HARRIETT BUHAI CENTER FOR FAMILY LAW

Financial Statements

June 30, 2019
With Comparative Totals for 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harriett Buhai Center for Family Law

We have audited the accompanying financial statements of Harriett Buhai Center for Family Law (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of Harriett Buhai Center for Family Law as of and for the year ended June 30, 2018 were audited by other accountants who expressed an unmodified opinion on those audited financial statements in a report dated January 28, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kirsch, Kohn & Bridge LLP

Woodland Hills, California
March 13, 2020

HARRIETT BUHAI CENTER FOR FAMILY LAW
Statement of Financial Position
June 30, 2019
With Comparative Totals as of June 30, 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 326,823	$ 828,364
Investment	754,356	-
Grants and contracts receivable	200,691	172,631
Pledges receivable, net	136,317	137,495
Other receivable	19,210	9,280
Prepaid expenses	50,296	40,848
TOTAL CURRENT ASSETS	1,487,693	1,188,618
Property and equipment, net	6,597	5,136
TOTAL ASSETS	$ 1,494,290	$ 1,193,754
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 10,052	$ 15,118
Accrued expenses	86,593	57,644
TOTAL LIABILITIES	96,645	72,762
NET ASSETS		
Without donor restrictions	1,164,198	1,051,749
With donor restrictions	233,447	69,243
TOTAL NET ASSETS	1,397,645	1,120,992
TOTAL LIABILITIES AND NET ASSETS	$ 1,494,290	$ 1,193,754

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

HARRIETT BUHAI CENTER FOR FAMILY LAW
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019
With Comparative Totals For the Year Ended June 30, 2018

	2019			2018
	Without donor restrictions	With donor restrictions	Total	Total
SUPPORT AND REVENUE				
Government contracts				
Federal	$ 787,421	$ -	$ 787,421	$ 699,967
State	270,220	17,160	287,380	232,675
Local	151,855	-	151,855	149,560
Foundations	165,129	205,871	371,000	100,000
Individual contributions	593,932	-	593,932	629,816
Manual sales	36,027	-	36,027	19,037
Other income	61,484	10,416	71,900	-
Investment income:				
Interest and dividends	2,110	-	2,110	635
Realized loss on sale of investments	(48)	-	(48)	(107)
Net assets released by satisfaction of restrictions	69,243	(69,243)	-	-
TOTAL SUPPORT AND REVENUE BEFORE DONATED SERVICES	2,137,373	164,204	2,301,577	1,831,583
DONATED SERVICES SUPPORT	2,761,074	-	2,761,074	2,836,522
TOTAL SUPPORT AND REVENUE	4,898,447	164,204	5,062,651	4,668,105
EXPENSES				
Program services:				
Family legal aid	1,608,056	-	1,608,056	1,316,255
Donated services	2,761,074	-	2,761,074	2,836,522
Total program expenses	4,369,130	-	4,369,130	4,152,777
Supporting services:				
General, administrative and fundraising	416,868	-	416,868	392,403
TOTAL EXPENSES	4,785,998	-	4,785,998	4,545,180
CHANGE IN NET ASSETS	112,449	164,204	276,653	122,925
NET ASSETS, BEGINNING OF YEAR	1,051,749	69,243	1,120,992	998,067
NET ASSETS, END OF YEAR	$ 1,164,198	$ 233,447	$ 1,397,645	$ 1,120,992

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

HARRIETT BUHAI CENTER FOR FAMILY LAW
Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals For the Year Ended June 30, 2018

	2019					2018
	Supporting Services			Program Services		
	General and Administrative	Fund-Raising	Total	Family Legal Aid	Total	Total
Accounting and audit	$ 2,098	$ 1,551	$ 3,649	$ 17,513	$ 21,162	$ 17,938
Advertising	90	2,457	2,547	755	3,302	11,028
Copier and computer repairs	3,682	2,721	6,403	30,730	37,133	22,045
Depreciation	2,999	-	2,999	-	2,999	2,302
Dues, subscriptions and education	8,721	3,097	11,818	10,053	21,871	12,454
Fundraising cost	-	-	-	-	-	18,528
General and malpractice insurance	582	430	1,012	12,267	13,279	18,278
Library	525	137	662	7,045	7,707	8,215
Mileage and parking	682	-	682	7,731	8,413	7,006
Miscellaneous	22,952	1,802	24,754	9,055	33,809	29,554
Outside services	4,435	10,607	15,042	5,973	21,015	10,340
Postage	2,023	4,099	6,122	16,884	23,006	19,415
Printing and communications	4,914	9,521	14,435	-	14,435	11,966
Rent	23,998	17,737	41,735	200,310	242,045	185,778
Salaries, payroll taxes and employee benefits	131,257	97,012	228,269	1,095,612	1,323,881	1,153,447
Supplies	4,882	3,609	8,491	40,753	49,244	26,210
Telephone	1,301	961	2,262	10,859	13,121	14,545
Travel	1,533	-	1,533	1,730	3,263	2,023
Volunteer program	3,742	13,501	17,243	10,189	27,432	10,339
Workers' compensation and medical insurance	15,646	11,564	27,210	130,597	157,807	127,247
Total expenses before donated services	236,062	180,806	416,868	1,608,056	2,024,924	1,708,658
Donated services	-	-	-	2,761,074	2,761,074	2,836,522
TOTAL EXPENSES	$ 236,062	$ 180,806	$ 416,868	$ 4,369,130	$ 4,785,998	$ 4,545,180

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

HARRIETT BUHAI CENTER FOR FAMILY LAW
Statement of Cash Flows
For the Year Ended June 30, 2019
With Comparative Totals For the Year Ended June 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets:	$ 276,653	$ 122,925
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,999	2,302
Receipt of contribution of non-cash assets	(1,489)	(2,134)
Realized loss on sale of investments	48	107
(Increase) decrease in:		
Grants and contracts receivable	(28,060)	(88,580)
Pledges receivable, net	1,178	(5,524)
Other receivable	(9,930)	(3,575)
Prepaid expenses	(9,448)	(1,434)
Increase (decrease) in:		
Accounts payable	(5,064)	(27)
Accrued expenses	28,948	6,488
NET CASH PROVIDED BY OPERATING ACTIVITIES	255,835	30,548
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(4,461)	(2,758)
Purchase of investment	(754,356)	-
Proceeds from sale of investment	1,441	2,030
NET CASH USED IN INVESTING ACTIVITIES	(757,376)	(728)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(501,541)	29,820
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	828,364	798,544
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 326,823	$ 828,364

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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.

B. 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 two classes of net assets as follows:

> Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be used at the discretion of management and the board of directors.
>
> Net assets with donor restrictions - Net assets that are subject to donor-imposed stipulations. Some restrictions will be met either by actions of the Organization and/or the passage of time. Other restrictions are permanent in nature whereby the donor has stipulated the funds be maintained in perpetuity.

C. 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 net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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.

E. Comparative Financial Information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

F. Fair Value Measurements

The carrying amounts of the Organization's financial instruments, including cash and cash equivalents, receivables, investments, prepaid expenses, accounts payable and accrued expenses approximate fair value due to the short term nature of these instruments.

G. 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.

H. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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 (FDIC) up to $250,000 per institution. At June 30, 2019, the Organization had deposits in excess of the FDIC limits. The Organization has not experienced any losses in its cash accounts, and management and the Board believe there is no significant risk associated with the Organization's uninsured deposits.

J. 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.

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 June 30, 2019 and 2018; therefore, no allowance for uncollectible amounts is considered necessary.

K. 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:

	Estimated Useful Lives
Computer equipment	5
Office equipment	5
Office furniture	5
Software	3
Leasehold improvements	8

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Tax Status

The Organization is a nonprofit entity exempt from federal income taxes under Section 50l(c)(3) of the Internal Revenue Code and exempt from California franchise taxes under Section 2370l(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 l70(b)(l)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

M. 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.

N. Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09 (Topic 606), *Revenue from Contracts with Customers*. ASU 2014-09 introduces a comprehensive, principles-based framework for recognizing revenue and supersedes most of the previous revenue recognition requirements. ASU 2014-09 is intended to improve GAAP by creating more consistency and comparability of revenue recognition practices across entities and industries, and improving the usefulness of information provided to financial statement users. The new standard is effective for fiscal years beginning after December 15, 2018. Management does not anticipate that adoption of this new guidance will have a material impact on the Organization's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This update requires lessees to recognize lease assets and lease liabilities for those leases classified as operating leases under previous GAAP. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. This pronouncement is effective for fiscal years beginning after December 15, 2019. The Organization's management is currently evaluating the impact this ASU might have on the Organization's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Recent Accounting Pronouncements (Continued)

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 and the Organization has adjusted the presentation of these statements accordingly, which includes combining temporarily restricted and permanently restricted net asset classes into a single net asset class called "net assets with donor restrictions", renaming the unrestricted net asset class to "net assets without donor restrictions," and including new disclosures about liquidity and availability of resources (see Note 2).

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019 and early application is permitted. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Management does not anticipate that adoption of this new guidance will have a material impact on the Organization's financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* which modifies and removes components of the fair value measurement disclosure requirements to improve disclosure effectiveness. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, and early adoption is permitted. The Organization's financial statements for the year ended June 30, 2019 incorporate the changes required by this standard.

O. Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets as of June 30, 2019 and 2018 are as follows. These amounts are reduced by balances not available for general use because of contractual, donor-imposed, or internal restrictions. The remaining balance of financial assets are available to satisfy liabilities and for general expenditures over the next twelve months.

	2019	2018
Financial assets at June 30:	$ 1,437,397	$ 1,147,770
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed time or purpose restrictions	233,447	69,243
Financial assets available to meet cash needs for general expenditure within twelve months	$ 1,203,950	$ 1,078,527

3. INVESTMENT

Funds are being set aside in reserve at the discretion of the Board of Directors for major capital improvements and future cash demands. During the year ending June 30, 2019, this reserve was moved from a bank deposit account ("cash and cash equivalent" classification) to a mutual fund ("investment" classification). The fair value of this investment, measured on a recurring basis, at June 30, 2019 is as follows:

	Fair Value	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual fund	$ 754,356	$ -	$ -

4. PLEDGES RECEIVABLE

Pledges receivable consist of the following unconditional promises to give:

	2019	2018
General fund-raising	$ 136,317	$ 137,495

At June 30, 2019 and 2018, management has determined that no allowance for uncollectible pledges is considered necessary.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2019 and 2018:

	2019	2018
Computer equipment	$ 18,329	$ 18,329
Office equipment	16,871	12,410
Office furniture	13,652	13,652
Software	7,394	7,394
Leasehold improvements	7,435	7,435
Total cost	63,681	59,220
Less: accumulated depreciation	(57,084)	(54,084)
Property and equipment, net	$ 6,597	$ 5,136

Depreciation expense for the years ended June 30, 2019 and 2018 was $2,999 and $2,302, respectively.

6. EMPLOYEE BENEFITS

Accrued employee vacation benefits are recognized as liabilities of the Organization. The value of accrued vacation benefits as of June 30, 2019 and 2018 was $64,505 and $57,474, 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.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purpose at June 30:

	2019	2018
Family legal aid program	$ 233,447	$ 69,243

8. COMMITMENTS AND CONTINGENCIES

The Organization is subject to certain loss contingencies, such as litigation settlements, arising in the normal conduct of its activities. In the opinion of management, the liability for such contingencies will not have a material effect on the Organization's financial position.

9. OPERATING LEASES

The Organization leases its office space under the terms of a noncancelable operating lease that expires in August 2026 with one 5-year option to renew. Current monthly rent payments of $15,938 are due, subject to adjustment pursuant to the lease. The Organization also has two operating leases for some of its office equipment.

Future minimum lease payments are as follows:

2020	$ 215,305
2021	221,186
2022	227,243
2023	229,438
2024	222,701
Thereafter	500,536
	$ 1,616,409

Total lease expense for the years ended June 30, 2019 and 2018 was $211,295 and $173,865, respectively.

10. 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. At June 30, 2019 and 2018, the value of these donated services is as follows:

	2019	2018
Attorneys	$ 2,301,233	$ 2,330,317
Paralegals	450,918	498,410
Interpreters	8,923	7,795
	$ 2,761,074	$ 2,836,522

11. 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.

12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 13, 2020, the date on which the financial statements were available to be issued. No events have been identified that would require adjustment to or disclosure in the attached financial statements.