



TAHIRIH
JUSTICE
CENTER.®

Financial Statements

For the Years Ended December 31, 2020 and 2019



**and
Report Thereon**



TAHIRIH JUSTICE CENTER

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For the Years Ended December 31, 2020 and 2019

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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, 2020 and 2019, 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.

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, 2020 and 2019, 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
September 15, 2021

TAHIRIH JUSTICE CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 4,895,094	\$ 3,053,150
Grants and contributions receivable, net	2,231,904	2,913,125
Prepaid expenses and other	196,078	230,902
Investments	506,677	2,221,017
Deposits	79,250	70,263
Property and equipment, net	1,286,561	176,105
TOTAL ASSETS	\$ 9,195,564	\$ 8,664,562
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 219,371	\$ 258,911
Accrued expenses	375,271	453,382
Deferred revenue	56,486	49,120
Deferred rent	228,149	-
Deferred lease incentive	954,299	-
Note payable	1,310,172	-
TOTAL LIABILITIES	3,143,748	761,413
Net Assets		
Without donor restrictions		
Undesignated	3,111,309	3,813,782
Board-designated	1,880,000	1,500,000
Total Without Donor Restrictions	4,991,309	5,313,782
With donor restrictions	1,060,507	2,589,367
TOTAL NET ASSETS	6,051,816	7,903,149
TOTAL LIABILITIES AND NET ASSETS	\$ 9,195,564	\$ 8,664,562

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

TAHIRIH JUSTICE CENTER
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Donated professional services	\$ 20,417,618	\$ -	\$ 20,417,618	\$ 16,685,609	\$ -	\$ 16,685,609
Grants and contributions	9,155,158	720,507	9,875,665	9,069,519	1,565,178	10,634,697
Investment income	39,162	-	39,162	90,833	-	90,833
Other income	44,218	-	44,218	13,850	-	13,850
Net assets released from restrictions:						
Satisfaction of program restrictions	943,761	(943,761)	-	913,240	(913,240)	-
Satisfaction of time restrictions	1,305,606	(1,305,606)	-	915,000	(915,000)	-
TOTAL REVENUE AND SUPPORT	31,905,523	(1,528,860)	30,376,663	27,688,051	(263,062)	27,424,989
EXPENSES						
Program Services:						
Services	25,988,203	-	25,988,203	22,502,380	-	22,502,380
Advocacy	1,941,520	-	1,941,520	1,930,982	-	1,930,982
Total Program Services	27,929,723	-	27,929,723	24,433,362	-	24,433,362
Supporting Services:						
General and administrative	2,692,691	-	2,692,691	1,901,830	-	1,901,830
Fundraising	1,605,582	-	1,605,582	1,731,547	-	1,731,547
Total Supporting Services	4,298,273	-	4,298,273	3,633,377	-	3,633,377
TOTAL EXPENSES	32,227,996	-	32,227,996	28,066,739	-	28,066,739
CHANGE IN NET ASSETS	(322,473)	(1,528,860)	(1,851,333)	(378,688)	(263,062)	(641,750)
NET ASSETS, BEGINNING OF YEAR	5,313,782	2,589,367	7,903,149	5,692,470	2,852,429	8,544,899
NET ASSETS, END OF YEAR	\$ 4,991,309	\$ 1,060,507	\$ 6,051,816	\$ 5,313,782	\$ 2,589,367	\$ 7,903,149

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

TAHIRIH JUSTICE CENTER

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020**

	Program Services			Supporting Services			Total
	Services	Advocacy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Donated professional services	\$ 19,958,098	\$ 430,584	\$ 20,388,682	\$ 23,903	\$ 5,033	\$ 28,936	\$ 20,417,618
Salaries	3,850,065	962,650	4,812,715	1,780,057	1,143,654	2,923,711	7,736,426
Fringe benefits and payroll taxes	807,902	202,003	1,009,905	373,529	239,986	613,515	1,623,420
Occupancy	287,395	71,859	359,254	132,876	85,370	218,246	577,500
Subrecipients and coalition partners	378,934	-	378,934	-	-	-	378,934
Client expenses and support	338,660	706	339,366	10	-	10	339,376
Equipment rental, maintenance and software	115,443	28,865	144,308	53,374	34,292	87,666	231,974
Other professional services	28,174	69,720	97,894	93,629	4,613	98,242	196,136
Outreach and education	11,031	127,715	138,746	3,274	32,474	35,748	174,494
Depreciation and amortization	53,382	13,347	66,729	24,680	15,857	40,537	107,266
Other	4,370	928	5,298	86,015	2,226	88,241	93,539
Subscriptions, dues and fees	36,166	9,043	45,209	16,721	10,743	27,464	72,673
Telephone	32,369	8,093	40,462	14,966	9,615	24,581	65,043
Staff training	19,085	2,658	21,743	20,824	3,297	24,121	45,864
Printing and copying	4,551	2,356	6,907	26,295	4,287	30,582	37,489
Postage and delivery	17,548	4,388	21,936	8,113	5,212	13,325	35,261
Travel	7,358	1,499	8,857	23,252	2,539	25,791	34,648
Insurance	24,602	1,838	26,440	5,130	2,502	7,632	34,072
Supplies	13,070	3,268	16,338	6,043	3,882	9,925	26,263
TOTAL EXPENSES	\$ 25,988,203	\$ 1,941,520	\$ 27,929,723	\$ 2,692,691	\$ 1,605,582	\$ 4,298,273	\$ 32,227,996

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			Total
	Services	Advocacy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
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
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
Client expenses and support	82,403	3,648	86,051	-	-	-	86,051
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
Outreach and education	1,783	575,961	577,744	-	93,733	93,733	671,477
Depreciation and amortization	27,534	6,595	34,129	8,378	8,225	16,603	50,732
Other	38,631	9,253	47,884	11,756	11,541	23,297	71,181
Subscriptions, dues and fees	54,161	12,973	67,134	16,481	16,180	32,661	99,795
Telephone	35,512	8,506	44,018	10,806	10,609	21,415	65,433
Staff training	64,388	5,168	69,556	192,665	2,342	195,007	264,563
Printing and copying	16,038	3,841	19,879	4,880	4,791	9,671	29,550
Postage and delivery	16,867	4,040	20,907	5,133	5,039	10,172	31,079
Travel	49,743	41,033	90,776	58,401	14,907	73,308	164,084
Insurance	18,420	1,840	20,260	4,357	1,561	5,918	26,178
Supplies	19,569	4,687	24,256	5,955	5,846	11,801	36,057
TOTAL EXPENSES	<u>\$ 22,502,380</u>	<u>\$ 1,930,982</u>	<u>\$ 24,433,362</u>	<u>\$ 1,901,830</u>	<u>\$ 1,731,547</u>	<u>\$ 3,633,377</u>	<u>\$ 28,066,739</u>

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

TAHIRIH JUSTICE CENTER

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,851,333)	\$ (641,750)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Discount on pledges receivable	(8,770)	(13,549)
Provision for doubtful pledges receivable	(8,500)	(12,268)
Depreciation and amortization	107,266	50,732
Realized and unrealized gains from investments	(2,592)	-
Changes in assets and liabilities:		
Grants and contributions receivable	698,491	447,861
Prepaid expenses and other	34,824	(58,534)
Deposits	(8,987)	(7,568)
Accounts payable	(39,540)	59,343
Accrued expenses	(78,111)	118,500
Deferred revenue	7,366	43,501
Deferred lease incentive	954,299	-
Deferred rent	228,149	(60,368)
	32,562	(74,100)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and reinvested maturities of investments	-	(2,715,194)
Proceeds from sales of investments	1,716,932	4,655,000
Purchases of property and equipment	(1,217,722)	(87,967)
	499,210	1,851,839
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of note payable	1,310,172	-
	1,310,172	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,841,944	1,777,739
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,053,150	1,275,411
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,895,094	\$ 3,053,150

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

TAHIRIH JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

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, girls, and other immigrant survivors fleeing gender-based violence to access justice through direct legal services, social services case management, bridge-building policy advocacy, and research-based training and education.

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 30,000 immigrant survivors 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.

TAHIRIH JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

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

Investments

Investments consist of certificates of deposit and a money market fund 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,

TAHIRIH JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019, the Board has designated \$1,880,000 and \$1,500,000, 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, 2020 and 2019, 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.

TAHIRIH JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

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

Revenue Recognition (continued)

Revenue recognized on 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.

TAHIRIH JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

2. Grants and Contributions Receivable

Grants and contributions receivable consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Nonfederal grants and contributions	\$ 1,114,377	\$ 2,222,423
Federal grants	1,130,994	721,438
Total Grants and Contributions Receivable	2,245,371	2,943,861
Less: Discount on Multiyear Pledges	(717)	(9,486)
Less: Allowance for Doubtful Accounts	(12,750)	(21,250)
Grants and Contributions Receivable, Net	\$ 2,231,904	\$ 2,913,125

Nonfederal grants receivable as of December 31, 2020 and 2019, are shown at the present value of estimated future cash flows using discount rates of .36% and 1.69%, respectively, which are based on available data for the three-month U.S. T-bill rate as of December 31, 2020 and 2019.

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, 2020 and 2019, the amounts were scheduled to be paid as follows:

	2020	2019
Less than one year	\$ 944,377	\$ 1,847,423
One to five years	170,000	375,000
Total Nonfederal Grants and Contributions Receivable	\$ 1,114,377	\$ 2,222,423

As of December 31, 2020 and 2019, revenue from cost-reimbursable grants of \$2,943,853 and \$2,764,730 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, 2020 and 2019:

	2020	2019
Leasehold improvements	\$ 1,275,163	\$ 87,967
Software and web design	228,729	228,729
Office equipment	97,650	67,121
Computers	61,021	61,021
Furniture	7,204	7,204
Total Property and Equipment	1,669,767	452,042

TAHIRIH JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

3. Property and Equipment and Accumulated Depreciation and Amortization (continued)

	2020	2019
<i>(continued)</i>		
Less: Accumulated Depreciation and Amortization	\$ <u>(383,206)</u>	\$ <u>(275,937)</u>
Property and Equipment, Net	\$ <u>1,286,561</u>	\$ <u>176,105</u>

Depreciation and amortization expense totaled \$107,266 and \$50,732 for the years ended December 31, 2020 and 2019, respectively.

4. Fair Value Measurement

The following tables summarize Tahirih's assets measured at fair value on a recurring basis as of December 31, 2020 and 2019, aggregated by the fair value hierarchy level with which those measurements were made:

	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)
2020				
Money market fund	\$ <u>506,677</u>	\$ <u>506,677</u>	\$ -	\$ -
Total Investments	\$ <u>506,677</u>	\$ <u>506,677</u>	\$ -	\$ -
2019	Fair Value	(Level 1)	(Level 2)	(Level 3)
Certificates of deposit	\$ 1,716,916	\$ -	\$ 1,716,916	\$ -
Money market fund	<u>504,101</u>	<u>504,101</u>	<u>-</u>	<u>-</u>
Total Investments	\$ <u>2,221,017</u>	\$ <u>504,101</u>	\$ <u>1,716,916</u>	\$ -

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.

TAHIRIH JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

5. Note Payable

On May 3, 2020, Tahirih entered into a Small Business Administration (SBA) loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$1,310,172. The loan will mature on May 7, 2022, with a fixed interest rate of 1% per annum. The loan amount may be eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder could be 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. On August 6, 2021, Tahirih was notified that their full loan amount was forgiven by the SBA and will be recognized as loan forgiveness in fiscal year 2021.

On March 29, 2021, Tahirih entered into an agreement for a second draw PPP loan with the same financial institution in the amount of \$1,600,000. The loan will mature on March 29, 2026, with a fixed interest rate of 1% per annum. Similar to the first draw PPP loan, all or a portion of the loan be eligible of forgiveness pursuant to the PPP requirements.

6. 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, 2020 and 2019, Tahirih's net assets without donor restrictions were as follows:

	2020	2019
Undesignated – operating	\$ 3,111,309	\$ 3,813,782
Board-designated – reserve fund	1,880,000	1,500,000
Total Net Assets Without Donor Restrictions	\$ 4,991,309	\$ 5,313,782

Net Assets With Donor Restrictions

As of December 31, 2020 and 2019, net assets with donor restrictions were restricted for purposes or time periods as follows:

	2020	2019
Subject to expenditure for specified purpose:		
Strategic planning and management	\$ -	\$ 346,500
Services:		
San Francisco	188,007	30,033
Houston	157,500	448,478
Greater Washington, D.C.	30,000	25,000
Atlanta	-	15,000
Baltimore	-	10,000
Advocacy	-	68,750
Total Subject to Expenditure for Specified Purpose	375,507	943,761

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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019**

6. Net Assets (continued)

Net Assets With Donor Restrictions (continued)

	<u>2020</u>	<u>2019</u>
<i>(continued)</i>		
Subject to the passage of time:		
Time-restricted for general operating use in future years	\$ 685,000	\$ 1,645,606
Total Subject to Passage of Time	685,000	1,645,606
Total Net Assets With Donor Restrictions	\$ 1,060,507	\$ 2,589,367

7. Donated Professional Services

Tahirih estimated that it received, during the years ended December 31, 2020 and 2019, approximately 37,100 and 36,500 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 \$20,417,618 and \$16,685,609 for the years ended December 31, 2020 and 2019, respectively.

These donated professional services relate to the following functional areas:

	<u>2020</u>	<u>2019</u>
Programs:		
Services	\$ 19,958,098	\$ 16,631,930
Advocacy	430,584	28,130
General and administrative	23,903	20,828
Fundraising	5,033	4,721
Total Donated Professional Services	\$ 20,417,618	\$ 16,685,609

8. 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 commenced 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 as an incentive to enter into the lease. 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.

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NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

8. Commitments, Risks and Contingencies (continued)

Operating Leases (continued)

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 was set to expire on November 30, 2021. On August 22, 2019, Tahirih entered into an amendment to expand the lease for additional space subleased from an adjacent tenant effective June 1, 2021 and extend the term until May 21, 2023. 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.

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, 2020, the future minimum rental payments under these leases were as follows:

<u>For the Year Ending December 31,</u>	
2021	\$ 428,341
2022	707,930
2023	594,593
2024	468,556
2025	468,161
Thereafter	<u>2,858,879</u>
Total	<u>\$ 5,526,460</u>

Rent expense, which is included in occupancy in the statements of functional expenses, for the years ended December 31, 2020 and 2019, totaled \$511,552 and \$453,685, 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, 2020 and 2019, Tahirih's cash balances exceeded the limit by approximately \$2,794,000 and \$1,972,000 respectively. Tahirih monitors the creditworthiness of these institutions, and has not experienced any credit losses on its cash and cash equivalents.

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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019**

8. Commitments, Risks and Contingencies (continued)

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.

Risk and Uncertainty

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. Tahirih has taken measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for its people and its clients, including social distancing and work from home policies. Tahirih 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 Tahirih's financial condition and is continuing to monitor the situation closely.

9. 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, 2020 and 2019, were as follows:

	2020	2019
Financial assets available at year-end:		
Cash and cash equivalents	\$ 4,895,094	\$ 3,053,150
Grants and contributions receivable, net	2,231,904	2,913,125
Investments	506,677	2,221,017
Total Financial Assets		
Available Within One Year	7,633,675	8,187,292
Less:		
Amounts unavailable for general expenditures within one year due to donor purpose restrictions	(103,507)	(1,538,057)
Amounts unavailable to management without Board approval:		
Board-designated for working operating reserve	(1,880,000)	(1,500,000)
Financial Assets Available To Meet General Expenditures Within One Year	\$ 5,650,168	\$ 5,149,235

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NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

9. Availability and Liquidity (continued)

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.

10. 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 a discretionary employer contribution based on eligible employee salaries vesting over five years. Tahirih contributed 5% for the year ending December 31, 2019. During the year ending December 31, 2020, the contribution was reduced to 2.5%. Tahirih made \$170,827 and \$314,536 in employer contributions to this plan for the years ended December 31, 2020 and 2019, respectively.

11. 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, Tahirih had no accruals for interest and/or penalties. There are currently no examinations, pending or in progress, regarding Tahirih's tax returns.

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NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

12. Subsequent Events

In preparing these financial statements, Tahirih has evaluated, for potential recognition or disclosure, events and transactions through September 15, 2021, the date the financial statements were available to be issued. Except as disclosed in Note 5 regarding the forgiveness of the first PPP loan and the draw on the second PPP loan, there were no other subsequent events identified which are required to be disclosed in these financial statements.