

TAHIRIH JUSTICE CENTER
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

**TAHIRIH JUSTICE CENTER
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YEARS ENDED DECEMBER 31, 2009 AND 2008**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tahirih Justice Center
Falls Church, Virginia

We have audited the accompanying statements of financial position of the Tahirih Justice Center (the "Organization") as of December 31, 2009 and 2008 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tahirih Justice Center as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8 to the financial statements, a grant that was awarded in December 2008 was not recognized as revenue until January 2009, when the check was received. Accordingly, the 2008 financial statements have been restated to correct this error.

LarsonAllen LLP
LarsonAllen LLP

Arlington, Virginia
June 24, 2010

**TAHIRIH JUSTICE CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

ASSETS

	<u>2009</u>	<u>2008</u> (As restated)
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 938,560	\$ 702,426
Receivables:		
Grants Receivables	233,104	325,219
Other Receivables	38,342	47,103
Total Receivables	<u>271,446</u>	<u>372,322</u>
Prepaid Expenses	12,773	40,125
Inventory	2,993	3,617
Total Current Assets	<u>1,225,772</u>	<u>1,118,490</u>
 PROPERTY AND EQUIPMENT		
Furniture and Equipment	87,532	64,053
Less: Accumulated Depreciation	<u>(43,831)</u>	<u>(33,589)</u>
Net Property and Equipment	43,701	30,464
 OTHER ASSETS		
Rent Deposit	<u>17,844</u>	<u>17,844</u>
 Total Assets	<u><u>\$ 1,287,317</u></u>	<u><u>\$ 1,166,798</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 27,135	\$ 17,205
Accrued Expenses	64,625	52,844
Total Current Liabilities	<u>91,760</u>	<u>70,049</u>
 Deferred Rent	<u>103,183</u>	<u>-</u>
Total Liabilities	194,943	70,049
 NET ASSETS		
Unrestricted:		
General	446,928	933,693
Board Designated	480,000	-
Total Unrestricted	<u>926,928</u>	<u>933,693</u>
Temporarily Restricted	165,446	163,056
Total Net Assets	<u>1,092,374</u>	<u>1,096,749</u>
 Total Liabilities and Net Assets	<u><u>\$ 1,287,317</u></u>	<u><u>\$ 1,166,798</u></u>

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009		2008 (As restated)			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Donated (In-Kind) Professional Services			\$ 7,712,763			\$ 7,712,763
Grants and Contributions, Net of Annual Gala Expenses of \$29,540 (2009) and \$45,367 (2008)	1,423,037	289,000	1,712,037	1,236,869	275,000	1,511,869
Interest Income	8,841	-	8,841	22,201	-	22,201
Fundraising Sales, Net of Expense of \$94,749 (2009) and \$63,375 (2008)	64,195	-	64,195	40,893	-	40,893
Honorarium	4,475	-	4,475	300	-	300
Miscellaneous Income	7,572	-	7,572	35,532	-	35,532
Net Assets Released from Restrictions	286,610	(286,610)	-	351,682	(351,682)	-
Total Revenue	9,507,493	2,390	9,509,883	8,223,360	(76,682)	8,146,678
EXPENSES						
Program Services	8,942,662	-	8,942,662	7,597,720	-	7,597,720
Supporting Services:						
General and Administrative	383,108	-	383,108	229,050	-	229,050
Fundraising	188,488	-	188,488	181,692	-	181,692
Total Expenses	9,514,258	-	9,514,258	8,008,462	-	8,008,462
CHANGE IN NET ASSETS	(6,765)	2,390	(4,375)	214,898	(76,682)	138,216
Net Assets - Beginning of Year	933,693	163,056	1,096,749	718,795	239,738	958,533
NET ASSETS - END OF YEAR	\$ 926,928	\$ 165,446	\$ 1,092,374	\$ 933,693	\$ 163,056	\$ 1,096,749

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 813,380	\$ 193,048	\$ 100,908	\$ 1,107,336
Payroll Taxes	147,690	35,068	18,318	201,076
Total Payroll	<u>961,070</u>	<u>228,116</u>	<u>119,226</u>	<u>1,308,412</u>
Professional Services (Includes In-Kind)	7,642,865	94,933	10,265	7,748,063
Rent	168,008	35,460	25,316	228,784
Information Technology	41,139	2,848	7,242	51,229
Other Expenses	25,250	9,348	11,556	46,154
Direct Client Expenses	31,902	-	-	31,902
Printing and Publications	13,984	1,392	5,731	21,107
Travel	15,442	2,886	2,728	21,056
Postage and Delivery	8,796	938	3,287	13,021
Depreciation Expense	8,808	2,092	1,093	11,993
Dues and Subscriptions	7,861	797	-	8,658
Telephone	6,067	1,440	752	8,259
Supplies	5,605	1,144	1,235	7,984
Insurance	5,865	1,714	57	7,636
Total Expenses	<u>\$ 8,942,662</u>	<u>\$ 383,108</u>	<u>\$ 188,488</u>	<u>\$ 9,514,258</u>

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 777,412	\$ 151,761	\$ 124,970	\$ 1,054,143
Payroll Taxes	50,818	9,920	8,169	68,907
Total Payroll	<u>828,230</u>	<u>161,681</u>	<u>133,139</u>	<u>1,123,050</u>
Professional Services (Includes In-Kind)	6,521,162	45,826	3,805	6,570,793
Rent	97,999	12,307	8,712	119,018
Information Technology	59,513	1,167	14,316	74,996
Other Expenses	15,590	2,600	9,958	28,148
Printing and Publications	13,387	907	4,442	18,736
Direct Client Expenses	12,134	-	-	12,134
Travel	9,645	253	1,394	11,292
Telephone	8,009	1,102	780	9,891
Depreciation Expense	7,220	1,530	1,083	9,833
Postage and Delivery	6,270	445	2,463	9,178
Dues and Subscriptions	6,718	268	519	7,505
Supplies	6,055	458	723	7,236
Insurance	5,788	506	358	6,652
Total Expenses	<u>\$ 7,597,720</u>	<u>\$ 229,050</u>	<u>\$ 181,692</u>	<u>\$ 8,008,462</u>

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (4,375)	\$ 138,216
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	11,993	9,833
Loss on Disposal of Property and Equipment	1,815	-
Change in Assets and Liabilities:		
Grants Receivables	92,115	(214,895)
Other Receivables	8,761	(33,672)
Prepaid Expenses	27,352	(23,218)
Inventory	624	570
Other Assets	-	(813)
Accounts Payable	9,930	(260)
Accrued Expenses	11,781	(1,159)
Deferred Rent	103,183	-
Net Cash Provided by (Used in) Operating Activities	263,179	(125,398)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(27,045)	(13,382)
Net Cash Used in Investing Activities	(27,045)	(13,382)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	236,134	(138,780)
 CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	702,426	841,206
 CASH AND CASH EQUIVALENTS- END OF YEAR	\$ 938,560	\$ 702,426
 SUPPLEMENTAL INFORMATION		
Donated Materials and Equipment	\$ 14,294	\$ 9,956
Donated Services	\$ 7,712,763	\$ 6,535,883

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The 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.

Description of Programs

Through direct legal services and public policy advocacy, Tahirih protects women and girls seeking justice in the United States from gender-based violence such as forced female genital mutilation, torture, rape, trafficking, honor crimes, gender apartheid, forced marriage, and domestic violence. Tahirih provides pro bono legal services in immigration and family law, as well as holistic social and medical service referrals to ensure that its clients can truly access justice and become self-sufficient members of the community. Its public policy advocacy is directly informed by client needs and is designed to create systemic change to ensure long-term protection from violence.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

Tahirih's operations are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code except for unrelated business income as defined by Section 511 of the Code. The Internal Revenue Service determined that the Organization is not a private foundation. There was no unrelated business income for the years ended December 31, 2009 and 2008.

Tahirih adopted the income tax standard for uncertain tax positions on January 1, 2009. Tahirih evaluated its tax positions and determined that its tax positions are more-likely-than-not to be sustained on examination. Tahirih's tax returns are subject to review and examination by federal, state, and local authorities. The tax returns for the years 2006 to 2008 are open for examination by federal, state, and local authorities.

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.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables are stated at net realizable value. Accounts are individually analyzed for collectibility. Receivables are written off when all collection efforts are exhausted. All receivables are deemed collectible by management at December 31, 2009 and 2008.

Inventory

Inventory consists primarily of books and promotional items held for sale that are valued at the lower of cost, on a first-in, first-out basis, or market. Management determined that a reserve for obsolete inventory was unnecessary as of December 31, 2009 and 2008.

Property and Equipment

Purchases of property and equipment greater than \$500 are capitalized at cost. Donated assets are recorded at their estimated market value on the date of donation. Property and equipment is depreciated over estimated useful lives of five to seven years on a straight-line basis. Depreciation expense was \$11,993 and \$9,833 for the years ended December 31, 2009 and 2008, respectively.

Various items of office furniture, equipment and small office items acquired in prior years through donation or purchases, and whose individual values are considered nominal, have not been recorded on Tahirih's books. No value has been assigned to them on the financial statements.

Government Grants

Revenues from federal, state, and local governments are recognized as income in the year in which they are earned. These grant revenues are earned to the extent the related expenditures have been incurred. Expenditures under government grants and contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants and contracts, Tahirih will record such disallowance at the time the final assessment is made.

Contributions and Private Grants

Revenues from contributions and private grants are considered to be available for unrestricted use and are recognized as revenue when an unconditional pledge is received or when cash is received if no pledge exists. Contributions that are restricted for use in a later time period or purpose restricted are recognized as temporarily restricted net assets. Temporarily restricted net assets become unrestricted when the time restrictions expire or when the purpose restrictions are met.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Tahirih's resources are classified for accounting and reporting purposes into net asset groups based on the existence or absence of donor- or time-imposed restrictions. The net asset groups are as follows:

Unrestricted:

General Unrestricted - represents resources available to support Tahirih's general operations.

Board Designated— represents unrestricted resources internally restricted by Tahirih's governance. As of December 31, 2009 and 2008 Tahirih had \$480,000 and \$0 in designated funds established by the Board of Directors.

Temporarily Restricted:

Represents 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.

Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

In preparing these financial statements, Tahirih has evaluated events and transactions for potential recognition or disclosure through June 24, 2010, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATION OF CREDIT RISK

Financial instruments which subject Tahirih to a concentration of credit risk consist of demand deposits placed with financial institutions which may, at times, exceed Federal Deposit Insurance Corporation limits.

NOTE 3 DONATED 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. The items contributed are also reflected as either expenses or capital assets, if they meet Tahirih's capitalization criteria. The value of the contributed services recognized as revenues in the accompanying statement of activities for the years ended December 31, 2009 and 2008 was \$7,712,763 and \$6,535,883, respectively, and included legal and medical services to Tahirih's clients and legal services to support Tahirih's business operations.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 4 COMMITMENTS

Operating Leases

Tahirih entered into a ten-year, ten-month non-cancelable operating lease for its primary office space (8,236 square feet) commencing in February 1, 2009 in Falls Church, VA.

Office rent expense for the years ended December 31, 2009 and 2008 totaled \$228,784 and \$119,018, respectively. Future minimum rental payments under the lease are as follows:

<u>Year Ending December 31,</u>		
2010	\$	220,025
2011		226,626
2012		233,424
2013		240,427
2014		247,640
Thereafter		<u>1,162,342</u>
Total	\$	<u><u>2,330,484</u></u>

Additionally, Tahirih entered into an operating lease for a copier effective December 22, 2009. The lease term is 36 months, with a flat monthly payment of \$236. Future minimum rental payments under the lease are as follows:

<u>Year Ending December 31,</u>		
2010	\$	2,832
2011		2,832
2012		<u>2,832</u>
Total	\$	<u><u>8,496</u></u>

The agreement also includes a maintenance contract over the life of the lease for \$95 per month.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following for the years ended December 31, 2009 and 2008:

	Balance December 31, 2008	Additions	Funds Released from Restriction	Balance December 31, 2009
Pro-Bono Medical Network	\$ 29,973	\$ -	\$ 18,497	\$ 11,476
Houston Area Contributions	-	60,000	32,369	27,631
Capacity Building	18,083	-	18,083	-
Social Services	-	100,000	42,911	57,089
Time Restricted General Operating Support	115,000	129,000	174,750	69,250
Total	<u>\$ 163,056</u>	<u>\$ 289,000</u>	<u>\$ 286,610</u>	<u>\$ 165,446</u>

	Balance December 31, 2007	Additions	Funds Released from Restriction	Balance December 31, 2008
Pro-Bono Medical Network	\$ 29,167	\$ 35,000	\$ 34,194	\$ 29,973
Case Management System	15,000	-	15,000	-
Capacity Building	141,498	50,000	173,415	18,083
New Voices Fellowship	6,573	-	6,573	-
Time Restricted General Operating Support	47,500	190,000	122,500	115,000
Total	<u>\$ 239,738</u>	<u>\$ 275,000</u>	<u>\$ 351,682</u>	<u>\$ 163,056</u>

NOTE 6 RETIREMENT PLAN

Tahirih has established a retirement plan under the provisions of Internal Revenue Code Subsection 403(b) and has received a favorable determination as to its tax status. Employees can make voluntary tax-deferred contributions within specified limits. Tahirih did not make any employer contributions to this plan for the years ended 2009 and 2008.

NOTE 7 SUBSEQUENT EVENTS

In 2010, Tahirih expanded services to Baltimore, Maryland. It has reached agreement with a Baltimore law firm to provide in-kind office space for a one-year period.

NOTE 8 RESTATEMENT

During the current year, management identified a grant for \$40,000 that was awarded in 2008. However, the revenue was not recognized in December 2008, but in January 2009 when the check was received. As a result of this oversight, the 2008 financial statements have been restated to correct this error in the recognition of revenue for 2008. The restatement increased the 2008 change in net assets and temporarily restricted net assets at December 31, 2008 by \$40,000.