

**HARRIETT BUHAI CENTER FOR FAMILY LAW**

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**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

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**YEAR ENDED JULY 31, 2012  
WITH COMPARATIVE TOTALS FOR 2011**

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Cooper, Moss, Resnick, Klein & Co., LLP  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Harriett Buhai Center for Family Law  
Los Angeles, California

We have audited the accompanying statement of financial position of Harriett Buhai Center for Family Law (a nonprofit organization) as of July 31, 2012, and the related statements of activities, changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Harriett Buhai Center for Family Law's July 31, 2011 financial statements and, in our report dated December 1, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harriett Buhai Center for Family Law as of July 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Cooper, Moss, Resnick, Klein & Co., LLP*

Van Nuys, California  
January 30, 2013

**HARRIETT BUHAI CENTER FOR FAMILY LAW**  
**STATEMENT OF FINANCIAL POSITION**  
**JULY 31, 2012**  
**WITH COMPARATIVE TOTALS FOR 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents - operating	\$ 79,934	\$ 29,050
Cash and cash equivalents - non-operating	491,030	601,108
Investments	-	99,000
Grants and contracts receivable	77,560	90,303
Pledges receivable, net	35,608	48,446
Contribution receivable, net	2,174	2,909
Prepaid expenses	30,465	29,124
TOTAL CURRENT ASSETS	716,771	899,940
Property and equipment, net	572	1,342
Pledges receivable, noncurrent	46,420	55,028
	46,992	56,370
<b>TOTAL ASSETS</b>	<b>\$ 763,763</b>	<b>\$ 956,310</b>
 <b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 10,819	\$ 14,694
Accrued expenses	26,699	24,249
TOTAL LIABILITIES	37,518	38,943
 <b>NET ASSETS</b>		
Unrestricted	619,332	802,385
Temporarily restricted	106,913	114,982
TOTAL NET ASSETS	726,245	917,367
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 763,763</b>	<b>\$ 956,310</b>

See independent auditor's report and  
accompanying notes to financial statements.

**HARRIETT BUHAI CENTER FOR FAMILY LAW  
STATEMENT OF ACTIVITIES  
YEAR ENDED JULY 31, 2012  
WITH COMPARATIVE TOTALS FOR 2011**

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Government contracts	\$ 433,394	\$ 122,201	\$ 555,595	\$ 728,637
Special events	498,559	-	498,559	539,749
Foundations	120,467	89,750	210,217	113,250
Individual contributions	73,626	-	73,626	54,705
Client donations	786	-	786	385
Manual sales	35,121	-	35,121	30,197
Investment income:				
Interest and dividend income	234	-	234	544
Realized gain (loss) on sale of investments	1,081	-	1,081	5
Unrealized gain on investments	-	-	-	2,200
Net assets released by satisfaction of restrictions	220,020	(220,020)	-	-
<b>TOTAL SUPPORT AND REVENUE BEFORE DONATED SERVICES</b>	1,383,288	(8,069)	1,375,219	1,469,672
<b>DONATED SERVICES SUPPORT</b>	3,601,479	-	3,601,479	3,444,478
<b>TOTAL SUPPORT AND REVENUE</b>	4,984,767	(8,069)	4,976,698	4,914,150
<b>EXPENSES</b>				
Program Services				
Family legal aid	1,128,589	-	1,128,589	1,232,498
Donated services	3,601,479	-	3,601,479	3,444,478
Total program expenses	4,730,068	-	4,730,068	4,676,976
Supporting Services				
General, administrative and fund-raising	437,752	-	437,752	447,953
Total expenses	5,167,820	-	5,167,820	5,124,929
<b>DECREASE IN NET ASSETS</b>	\$ (183,053)	\$ (8,069)	\$ (191,122)	\$ (210,779)

See independent auditor's report and  
accompanying notes to financial statements.



**HARRIETT BUHAI CENTER FOR FAMILY LAW  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED JULY 31, 2012  
WITH COMPARATIVE TOTALS FOR 2011**

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
NET ASSETS, beginning of year	\$ 802,385	\$ 114,982	\$ 917,367	\$ 1,128,146
DECREASE IN NET ASSETS	<u>(183,053)</u>	<u>(8,069)</u>	<u>(191,122)</u>	<u>(210,779)</u>
NET ASSETS, end of year	<u>\$ 619,332</u>	<u>\$ 106,913</u>	<u>\$ 726,245</u>	<u>\$ 917,367</u>

See independent auditor's report and  
accompanying notes to financial statements.

**HARRIETT BUHAI CENTER FOR FAMILY LAW  
STATEMENT OF CASH FLOWS  
YEAR ENDED JULY 31, 2012  
WITH COMPARATIVE TOTALS FOR 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets:	\$ (191,122)	\$ (210,779)
Adjustments to reconcile decrease in net assets to net used for operating activities:		
Depreciation	772	2,202
Receipt of contribution of non-cash assets	(5,037)	(10,006)
Realized gain on sale of investments	(1,081)	(5)
Unrealized (gain) loss on investments	-	(2,200)
(Increase) decrease in:		
Grants and contracts receivable	12,743	(12,533)
Pledges receivable, net	21,446	(1,251)
Contribution receivable, net	735	790
Employee receivable	-	314
Prepaid expenses	(1,341)	(5,726)
Increase (decrease) in:		
Accounts payable	(3,875)	4,191
Accrued expenses	<u>2,450</u>	<u>(3,304)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>(164,310)</u>	<u>(238,307)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	<u>105,116</u>	<u>10,011</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>105,116</u>	<u>10,011</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(59,194)</b>	<b>(228,296)</b>
<b>CASH AND CASH EQUIVALENTS - beginning</b>	<u>630,158</u>	<u>858,454</u>
<b>CASH AND CASH EQUIVALENTS - ending</b>	<u>\$ 570,964</u>	<u>\$ 630,158</u>

See independent auditor's report and  
accompanying notes to financial statements.

**HARRIETT BUHAI CENTER FOR FAMILY LAW**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JULY 31, 2012**  
**WITH COMPARATIVE TOTALS FOR 2011**

	2012					2011
	Supporting Services			Program Services		Total
	General and Administrative	Fund- Raising	Total	Family Legal Aid	Total	
Accounting and audit	\$ 1,612	\$ 1,720	\$ 3,332	\$ 13,432	\$ 16,764	\$ 16,086
Advertising	22	24	46	184	230	1,227
Copier and computer repairs and maintenance	2,205	3,562	5,767	18,371	24,138	27,034
Depreciation	772	-	772	-	772	2,202
Dues, subscriptions and education	3,191	595	3,786	6,323	10,109	12,322
General and malpractice insurance	485	517	1,002	11,033	12,035	12,013
Library	462	493	955	3,846	4,801	8,314
Mileage and parking	360	384	744	2,997	3,741	5,182
Miscellaneous	8,557	11,773	20,330	4,741	25,071	28,866
Outside services	3,080	24,790	27,870	3,808	31,678	30,499
Postage	1,710	3,692	5,402	14,248	19,650	18,067
Printing and communications	6,442	8,626	15,068	3,703	18,771	33,311
Rent	14,786	15,779	30,565	123,222	153,787	148,756
Salaries, payroll taxes and employee benefits	94,314	100,647	194,961	785,980	980,941	1,070,863
Special events	-	89,195	89,195	-	89,195	93,284
Supplies	1,765	1,883	3,648	14,709	18,357	18,862
Telephone	1,458	1,556	3,014	12,153	15,167	12,230
Travel	235	251	486	1,959	2,445	4,562
Volunteer program	509	7,463	7,972	15,814	23,786	29,869
Workers' compensation and medical insurance	11,048	11,789	22,837	92,066	114,903	106,902
Total expenses before donated services	153,013	284,739	437,752	1,128,589	1,566,341	1,680,451
Donated services	-	-	-	3,601,479	3,601,479	3,444,478
<b>TOTAL EXPENSES</b>	<u>\$ 153,013</u>	<u>\$ 284,739</u>	<u>\$ 437,752</u>	<u>\$ 4,730,068</u>	<u>\$ 5,167,820</u>	<u>\$ 5,124,929</u>

See independent auditor's report and  
accompanying notes to financial statements.





**HARRIETT BUHAI CENTER FOR FAMILY LAW  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JULY 31, 2012**

**1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Harriett Buhai Center for Family Law is a nonprofit corporation organized in 1984 pursuant to the General Nonprofit Corporation Laws of the state of California. The Organization provides legal assistance in family law matters to low-income individuals mainly in the Los Angeles area.

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The Organization reports information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Support and Revenue

The Organization records grant revenues under various government contracts ratably over the period of the award, or as expenses are incurred and subsequently invoiced to the appropriate government entity, depending on the provisions of the grant.

Contributions and support that are restricted by the donor are reported as increases in unrestricted assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**HARRIETT BUHAI CENTER FOR FAMILY LAW**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JULY 31, 2012**

**1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Summarized Financial Information for 2011

The financial statements include prior year summarized comparative information in total, but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended July 31, 2011, from which the summarized information was derived.

Fair Value Measurements

The fair value of financial assets and liabilities is measured according to the *Fair Value Measurements and Disclosures* topic of FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques:

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

**HARRIETT BUHAI CENTER FOR FAMILY LAW  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JULY 31, 2012**

**1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Donated Services

The Organization reports donation support and expense for the estimated fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated (see Note 8).

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash accounts at several financial institutions. Cash and cash equivalent accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 for interest bearing accounts and for an unlimited amount for noninterest-bearing accounts. The unlimited FDIC coverage for noninterest-bearing accounts terminates on December 31, 2012. Beginning January 1, 2013, these accounts will be insured under the FDIC's general deposit insurance, which was permanently raised to \$250,000 in July 2010. The Company also maintains investments with a brokerage firm. Those balances are insured up to \$500,000 (with a limit of \$250,000 for cash accounts) by the Securities Investor Protection Corporation. At July 31, 2012 and 2011, the total amount in excess of insured limits is approximately \$215,000 and \$325,000, respectively.

Investments

Investments are composed of preferred stocks and all are reported at fair value. Realized and unrealized gains and losses are reported in the statement of activities. During the year ended July 31, 2012, the Organization sold all of its investments and recognized a gain of \$1,081.

Receivables

The Organization receives unconditional promises to provide future cash payments that are recorded as revenues or gains in the period received. The present value of these estimated future cash flows is recorded as pledges receivable. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. When the Organization invoices for services performed under various government contracts, accounts receivable are recorded at net realizable value.

**HARRIETT BUHAI CENTER FOR FAMILY LAW**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JULY 31, 2012**

**1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Receivables (continued)

The Organization periodically evaluates the balances in its receivables to determine whether any significant amounts are uncollectible. Management believes that all receivable balances are fully collectible at July 31, 2012 and no allowance for uncollectible amounts is considered necessary.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful life of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Estimated Useful Lives (Years)</u>
Computer equipment	5
Office equipment	5
Telephone equipment	5
Office furniture	5
Software	3
Leasehold improvements	8

Tax Status

The Organization is a non-profit entity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and exempt from California franchise taxes under Section 23701(d) of the State Revenue and Taxation Code. Therefore, no provision for income taxes is necessary. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

**HARRIETT BUHAI CENTER FOR FAMILY LAW  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JULY 31, 2012**

**1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Reclassifications

Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

**2- PLEDGES RECEIVABLE**

Pledges receivable consist of the following unconditional promises to give:

	<u>2012</u>	<u>2011</u>
General fund-raising event	\$ 37,000	\$ 50,050
Restricted to future periods	<u>50,000</u>	<u>60,000</u>
	87,000	110,050
Less unamortized discount	<u>(4,972)</u>	<u>(6,576)</u>
Net pledges receivable	<u>\$ 82,028</u>	<u>\$ 103,474</u>
Amounts due in:		
Less than one year	\$ 35,608	\$ 48,446
One to five years	46,420	45,275
Thereafter	<u>-</u>	<u>9,753</u>
Total	<u>\$ 82,028</u>	<u>\$ 103,474</u>

Included in pledges receivable is a promise to give from an individual who has an equity interest in a partnership which owns the building that the Organization currently occupies. The promise to give is the sum of \$10,000 per year for the calendar years 2010 - 2017 for a total of \$80,000. In return, the Organization signed a lease agreement for the same period of time. The present value of the pledge is determined using a discount rate of 2.5% in 2012 and 2011. At July 31, 2012 and 2011, management has determined that no allowance for uncollectible pledges is considered necessary.

**HARRIETT BUHAI CENTER FOR FAMILY LAW  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JULY 31, 2012**

**3- CONTRIBUTION RECEIVABLE**

In October 2008, the Organization was notified by Genworth Financial that it is the beneficiary of an annuity contract bequeathed by Lillian Robbins with a fair value of \$5,000. The contract is to be paid in 81 monthly installments ending in June 2015. The present value of this contract at the date of contribution was \$4,963. At July 31, 2012 and 2011, the present value of the contract amounted to \$2,174 and \$2,909, respectively. The total unamortized discount amounted to \$25 and \$44 for the years ended July 31, 2012 and 2011, respectively.

**4- PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at July 31:

	<b>2012</b>	<b>2011</b>
Computer equipment	\$ 24,8745	\$ 37,405
Office equipment	5,386	7,446
Telephone equipment	-	22,374
Office furniture	12,453	12,453
Software	5,409	5,409
Leasehold improvements	7,435	7,435
	55,558	92,522
Accumulated depreciation	(54,986)	(91,180)
	<b>\$ 572</b>	<b>\$ 1,342</b>

Depreciation expense for the years ended July 31, 2012 and 2011 was \$772 and \$2,202, respectively.

**5- ACCRUED VACATION**

Accrued employee vacation benefits are recognized as liabilities of the Organization. The value of accrued vacation benefits as of July 31, 2012 and 2011 was \$26,699 and \$24,249, respectively.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested accumulated sick leave and it is not recognized as a liability of the Organization since payment of such benefits is recorded as expenditures in the period the sick leave is taken.

**HARRIETT BUHAI CENTER FOR FAMILY LAW  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JULY 31, 2012**

**6- TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purpose at July 31:

	<b>2012</b>	2011
Family legal aid program	<b><u>\$ 106,913</u></b>	<u>\$ 114,982</u>

**7- OPERATING LEASES**

The Organization leases its office space under a noncancelable operating lease expiring in August 2018. The Organization also has month-to-month operating lease for some of its office equipment.

Future minimum lease payments are as follows:

2013	\$ 140,634
2014	144,848
2015	149,193
2016	153,670
Thereafter	<u>334,929</u>
	<b><u>\$ 923,274</u></b>

Total lease expense under these agreements for the years ended July 31, 2012 and 2011 was \$141,908 and \$136,903, respectively.

**8- DONATED SERVICES**

Donated services meeting the criteria for recognition in the financial statements are reflected as non-cash contributions and are recorded as contributions and expenditures at their actual or estimated fair market values at the date of receipt. As of July 31, the value of these donated services is as follows:

	<b>2012</b>	2011
Attorneys	<b>\$ 2,968,329</b>	\$ 2,865,958
Paralegals	<b><u>633,150</u></b>	<u>578,520</u>
	<b><u>\$ 3,601,479</u></b>	<u>\$ 3,444,478</u>

**HARRIETT BUHAI CENTER FOR FAMILY LAW  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JULY 31, 2012**

**9- RETIREMENT PLAN**

The Organization maintains a defined contribution pension plan, established in 2009, under Internal Revenue Code section 403(b). Substantially all employees are eligible to participate and may make elective salary deferrals. The Plan is funded solely by employee contributions and does not provide for any contributions by the Organization.

**10- SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through January 30, 2013, the date on which the financial statements were available to be issued.