TAHIRIH JUSTICE CENTER®

Financial Statements

For the Years Ended December 31, 2018 and 2017

and
Report Thereon

TAHIRIH JUSTICE CENTER

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For the Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITORS' 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 statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Continued

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Opinion

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of Tahirih Justice Center as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

Tahirih's 2017 financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP as of October 1, 2018, and whose report dated July 17, 2018, expressed an unmodified opinion on those statements.

Marcum LLP

Washington, DC
May 22, 2019

TAHIRIH JUSTICE CENTER

STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 1,275,411	$ 2,253,468
Grants, contracts and contributions receivable, net	3,335,169	2,736,333
Prepaid expenses and other	172,368	172,674
Investments	4,160,823	2,352,887
Deposits	62,695	56,593
Property and equipment, net	138,870	152,395
TOTAL ASSETS	$ 9,145,336	$ 7,724,350
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 199,568	$ 248,779
Accrued expenses	334,882	432,887
Deferred revenue	5,619	46,186
Deferred rent	60,368	81,008
TOTAL LIABILITIES	600,437	808,860
Net Assets		
Without donor restrictions		
Undesignated	4,542,470	2,939,813
Board-designated	1,150,000	825,000
Total Without Donor Restrictions	5,692,470	3,764,813
With donor restrictions	2,852,429	3,150,677
TOTAL NET ASSETS	8,544,899	6,915,490
TOTAL LIABILITIES AND NET ASSETS	$ 9,145,336	$ 7,724,350

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

TAHIRIH JUSTICE CENTER

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Donated professional services	$ 15,763,451	$ -	$ 15,763,451	$ 14,696,708	$ -	$ 14,696,708
Grants, contracts and contributions	8,732,118	1,910,784	10,642,902	7,415,165	1,105,416	8,520,581
Investment income	34,382	-	34,382	15,713	-	15,713
Other income	2,943	-	2,943	4,476	-	4,476
Net assets released from restrictions:						
Satisfaction of program restrictions	1,934,032	(1,934,032)	-	1,734,903	(1,734,903)	-
Satisfaction of time restrictions	275,000	(275,000)	-	367,084	(367,084)	-
TOTAL REVENUE AND SUPPORT	26,741,926	(298,248)	26,443,678	24,234,049	(996,571)	23,237,478
EXPENSES						
Program Services:						
Services	19,610,413	-	19,610,413	16,823,553	-	16,823,553
Advocacy	2,400,239	-	2,400,239	2,597,264	-	2,597,264
Total Program Services	22,010,652	-	22,010,652	19,420,817	-	19,420,817
Supporting Services:						
General and administrative	1,887,764	-	1,887,764	1,885,122	-	1,885,122
Fundraising	915,853	-	915,853	703,273	-	703,273
Total Supporting Services	2,803,617	-	2,803,617	2,588,395	-	2,588,395
TOTAL EXPENSES	24,814,269	-	24,814,269	22,009,212	-	22,009,212
CHANGE IN NET ASSETS	1,927,657	(298,248)	1,629,409	2,224,837	(996,571)	1,228,266
NET ASSETS, BEGINNING OF YEAR	3,764,813	3,150,677	6,915,490	1,539,976	4,147,248	5,687,224
NET ASSETS, END OF YEAR	$ 5,692,470	$ 2,852,429	$ 8,544,899	$ 3,764,813	$ 3,150,677	$ 6,915,490

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

TAHIRIH JUSTICE CENTER

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	Program Services			Supporting Services			
	Services	Advocacy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Donated professional services	$ 14,650,780	$ 1,101,286	$ 15,752,066	$ 11,000	$ 385	$ 11,385	$ 15,763,451
Salaries	3,055,628	570,429	3,626,057	1,259,459	539,639	1,799,098	5,425,155
Fringe benefits and payroll taxes	707,706	142,088	849,794	291,700	127,027	418,727	1,268,521
Occupancy	322,231	63,605	385,836	132,816	57,614	190,430	576,266
Outreach and education	-	408,411	408,411	-	69,388	69,388	477,799
Subrecipients and coalition partners	356,300	-	356,300	-	-	-	356,300
Equipment rental, maintenance and software	95,706	18,016	113,722	39,448	16,933	56,381	170,103
Other professional services	27,180	7,285	34,465	25,422	57,347	82,769	117,234
Client expenses and support	108,947	2,867	111,814	-	-	-	111,814
Travel	34,616	37,535	72,151	29,038	7,755	36,793	108,944
Subscriptions, dues and fees	61,181	11,616	72,797	25,217	10,845	36,062	108,859
Other	44,062	11,469	55,531	18,161	8,446	26,607	82,138
Telephone	40,527	7,725	48,252	16,704	7,190	23,894	72,146
Depreciation and amortization	27,255	5,409	32,664	11,234	4,879	16,113	48,777
Staff training	25,901	4,502	30,403	10,548	2,034	12,582	42,985
Supplies	17,962	3,499	21,461	7,404	3,202	10,606	32,067
Insurance	18,207	433	18,640	2,926	92	3,018	21,658
Postage and delivery	9,316	2,599	11,915	3,840	1,821	5,661	17,576
Printing and copying	6,908	1,465	8,373	2,847	1,256	4,103	12,476
TOTAL EXPENSES	$ 19,610,413	$ 2,400,239	$ 22,010,652	$ 1,887,764	$ 915,853	$ 2,803,617	$ 24,814,269

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

TAHIRIH JUSTICE CENTER

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	Program Services			Supporting Services			
	Services	Advocacy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Donated professional services	$ 13,140,700	$ 1,510,601	$ 14,651,301	$ 41,538	$ 3,869	$ 45,407	$ 14,696,708
Salaries	2,371,803	465,040	2,836,843	1,148,069	398,921	1,546,990	4,383,833
Fringe benefits and payroll taxes	433,125	98,373	531,498	209,654	75,604	285,258	816,756
Occupancy	237,359	57,954	295,313	114,893	42,260	157,153	452,466
Outreach and education	-	280,459	280,459	-	55,077	55,077	335,536
Subrecipients and coalition partners	333,272	-	333,272	-	-	-	333,272
Equipment rental, maintenance and software	64,528	15,466	79,994	31,235	11,430	42,665	122,659
Other professional services	27,593	84,855	112,448	41,415	11,368	52,783	165,231
Client expenses and support	64,173	-	64,173	-	-	-	64,173
Travel	13,883	24,500	38,383	21,733	8,496	30,229	68,612
Subscriptions, dues and fees	9,775	12,100	21,875	40,838	34,385	75,223	97,098
Other	8,378	4,494	12,872	94,678	32,050	126,728	139,600
Telephone	37,465	9,272	46,737	18,135	6,696	24,831	71,568
Depreciation and amortization	21,724	4,308	26,032	10,516	3,664	14,180	40,212
Staff training	15,806	4,200	20,006	90,602	-	90,602	110,608
Supplies	16,089	4,059	20,148	7,788	2,891	10,679	30,827
Insurance	10,532	2,083	12,615	5,098	1,775	6,873	19,488
Postage and delivery	13,779	4,483	18,262	6,670	2,682	9,352	27,614
Printing and copying	3,569	15,017	18,586	2,260	12,105	14,365	32,951
TOTAL EXPENSES	$ 16,823,553	$ 2,597,264	$ 19,420,817	$ 1,885,122	$ 703,273	$ 2,588,395	$ 22,009,212

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

TAHIRIH JUSTICE CENTER

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,629,409	$ 1,228,266
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Discount on pledges receivable	3,642	269
Provision for doubtful pledges receivable	(19,265)	(16,588)
Depreciation and amortization	48,777	40,212
Changes in assets and liabilities:		
Grants, contracts and contributions receivable	(583,213)	(90,410)
Prepaid expenses and other	306	(45,373)
Deposits	(6,102)	(11,065)
Accounts payable	(49,211)	47,553
Accrued expenses	(98,005)	140,450
Deferred revenue	(40,567)	15,773
Deferred rent	(20,640)	(9,458)
NET CASH PROVIDED BY OPERATING ACTIVITIES	865,131	1,299,629
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and reinvested maturities of investments	(4,900,000)	(3,867,754)
Proceeds from sales of investments	3,092,064	2,495,216
Purchases of property and equipment	(35,252)	(47,836)
NET CASH USED IN INVESTING ACTIVITIES	(1,843,188)	(1,420,374)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(978,057)	(120,745)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,253,468	2,374,213
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,275,411	$ 2,253,468

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 25,000 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 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.

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.

See Note 4 of these financial statements for assets that were measured at fair value on a recurring basis.

Property, Equipment and Related Depreciation and Amortization

Property and equipment with a useful life of more than one year and an acquisition cost greater than $5,000 are capitalized at cost. Depreciation and amortization on software and web design, office equipment, computers, and furniture 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 planning and post-

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

Property, Equipment and Related Depreciation and Amortization (continued)

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:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of Tahirih at the discretion of Tahirih's management and the Board of Directors (the Board). From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. As of December 31, 2018 and 2017, the Board has designated $1,150,000 and $825,000, respectively, of net assets without donor restrictions to serve as an operating reserve to secure Tahirih's long-term financial viability.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of Tahirih or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2018 and 2017, Tahirih had no net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

Tahirih recognizes all unconditional contributed support in the period in which the commitment is made. Grants and contributions are considered revenue and support without donor restrictions and available for general operations unless specifically restricted by the donor. Tahirih reports grants of cash and other assets as revenue and support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 support without donor restrictions 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.

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

Revenue Recognition (continued)

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 and are adjusted annually.

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.

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.

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 functional expenses. Expenses directly attributed to a specific functional area are reported as expenses of that functional area, while shared costs that benefit multiple functional areas have been allocated among the functional areas based on estimates determined by management to be reasonable. Direct salaries are allocated based on time sheets. All shared costs are allocated based on direct salaries. Shared costs include fringe benefits; occupancy; equipment and software; subscriptions; dues and fees; and other expenses.

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.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies

Continued

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

New Accounting Pronouncement (continued)

in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for nonprofit organizations. Tahirih has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

2. Grants, Contracts and Contributions Receivable

Grants, contracts and contributions receivable consisted of the following as of December 31, 2018 and 2017:

	2018	2017
Nonfederal grants and contributions	$ 2,720,754	$ 2,509,423
Federal grants	670,969	299,087
Total Grants and Contributions Receivable	3,391,723	2,808,510
Less: Discount on Multiyear Pledges	(23,036)	(19,394)
Less: Allowance for Doubtful Accounts	(33,518)	(52,783)
Grants, Contracts and Contributions Receivable, Net	$ 3,335,169	$ 2,736,333

Nonfederal grants receivable as of December 31, 2018 and 2017, are shown at the present value of estimated future cash flows using discount rates of 2.51% and 2.21%, respectively, which are based on available data for the three-month U.S. T-bill rate as of December 31, 2018 and 2017.

Nonfederal grants and contributions receivable represent amounts due from individual donors and foundations. As of December 31, 2018 and 2017, the amounts were scheduled to be paid as follows:

	2018	2017
Less than one year	$ 1,850,754	$ 1,926,823
One to five years	865,000	572,600
Thereafter	5,000	10,000
Total Nonfederal Grants and Contributions Receivable	$ 2,720,754	$ 2,509,423

Continued

3. Property and Equipment and Accumulated Depreciation and Amortization

Tahirih's property and equipment consisted of the following as of December 31, 2018 and 2017:

	2018	2017
Software and web design	$ 228,729	$ 193,477
Office equipment	67,121	67,121
Computers	61,021	61,021
Furniture	7,204	7,204
Total Property and Equipment	364,075	328,823
Less: Accumulated Depreciation and Amortization	(225,205)	(176,428)
Property and Equipment, Net	$ 138,870	$ 152,395

Depreciation and amortization expense totaled $48,777 and $40,212 for the years ended December 31, 2018 and 2017, respectively.

4. Fair Value Measurement

The following tables summarize Tahirih's assets measured at fair value on a recurring basis as of December 31, 2018 and 2017, aggregated by the fair value hierarchy level with which those measurements were made:

2018	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	$ 4,160,823	$ -	$ 4,160,823	$ -
Total Investments	$ 4,160,823	$ -	$ 4,160,823	$ -
2017				
Certificates of deposit	$ 2,352,887	$ -	$ 2,352,887	$ -
Total Investments	$ 2,352,887	$ -	$ 2,352,887	$ -

Continued

4. Fair Value Measurement (continued)

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.

5. Net Assets

Net Assets Without Donor Restrictions

Tahirih's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts for an operating reserve. As of December 31, 2018 and 2017, Tahirih's net assets without donor restrictions were as follows:

	2018	2017
Undesignated – operating	$ 4,542,470	$ 2,939,813
Board-designated – reserve fund	1,150,000	825,000
Total Net Assets Without Donor Restrictions	$ 5,692,470	$ 3,764,813

Net Assets With Donor Restrictions

As of December 31, 2018 and 2017, net assets with donor restrictions were restricted for purposes or time periods as follows:

	2018	2017
Subject to expenditure for specified purpose:		
Strategic planning and management	$ 774,372	$ 1,874,363
Services:		
San Francisco	43,917	394,667
Houston	250,000	326,666
Greater Washington, D.C.	27,308	50,625
Atlanta	30,000	-
Baltimore	60,000	30,000
Advocacy	206,226	218,750
Total Subject to Expenditure for Specified Purpose	1,391,823	2,895,071
Subject to the passage of time:		
Time-restricted for general operating use in future years	1,460,606	255,606
Total Subject to Passage of Time	1,460,606	255,606
Total Net Assets With Donor Restrictions	$ 2,852,429	$ 3,150,677

Continued

6. Donated Professional Services

Tahirih estimated that it received, during the years ended December 31, 2018 and 2017, approximately 35,400 and 34,600 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 $15,763,451 and $14,696,708 for the years ended December 31, 2018 and 2017, respectively.

These donated professional services relate to the following functional areas:

	2018	2017
Programs:		
Services	$ 14,650,780	$ 13,140,700
Advocacy	1,101,286	1,510,601
General and administrative	11,000	41,538
Fundraising	385	3,869
Total Donated Professional Services	$ 15,763,451	$ 14,696,708

7. 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. In July 2018, Tahirih signed an amendment to add additional office space through May 1, 2019. In April 2019, Tahirih signed a second amendment to extend the lease term of both spaces through February 2020 or, if a new lease is executed with the current landlord, ending this lease when the new lease commences. 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. During 2018, Tahirih entered into a new noncancelable lease for office space in Baltimore that expires on December 31, 2023. 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 the annual minimum rent at a rate of 3% per year. Tahirih also had a noncancelable lease agreement for office space in Houston, Texas, that expired on August 31, 2017. This lease was renewed for another 66 months and expires on February 28, 2023. The lease contains a fixed escalation clause for increases in the annual minimum base rent of $0.50 per rentable square foot. In October 2017, Tahirih entered into a noncancelable lease agreement for an office in Atlanta, Georgia, that expires on October 31, 2019. Tahirih exited the lease without penalty on April 30, 2018, and entered into a new noncancelable lease that expires on February 28, 2024. Annual rental expense contains a fixed escalation clause for increases in the annual minimum rent at a rate of 3% per year.

Continued

7. Commitments, Risks and Contingencies (continued)

Operating Leases (continued)

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 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, 2018, the future minimum rental payments under these leases were as follows:

For the Year Ending December 31,	
2019	$ 486,309
2020	268,928
2021	223,914
2022	174,853
2023	99,070
Thereafter	8,616
Total	$ 1,261,690

Rent expense for the years ended December 31, 2018 and 2017, totaled $576,266 and $452,466, respectively.

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, 2018 and 2017, Tahirih's cash balances exceeded the limit by approximately $405,000 and $1,326,000, respectively. Tahirih monitors the creditworthiness of these institutions, and has not experienced any credit losses on its cash and cash equivalents.

Compliance Audit

Tahirih has received federal grants that are subject to review, audit and adjustment by state and federal agencies for qualifying expenses charged to the grants. Such audits could lead to requests for reimbursement to the state or federal agency for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the state or federal agencies cannot be determined at this time, although Tahirih expects such amounts, if any, to be insignificant.

8. Availability and Liquidity

Tahirih regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. Tahirih's financial assets available within one year of the statement of financial position date for general expenditures at December 31, 2018, were as follows:

	2018
Cash and cash equivalents	$ 1,275,411
Grants, contracts and contributions receivable, net	3,335,169
Investments	4,160,823
Total Financial Assets Available Within One Year	8,771,403
Less:	
Amounts unavailable for general expenditures within one year due to donor restrictions	(1,015,250)
Amounts unavailable to management without Board approval: Board-designated for working operating reserve	(1,150,000)
Financial Assets Available to Meet General Expenditures Within One Year	$ 6,606,153

Tahirih has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management focuses on maintaining the financial liquidity of Tahirih throughout the year by monitoring Tahirih's cash flow needs on a quarterly basis. Management is aware of the cyclical nature of Tahirih's cash flow related to various funding sources and is therefore able to ensure that cash is available to meet current liquidity needs. As part of Tahirih's liquidity plan, excess cash is invested in certificates of deposit. Management can liquidate these investments at any time, and therefore considers the investments to be available to meet current cash flow needs. Additionally, Tahirih has board-designated net assets in reserve which could be available for current operations with Board approval, if necessary.

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.

In late 2017, Tahirih starting providing an employer contribution of 5% of eligible employee salaries, vesting over five years. Tahirih made $250,696 and $36,370 in employer contributions to this plan for the years ended December 31, 2018 and 2017, respectively.

Continued

10. Income Taxes

Tahirih qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. No provision for income taxes is required for the year ended December 31, 2017, as Tahirih had no net unrelated business income. Per new regulations instituted under the 2017 Tax Cuts and Job Acts, Tahirih must treat as taxable the portion of its employer-paid fringe benefits allocated by employees to parking and public transit benefits and has accrued approximately $2,700 for the year ended December 31, 2018.

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, 2018 and 2017, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remained 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 or interest expense. As of December 31, 2018 and 2017, Tahirih had no accruals for interest and/or penalties. There are currently no examinations, pending or in progress, regarding Tahirih's tax returns.

11. Subsequent Events

In preparing these financial statements, Tahirih has evaluated, for potential recognition or disclosure, events and transactions through May 22, 2019, the date the financial statements were available to be issued. Except as disclosed in Note 7, there were no subsequent events that require recognition or disclosure in these financial statements.