

TAHIRIH JUSTICE CENTER

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

**TAHIRIH JUSTICE CENTER
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YEARS ENDED DECEMBER 31, 2012 AND 2011**

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CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Tahirih Justice Center
Silver Spring, Maryland

We have audited the accompanying financial statements of the Tahirih Justice Center, which comprise the statements of financial position as of December 31, 2012 and 2011, 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.

Auditors' 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.

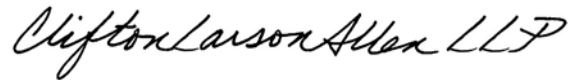
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Board of Directors
Tahirih Justice Center

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, 2012 and 2011, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
June 27, 2013

**TAHIRIH JUSTICE CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011**

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,106,883	\$ 1,094,553
Receivables:		
Grants Receivables	543,325	396,010
Other Receivables	34,553	9,712
Total Receivables	577,878	405,722
Prepaid Expenses	52,531	48,471
Inventory	483	685
Total Current Assets	1,737,775	1,549,431
PROPERTY AND EQUIPMENT		
Furniture and Equipment	115,898	110,141
Less: Accumulated Depreciation	(81,638)	(67,799)
Net Property and Equipment	34,260	42,342
OTHER ASSETS		
Rent Deposit	23,923	20,937
Total Assets	\$ 1,795,958	\$ 1,612,710
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 100,492	\$ 77,070
Accrued Expenses	94,312	88,047
Total Current Liabilities	194,804	165,117
Deferred Rent	147,340	167,698
Total Liabilities	342,144	332,815
NET ASSETS		
Unrestricted:		
General	235,839	326,520
Board Designated	480,000	450,000
Total Unrestricted	715,839	776,520
Temporarily Restricted	737,975	503,375
Total Net Assets	1,453,814	1,279,895
Total Liabilities and Net Assets	\$ 1,795,958	\$ 1,612,710

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Donated (In-Kind) Professional Services	\$ 10,083,696	\$ -	\$ 10,083,696	\$ 7,719,565	\$ -	\$ 7,719,565
Grants and Contributions, Net of Annual Gala Expenses of \$84,703 (2012) and \$25,181 (2011)	2,209,192	761,468	2,970,660	1,545,028	671,838	2,216,866
Interest Income	2,201	-	2,201	4,797	-	4,797
Fundraising Sales, Net of Expense of \$36,866 (2012) and \$44,144 (2011)	31,460	-	31,460	35,996	-	35,996
Honorarium	500	-	500	7,034	-	7,034
Miscellaneous Income	14,462	-	14,462	25,783	-	25,783
Net Assets Released from Restrictions	526,868	(526,868)	-	411,525	(411,525)	-
Total Revenue	12,868,378	234,600	13,102,978	9,749,727	260,313	10,010,040
EXPENSES						
Program Services	12,207,814	-	12,207,814	9,260,393	-	9,260,393
Supporting Services:						
General and Administrative	467,277	-	467,277	479,904	-	479,904
Fundraising	253,968	-	253,968	283,465	-	283,465
	<u>721,245</u>	<u>-</u>	<u>721,245</u>	<u>763,369</u>	<u>-</u>	<u>763,369</u>
Total Expenses	12,929,059	-	12,929,059	10,023,762	-	10,023,762
CHANGE IN NET ASSETS	(60,681)	234,600	173,919	(274,035)	260,313	(13,722)
Net Assets - Beginning 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>
NET ASSETS - END OF YEAR	<u>\$ 715,839</u>	<u>\$ 737,975</u>	<u>\$ 1,453,814</u>	<u>\$ 776,520</u>	<u>\$ 503,375</u>	<u>\$ 1,279,895</u>

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012**

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 1,277,238	\$ 261,544	\$ 146,557	\$ 1,685,339
Benefits and Payroll Taxes	208,570	41,607	23,929	274,106
Total Payroll	<u>1,485,808</u>	<u>303,151</u>	<u>170,486</u>	<u>1,959,445</u>
Professional Services (Includes In-Kind)	10,216,415	57,371	-	10,273,786
Rent	206,369	52,801	30,593	289,763
Information Technology	48,326	5,451	12,969	66,746
Other Expenses	66,682	32,550	17,176	116,408
Printing and Publications	22,138	1,151	10,308	33,597
Direct Client Expenses	61,361	-	-	61,361
Travel	35,929	2,218	3,048	41,195
Telephone	14,436	4,406	1,958	20,800
Depreciation Expense	12,195	2,331	1,657	16,183
Postage and Delivery	11,703	1,151	3,444	16,298
Dues and Subscriptions	4,641	-	500	5,141
Supplies	12,311	1,887	1,713	15,911
Insurance	9,500	2,809	116	12,425
Total Expenses	<u>\$ 12,207,814</u>	<u>\$ 467,277</u>	<u>\$ 253,968</u>	<u>\$ 12,929,059</u>

See accompanying Notes to the Financial Statements.

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

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 1,038,295	\$ 209,818	\$ 158,761	\$ 1,406,874
Benefits and Payroll Taxes	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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 173,919	\$ (13,722)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	16,183	15,743
Realized Losses on Investments	-	109
Donated Investment	(3,502)	(1,020)
Change in Assets and Liabilities:		
Grants Receivables	(147,315)	(86,661)
Other Receivables	(24,842)	35,187
Prepaid Expenses	(4,060)	(17,164)
Inventory	202	1,717
Other Assets	(2,987)	(3,093)
Accounts Payable	23,422	17,839
Accrued Expenses	6,265	29,630
Deferred Rent and Deferred Revenue	(20,358)	45,901
Net Cash Provided by Operating Activities	16,929	24,466
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(8,100)	(24,384)
Proceeds from Sale of Investments	3,502	911
Net Cash Used in Investing Activities	(4,598)	(23,473)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	12,330	993
 CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	1,094,553	1,093,560
 CASH AND CASH EQUIVALENTS- END OF YEAR	\$ 1,106,883	\$ 1,094,553
 SUPPLEMENTAL INFORMATION		
Donated Materials and Equipment	\$ 28,077	\$ 12,798
Donated Services	\$ 10,083,696	\$ 7,719,565
Donated Stock	\$ 3,476	\$ 1,020

See accompanying Notes to the Financial Statements.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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, 2012 and 2011.

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 2009 through 2011 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. Tahirih has 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, 2012 and 2011, was \$266 and \$941, respectively.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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, 2012 and 2011.

Property and Equipment

Purchases of property and equipment greater than \$1,000 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 three to seven years on a straight-line basis. Depreciation expense was \$16,183 and \$15,743 for the years ended December 31, 2012 and 2011, respectively.

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.

Board Designated – represents resources internally restricted by Tahirih's governance. As of December 31, 2012 and 2011, Tahirih had \$480,000 and \$450,000, respectively, in designated funds established by the Board of Directors.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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 27, 2013, 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, 2012 and 2011 was \$10,083,696 and \$7,719,565, 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 include access to office/meeting space and are valued at standard rates as represented by the respective organization.

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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.

Tahirih entered into a three-year, three-month non-cancellable operating lease for its Baltimore office space (1,086 square feet) located in Baltimore, Maryland, commencing on May 17, 2012.

Office rent expense for the offices for the years ended December 31, 2012 and 2011 totaled \$289,763 and \$263,470, respectively. Future minimum rental payments under the leases are as follows:

Year Ending December 31,		
2013	\$	296,976
2014		292,361
2015		267,739
2016		262,721
2017		270,603
Thereafter		<u>349,968</u>
Total	\$	<u><u>1,740,368</u></u>

Subsequent to year-end, the Houston office lease was extended (effective August 1, 2013) until August 31, 2017 and renegotiated for alternate space (3,630 square feet) thus committing the Center to an additional \$404,000 in base rent.

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:

Year Ending December 31,		
2013	\$	27,666
2014		<u>9,050</u>
Total	\$	<u><u>36,716</u></u>

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 2013. 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, 2012, the commitment is \$46,500.

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, 2012 and 2011.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following for the year ended December 31, 2012:

	Balance December 31, 2011	Additions	Funds Released from Restriction	Balance December 31, 2012
Greater Washington (incl. Baltimore) Area Contributions	\$ 236,408	\$ 293,618	\$ 263,461	\$ 266,566
Houston Area Contributions	30,167	257,850	111,874	176,143
Strategic Planning and Management Support	163,116	-	82,850	80,266
Public Policy Support	23,683	210,000	18,683	215,000
Time Restricted General Operating Support	50,000	-	50,000	-
Total	<u>\$ 503,375</u>	<u>\$ 761,468</u>	<u>\$ 526,868</u>	<u>\$ 737,975</u>

**TAHIRIH JUSTICE CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

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

	Balance December 31, 2010	Additions	Funds Released from Restriction	Balance December 31, 2011
Greater Washington (incl. Baltimore) Area Contributions	\$ 61,366	\$ 343,588	\$ 168,545	\$ 236,408
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>
Total	<u>\$ 243,062</u>	<u>\$ 671,838</u>	<u>\$ 411,525</u>	<u>\$ 503,375</u>