TAHIRIH JUSTICE CENTER®

Financial Statements

For the Years Ended December 31, 2014 and 2013

and
Report Thereon

Raffa

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tahirih Justice Center

Report on the Financial Statements

We have audited the accompanying financial statements of Tahirih Justice Center (Tahirih), 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. 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 Tahirih 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.

Continued

Other Matter

Prior Period Financial Statements

The financial statements of Tahirih as of December 31, 2013, were audited by other auditors whose report dated July 28, 2014, expressed an unmodified opinion on those statements.

Raffa, P.C.

Raffa, P.C.

Washington, DC
June 22, 2015

TAHIRIH JUSTICE CENTER

STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 1,409,609	$ 898,267
Grants and contributions receivable, net	2,753,843	718,261
Prepaid expenses	70,931	64,503
Inventory	9,332	382
Investments	497,075	291,020
Deposits	23,923	23,923
Property and equipment, net	51,729	42,005
TOTAL ASSETS	$ 4,816,442	$ 2,038,361
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 78,033	$ 97,260
Accrued expenses	191,826	62,912
Deferred revenue	7,437	-
Deferred rent	132,823	141,321
TOTAL LIABILITIES	410,119	301,493
Net Assets		
Unrestricted		
Undesignated	352,489	409,905
Board-designated	480,000	480,000
Total Unrestricted Net Assets	832,489	889,905
Temporarily restricted	3,573,834	846,963
TOTAL NET ASSETS	4,406,323	1,736,868
TOTAL LIABILITIES AND NET ASSETS	$ 4,816,442	$ 2,038,361

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

TAHIRIH JUSTICE CENTER

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Donated professional services	$ 13,262,495	$ -	$ 13,262,495	$ 12,972,757	$ -	$ 12,972,757
Grants and contributions	3,263,009	3,491,151	6,754,160	2,544,686	924,985	3,469,671
Fundraising sales, net of expenses of $5,655 in 2014 and $30,254 in 2013	4,492	-	4,492	25,287	-	25,287
Investment income	1,523	-	1,523	2,241	-	2,241
Other income	16,637	-	16,637	31,203	-	31,203
Net assets released from restrictions:						
Satisfaction of program restrictions	764,280	(764,280)	-	815,997	(815,997)	-
TOTAL REVENUE AND SUPPORT	17,312,436	2,726,871	20,039,307	16,392,171	108,988	16,501,159
EXPENSES						
Program Services:						
Services	14,192,607	-	14,192,607	14,850,764	-	14,850,764
Advocacy	1,684,782	-	1,684,782	489,631	-	489,631
Total Program Services	15,877,389	-	15,877,389	15,340,395	-	15,340,395
Supporting Services:						
General and administrative	949,286	-	949,286	527,642	-	527,642
Fundraising	543,177	-	543,177	350,068	-	350,068
Total Supporting Services	1,492,463	-	1,492,463	877,710	-	877,710
TOTAL EXPENSES	17,369,852	-	17,369,852	16,218,105	-	16,218,105
CHANGE IN NET ASSETS	(57,416)	2,726,871	2,669,455	174,066	108,988	283,054
NET ASSETS, BEGINNING OF YEAR	889,905	846,963	1,736,868	715,839	737,975	1,453,814
NET ASSETS, END OF YEAR	$ 832,489	$ 3,573,834	$ 4,406,323	$ 889,905	$ 846,963	$ 1,736,868

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

TAHIRIH JUSTICE CENTER

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014

	Program Services			Supporting Services			
	Services	Advocacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Professional services	$ 11,892,142	$ 1,389,587	$ 13,281,729	$ 199,498	$ 99,133	$ 298,631	$ 13,580,360
Salaries	1,467,445	182,200	1,649,645	509,905	275,855	785,760	2,435,405
Fringe benefits and payroll taxes	250,106	27,103	277,209	79,358	42,189	121,547	398,756
Rent	215,423	27,232	242,655	74,527	53,593	128,120	370,775
Special event expense	110,936	2,784	113,720	-	5,877	5,877	119,597
Information technology	32,182	966	33,148	42,581	13,972	56,553	89,701
Other expenses	47,456	3,877	51,333	12,028	19,564	31,592	82,925
Travel	36,090	25,297	61,387	4,980	7,956	12,936	74,323
Printing and publication	37,413	20,140	57,553	2,081	13,181	15,262	72,815
Direct client expenses	43,706	-	43,706	-	7	7	43,713
Telephone	17,914	1,983	19,897	9,800	3,592	13,392	33,289
Supplies	11,343	2,347	13,690	7,351	4,233	11,584	25,274
Depreciation and amortization	11,235	717	11,952	524	1,461	1,985	13,937
Insurance	8,875	114	8,989	3,588	300	3,888	12,877
Postage and delivery	7,124	419	7,543	1,354	2,013	3,367	10,910
Dues and subscriptions	3,217	16	3,233	1,711	251	1,962	5,195
TOTAL EXPENSES	$ 14,192,607	$ 1,684,782	$ 15,877,389	$ 949,286	$ 543,177	$ 1,492,463	$ 17,369,852

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

TAHIRIH JUSTICE CENTER

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2013

	Program Services			Supporting Services			
	Services	Advocacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Professional services	$ 12,804,577	$ 342,329	$ 13,146,906	$ 29,495	$ 30,320	$ 59,815	$ 13,206,721
Salaries	1,294,126	104,749	1,398,875	319,070	177,358	496,428	1,895,303
Rent	195,820	18,235	214,055	66,368	41,545	107,913	321,968
Fringe benefits and payroll taxes	212,495	15,654	228,149	57,262	27,591	84,853	313,002
Special event expense	76,872	-	76,872	-	6,134	6,134	83,006
Other expenses	29,825	1,089	30,914	20,379	26,343	46,722	77,636
Information technology	38,414	2,993	41,407	15,423	12,369	27,792	69,199
Printing and publication	51,606	523	52,129	2,658	13,298	15,956	68,085
Direct client expenses	55,712	-	55,712	-	-	-	55,712
Travel	40,215	1,804	42,019	3,725	4,382	8,107	50,126
Supplies	12,153	610	12,763	2,334	2,269	4,603	17,366
Postage and delivery	10,123	40	10,163	1,062	4,839	5,901	16,064
Telephone	9,643	763	10,406	3,790	1,791	5,581	15,987
Depreciation and amortization	8,884	706	9,590	1,686	1,723	3,409	12,999
Insurance	7,742	36	7,778	3,691	106	3,797	11,575
Dues and subscriptions	2,557	100	2,657	699	-	699	3,356
TOTAL EXPENSES	$ 14,850,764	$ 489,631	$ 15,340,395	$ 527,642	$ 350,068	$ 877,710	$ 16,218,105

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

TAHIRIH JUSTICE CENTER

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013
Increase (Decrease) in Cash and Cash Equivalents

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,669,455	$ 283,054
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,937	12,999
Net realized and unrealized losses (gains) from investments	1,583	(40)
Changes in assets and liabilities:		
Grants and contributions receivable	(2,035,582)	(140,383)
Prepaid expenses	(6,428)	(11,972)
Inventory	(8,950)	101
Accounts payable	(33,918)	(3,760)
Accrued expenses	128,914	(30,872)
Deferred revenue	7,437	-
Deferred rent	(8,498)	(6,019)
NET CASH PROVIDED BY OPERATING ACTIVITIES	727,950	103,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,140,000)	(388,142)
Proceeds from sales of investments	932,362	400,040
Purchases of property and equipment	(8,970)	(20,744)
NET CASH USED IN INVESTING ACTIVITIES	(216,608)	(8,846)
NET INCREASE IN CASH AND CASH EQUIVALENTS	511,342	94,262
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	898,267	804,005
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,409,609	$ 898,267
SUPPLEMENTAL INFORMATION		
Noncash investing transaction:		
Property and equipment included in accounts payable	$ 14,691	$ -

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

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2014 and 2013

1. Organization and Summary of Significant Accounting Policies

Organization

Tahirih Justice Center (Tahirih) is a nonprofit organization founded in 1997 and incorporated in the Commonwealth of Virginia. Tahirih is inspired by the principles of the Bahá'í Faith and its mission is to enable women and girls fleeing gender-based violence to access justice through direct legal services and public policy advocacy.

Below are descriptions of Tahirih's major programs:

***Services*:** Tahirih provides pro bono legal services in immigration and family law, as well as holistic social case management services to ensure that its clients can truly access justice and become self-sufficient members of our community. To maximize the number of women and girls served, Tahirih reaches out to top law firms and recruits attorneys who donate their time to represent its clients through Tahirih's Pro Bono Attorney Network. Since opening Tahirih's doors in 1997, through direct services and referrals, Tahirih has assisted over 14,000 women and children fleeing abuse. Even as Tahirih handles a high volume of complex cases, Tahirih maintains a 99 percent success record – a measure of Tahirih's dedication to excellence and to its clients, as well as to the compelling nature of its clients' stories. Tahirih provides direct services and referrals in the areas of immigration law, family law and case management of supporting services.

***Advocacy*:** Through Tahirih's unusual approach to advocacy rooted in its direct services experiences, Tahirih seeks to amplify the voices of the women and girls it serves in critical public policy debates at the federal, state and local levels on issues that directly impact them. Tahirih's intimate understanding of the abuse suffered by its clients provides unique insights that enable it to design and execute effective campaigns for systemic change and the long-term protection of women and girls. While most organizations focus on either direct services or public policy advocacy, Tahirih engages in both to provide a critical bridge between direct services and national advocacy organizations. Tahirih is a leader in a range of public policy debates affecting immigrant women and girls, including forced marriage, the international marriage broker industry, asylum for women and girls fleeing gender-based persecution, and other issues.

Basis of Accounting

The accompanying financial statements of Tahirih are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Cash and Cash Equivalents

Tahirih considers substantially all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Grants and Contributions Receivable

Grants and contributions receivable are stated at net realizable value. Tahirih uses the allowance method to record potentially uncollectible receivables. Management determines the allowance for doubtful accounts based on historical bad debt percentages. Grants and contributions receivable are individually analyzed for collectibility and written off when all collection efforts are exhausted.

Inventory

Inventory consists primarily of books held-for-sale that are valued at the lower of cost or market value. Cost is determined using the first-in, first-out method. Appropriate consideration is given to obsolescence in evaluating net realizable value. Obsolete inventory is written off in the year it becomes obsolete. Management determined that a reserve for obsolete inventory was unnecessary as of December 31, 2014 and 2013.

Investments

Investments consist of certificates of deposit, equity securities, an exchange-traded fund, and private equity securities. The certificates of deposit, equity securities, the exchange-traded fund and the private equity securities are recorded in the accompanying financial statements at fair market value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales are reflected on a trade date basis. Interest income is recorded on the accrual basis. Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic, *Fair Value Measurements and Disclosures*, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, Tahirih has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

> *Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
>
> *Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.
>
> *Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2014 and 2013, only Tahirih's investments, as described in Note 5 of these financial statements, were measured at fair value on a recurring basis.

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization on computers, furniture, office equipment and software and web design is provided for on a straight-line basis over the estimated useful lives of the assets, which range from three to seven years. Costs related to web design are capitalized in accordance with FASB ASC Topic 350-50, *Website Development Costs*, while costs incurred during the planning and post-implementation operation stages are expensed. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization and any gain or loss is reflected in revenue and support or expenses in the accompanying statements of activities. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

As of January 1, 2014, Tahirih increased the capitalization threshold for its property and equipment from $1,000 to $5,000. The primary reasons for the change are (1) to reduce the administrative costs of recording and tracking items of equipment, and (2) to enhance the overall stewardship and control of Tahirih's assets by eliminating the recording and tracking of relatively low-valued items while focusing more attention on safeguarding higher-valued items.

Classification of Net Assets

The net assets of Tahirih are reported as follows:

- Unrestricted net assets represent resources available to support Tahirih's general operations. Unrestricted net assets also include funds that have been designated by the Board of Directors as an operating reserve. As of December 31, 2014 and 2013, the operating reserve was $480,000.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

- Temporarily restricted net assets represent resources received by Tahirih from contributors or grantors that are purpose or time restricted by the donors. Tahirih has elected to reflect donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support in the accompanying statements of activities.

Revenue Recognition

Tahirih recognizes all unconditional contributed support in the period in which the commitment is made. Grants and contributions are considered unrestricted revenue and support and available for general operations unless specifically restricted by the donor. Tahirih reports grants of cash and other assets as temporarily restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets as to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Revenue recognized on these grants for which the cash has not been received from the grantor as of year-end is reflected as grants and contributions receivable in the accompanying statements of financial position. Unconditional grants and contributions that are expected to be collected within one year are recorded at net realizable value. Unconditional grants and contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the period over which the promises are to be received.

Tahirih has cost-reimbursable grants and contracts with U.S. government agencies. Revenue from these grants and contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Direct and indirect expenses incurred, but not yet reimbursed or billed, under these grants and contracts are reported as grants and contributions receivable in the accompanying statements of financial position. Payments received, but not yet expended, for these grants and contracts are reflected as deferred revenue in the accompanying statements of financial position.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated legal services are recorded at fair value based on standard billing rates as represented by the respective law firms. Other donated services include access to office/meeting space and are valued at standard rates as represented by the respective organization. The items contributed are also reflected as either expenses or capital assets at the estimated fair value on the date of donation, if the assets meet Tahirih's capitalization criteria for property and equipment.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated proportionately among the programs and supporting services to which they relate based on employee time spent on each.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

Tahirih adopted the FASB Accounting Standards Update 2012-05, *Statement of Cash Flows: Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires the recognition of donated securities that have no donor-imposed restriction and that are nearly immediately converted into cash, as cash from operating activities. During the years ended December 31, 2014 and 2013, Tahirih received approximately $56,070 and $13,524, respectively, of donated securities that were nearly immediately converted into cash and recognized as cash from operating activities in the accompanying statements of cash flows. The statement of cash flows for the year ended December 31, 2013, which previously reported $13,524 of donated securities as investing activities, has been adjusted to report these amounts in operating activities.

2. Grants and Contributions Receivable

Grants and contributions receivable consisted of the following as of December 31, 2014 and 2013:

	2014	2013
Non-federal grants and contributions	$ 2,612,991	$ 574,410
Federal grants	190,840	154,385
Total	2,803,831	728,795
Less: Discount on Multi-year Pledges	(49,617)	-
Less: Allowance for Doubtful Accounts	(371)	(10,534)
Grants and Contributions Receivable, Net	$ 2,753,843	$ 718,261

2. Grants and Contributions Receivable (continued)

As of December 31, 2014, non-federal grants receivable are shown at the present value of estimated future cash flows using a discount rate of 1.65%, which is based on available data for risk-free interest rates for the year in which outstanding pledges were received. As of December 31, 2013, no discount to present value was recorded for multi-year grant payments as the amount was immaterial to the financial statements.

Non-federal grants receivable represent amounts due from individual donors and foundations. As of December 31, 2014 and 2013, the amounts are scheduled to be paid as follows:

	2014	2013
Less than one year	$ 1,067,991	$ 499,410
One to five years	1,545,000	75,000
Total Non-Federal Grants and Contributions Receivable	$ 2,612,991	$ 574,410

3. Investments

Investments consisted of the following as of December 31, 2014 and 2013:

	2014	2013
Certificates of deposit	$ 445,000	$ 280,000
Private equity securities	50,625	-
Exchange-traded fund	1,166	1,114
Equity securities	284	9,906
Total Investments	$ 497,075	$ 291,020

Investment income is summarized as follows for the years ended December 31, 2014 and 2013:

	2014	2013
Interest income	$ 3,106	$ 2,201
Realized and unrealized gains (losses), Net	(1,583)	40
Total Investment Income	$ 1,523	$ 2,241

Continued

4. Property and Equipment

Tahirih's property and equipment consisted of the following as of December 31, 2014 and 2013:

	2014	2013
Computers	$ 34,130	$ 34,130
Office equipment	61,491	61,491
Software and web design	40,011	16,350
Furniture	7,204	7,204
Total Property and Equipment	142,836	119,175
Less: Accumulated Depreciation and Amortization	(91,107)	(77,170)
Property and Equipment, Net	$ 51,729	$ 42,005

Depreciation and amortization expense for the years ended December 31, 2014 and 2013 was $13,937 and $12,999, respectively.

5. Fair Value Measurements

The following table summarizes Tahirih's assets measured at fair value on a recurring basis as of December 31, 2014:

	Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 445,000	$ -	$ 445,000	$ -
Private equity securities	50,625	-	-	50,625
Exchange-traded fund	1,166	1,166	-	-
Equity securities	284	284	-	-
Total	$ 497,075	$ 1,450	$ 445,000	$ 50,625

A roll forward of the fair value measurements using unobservable inputs (Level 3) is as follows for the year ended December 31, 2014:

	Total
Balance as of January 1, 2014	$ -
Receipt of donated stock pledged in 2013	50,625
Balance as of December 31, 2014	$ 50,625

Continued

5. Fair Value Measurements (continued)

The following table summarizes Tahirih's assets measured at fair value on a recurring basis as of December 31, 2013:

	Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 280,000	$ -	$ 280,000	$ -
Exchange-traded fund	1,114	1,114	-	-
Equity securities	9,906	9,906	-	-
Total	$ 291,020	$ 11,020	$ 280,000	$ -

Tahirih used the following methods and significant assumptions to estimate fair value of assets recorded at fair value:

Certificates of deposits – These are valued based on current yields, the securities' terms and conditions, and market activity. Information used includes market sources, credit information, observed market movement and sector news.

Equity securities and exchange-traded fund – These are valued at the closing price reported in the active market in which the individual securities are traded.

Private equity securities – This represents a stock in a privately held company that was donated to Tahirih. Fair value is based on an independent appraisal that was performed close to when the stock was initially contributed to Tahirih. Although an appraisal as of December 31, 2014, was not available to Tahirih, management performed due diligence and determined that the fair value of the stock had not changed since it was initially recorded in the financial statements and no adjustment was made to the financial statements.

Continued

6. Temporarily Restricted Net Assets

The temporarily restricted net assets of Tahirih were available for the following programs or purposes as of December 31, 2014 and 2013:

	2014	2013
Strategic planning and management	$ 2,341,448	$ 231,023
Services:		
Houston	640,554	59,172
Greater Washington, DC	160,022	217,367
Baltimore	44,026	-
Advocacy:		
Public Policy	31,534	189,401
Time-restricted	356,250	150,000
Total Temporarily Restricted Net Assets	$ 3,573,834	$ 846,963

7. Donated Professional Services

During the years ended December 31, 2014 and 2013, Tahirih estimated that it received approximately 29,400 and 29,500 hours, respectively, of donated professional services from attorneys, legal assistants and other professionals. The value of the contributed services recognized as revenue in the accompanying statements of activities for the years ended December 31, 2014 and 2013 was $13,262,495 and $12,972,757, respectively.

These donated professional services relate to the following functional areas:

	2014	2013
Programs:		
Services	$ 11,690,196	$ 12,626,062
Advocacy	1,384,318	340,210
General and administrative	176,085	6,485
Fundraising	11,896	-
Total Donated Professional Services	$ 13,262,495	$ 12,972,757

8. Commitments, Risks and Contingencies

Operating Leases

Tahirih entered into a noncancelable lease agreement for its main office space in Falls Church, Virginia that commenced on February 1, 2009 and expires on May 1, 2019. Tahirih also has a noncancelable lease agreement for office space in Baltimore, Maryland that commenced on May 17, 2012 and expires on August 31, 2015. Both leases contain a fixed

Continued

8. Commitments, Risks and Contingencies (continued)

Operating Leases (continued)

escalation clause for increases in the annual minimum rent at a rate of 3% per year. Tahirih also has a noncancelable lease agreement for office space in Houston, Texas that commenced on August 1, 2013 and expires on August 31, 2017. The lease contains a fixed escalation clause for increases in the annual minimum base rent of $0.50 per rentable square foot.

Under GAAP, all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments under these three operating leases are reflected as deferred rent in the accompanying statements of financial position, and are being amortized ratably over the respective terms of the leases.

As of December 31, 2014, the future minimum rental payments under the leases are as follows:

For the Year Ending December 31,	
2015	$ 353,800
2016	350,597
2017	330,044
2018	278,721
2019	95,228
Total	$ 1,408,390

Rent expense for the years ended December 31, 2014 and 2013 totaled $370,775 and $321,968, respectively.

Hotel Commitments

Tahirih has entered into an agreement with a hotel to reserve room and facility space for a future event scheduled to be held in 2015. In the event of cancellation, Tahirih is required to pay various costs of the hotel rooms as stipulated in the contract, the amounts of which are dependent upon the date of cancellation. As of December 31, 2014, the minimum commitment related to this contract was approximately $45,000, plus tax and service charges.

Concentration of Credit Risk

Tahirih's cash and cash equivalents are held in accounts at certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation's (FDIC) insured limit of $250,000 per depositor per institution. As of December 31, 2014, Tahirih had approximately $264,000 in excess of the FDIC-insured limit. As of December 31, 2013, Tahirih's cash balances did not exceed the FDIC-insured limit. Tahirih monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

Continued

8. Commitments, Risks and Contingencies (continued)

Concentration of Revenue and Support

During the year ended December 31, 2014, Tahirih received approximately 15% of its revenue and support from two individual donors.

Office of Management and Budget Circular A-133

Tahirih has instructed its independent auditors to audit its applicable federal programs for the years ended December 31, 2014 and 2013, in compliance with Circular A-133 issued by the U.S. Office of Management and Budget (OMB). Until such audits are reviewed and accepted by the contracting or granting agencies, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that any matters arising from the reviews by the federal agencies of the independent auditor's reports for the years ended December 31, 2014 and 2013, will not have a material effect on Tahirih's financial position as of December 31, 2014 and 2013, or its results of operations for the years then ended.

Provisional Indirect Cost Rates

Billings under cost-reimbursable government contracts and grants are calculated using provisional rates that permit recovery of indirect costs. These rates are subject to audit by the U.S. Department of Justice (DOJ), Tahirih's cognizant agency. The audit results in the negotiation and determination of the final indirect cost rates, which may create a liability for indirect cost recovery for amounts billed in excess of the actual rates, or may allow for additional billings for unbilled indirect costs. DOJ has yet to audit the cost and indirect rate for the years ended December 31, 2014 and 2013. Management believes the cost disallowance, if any, arising from DOJ's audit of the indirect cost rate for the years ended December 31, 2014 and 2013, will not have a material effect on Tahirih's financial position as of December 31, 2014, or its results of operations for the year then ended.

9. Retirement Plan

Tahirih had a defined contribution retirement plan, which operated under Section 403(b) of the Internal Revenue Code (IRC), covering all eligible employees. Employees can make voluntary tax-deferred contributions within specified limits. Tahirih did not make any employer contributions to this plan for the year ended December 31, 2013.

In 2014, Tahirih terminated the 403(b) retirement plan and established a new retirement plan under IRC Section 401(k). The new plan has received a favorable determination as to its tax status. Employees can make voluntary tax-deferred contributions into Tahirih's 401(k) retirement plan within specified limits. Tahirih did not make any employer contributions to this plan for the year ended December 31, 2014.

Continued

10. Income Taxes

Tahirih qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. No provision for income taxes is required for the years ended December 31, 2014 and 2013, as Tahirih had no net unrelated business income.

Tahirih follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Tahirih performed an evaluation of uncertain tax positions for the years ended December 31, 2014 and 2013, and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2014, the statute of limitations for tax years 2011 through 2013 remains open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which Tahirih files tax returns. Tahirih is not currently under audit by the U.S. Internal Revenue Service. It is Tahirih's policy to recognize interest and penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2014 and 2013, Tahirih had no accruals for interest and/or penalties.

11. Reclassifications

Certain 2013 amounts have been reclassified to conform to the 2014 financial statement presentation.

12. Subsequent Events

Subsequent to year-end, Tahirih was notified that its private equity investment was restructured in 2015 and that the securities it holds no longer have any value. As a result, the private equity stock disclosed in Note 3 will be written down to zero in 2015. At the same time, the original donor of the private equity securities notified Tahirih that the restructured company, pledged $220,000 in 2015, to be paid in cash over three years, which would more than compensate Tahirih for the investment loss recorded on the original donation.

In preparing these financial statements, Tahirih has evaluated events and transactions for potential recognition or disclosure through June 22, 2015, the date the financial statements were available to be issued. Except as disclosed above, there were no subsequent events that require recognition of, or disclosure in, the financial statements.