TAHIRIH JUSTICE CENTER®

Financial Statements

For the Years Ended December 31, 2019 and 2018

and
Report Thereon

TAHIRIH JUSTICE CENTER

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For the Years Ended December 31, 2019 and 2018

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Tahirih Justice Center

Report on the Financial Statements

We have audited the accompanying financial statements of Tahirih Justice Center (Tahirih), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 audits 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

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, 2019 and 2018, 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.

Marcum LLP

Washington, DC
November 6, 2020

TAHIRIH JUSTICE CENTER

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 3,053,150	$ 1,275,411
Grants and contributions receivable, net	2,913,125	3,335,169
Prepaid expenses and other	230,902	172,368
Investments	2,221,017	4,160,823
Deposits	70,263	62,695
Property and equipment, net	176,105	138,870
TOTAL ASSETS	$ 8,664,562	$ 9,145,336
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 258,911	$ 199,568
Accrued expenses	453,382	334,882
Deferred revenue	49,120	5,619
Deferred rent	-	60,368
TOTAL LIABILITIES	761,413	600,437
Net Assets		
Without donor restrictions		
Undesignated	3,813,782	4,542,470
Board-designated	1,500,000	1,150,000
Total Without Donor Restrictions	5,313,782	5,692,470
With donor restrictions	2,589,367	2,852,429
TOTAL NET ASSETS	7,903,149	8,544,899
TOTAL LIABILITIES AND NET ASSETS	$ 8,664,562	$ 9,145,336

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

TAHIRIH JUSTICE CENTER

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Donated professional services	$ 16,685,609	$ -	$ 16,685,609	$ 15,763,451	$ -	$ 15,763,451
Grants and contributions	9,069,519	1,565,178	10,634,697	8,732,118	1,910,784	10,642,902
Investment income	90,833	-	90,833	34,382	-	34,382
Other income	13,850	-	13,850	2,943	-	2,943
Net assets released from restrictions:						
Satisfaction of program restrictions	913,240	(913,240)	-	1,934,032	(1,934,032)	-
Satisfaction of time restrictions	915,000	(915,000)	-	275,000	(275,000)	-
TOTAL REVENUE AND SUPPORT	27,688,051	(263,062)	27,424,989	26,741,926	(298,248)	26,443,678
EXPENSES						
Program Services:						
Services	22,502,380	-	22,502,380	19,610,413	-	19,610,413
Advocacy	1,930,982	-	1,930,982	2,400,239	-	2,400,239
Total Program Services	24,433,362	-	24,433,362	22,010,652	-	22,010,652
Supporting Services:						
General and administrative	1,901,830	-	1,901,830	1,887,764	-	1,887,764
Fundraising	1,731,547	-	1,731,547	915,853	-	915,853
Total Supporting Services	3,633,377	-	3,633,377	2,803,617	-	2,803,617
TOTAL EXPENSES	28,066,739	-	28,066,739	24,814,269	-	24,814,269
CHANGE IN NET ASSETS	(378,688)	(263,062)	(641,750)	1,927,657	(298,248)	1,629,409
NET ASSETS, BEGINNING OF YEAR	5,692,470	2,852,429	8,544,899	3,764,813	3,150,677	6,915,490
NET ASSETS, END OF YEAR	$ 5,313,782	$ 2,589,367	$ 7,903,149	$ 5,692,470	$ 2,852,429	$ 8,544,899

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

TAHIRIH JUSTICE CENTER

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services			Supporting Services			
	Services	Advocacy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Donated professional services	$ 16,631,930	$ 28,130	$ 16,660,060	$ 20,828	$ 4,721	$ 25,549	$ 16,685,609
Salaries	3,714,165	889,636	4,603,801	1,130,201	1,109,553	2,239,754	6,843,555
Fringe benefits and payroll taxes	900,972	215,805	1,116,777	274,161	269,152	543,313	1,660,090
Outreach and education	1,783	575,961	577,744	-	93,733	93,733	671,477
Occupancy	257,647	61,713	319,360	78,401	76,968	155,369	474,729
Subrecipients and coalition partners	352,228	-	352,228	-	-	-	352,228
Staff training	64,388	5,168	69,556	192,665	2,342	195,007	264,563
Equipment rental, maintenance and software	128,548	30,790	159,338	39,117	38,402	77,519	236,857
Other professional services	91,841	27,363	119,204	40,310	57,977	98,287	217,491
Travel	49,743	41,033	90,776	58,401	14,907	73,308	164,084
Subscriptions, dues and fees	54,161	12,973	67,134	16,481	16,180	32,661	99,795
Client expenses and support	82,403	3,648	86,051	-	-	-	86,051
Other	38,631	9,253	47,884	11,756	11,541	23,297	71,181
Telephone	35,512	8,506	44,018	10,806	10,609	21,415	65,433
Depreciation and amortization	27,534	6,595	34,129	8,378	8,225	16,603	50,732
Supplies	19,569	4,687	24,256	5,955	5,846	11,801	36,057
Postage and delivery	16,867	4,040	20,907	5,133	5,039	10,172	31,079
Printing and copying	16,038	3,841	19,879	4,880	4,791	9,671	29,550
Insurance	18,420	1,840	20,260	4,357	1,561	5,918	26,178
TOTAL EXPENSES	$ 22,502,380	$ 1,930,982	$ 24,433,362	$ 1,901,830	$ 1,731,547	$ 3,633,377	$ 28,066,739

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
Outreach and education	-	408,411	408,411	-	69,388	69,388	477,799
Occupancy	322,231	63,605	385,836	132,816	57,614	190,430	576,266
Subrecipients and coalition partners	356,300	-	356,300	-	-	-	356,300
Staff training	25,901	4,502	30,403	10,548	2,034	12,582	42,985
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
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
Client expenses and support	108,947	2,867	111,814	-	-	-	111,814
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
Supplies	17,962	3,499	21,461	7,404	3,202	10,606	32,067
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
Insurance	18,207	433	18,640	2,926	92	3,018	21,658
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

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (641,750)	$ 1,629,409
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Discount on pledges receivable	(13,549)	3,642
Provision for doubtful pledges receivable	(12,268)	(19,265)
Depreciation and amortization	50,732	48,777
Changes in assets and liabilities:		
Grants and contributions receivable	447,861	(583,213)
Prepaid expenses and other	(58,534)	306
Deposits	(7,568)	(6,102)
Accounts payable	59,343	(49,211)
Accrued expenses	118,500	(98,005)
Deferred revenue	43,501	(40,567)
Deferred rent	(60,368)	(20,640)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(74,100)	865,131
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and reinvested maturities of investments	(2,715,194)	(4,900,000)
Proceeds from sales of investments	4,655,000	3,092,064
Purchases of property and equipment	(87,967)	(35,252)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,851,839	(1,843,188)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,777,739	(978,057)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,275,411	2,253,468
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,053,150	$ 1,275,411

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

TAHIRIH JUSTICE CENTER

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	2019	2018
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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 and Contributions Receivable

Unconditional Grants 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 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,

Continued

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

Property, Equipment and Related Depreciation and Amortization (continued)

Website Development Costs, while costs incurred during the planning and post-implementation operation stages are expensed. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization, and any gain or loss is reflected in revenue and support or expenses in the accompanying statements of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Classification of Net Assets

The net assets of Tahirih are reported as follows:

- 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, 2019 and 2018, the Board has designated $1,500,000 and $1,150,000, 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, 2019 and 2018, 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 unconditional commitment is made, including the portion of gala donations that exceed the value given by the donor. Gala donations to the extent of the benefits received by the donor, are recognized at the point in time that the event occurs. Unconditional grants and contributions are considered revenue and support without donor restrictions and available for general operations unless specifically restricted by the donor. Tahirih reports unconditional 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.

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

Revenue Recognition (continued)

Revenue recognized on these unconditional grants for which the cash has not been received from the grantor as of year-end is reflected as grants 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. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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 and state agencies which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as support when Tahirih has incurred expenditures in compliance with specific grant or contract provisions. Direct and indirect expenses incurred, but not yet reimbursed or billed, under these grants and contracts are reported as grants and contributions receivable in the accompanying statements of financial position.

Donated Professional Services

Unconditional 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.

Continued

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

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Tahirih adopted ASU 2014-09 and related amendments on January 1, 2019 using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. Tahirih adopted ASU 2018-08 as of January 1, 2019 and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for Tahirih's contributions.

2. Grants and Contributions Receivable

Grants and contributions receivable consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Nonfederal grants and contributions	$ 2,222,423	$ 2,720,754
Federal grants	721,438	670,969
Total Grants and Contributions Receivable	2,943,861	3,391,723
Less: Discount on Multiyear Pledges	(9,486)	(23,036)
Less: Allowance for Doubtful Accounts	(21,250)	(33,518)
Grants and Contributions Receivable, Net	$ 2,913,125	$ 3,335,169

Nonfederal grants receivable as of December 31, 2019 and 2018, are shown at the present value of estimated future cash flows using discount rates of 1.69% and 2.51%, respectively, which are based on available data for the three-month U.S. T-bill rate as of December 31, 2019 and 2018.

Continued

2. Grants and Contributions Receivable (continued)

Federal grants receivable are all expected to be collected in less than one year. Nonfederal grants and contributions receivable represent amounts due from individual donors and foundations. As of December 31, 2019 and 2018, the amounts were scheduled to be paid as follows:

	2019	2018
Less than one year	$ 1,847,423	$ 1,850,754
One to five years	375,000	865,000
Thereafter	-	5,000
Total Nonfederal Grants and Contributions Receivable	$ 2,222,423	$ 2,720,754

As of December 31, 2019 and 2018, revenue from cost-reimbursable grants of $2,764,730 and $3,061,772 had not been recognized in the accompanying statements of activities because the conditions (qualifying expenditures) on which they depend have not yet been met.

3. Property and Equipment and Accumulated Depreciation and Amortization

Tahirih's property and equipment consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Software and web design	$ 228,729	$ 228,729
Leasehold improvements	87,967	-
Office equipment	67,121	67,121
Computers	61,021	61,021
Furniture	7,204	7,204
Total Property and Equipment	452,042	364,075
Less: Accumulated Depreciation and Amortization	(275,937)	(225,205)
Property and Equipment, Net	$ 176,105	$ 138,870

Depreciation and amortization expense totaled $50,732 and $48,777 for the years ended December 31, 2019 and 2018, respectively.

Continued

4. Fair Value Measurement

The following tables summarize Tahirih's assets measured at fair value on a recurring basis as of December 31, 2019 and 2018, aggregated by the fair value hierarchy level with which those measurements were made:

2019	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	$ 1,716,916	$ -	$ 1,716,916	$ -
Money market fund	504,101	504,101	-	-
Total Investments	$ 2,221,017	$ 504,101	$ 1,716,916	$ -
2018				
Certificates of deposit	$ 4,160,823	$ -	$ 4,160,823	$ -
Total Investments	$ 4,160,823	$ -	$ 4,160,823	$ -

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

Certificates of deposit – These are valued at amortized cost; cost plus interest.

Money market fund – These instruments are valued using the net asset value of shares held at year-end and based on quoted market prices in active markets. Where quoted prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy.

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, 2019 and 2018, Tahirih's net assets without donor restrictions were as follows:

	2019	2018
Undesignated – operating	$ 3,813,782	$ 4,542,470
Board-designated – reserve fund	1,500,000	1,150,000
Total Net Assets Without Donor Restrictions	$ 5,313,782	$ 5,692,470

Net Assets With Donor Restrictions

As of December 31, 2019 and 2018, net assets with donor restrictions were restricted for purposes or time periods as follows:

	2019	2018
Subject to expenditure for specified purpose:		
Strategic planning and management	$ 346,500	$ 774,372
Services:		
San Francisco	30,033	43,917
Houston	448,478	250,000
Greater Washington, D.C.	25,000	27,308
Atlanta	15,000	30,000
Baltimore	10,000	60,000
Advocacy	68,750	206,226
Total Subject to Expenditure for Specified Purpose	943,761	1,391,823
Subject to the passage of time:		
Time-restricted for general operating use in future years	1,645,606	1,460,606
Total Subject to Passage of Time	1,645,606	1,460,606
Total Net Assets With Donor Restrictions	$ 2,589,367	$ 2,852,429

6. Donated Professional Services

Tahirih estimated that it received, during the years ended December 31, 2019 and 2018, approximately 36,500 and 35,400 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 $16,685,609 and $15,763,451 for the years ended December 31, 2019 and 2018, respectively.

Continued

6. Donated Professional Services (continued)

These donated professional services relate to the following functional areas:

	2019	2018
Programs:		
Services	$ 16,631,930	$ 14,650,780
Advocacy	28,130	1,101,286
General and administrative	20,828	11,000
Fundraising	4,721	385
Total Donated Professional Services	$ 16,685,609	$ 15,763,451

7. Commitments, Risks and Contingencies

Operating Leases

Tahirih entered into a noncancelable lease agreement for its main office space in Falls Church, Virginia, that expired 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. In September 2019, Tahirih signed a lease with the current landlord to rent a similar office space through July 2031. The lease is set to commence in July 2020 with rent abated through July 31, 2021. The lease contains a fixed escalation clause for increases in the annual minimum base rent of approximately 2.7%. The lease contains a tenant improvement allowance of $999,700 which Tahirih has used approximately $88,000 as of December 31, 2019. Upon signing the new lease in September 2019, a third amendment was also signed to extend the original lease and the additional space until the commencement date of the new space.

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. Tahirih entered into a noncancelable lease agreement for an office in Atlanta, Georgia, 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, 2019, the future minimum rental payments under these leases were as follows:

For the Year Ending December 31,	
2020	$ 222,310
2021	437,254
2022	607,399
2023	543,511
2024	465,280
Thereafter	3,288,469
Total	$ 5,564,223

Rent expense, which is included in occupancy in the statements of functional expenses, for the years ended December 31, 2019 and 2018, totaled $474,729 and $576,266, 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, 2019 and 2018, Tahirih's cash balances exceeded the limit by approximately $1,972,000 and $405,000, 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, 2019 and 2018, were as follows:

	2019	2018
Financial assets available at year-end:		
Cash and cash equivalents	$ 3,053,150	$ 1,275,411
Grants and contributions receivable, net	2,913,125	3,335,169
Investments	2,221,017	4,160,823
Total Financial Assets Available Within One Year	8,187,292	8,771,403
Less:		
Amounts unavailable for general expenditures within one year due to donor purpose restrictions	(1,538,057)	(1,015,250)
Amounts unavailable to management without Board approval:		
Board-designated for working operating reserve	(1,500,000)	(1,150,000)
Financial Assets Available To Meet General Expenditures Within One Year	$ 5,149,235	$ 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.

Tahirih provides an employer contribution of 5% of eligible employee salaries, vesting over five years. Tahirih made $314,536 and $250,696 in employer contributions to this plan for the years ended December 31, 2019 and 2018, 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 years ended December 31, 2019 and 2018, as unrelated business income was insignificant.

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, 2019 and 2018, 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, 2019, the statute of limitations for certain tax years 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, 2019 and 2018, 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 November 6, 2020, the date the financial statements were available to be issued. Except as noted below, there were no other subsequent events identified which are required to be disclosed in these financial statements.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout the United States. The COVID-19 pandemic has developed rapidly in 2020, with a significant number of individual cases that has had a material impact on economic activity. We have taken measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people and our clients, including social distancing and work from home policies. The Organization has been able to continue operations in a remote environment; however, at this point, management does not know the full extent of the impact on the Organization's financial condition and is continuing to monitor the situation closely.

To assist with operations, Tahirih applied for a Small Business Administration loan through the Paycheck Protection Program (PPP). On May 3, 2020, Tahirih's PPP loan application for $1,310,172 was approved by a financial institution. The loan will mature in May 2022 and has a fixed interest rate of 1% per annum. Payments of principal and interest are deferred during the first six months of the loan. Commencing in November 2020, the loan will be paid in equal monthly installments through the maturity date. The loan amount may be eligible for forgiveness, pursuant to provisions of the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder used for mortgage interest, rent and utility costs over a specified period of time after the loan is made and the number of employees and compensation levels are maintained.