Organization determines if an arrangement is a lease at inception. The Organization recognizes a ROU asset and lease liability for all leases with terms of 12 months or more. ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. The operating lease ROU asset is recorded net of lease incentives. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease assets or liability recognized.

NOTE 2 - CASH AND INVESTMENTS

At December 31, 2025, the Organization's cash and cash equivalents consist of balances in bank accounts totaling \$1,693,347. All bank balances are insured by Federal Deposit Insurance Corporation (FDIC).

WEST TENNESSEE LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

The Organization also has several certificates of deposit with various financial institutions, with maturity dates of at least six months or longer. The total balance of the certificates of deposit at December 31, 2025 was \$404,418.

NOTE 3 – CONTINGENCIES

A major portion of the Organization’s funding is provided by the state and federal funding. A major reduction of such funds, should this occur, may have a significant impact on future operations.

NOTE 4 - PROPERTY AND EQUIPMENT

The respective balances for each category of property and equipment and the corresponding balance in accumulated depreciation accounts as of December 31, 2025 are as follows:

	Purchased with LSC funds	Purchased with Non-LSC funds	Total
Land	\$ 50,000	\$ -	\$ 50,000
	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Building and leasehold improvements	1,188,201	110,750	1,298,951
Accumulated depreciation	<u>(970,120)</u>	<u>(4,703)</u>	<u>(974,823)</u>
	<u>218,081</u>	<u>106,047</u>	<u>324,128</u>
Furniture, fixtures & equipment	669,858	29,761	699,619
Accumulated depreciation	<u>(201,452)</u>	<u>(11,408)</u>	<u>(212,860)</u>
	<u>468,406</u>	<u>18,353</u>	<u>486,759</u>
Net property and equipment	<u>\$ 736,487</u>	<u>\$ 124,400</u>	<u>\$ 860,887</u>

Depreciation expense for the year ended December 31, 2025, was \$124,348.

NOTE 5 – EMPLOYEE RETIREMENT PLAN

West Tennessee Legal Services, Inc. employees are covered by a defined contribution retirement plan that was adopted and became effective January 1, 1992. All eligible employees who have completed one year of service and attained the age of eighteen (18) are eligible to participate in the plan. During fiscal year 2024, the Organization amended the Plan which changed the employer’s contribution percentage. The Organization’s contribution will consist of a 2-percent match of the employees’ compensation, a non-elective contribution of 2 percent, and the option of a discretionary contribution to be determined by the Organization. As of December 31, 2025, the Organization has accrued \$14,827 in retirement plan payable for 2025 plan year.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2025:

WEST TENNESSEE LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

	December 31, 2025
Subject to expenditure for specified purpose:	
Access to Justice	\$ 38,216
Southwest Development District Law Projects	17,234
Carroll County Victims Project	1,722
LeBonheur Housing	1,337
Madison County Victims Project	4,925
McNairy County Victims Project	21,275
TALS/SSI	15,760
The Works	4,130
Contributions for Medical Records	3,040
FCLS Project	350
Ford Foundation	45,791
	\$ 153,780
Not subject to appropriation or expenditure:	
Property purchased with LSC funds to be be disposed of in accordance with LSC's Property Acquisition and Management Manual	\$ 736,488
Property purchased with IOLTA funds to be released over a period of 10 years	62,475
Total net assets with donor restrictions	\$ 952,743

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

	December 31, 2025
Purpose restrictions accomplished:	
Aging	\$ 54,945
Benefit Resources	582,772
General Law	5,445,450
Housing	1,183,466
Private Bar/ Pro Bono	580,245
Disaster services	609,718
Other	32,994
Victim Services	259,165
LSC - property*	38,251
Time restriction accomplished:	
IOLTA Property	525
Total released from restrictions	\$ 8,787,531

WEST TENNESSEE LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

*The amount includes current year's depreciation expense, additions and disposals (if any) of property and equipment, and gain or loss on disposal of property and equipment.

NOTE 7 – PRIVATE ATTORNEY INVOLVEMENT

As an LSC recipient, West Tennessee Legal Services, Inc. is required to expend at least 12.5% percent of their annualized LSC Field Services grant for the involvement of private attorneys in the delivery of legal assistance to eligible clients.

For the year ended December 31, 2025, the Organization's Basic Field grant for the TN-7 service area was \$1,079,731, and the Organization was required to expend \$134,966 for the involvement of private attorneys. The actual amount expended for 2025 was \$136,555, which exceeded the amount of the requirement.

For the year ended December 31, 2025, the Organization's Basic Field grant for the TN-4 service area was \$2,111,084, and the Organization was required to expend \$263,886 for the involvement of private attorneys. The actual amount expended for 2025 was \$298,572, which exceeded the amount of the requirement.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the West Tennessee Legal Services, Inc.'s financial assets as of December 31, 2025, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	December 31, 2025
Cash and cash equivalent	\$ 1,693,347
Grants receivable - federal and local	1,824,222
Certificates of deposit	404,418
Total financial assets	3,921,987
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions, including refundable advances	(1,368,882)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,553,105

As of December 31, 2025, \$1,368,882 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, grants receivable, and certificates of deposit, to meet 60 days of normal operating expenses, which are, on average, approximately \$1,480,514. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 9 – NONCASH IN-KIND CONTRIBUTIONS

The Organization's in-kind contributions consisted of the following as of December 31:

WEST TENNESSEE LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Donated Services	2024	2025
Discounted attorney fees	\$ 17,262	\$ 25,325
Discounted attorney fees	10,996	1,975
Discounted advertising	28,903	24,938
Total	\$ 57,161	\$ 52,238

NOTE 10 – LSC REFUNDABLE ADVANCES AND CARRY-OVER BALANCE

In accordance with 45 CFR § 1628.3, the Organization is permitted to retain from one fiscal year to the next a LSC refundable advance balance of up to 10% of their LSC support. A waiver may be requested to retain an LSC refundable advance balance up to a maximum of 25% of their LSC support for special circumstances.

During fiscal year 2025, the Organization’s LSC support for the TN-7 service area totaled \$1,098,981, and their TN-7 LSC basic field refundable advance balance was \$207,573 at December 31, 2025, which is 18.89% of their LSC support. The Organization intends to request a waiver to retain the LSC refundable advance balance over the 10% of its LSC support.

During fiscal year 2025, the Organization’s LSC support for the TN-4 service area totaled \$2,141,276, and their TN-4 LSC basic field refundable advance balance was \$979,565 at December 31, 2025, which is 45.75% of their LSC support. The Organization intends to request a waiver to retain the LSC refundable advance balance over the 10% of its LSC support.

Below are the changes in LSC basic field refundable advance balance during the year ended December 31, 2025:

TN-7 LSC Basic Field Grant refundable advance at December 31, 2024		\$ 186,445
TN-7 LSC Basic Field Grant received in FY 2025	1,079,731	
Derivative Income:		
Interest income	9,589	
Attorney fees	5,191	
Other income	4,470	
Total TN-7 LSC Basic Field Grant support	1,098,981	
Less TN-7 LSC Basic Field Grant expenses in FY 2025		(1,077,853)
TN-7 LSC Basic Field Grant refundable advance at December 31, 2025		\$ 207,573

WEST TENNESSEE LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

TN-4 LSC Basic Field Grant refundable advance at December 31, 2024		\$ 503,135
TN-4 LSC Basic Field Grant received in FY 2025	2,111,084	
Derivative Income:		
Interest income	30,192	
Total TN-4 LSC Basic Field Grant support		2,141,276
Less TN-4 LSC Basic Field Grant expenses in FY 2025		(1,664,846)
TN-4 LSC Basic Field Grant refundable advance at December 31, 2025		<u>\$ 979,565</u>

NOTE 11 – LEASES

The Organization entered into an operating lease for a building on October 1, 2024. The lease is for 62 months and payments of \$6,209 - \$11,893 are to be made monthly until November 2029. The future lease payments are as follows:

2026	\$	132,782
2027		136,088
2028		139,484
2029		131,080
		539,434
Less: amounts		
charged to interest		(29,593)
Total lease liability	\$	<u>509,841</u>

Cash paid for amounts included in the measurement of operating lease liabilities totaled \$96,543 during the year ended December 31, 2025. The Organizations lease does not provide to purchase the asset or extend the terms. The weighted average discount rate used for calculating lease liabilities was 3%. The weighted average remaining lease term is 3.84.

The Organization recognized right of use assets and lease liabilities of \$602,178 for their operating lease as of December 31, 2025. These amounts are excluded from the accompanying statement of cash flows as non-cash operating activities. The following summarizes the line items in the statement of financial position which include amounts for the operating lease as of December 31, 2025.

The following summarizes the line items in the balance sheet:

WEST TENNESSEE LEGAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Operating lease right-of-use asset	\$ 602,178
Less: Accumulated amortization	<u>(92,337)</u>
Net Operating lease right-of-use asset	<u>509,841</u>
Operating lease liabilities - current	\$ 119,172
Operating lease liabilities - non-current	<u>390,669</u>
Total operating lease liabilities	<u>509,841</u>

WEST TENNESSEE LEGAL SERVICES, INC
SUPPLEMENTAL STATEMENT OF LSC GRANT ACTIVITY
For the Year Ended December 31, 2025 with Comparative Totals for 2024

	2024 Excess TN-7 Basic Field Grant	2024 Excess TN-4 Basic Field Grant	TN-7 Basic Field Grant	TN-7 Private Attorney Involvement	TN-4 Basic Field Grant	TN-4 Private Attorney Involvement
Funds received						
Grants and contracts	\$ -	\$ -	\$ 947,484	\$ 132,247	\$ 1,814,150	\$ 296,934
Interest income	-	-	9,589	-	30,192	-
Rental income	-	-	-	-	-	-
Attorney fee	-	-	5,191	-	-	-
In-kind services	-	-	-	338	-	1,638
Insurance proceeds	-	-	-	-	-	-
Matching funds	-	-	-	-	-	-
Other	-	-	500	3,970	-	-
Total	<u>-</u>	<u>-</u>	<u>962,764</u>	<u>136,555</u>	<u>1,844,342</u>	<u>298,572</u>
Personnel expense						
Salaries	\$ 41,860	\$ 188,671	\$ 465,112	\$ 62,044	\$ 468,972	\$ 156,610
Fringe benefits	9,881	43,212	131,893	23,643	122,190	35,910
Total personnel expense	<u>51,741</u>	<u>231,883</u>	<u>597,005</u>	<u>85,687</u>	<u>591,162</u>	<u>192,520</u>
Other expenses						
Professional fees	-	95	-	-	43,375	-
Community educational materials	-	200	54	-	54	-
Continuing legal education	-	-	-	843	15	1,098
Conference, training and meeting	-	6,137	10,285	5,484	14,541	5,175
Travel	(809)	2,931	(9,031)	354	5,659	1,800
Advertising	-	808	-	-	-	-
Occupancy	6,388	9,749	18,549	1,787	24,030	10,196
Supplies	757	52,226	4,379	5,602	24,279	4,834
Computer software	-	-	-	1,305	-	1,305
Insurance	359	1,632	3,514	685	4,119	1,473
Postage & shipping	38	487	1,346	212	1,090	425
Telephone and internet	550	2,832	5,634	1,087	5,868	2,255
Dues and fees	-	641	371	35	1,976	867
Equipment maintenance	-	-	82	12	127	30
Litigation / other assistance	655	375	3,395	-	5,104	-
Contracted services to client	-	-	-	676	4,323	3,276
Contracted services to program	-	-	-	875	-	1,800
Other allocated costs	16,448	84,831	217,832	31,824	207,739	71,502
Depreciation and amortization	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Other expenses	-	183	152	87	151	16
Total other expenses	<u>24,386</u>	<u>163,127</u>	<u>256,562</u>	<u>50,868</u>	<u>342,450</u>	<u>106,052</u>
Total expenses	<u>76,127</u>	<u>395,010</u>	<u>853,567</u>	<u>136,555</u>	<u>933,612</u>	<u>298,572</u>
Funds received over/ (under) expenses	<u>(76,127)</u>	<u>(395,010)</u>	<u>109,197</u>	<u>-</u>	<u>910,730</u>	<u>-</u>
Other changes						
Acquisition of property	(11,942)	(13,290)	-	-	(26,000)	-
Change in net property						
Beginning of year	-	-	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in refundable advances						
Beginning of year	(88,069)	(408,300)	109,197	-	884,730	-
Beginning of year	88,069	408,300	98,376	-	94,835	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,573</u>	<u>\$ -</u>	<u>\$ 979,565</u>	<u>\$ -</u>
Change in accounts receivable						
Beginning of year	-	-	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WEST TENNESSEE LEGAL SERVICES, INC
SUPPLEMENTAL STATEMENT OF LSC GRANT ACTIVITY
For the Year Ended December 31, 2025 with Comparative Totals for 2024

	2020-2021 LSC Disaster	2022 LSC Disaster	PBIF Transformation	2023 TIG	Property	Grand Total	2024 Total
Funds received							
Grants and contracts	\$ 81,753	\$ 208,087	\$ 32,225	\$ 14,856	\$ -	\$ 3,527,736	\$ 2,512,143
Interest income	-	-	-	-	-	39,781	38,345
Rental income	-	-	-	-	-	-	250
Attorney fee	-	-	-	-	-	5,191	4,500
In-kind services	-	-	-	-	-	1,976	10,996
Insurance proceeds	-	-	-	-	-	-	3,221
Matching funds	-	-	48,373	4,266	-	52,639	12,340
Other	-	-	-	-	-	4,470	4,847
Total	81,753	208,087	80,598	19,122	-	3,631,793	2,586,642
Personnel expense							
Salaries	\$ 114,371	\$ 169,432	\$ 102,467	\$ 6,062	\$ -	\$ 1,775,601	\$ 924,641
Fringe benefits	40,409	49,251	26,684	1,811	-	484,884	\$ 271,292
Total personnel expense	154,780	218,683	129,151	7,873	-	2,260,485	1,195,933
Other expenses							
Professional fees	-	-	-	-	-	43,470	32,648
Community educational materials	520	2,977	-	-	-	3,805	1,057
Continuing legal education	-	-	-	-	-	1,956	2,100
Conference, training and meeting	3,974	16,196	5,964	1,255	-	69,011	38,638
Travel	17,685	6,361	200	-	-	25,150	24,674
Advertising	-	-	-	-	-	808	8,895
Occupancy	2,529	4,172	1,843	70	-	79,313	48,769
Supplies	3,949	3,577	568	15	-	100,186	72,415
Computer software	600	-	-	-	-	3,210	3,454
Insurance	1,859	1,560	698	31	-	15,930	17,029
Postage & shipping	314	597	210	8	-	4,727	2,536
Telephone and internet	2,147	2,481	1,119	49	-	24,022	13,108
Dues and fees	-	-	-	-	-	3,890	229
Equipment maintenance	14	39	18	-	-	322	647
Litigation / other assistance	-	-	-	-	-	9,529	5,692
Contracted services to client	-	-	-	-	-	8,275	23,326
Contracted services to program	-	-	5,753	15,973	-	24,401	28,302
Other allocated costs	57,485	81,219	47,967	2,924	-	819,771	426,824
Depreciation and amortization	-	-	-	-	-	-	97,683
Loss on disposal of equipment	-	-	-	-	115,483	115,483	5,446
Other expenses	-	-	-	-	-	589	260
Total other expenses	91,076	119,179	64,340	20,325	115,483	1,353,848	853,732
Total expenses	245,856	337,862	193,491	28,198	115,483	3,614,333	2,049,665
Funds received over/ (under) expenses	(164,103)	(129,775)	(112,893)	(9,076)	(115,483)	17,460	536,977
Other changes							
Acquisition of property	(26,000)	-	-	-	77,232	-	-
Change in net property					(38,251)	(38,251)	167,248
Beginning of year	-	-	-	-	774,739	774,739	607,491
End of year	\$ -	\$ -	\$ -	\$ -	\$ 736,488	\$ 736,488	\$ 774,739
Change in refundable advances	(69,986)	-	-	-		427,572	457,426
Beginning of year	69,986	-	-	-		759,566	302,140
End of year	\$ -	\$ -	\$ -	\$ -		\$ 1,187,138	\$ 759,566
Change in accounts receivable	120,117	129,775	112,893	9,076		371,861	87,697
Beginning of year	-	85,295	13,691	12,000		110,986	23,289
End of year	\$ 120,117	\$ 215,070	\$ 126,584	\$ 21,076		\$ 482,847	\$ 110,986

See independent auditor's report.

WEST TENNESSEE LEGAL SERVICES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of West Tennessee Legal Services, Inc. (the Organization) under programs of the federal government for the year ended December 31, 2025. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because these schedules present only a selected portion of the operations of the Organization they are not intended to and do not present the statement of net position, statement of activities, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

See independent auditor's report.

WEST TENNESSEE LEGAL SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

	<u>Pass Through Grant Number</u>	<u>ALN</u>	<u>Passed through to Subrecipients</u>	<u>Expend- itures</u>
Legal Services Corporation				
TN-7 Basic Field Grant	643061	09.643061*		\$ 1,078,191
TN-4 Basic Field Grant	643061	09.643061*		1,666,484
2024 PBIF Transformation Grant	GT-T-00005	09.643061*		145,118
2020-2021 Disaster Supplemental Appropriation	GT-21DSA-00008	09.643061*		271,856
2022 Disaster Supplemental Appropriation	GT-22DSA-00008	09.643061*		337,862
2023 TIG Grant	GT-TG23G-00014	09.643061*		23,932
Total Legal Services Corporation			-	<u>3,523,443</u>
U.S. Department of Agriculture				
Passed through the Tennessee Department of Health Supplemental Nutrition Assistance Program Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program/ Food Stamps				
	GR-34530-61125	10.561		265,364
Total U.S. Department of Agriculture			-	<u>265,364</u>
U.S. Department of Housing and Urban Development				
Passed through Jackson Housing Authority CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grant				
	CDBG 2024-2025	14.218		17,645
Total passed through Jackson Housing Authority			-	<u>17,645</u>
Passed through the Office of Housing Counseling Private Enforcement Initiatives Fair Housing Initiative Program				
	FPEI230122	14.418		386,935
Education and Outreach Initiatives Fair Housing Initiative Program				
	FEOI230050	14.416		61,409
Total passed through the Office of Housing Counseling			43,582	<u>448,344</u>
Total U.S. Department of Housing and Urban Development			383,581	<u>1,132,573</u>
U.S. Department of Justice				
Office on Violence against Women Legal Assistance for Victims				
	15JOVW-23-GG- 00547-LEGA	16.524		246,680
Total U.S. Department of Justice			-	<u>246,680</u>
U.S. Department of Veterans Affairs				
Passed through VA National Center on Homelessness Among Veterans Passed through Tennessee Homeless Solutions VA Supportive Services for Veteran Families Program				
	FY 2025	64.033		339
Total VA Supportive Services for Veteran Families Program			-	<u>339</u>
Legal Services for Veterans Grants				
	TN-791-LSV-835-26	64.056		8,723

See independent auditor's report.

WEST TENNESSEE LEGAL SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

	Pass Through Grant Number	ALN	Passed through to Subrecipients	Expend- itures
Total U.S. Department of Veterans Affairs			-	9,062
U.S. Department of Health and Human Services				
Aging cluster				
Passed through Southwest Tennessee Development District				
Special Program for the Aging, Title III, Part B				
Grant for Supportive Services and Senior Centers	2025-2026	93.044		10,960
Special Program for the Aging, Title III, Part B				
Grant for Supportive Services and Senior Centers	2024-2025	93.044		15,290
Passed through Northwest Tennessee Development District				
Special Program for the Aging, Title III, Part B				
Grant for Supportive Services and Senior Centers	2025-2026	93.044		14,346
Special Program for the Aging, Title III, Part B				
Grant for Supportive Services and Senior Centers	2024-2025	93.044		16,351
Total Special Program for the Aging, Title III, Part B			-	56,947
Grant for Supportive Services and Senior Centers			-	56,947
Passed through Tennessee Alliance for Legal Services				
Temporary Assistance for Needy Families	78226	93.558	-	3,013,847
Total U.S. Department of Health and Human Services			-	3,070,794
<u>Total Federal Financial Assistance</u>			\$ 383,581	\$ 8,247,916

* Denotes a major program

See independent auditor's report.



**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
West Tennessee Legal Services, Inc.
Jackson, Tennessee

We have audited, in accordance with the 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 in accordance with the LSC Audit Guide for Recipients and Auditors, the financial statements of West Tennessee Legal Services, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of December 31, 2025, 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 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization'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 weakness. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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.

ATA, PC

Jackson, Tennessee
April 27, 2026



Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
West Tennessee Legal Services, Inc.
Jackson, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Tennessee Legal Services’ compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Compliance Supplement for Audits of LSC Recipients* (as required by the *Audit Guide for Recipients and Auditors*) that could have a direct and material effect on each of West Tennessee Legal Services’ major federal programs for the year ended December 31, 2025. West Tennessee Legal Services’ major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, West Tennessee Legal Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Tennessee Legal Services and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of West Tennessee Legal Services’ Compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to West Tennessee Legal Services' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on West Tennessee Legal Services' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about West Tennessee Legal Services' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 West Tennessee Legal Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of West Tennessee Legal Services' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of West Tennessee Legal Services' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given the limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ATA, PC

Jackson, Tennessee
April 27, 2026

WEST TENNESSEE LEGAL SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2025

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200-516(a)

_____ yes X no

Identification of major programs:

ALN

09.643061

14.169

Name of Federal Program or Cluster:

Legal Services Corporation

Housing Counseling Assistance Program

Dollar threshold used to distinguish between Type A and B programs:

 \$ 1,000,000

Auditee qualified as low-risk auditee?

_____ x _____ yes _____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

WEST TENNESSEE LEGAL SERVICES, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
December 31, 2025

Financial Statement Findings

There were no prior year findings reported.

Federal Award Findings and Questioned Costs

There were no prior year findings reported.