

TAHIRIH JUSTICE CENTER
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

**TAHIRIH JUSTICE CENTER
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YEARS ENDED DECEMBER 31, 2011 AND 2010**

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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, 2011 and 2010 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, 2011 and 2010, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
June 11, 2012

**TAHIRIH JUSTICE CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010**

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,094,553	\$ 1,093,560
Receivables:		
Grants Receivables	396,010	309,349
Other Receivables	9,712	44,899
Total Receivables	405,722	354,248
Prepaid Expenses	48,471	31,307
Inventory	685	2,402
Total Current Assets	1,549,431	1,481,517
PROPERTY AND EQUIPMENT		
Furniture and Equipment	110,141	90,067
Less: Accumulated Depreciation	(67,799)	(56,366)
Net Property and Equipment	42,342	33,701
OTHER ASSETS		
Rent Deposit	20,937	17,844
Total Assets	\$ 1,612,710	\$ 1,533,062
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 77,070	\$ 59,231
Accrued Expenses	88,047	58,417
Total Current Liabilities	165,117	117,648
Deferred Rent	167,698	121,797
Total Liabilities	332,815	239,445
NET ASSETS		
Unrestricted:		
General	326,520	570,229
Board Designated	450,000	480,326
Total Unrestricted	776,520	1,050,555
Temporarily Restricted	503,375	243,062
Total Net Assets	1,279,895	1,293,617
Total Liabilities and Net Assets	\$ 1,612,710	\$ 1,533,062

See accompanying Notes to Consolidated Financial Statements.

**TAHIRIH JUSTICE CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Donated (In-Kind) Professional Services	\$ 7,719,565	\$ -	\$ 7,719,565	\$ 6,813,094	\$ -	\$ 6,813,094
Grants and Contributions, Net of Annual Gala Expenses of \$25,181 (2011) and \$29,826 (2010)	1,545,028	671,838	2,216,866	1,698,725	292,102	1,990,827
Interest Income	4,797	-	4,797	5,886	-	5,886
Fundraising Sales, Net of Expense of \$44,144 (2011) and \$56,686 (2010)	35,995	-	35,995	40,917	-	40,917
Honorarium	7,034	-	7,034	7,050	-	7,050
Miscellaneous Income	25,783	-	25,783	11,749	-	11,749
Net Assets Released from Restrictions	411,525	(411,525)	-	214,486	(214,486)	-
Total Revenue	<u>9,749,727</u>	<u>260,313</u>	<u>10,010,040</u>	<u>8,791,907</u>	<u>77,616</u>	<u>8,869,523</u>
EXPENSES						
Program Services	9,260,393	-	9,260,393	7,942,527	-	7,942,527
Supporting Services:						
General and Administrative	479,904	-	479,904	391,995	-	391,995
Fundraising	283,465	-	283,465	333,758	-	333,758
	<u>763,369</u>	<u>-</u>	<u>763,369</u>	<u>725,753</u>	<u>-</u>	<u>725,753</u>
Total Expenses	<u>10,023,762</u>	<u>-</u>	<u>10,023,762</u>	<u>8,668,280</u>	<u>-</u>	<u>8,668,280</u>
CHANGE IN NET ASSETS	(274,035)	260,313	(13,722)	123,627	77,616	201,243
Net Assets - Beginning of Year	<u>1,050,555</u>	<u>243,062</u>	<u>1,293,617</u>	<u>926,928</u>	<u>165,446</u>	<u>1,092,374</u>
NET ASSETS - END OF YEAR	<u>\$ 776,520</u>	<u>\$ 503,375</u>	<u>\$ 1,279,895</u>	<u>\$ 1,050,555</u>	<u>\$ 243,062</u>	<u>\$ 1,293,617</u>

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,038,295	\$ 209,818	\$ 158,761	\$ 1,406,874
Fringe Benefits	164,198	38,607	28,655	231,460
Total Payroll	<u>1,202,493</u>	<u>248,425</u>	<u>187,416</u>	<u>1,638,334</u>
Professional Services (Includes In-Kind)	7,698,251	124,383	15,585	7,838,219
Rent	175,106	59,176	30,537	264,819
Information Technology	23,207	2,486	6,164	31,857
Other Expenses	35,457	25,860	17,344	78,661
Printing and Publications	15,342	1,647	6,735	23,724
Direct Client Expenses	24,586	-	-	24,586
Travel	32,489	6,645	11,543	50,677
Telephone	8,624	2,028	1,505	12,157
Depreciation Expense	11,168	2,626	1,949	15,743
Postage and Delivery	14,611	1,340	3,110	19,061
Dues and Subscriptions	2,080	1,050	80	3,210
Supplies	8,472	1,860	1,497	11,829
Insurance	8,507	2,378	-	10,885
Total Expenses	<u>\$ 9,260,393</u>	<u>\$ 479,904</u>	<u>\$ 283,465</u>	<u>\$ 10,023,762</u>

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 800,216	\$ 163,886	\$ 159,526	\$ 1,123,628
Fringe Benefits	146,045	29,094	29,894	205,033
Total Payroll	<u>946,261</u>	<u>192,980</u>	<u>189,420</u>	<u>1,328,661</u>
Professional Services (Includes In-Kind)	6,697,969	144,404	62,171	6,904,544
Rent	167,970	35,595	35,332	238,897
Information Technology	21,447	1,986	6,747	30,180
Other Expenses	17,480	6,348	12,114	35,942
Printing and Publications	19,649	998	14,123	34,770
Direct Client Expenses	14,549	96	-	14,645
Travel	19,171	1,484	6,466	27,121
Telephone	5,729	1,124	1,155	8,008
Depreciation Expense	8,929	1,779	1,828	12,536
Postage and Delivery	7,439	883	1,992	10,314
Dues and Subscriptions	3,022	610	1,000	4,632
Supplies	5,679	1,065	1,307	8,051
Insurance	7,233	2,643	103	9,979
Total Expenses	<u>\$ 7,942,527</u>	<u>\$ 391,995</u>	<u>\$ 333,758</u>	<u>\$ 8,668,280</u>

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (13,722)	\$ 201,243
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	15,743	12,536
Realized Losses on Investments	109	-
Donated Investment	(1,020)	-
Change in Assets and Liabilities:		
Grants Receivables	(86,661)	(76,245)
Other Receivables	35,187	(6,557)
Prepaid Expenses	(17,164)	(18,534)
Inventory	1,717	591
Other Assets	(3,093)	-
Accounts Payable	17,839	32,096
Accrued Expenses	29,630	(6,208)
Deferred Rent	45,901	18,614
Net Cash Provided by Operating Activities	24,466	157,536
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(24,384)	(2,536)
Proceeds from Sale of Investments	911	-
Net Cash Used in Investing Activities	(23,473)	(2,536)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	993	155,000
 CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	1,093,560	938,560
 CASH AND CASH EQUIVALENTS- END OF YEAR	\$ 1,094,553	\$ 1,093,560
 SUPPLEMENTAL INFORMATION		
Donated Materials and Equipment	\$ 12,798	\$ 3,521
Donated Services	\$ 7,719,565	\$ 6,813,094
Donated Stock	\$ 1,020	\$ -

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Tahirih is not a private foundation. There was no unrelated business income for the years ended December 31, 2011 and 2010.

Tahirih’s income tax returns are subject to review and examination by federal and state authorities. Tahirih is not aware of any activities that would jeopardize its tax-exempt status. The tax returns for the fiscal years ended 2008 through 2010 are open to examination by federal and state 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.

Receivables

Receivables are stated at net realizable value. Accounts are individually analyzed for collectibility. Receivables are written off when all collection efforts are exhausted. In 2010, Tahirih instituted a Doubtful Allowance Policy to reflect the amount of receivables outstanding at year-end that are estimated to be unrecoverable, based on historical bad debt percentages. The balance in the doubtful allowance account at December 31, 2011 and 2010, was \$941 and \$3,585, respectively.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists primarily of books 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, 2011 and 2010.

Property and Equipment

Purchases of property and equipment greater than \$500 are capitalized at cost. In November 2011, the policy was adjusted to capitalize purchases of property and equipment greater than \$1,000. 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. In November 2011, the policy was adjusted to depreciate property and equipment over estimated useful lives of three to seven years on a straight-line basis. Depreciation expense was \$15,743 and \$12,536 for the years ended December 31, 2011 and 2010, 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 considered 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

Revenues from contributions and non-governmental grants, with no restrictions, 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, purpose restricted, or location restricted are recognized as temporarily restricted net assets. Temporarily restricted net assets become unrestricted when the time restrictions expire or when the purpose or location restrictions are met.

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.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Board Designated – represents resources internally restricted by Tahirih’s governance. As of December 31, 2011 and 2010, Tahirih had \$450,000 and \$480,326, respectively, in designated funds established by the Board of Directors.

Temporarily Restricted:

Represents resources received by Tahirih from contributors or grantors that are purpose, location, 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. Certain costs have been allocated among the programs and supporting services benefited based on employee time spent on each.

Subsequent Events

In preparing these financial statements, Tahirih has evaluated events and transactions for potential recognition or disclosure through June 11, 2012, the date the financial statements were available to be issued.

NOTE 2 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, 2011 and 2010 was \$7,719,565 and \$6,813,094, respectively, and was predominately comprised of legal services to Tahirih’s clients and to support Tahirih’s business operations.

Donated legal services are recorded at fair value based on standard billing rates as represented by the respective law firms. Other donated services included donated video production and editing services, security services at Tahirih’s benefit, design support for annual report, and access to office/meeting space. All amounts were valued at standard rates as represented by the respective companies.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 3 COMMITMENTS

Operating Leases

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

Tahirih entered into a three-year, two-month non-cancellable operating lease for its Houston office space (2,006 square feet) located in Houston, Texas, commencing on June 20, 2011.

Office rent expense for both offices for the years ended December 31, 2011 and 2010 totaled \$263,470 and \$238,897, respectively. Future minimum rental payments under the lease are as follows:

<u>Year Ending December 31,</u>		
2012	\$	270,870
2013		278,875
2014		273,718
2015		255,069
2016		262,721
Thereafter		<u>644,552</u>
Total	\$	<u><u>1,985,805</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. The lease expires in 2012, and the future minimum payment as of December 31, 2011 is \$2,832.

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

Tahirih has entered into several computer contracts for software services, licensing and IT maintenance through 2014. Future minimum payments under these contracts are as follows:

<u>Year Ending December 31,</u>		
2012	\$	28,626
2013		12,066
2014		<u>9,050</u>
	\$	<u><u>49,742</u></u>

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 3 COMMITMENTS (CONTINUED)

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 2012. 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. At December 31, 2011, the commitment is \$14,250.

NOTE 4 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 December 31, 2011 and 2010.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following for the years ended December 31, 2011:

	Balance December 31, 2010	Additions	Funds Released from Restriction	Balance December 31, 2011
Greater Washington (inc. Baltimore)				
Area Contributions	\$ 61,366	\$ 343,588	\$ 168,545	\$ 236,409
Houston Area Contributions	66,696	70,750	107,279	30,167
Strategic Planning and Management Support	115,000	100,000	51,884	163,116
Public Policy Support	-	37,500	13,817	23,683
Time Restricted General Operating Support	-	120,000	70,000	50,000
	<u>\$ 243,062</u>	<u>\$ 671,838</u>	<u>\$ 411,525</u>	<u>\$ 503,375</u>

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Temporarily restricted net assets consisted of the following for the years ended December 31, 2010:

	Balance December 31, 2009	Additions	Funds Released from Restriction	Balance December 31, 2010
Greater Washington (inc. Baltimore) Area Contributions	\$ -	\$ 102,102	\$ 40,736	\$ 61,366
Houston Area Contributions	27,631	75,000	35,935	66,696
Pro-Bono Medical Network, Virginia	11,476	-	11,476	-
Strategic Planning and Management Support	-	115,000	-	115,000
Social Services in Virginia and Houston	57,089	-	57,089	-
Time Restricted General Operating Support	69,250	-	69,250	-
	<u>\$ 165,446</u>	<u>\$ 292,102</u>	<u>\$ 214,486</u>	<u>\$ 243,062</u>
Total	<u>\$ 165,446</u>	<u>\$ 292,102</u>	<u>\$ 214,486</u>	<u>\$ 243,062</u>

NOTE 6 SUBSEQUENT EVENTS

On May 17, 2012, Tahirih entered into a 39-month non-cancellable operating lease for office space in Baltimore, Maryland. Future minimum rental payments under the lease are as follows:

	Year Ending December 31,
2012	\$ 5,973
2013	18,100
2014	18,643
2015	<u>12,670</u>
Total	<u>\$ 55,386</u>