TAHIRIH JUSTICE CENTER®

Financial Statements

For the Years Ended December 31, 2016 and 2015

and
Report Thereon

Raffa

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tahirih Justice Center

We have audited the accompanying financial statements of Tahirih Justice Center (Tahirih), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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.

Continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tahirih Justice Center as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Raffa, P.C.

Raffa, P.C.

Washington, DC
July 20, 2017

TAHIRIH JUSTICE CENTER

STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 2,374,213	$ 1,415,498
Grants, contracts and contributions receivable, net	2,629,604	2,789,917
Prepaid expenses and other	127,301	138,641
Investments	980,349	245,312
Deposits	45,528	23,923
Property and equipment, net	144,771	134,711
TOTAL ASSETS	$ 6,301,766	$ 4,748,002
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 201,226	$ 63,697
Accrued expenses	292,437	233,468
Deferred revenue	30,413	82,519
Deferred rent	90,466	115,103
TOTAL LIABILITIES	614,542	494,787
Net Assets		
Unrestricted		
Undesignated	939,976	430,911
Board-designated	600,000	480,000
Total Unrestricted Net Assets	1,539,976	910,911
Temporarily restricted	4,147,248	3,342,304
TOTAL NET ASSETS	5,687,224	4,253,215
TOTAL LIABILITIES AND NET ASSETS	$ 6,301,766	$ 4,748,002

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

TAHIRIH JUSTICE CENTER

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Donated professional services	$ 11,756,413	$ -	$ 11,756,413	$ 12,349,173	$ -	$ 12,349,173
Grants, contracts and contributions	4,892,403	1,930,011	6,822,414	3,322,753	1,209,890	4,532,643
Fundraising sales, net	13,333	-	13,333	24,874	-	24,874
Investment income (loss)	4,574	-	4,574	(42,878)	-	(42,878)
Other income	8,388	-	8,388	3,083	-	3,083
Net assets released from restrictions:						
Satisfaction of program restrictions	750,067	(750,067)	-	1,266,420	(1,266,420)	-
Satisfaction of time restrictions	375,000	(375,000)	-	175,000	(175,000)	-
TOTAL REVENUE AND SUPPORT	17,800,178	804,944	18,605,122	17,098,425	(231,530)	16,866,895
EXPENSES						
Program Services:						
Services	13,954,541	-	13,954,541	14,061,535	-	14,061,535
Advocacy	1,154,975	-	1,154,975	1,106,776	-	1,106,776
Total Program Services	15,109,516	-	15,109,516	15,168,311	-	15,168,311
Supporting Services:						
General and administrative	1,579,045	-	1,579,045	1,267,602	-	1,267,602
Fundraising	482,552	-	482,552	584,090	-	584,090
Total Supporting Services	2,061,597	-	2,061,597	1,851,692	-	1,851,692
TOTAL EXPENSES	17,171,113	-	17,171,113	17,020,003	-	17,020,003
CHANGE IN NET ASSETS	629,065	804,944	1,434,009	78,422	(231,530)	(153,108)
NET ASSETS, BEGINNING OF YEAR	910,911	3,342,304	4,253,215	832,489	3,573,834	4,406,323
NET ASSETS, END OF YEAR	$ 1,539,976	$ 4,147,248	$ 5,687,224	$ 910,911	$ 3,342,304	$ 4,253,215

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

TAHIRIH JUSTICE CENTER

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	Program Services			Supporting Services			
	Services	Advocacy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Donated professional services	$ 11,355,175	$ 360,445	$ 11,715,620	$ 35,972	$ 4,821	$ 40,793	$ 11,756,413
Salaries	1,506,470	383,446	1,889,916	983,361	160,940	1,144,301	3,034,217
Fringe benefits and payroll taxes	267,870	68,182	336,052	174,854	28,617	203,471	539,523
Rent	191,486	48,740	240,226	124,994	20,457	145,451	385,677
Subrecipients and coalition partners	329,387	-	329,387	-	-	-	329,387
Other professional services	22,001	12,226	34,227	124,559	96,524	221,083	255,310
Special event expense	-	155,765	155,765	-	31,810	31,810	187,575
Equipment rental, maintenance and software	68,811	60,169	128,980	40,687	10,831	51,518	180,498
Other	6,258	1,590	7,848	8,924	72,161	81,085	88,933
Printing and publication	14,827	30,283	45,110	17,024	3,636	20,660	65,770
Client expenses and support	61,271	-	61,271	-	-	-	61,271
Subscriptions, dues and fees	6,501	358	6,859	18,792	34,200	52,992	59,851
Travel	29,930	13,839	43,769	5,959	6,172	12,131	55,900
Telephone	27,061	6,888	33,949	17,664	2,891	20,555	54,504
Depreciation and amortization	15,179	3,864	19,043	9,908	1,622	11,530	30,573
Supplies	14,708	3,744	18,452	9,601	1,571	11,172	29,624
Training	19,143	798	19,941	3,139	-	3,139	23,080
Postage and delivery	5,834	4,347	10,181	2,861	6,177	9,038	19,219
Insurance	12,629	291	12,920	746	122	868	13,788
TOTAL EXPENSES	$ 13,954,541	$ 1,154,975	$ 15,109,516	$ 1,579,045	$ 482,552	$ 2,061,597	$ 17,171,113

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

TAHIRIH JUSTICE CENTER

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	Program Services			Supporting Services			
	Services	Advocacy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Donated professional services	$ 11,437,388	$ 863,872	$ 12,301,260	$ 22,750	$ 5,163	$ 27,913	$ 12,329,173
Salaries	1,764,764	196,203	1,960,967	654,464	242,071	896,535	2,857,502
Fringe benefits and payroll taxes	291,950	32,459	324,409	108,270	40,047	148,317	472,726
Rent	44,807	4,756	49,563	307,395	12,210	319,605	369,168
Subrecipients and coalition partners	119,720	-	119,720	-	-	-	119,720
Other professional services	62,947	-	62,947	31,533	113,694	145,227	208,174
Special event expense	139,408	-	139,408	-	33,758	33,758	173,166
Equipment rental, maintenance and software	38,888	130	39,018	67,843	17,830	85,673	124,691
Other	1,674	1,206	2,880	4,524	11,354	15,878	18,758
Printing and publication	6,545	49	6,594	8,254	41,129	49,383	55,977
Client expenses and support	40,833	-	40,833	-	-	-	40,833
Subscriptions, dues and fees	2,278	25	2,303	1,648	32,358	34,006	36,309
Travel	35,977	3,161	39,138	2,726	17,094	19,820	58,958
Telephone	16,933	387	17,320	30,772	2,770	33,542	50,862
Depreciation and amortization	8,185	761	8,946	3,892	1,699	5,591	14,537
Supplies	6,115	634	6,749	13,735	8,711	22,446	29,195
Training	25,859	350	26,209	5,499	-	5,499	31,708
Postage and delivery	6,514	117	6,631	1,782	3,911	5,693	12,324
Insurance	10,750	2,666	13,416	2,515	291	2,806	16,222
TOTAL EXPENSES	$ 14,061,535	$ 1,106,776	$ 15,168,311	$ 1,267,602	$ 584,090	$ 1,851,692	$ 17,020,003

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

TAHIRIH JUSTICE CENTER

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015
Increase (Decrease) in Cash and Cash Equivalents

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,434,009	$ (153,108)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Discount on pledges receivable	(16,251)	(14,241)
Provision for doubtful pledges receivables	69,371	-
Donated professional services	-	(20,000)
Depreciation and amortization	30,573	14,537
Realized and unrealized losses from investments	317	46,204
Changes in assets and liabilities:		
Grants, contracts and contributions receivable	107,193	(21,833)
Prepaid expenses	11,340	(58,378)
Deposits	(21,605)	-
Accounts payable	137,529	(17,696)
Accrued expenses	58,969	41,642
Deferred revenue	(52,106)	75,082
Deferred rent	(24,637)	(17,720)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,734,702	(125,511)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and maturities of investments	(2,650,354)	(1,115,000)
Proceeds from sales of investments	1,915,000	1,320,559
Purchases of property and equipment	(40,633)	(74,159)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(775,987)	131,400
NET INCREASE IN CASH AND CASH EQUIVALENTS	958,715	5,889
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,415,498	1,409,609
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,374,213	$ 1,415,498
SUPPLEMENTAL INFORMATION		
Noncash investing transaction:		
Property and equipment included in accounts payable	$ -	$ 3,360

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

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. 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 services case management 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 collaborates with attorneys at top law firms who donate their time to represent clients through Tahirih's Pro Bono Attorney Network. Since opening its doors in 1997, Tahirih has assisted over 22,000 women and girls fleeing abuse. Even while handling a high volume of complex cases, Tahirih maintains a 99% success record – a measure of Tahirih's dedication to excellence and to its clients, as well as the compelling nature of its clients' cases.

***Advocacy*:** Through its 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. Tahirih is a leader in a range of public policy debates affecting immigrant women and girls, including asylum for women and girls fleeing gender-based persecution, forced marriage, female genital mutilation/cutting and other issues.

Basis of Accounting

The accompanying financial statements of Tahirih are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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.

Grants, Contracts and Contributions Receivable

Grants, contracts 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, contracts and contributions receivable are individually analyzed for collectibility and written off when all collection efforts are exhausted.

Continued

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

Investments

Investments consist of certificates of deposit and recently donated equity securities, and are recorded in the accompanying financial statements at fair 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 Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, 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 measurement 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.

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, 2016 and 2015, 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 greater than $5,000 are recorded at cost. Depreciation and amortization on computers, furniture, office equipment, and software and web design are 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

Continued

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

Property and Equipment (continued)

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.

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, 2016 and 2015, the operating reserve was $600,000 and $480,000, respectively.
- Temporarily restricted net assets represent resources received by Tahirih from contributors or grantors that are purpose or time-restricted by the donors.

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 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. Tahirih has elected to reflect donor-restricted contributions whose restrictions are met in the same reporting period in which they are promised as unrestricted support in the accompanying statements of activities. Revenue recognized on these grants for which the cash has not been received from the grantor as of year-end is reflected as grants, contracts 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 promised grants and contributions 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, contracts 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.

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

Donated Professional Services

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 information technology managed services and website development costs, 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.

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.

2. Grants, Contracts and Contributions Receivable

Grants, contracts and contributions receivable consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Nonfederal grants and contributions	$ 2,452,758	$ 2,623,664
Federal grants	265,342	201,629
Total Grants and Contributions Receivable	2,718,100	2,825,293
Less: Discount on Multiyear Pledges	(19,125)	(35,376)
Less: Allowance for Doubtful Accounts	(69,371)	-
Grants, Contracts and Contributions Receivable, Net	$ 2,629,604	$ 2,789,917

Nonfederal grants receivable as of December 31, 2016 and 2015, are shown at the present value of estimated future cash flows using discount rates ranging from 1.65% to 1.93%, which are based on available data for risk-free interest rates for the year in which outstanding pledges were received.

Continued

2. Grants, Contracts and Contributions Receivable (continued)

Nonfederal grants and contributions receivable represent amounts due from individual donors and foundations. As of December 31, 2016 and 2015, the amounts were scheduled to be paid as follows:

	2016	2015
Less than one year	$ 1,663,475	$ 1,202,081
One to five years	769,283	1,421,583
Thereafter	20,000	-
Total Nonfederal Grants and Contributions Receivable	$ 2,452,758	$ 2,623,664

3. Investments

Investments consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Certificates of deposit	$ 979,275	$ 245,000
Equity securities	1,074	312
Total Investments	$ 980,349	$ 245,312

Investment income (loss) is summarized as follows for the years ended December 31, 2016 and 2015:

	2016	2015
Interest income	$ 4,891	$ 3,326
Realized and unrealized losses	(317)	(46,204)
Total Investment Income (Loss)	$ 4,574	$ (42,878)

4. Property and Equipment and Accumulated Depreciation and Amortization

Tahirih's property and equipment consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Software and web design	$ 145,641	$ 110,639
Office equipment	67,121	61,491
Computers	61,021	61,021
Furniture	7,204	7,204
Total Property and Equipment	280,987	240,355
Less: Accumulated Depreciation and Amortization	(136,216)	(105,644)
Property and Equipment, Net	$ 144,771	$ 134,711

Continued

4. Property and Equipment and Accumulated Depreciation and Amortization (continued)

Depreciation and amortization expense totaled $30,573 and $14,537 for the years ended December 31, 2016 and 2015, respectively.

5. Fair Value Measurement

The following tables summarize Tahirih's assets measured at fair value on a recurring basis as of December 31, 2016 and 2015, aggregated by the fair value hierarchy level with which those measurements were made:

2016	Total Fair Value	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	$ 979,275	$ -	$ 979,275	$ -
Equity securities	1,074	1,074	-	-
Total	$ 980,349	$ 1,074	$ 979,275	$ -
2015				
Certificates of deposit	$ 245,000	$ -	$ 245,000	$ -
Equity securities	312	312	-	-
Total	$ 245,312	$ 312	$ 245,000	$ -

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

Certificates of deposit – 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 – These are valued at the closing price reported in the active market in which the individual securities are traded.

Continued

6. Temporarily Restricted Net Assets

The temporarily restricted net assets of Tahirih were available as follows as of December 31, 2016 and 2015:

	2016	2015
Purpose-restricted:		
Strategic planning and management	$ 2,277,034	$ 1,877,740
Services:		
San Francisco	648,774	372,750
Houston	421,064	313,175
Greater Washington, DC	126,625	106,717
Baltimore	31,667	15,672
Time-restricted	642,084	656,250
Total Temporarily Restricted Net Assets	$ 4,147,248	$ 3,342,304

7. Donated Professional Services

During the years ended December 31, 2016 and 2015, Tahirih estimated that it received approximately 28,300 and 30,000 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 totaled $11,756,413 and $12,349,173 for the years ended December 31, 2016 and 2015, respectively.

These donated professional services relate to the following functional areas:

	2016	2015
Programs:		
Services	$ 11,355,175	$ 11,437,388
Advocacy	360,445	863,872
General and administrative	35,972	22,750
Fundraising	4,821	5,163
Total Donated Professional Services	$ 11,756,413	$ 12,329,173

8. Commitments, Risks and Contingencies

Operating Leases

Tahirih entered into a noncancelable lease agreement for its main office space in Falls Church, Virginia, that expires on May 1, 2019. Tahirih also had a noncancelable lease agreement for office space in Baltimore, Maryland, that expired on August 31, 2015, and was extended through September 30, 2018. In November 2016, Tahirih entered into a noncancelable lease agreement for an office in San Francisco, California, that expires on November 30, 2021. Each of these leases contains a fixed escalation clause for increases in

8. Commitments, Risks and Contingencies (continued)

Operating Leases (continued)

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 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 is reflected as deferred rent in the accompanying statements of financial position, and is being amortized ratably over the respective terms of the leases.

As of December 31, 2016, the future minimum rental payments under these leases are as follows:

For the Year Ending December 31,	
2017	$ 402,905
2018	348,419
2019	150,975
2020	57,419
2021	54,076
Total	$ 1,013,794

Rent expense for the years ended December 31, 2016 and 2015, totaled $385,677 and $369,168, respectively.

Hotel Commitments

Tahirih has entered into agreements with hotels to reserve rooms and facility space for future events scheduled to be held in 2017. 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, 2016, the minimum commitment related to these agreements were approximately $25,900, 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 insured limit of $250,000 per depositor per institution. As of December 31, 2016 and 2015, Tahirih's cash balances exceeded the limit by approximately $1,337,000 and $805,000, respectively. Tahirih monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

8. Commitments, Risks and Contingencies (continued)

Office of Management and Budget Uniform Guidance

Tahirih has instructed its independent auditors to audit its applicable federal programs for the year ended December 31, 2016, in compliance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), 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 or state agencies of the independent auditor's reports for the year ended December 31, 2016, will not have a material effect on Tahirih's financial position as of December 31, 2016, or its results of operations for the year 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, 2015 and 2016. Management believes the cost disallowance, if any, arising from DOJ's audit of the indirect cost rate for the years ended December 31, 2016 and 2015, will not have a material effect on Tahirih's financial position as of December 31, 2016, or its results of operations for the year then ended.

9. Retirement Plan

Tahirih has a defined contribution retirement plan which is operated under Section 401(k) of the Internal Revenue Code (the IRC), covering all eligible employees. 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 years ended December 31, 2016 and 2015.

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, 2016 and 2015, as Tahirih had no net unrelated business income.

Continued

10. Income Taxes (continued)

Tahirih follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *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 evaluated its uncertainty in income taxes for the years ended December 31, 2016 and 2015, and determined that there were 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, 2016, the statute of limitations for tax years 2013 through 2015 remains open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which Tahirih files tax returns. It is Tahirih's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax expense. As of December 31, 2016 and 2015, Tahirih had no accruals for interest and/or penalties.

11. Reclassification

Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

12. Subsequent Events

In preparing these financial statements, Tahirih has evaluated events and transactions for potential recognition or disclosure through July 20, 2017, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.