



THE CHILDREN'S LAW CENTER, INC.

SEPTEMBER 30, 2012 AND 2011

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statement of Functional Expenses for the Year Ended September 30, 2012	4
Statement of Functional Expenses for the Year Ended September 30, 2011	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 13



JOHN T SQUIRE CPA
SUSAN A LEMKIN CPA
CHRISTOPHER J MATHEWS CPA
BART J LANMAN CPA CFP®
CLINTON L LEHMAN CPA CMA CFM
ROBERT J KOPERA CPA
NANCY C JOHNSON CPA

SQUIRE, LEMKIN + COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS
111 ROCKVILLE PIKE
SUITE 475
ROCKVILLE MARYLAND 20850
301 424 6800 TELEPHONE
301 424 6892 FACSIMILE
EMAIL SUPPORT@MYCPAS.COM
WWW.MYCPAS.COM

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Children's Law Center, Inc.
Washington, D.C.

We have audited the accompanying statements of financial position of The Children's Law Center, Inc. (CLC) as of September 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of CLC's management. 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 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 audits provide 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 The Children's Law Center, Inc. as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Squire, Lemkin + Co., LLP

February 12, 2013

THE CHILDREN'S LAW CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

	SEPTEMBER 30,	
ASSETS	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents:		
Cash and cash equivalents	\$ 783,392	\$ 1,594,672
Cash and cash equivalents - restricted	113,914	113,891
Certificates of deposit	914,920	-
Total cash and cash equivalents	<u>\$ 1,812,226</u>	<u>\$ 1,708,563</u>
Receivables:		
Contracts receivable	\$ 1,668,725	\$ 1,631,780
Contributions and grants receivable	37,137	26,925
Annual event receivable	41,749	81,920
Total receivables	<u>\$ 1,747,611</u>	<u>\$ 1,740,625</u>
Prepaid expenses	\$ 143,185	\$ 124,857
Other current assets	1,332	500
TOTAL CURRENT ASSETS	<u>\$ 3,704,354</u>	<u>\$ 3,574,545</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 123,303</u>	<u>\$ 171,368</u>
TOTAL ASSETS	<u>\$ 3,827,657</u>	<u>\$ 3,745,913</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 149,549	\$ 191,616
Deferred revenue	-	5,000
TOTAL CURRENT LIABILITIES	<u>\$ 149,549</u>	<u>\$ 196,616</u>
NET ASSETS:		
Unrestricted	\$ 3,424,216	\$ 3,354,333
Temporarily restricted	253,892	194,964
TOTAL NET ASSETS	<u>\$ 3,678,108</u>	<u>\$ 3,549,297</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,827,657</u>	<u>\$ 3,745,913</u>

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

THE CHILDREN'S LAW CENTER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30,

	2012			2011		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
REVENUE AND SUPPORT:						
D.C. court contractual services	\$ 4,979,767	\$ -	\$ 4,979,767	\$ 4,829,286	\$ -	\$ 4,829,286
Grants	132,600	735,652	868,252	117,000	713,836	830,836
Contributions	239,092	5,652	244,744	268,234	9,325	277,559
Donated goods and services	308,693	-	308,693	275,481	-	275,481
Healthy Together	15,504	-	15,504	-	16,190	16,190
Interest income	3,250	-	3,250	2,812	-	2,812
Annual event net of \$62,996 and \$62,617 in direct expenses	668,421	-	668,421	582,492	-	582,492
Net assets released from restrictions	682,376	(682,376)	-	773,910	(773,910)	-
TOTAL REVENUE AND SUPPORT	<u>\$ 7,029,703</u>	<u>\$ 58,928</u>	<u>\$ 7,088,631</u>	<u>\$ 6,849,215</u>	<u>\$ (34,559)</u>	<u>\$ 6,814,656</u>
EXPENSES:						
Legal programs:						
Guardian Ad Litem	\$ 4,209,834	\$ -	\$ 4,209,834	\$ 3,878,338	\$ -	\$ 3,878,338
Family Permanency Project	668,784	-	668,784	621,041	-	621,041
Healthy Together	851,341	-	851,341	725,614	-	725,614
Policy Work and Advocacy	511,997	-	511,997	437,771	-	437,771
Consortium	6,157	-	6,157	7,255	-	7,255
Total legal programs	<u>\$ 6,248,113</u>	<u>\$ -</u>	<u>\$ 6,248,113</u>	<u>\$ 5,670,019</u>	<u>\$ -</u>	<u>\$ 5,670,019</u>
Supporting services:						
General and administrative	\$ 364,451	\$ -	\$ 364,451	\$ 340,521	\$ -	\$ 340,521
Fundraising	347,256	-	347,256	366,617	-	366,617
Total supporting services	<u>\$ 711,707</u>	<u>\$ -</u>	<u>\$ 711,707</u>	<u>\$ 707,138</u>	<u>\$ -</u>	<u>\$ 707,138</u>
TOTAL EXPENSES	<u>\$ 6,959,820</u>	<u>\$ -</u>	<u>\$ 6,959,820</u>	<u>\$ 6,377,157</u>	<u>\$ -</u>	<u>\$ 6,377,157</u>
CHANGE IN NET ASSETS	\$ 69,883	\$ 58,928	\$ 128,811	\$ 472,058	\$ (34,559)	\$ 437,499
NET ASSETS, BEGINNING OF YEAR	<u>3,354,333</u>	<u>194,964</u>	<u>3,549,297</u>	<u>2,882,275</u>	<u>229,523</u>	<u>3,111,798</u>
NET ASSETS, END OF YEAR	<u>\$ 3,424,216</u>	<u>\$ 253,892</u>	<u>\$ 3,678,108</u>	<u>\$ 3,354,333</u>	<u>\$ 194,964</u>	<u>\$ 3,549,297</u>

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

THE CHILDREN'S LAW CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Legal Programs					Supporting Services			
	Guardian Ad Litem	Family Permanency Project	Healthy Together	Policy Work and Advocacy	Consortium	Totals	General and Administrative	Fundraising	Total
Donated goods and services	\$ 112,485	\$ 17,910	\$ 21,105	\$ -	\$ -	\$ 151,500	\$ 26,216	\$ 4,100	\$ 181,816
Donated legal services	47,627	79,250	-	-	-	126,877	-	-	126,877
Compensation and benefits	3,106,849	406,439	620,610	402,986	5,969	4,542,853	218,314	266,620	5,027,787
Other events expense	2,235	357	411	-	-	3,003	-	-	3,003
Communications	57,815	5,694	10,506	6,317	-	80,332	2,921	2,012	85,265
Computer and telephone	39,401	9,940	9,154	4,817	-	63,312	4,031	8,078	75,421
Client costs	9,896	1,096	3,669	33	-	14,694	-	-	14,694
Cost of litigation	18,742	16,601	22,748	-	-	58,091	-	-	58,091
Depreciation	47,140	7,575	8,739	5,482	-	68,936	2,514	2,608	74,058
Amortization	6,636	1,123	1,378	3,360	-	12,497	384	1,996	14,877
Direct mail	-	-	-	-	-	-	-	3,178	3,178
Insurance	22,485	3,593	4,146	2,601	-	32,825	597	619	34,041
Legal library	18,208	3,312	5,339	2,149	-	29,008	315	2,103	31,426
Membership dues	10,910	1,442	2,697	1,256	-	16,305	676	455	17,436
Meetings	843	2,507	1,319	1,540	-	6,209	1,258	418	7,885
Office supplies	5,636	616	475	311	-	7,038	24,002	1,088	32,128
Postage	4,378	847	947	507	-	6,679	729	1,610	9,018
Printing and design	1,584	5,671	2,203	8,795	-	18,253	22	3,252	21,527
Professional development	45,322	9,672	10,954	6,818	-	72,766	187	2,365	75,318
Professional fees	13,136	1,739	2,392	1,500	-	18,767	28,202	2,160	49,129
Recruiting	2,112	533	292	239	-	3,176	2,000	8,000	13,176
Office rent	526,723	84,473	102,751	61,788	-	775,735	36,849	35,246	847,830
Bad debt	-	-	-	-	-	-	5,625	-	5,625
Staff costs	8,509	1,686	1,075	534	-	11,804	6,419	1,032	19,255
Transportation	101,162	6,708	18,431	964	188	127,453	3,190	316	130,959
TOTAL EXPENSES	<u>\$ 4,209,834</u>	<u>\$ 668,784</u>	<u>\$ 851,341</u>	<u>\$ 511,997</u>	<u>\$ 6,157</u>	<u>\$ 6,248,113</u>	<u>\$ 364,451</u>	<u>\$ 347,256</u>	<u>\$ 6,959,820</u>

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

THE CHILDREN'S LAW CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Legal Programs					Supporting Services			
	Guardian Ad Litem	Family Permanency Project	Healthy Together	Policy Work and Advocacy	Consortium	Totals	General and Administrative	Fundraising	Total
Donated goods and services	\$ 107,371	\$ 17,583	\$ 18,536	\$ -	\$ -	\$ 143,490	\$ 29,136	\$ -	\$ 172,626
Donated legal services	26,973	75,882	-	-	-	102,855	-	-	102,855
Compensation and benefits	2,786,205	386,414	537,461	351,935	7,100	4,069,115	217,246	261,494	4,547,855
Other events expense	4,869	797	841	-	-	6,507	33	2,601	9,141
Communications	42,576	6,007	9,119	3,549	-	61,251	1,919	2,636	65,806
Computer and telephone	40,821	6,030	6,899	3,640	-	57,390	2,724	9,801	69,915
Client costs	12,864	1,460	3,530	-	-	17,854	-	102	17,956
Cost of litigation	19,724	10,924	10,149	-	-	40,797	-	-	40,797
Depreciation	60,730	9,945	10,484	5,221	-	86,380	3,496	3,678	93,554
Amortization	5,947	1,063	1,148	3,156	-	11,314	370	1,947	13,631
Direct mail	-	-	-	-	-	-	-	9,374	9,374
Insurance	22,632	3,677	3,876	1,930	-	32,115	558	588	33,261
Legal library	14,848	2,165	4,043	1,136	-	22,192	69	2,234	24,495
Membership dues	11,164	1,244	2,319	1,075	-	15,802	891	414	17,107
Meetings	132	556	327	978	-	1,993	1,889	681	4,563
Office supplies	20,088	3,061	3,290	2,607	-	29,046	6,207	1,517	36,770
Postage	5,628	777	1,201	370	-	7,976	867	780	9,623
Printing and design	2,682	1,889	1,419	3,726	-	9,716	78	5,318	15,112
Professional development	60,930	1,563	4,423	11,353	-	78,269	12,310	8,304	98,883
Professional fees	15,028	1,937	1,998	948	-	19,911	20,470	1,557	41,938
Recruiting	1,192	126	271	2,168	-	3,757	4,085	18,314	26,156
Office rent	508,602	81,261	85,764	42,659	-	718,286	33,791	33,949	786,026
Staff costs	10,761	1,391	710	443	-	13,305	2,778	654	16,737
Transportation	96,571	5,289	17,806	877	155	120,698	1,604	674	122,976
TOTAL EXPENSES	<u>\$ 3,878,338</u>	<u>\$ 621,041</u>	<u>\$ 725,614</u>	<u>\$ 437,771</u>	<u>\$ 7,255</u>	<u>\$ 5,670,019</u>	<u>\$ 340,521</u>	<u>\$ 366,617</u>	<u>\$ 6,377,157</u>

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

THE CHILDREN'S LAW CENTER, INC.

STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED SEPTEMBER 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 128,811	\$ 437,499
Reconciliation adjustments:		
Depreciation and amortization	88,935	107,185
Bad debt expense	5,625	-
Changes in assets and liabilities:		
Contracts receivable	(36,945)	(751,619)
Annual event receivable	34,546	(36,239)
Contributions and grants receivable	(10,212)	8,075
Prepaid expenses	(18,328)	2,440
Other current assets	(832)	149
Accounts payable and accrued expenses	(42,067)	(13,070)
Deferred revenue	(5,000)	5,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 144,533	\$ (240,580)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Return of deposits	\$ -	\$ 6,764
Purchases of property and equipment	(40,870)	(66,146)
NET CASH USED IN INVESTING ACTIVITIES	\$ (40,870)	\$ (59,382)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	\$ 103,663	\$ (299,962)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	1,708,563	2,008,525
CASH AND EQUIVALENTS, END OF YEAR	\$ 1,812,226	\$ 1,708,563

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

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 1. **Organization and Significant Accounting Policies**

Organization - The Children's Law Center, Inc. (CLC) is a not-for-profit organization incorporated under the laws of the District of Columbia (DC) and is tax exempt under IRS Code Section 501(c)(3). Children's Law Center works to give every child in the District of Columbia a solid foundation of family, health, and education. We are the largest provider of free legal services in the District and the only to focus on children. Our 80+ person staff partners with local pro bono attorneys to serve more than 2,000 at-risk children each year. We use this expertise to advocate for changes in the District's laws, policies, and programs. Learn more at www.childrenslawcenter.org.

Accounting Method - CLC uses the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation - Net assets, revenues, gains, and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Net assets of the two restricted net asset classes are created only by contributions with donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class. The net assets of CLC are classified and reported as follows:

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

Temporarily restricted net assets - Net assets from contributions subject to donor-imposed stipulations that may or will be met either by actions of CLC and/or the passage of time. When a donor 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 statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets from contributions subject to donor imposed stipulations, which are permanent in nature, prohibiting expenditure of the assets pledged or donated. CLC did not have any permanently restricted net assets at September 30, 2012 and 2011.

Cash Equivalents - For purposes of the statements of cash flows, CLC considers all money market accounts not held for long-term investment purposes and investments purchased with an original maturity of three months or less to be cash equivalents. CLC maintains cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. CLC has not experienced any losses in such accounts. CLC believes it is not exposed to any significant financial risk on the cash and cash equivalents.

Restricted Cash and Cash Equivalents - CLC has a separate cash and money market fund account restricted as collateral for one half of the security deposit for their office lease. As of September 30, 2012 and 2011, the fair value of the restricted account was \$113,914 and \$113,891, respectively.

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 1. **Organization and Significant Accounting Policies** (Continued)

Certificates of Deposit - Certificates of deposit with a maturity of three months or less are included in cash and cash equivalents in the accompanying financial statements. The certificates of deposit are recorded at fair value which includes accumulated earnings.

Receivables - Receivables are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. All receivables are due in less than one year. Based on an evaluation of receivables at the end of year, management believes all receivables are fully collectible. Therefore, no allowance for uncollectible accounts has been established as of September 30, 2012 and 2011.

Contractual Service Revenue Recognition - Guardian Ad Litem services performed in accordance with the fixed price contract with the DC Superior Court are earned ratably during the contract period, generally a one year period. Amounts due under the contract but not yet received are recorded in contracts receivable in the statements of financial position.

Contributions and Grants Revenue Recognition - CLC receives grants and contributions from foundations, corporations, and individuals. Unconditional contributions and grants are recognized as revenue when pledged by the donor. Revenues pledged but not yet received by CLC are reported as contributions and grants receivable in the accompanying statements of financial position.

Donated Goods and Services - Donated legal services supporting program activities are recognized when performed at the average hourly rate that would be paid to such persons in the market place based upon their experience and the nature of the services provided. Donated goods, supplies, and staff services are recognized at fair value at the date of the gift or the date the services are provided.

Healthy Together - Other types of legal services are recognized as revenue in the period in which the services are performed.

Property and Equipment - Property and equipment greater than \$1,000 are recorded at cost if purchased or fair market value if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. CLC estimates useful lives of five years for furniture and equipment and three years for computer equipment and software. Leasehold improvements are amortized using the straight-line method over the life of the lease. Expenditures for maintenance and repairs are charged against income as incurred; betterments which increase the value or materially extend the life of the related asset are capitalized.

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 1. **Organization and Significant Accounting Policies** (Continued)

Functional Allocation of Expenses - The cost of providing the various programs and other activities has been summarized in the accompanying statements of functional expenses. Costs which cannot be specifically identified with a particular function and which benefit more than one functional category are allocated to the different functional areas based on direct salaries. Management believes that this method accurately reflects the cost of administering CLC's programs.

Use of 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 of certain assets and liabilities, and revenue and expenses. Accordingly, actual results could differ from those estimates.

Subsequent Events - CLC evaluated subsequent events for potential required disclosure through February 12, 2013, which is the date the financial statements were available to be issued.

Tax Status - CLC is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. No provision for income taxes is required for the years ended September 30, 2012 and 2011 since CLC had no taxable income from unrelated business activities.

Accounting for Uncertain Tax Provisions - CLC complies with the provisions of the Statement of Financial Accounting Standards Codification topic *Accounting for Uncertainty in Income Taxes* and would recognize any potential financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination by the Internal Revenue Service. Management evaluated CLC's tax positions and concluded that CLC had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally, CLC is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2009.

Fair Value of Measurements - CLC measures fair values and has disclosed such information regarding its assets and liabilities as required by the *Fair Value Measurements* topic of the FASB Accounting Standards Codification. Cash and cash equivalents, receivables, and accounts payable and accrued expenses are carried at net realizable value.

Reclassifications - Certain reclassifications have been made to the 2012 financial statements to conform to the 2011 presentation.

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 2. **Program Activities** - CLC provides a variety of free legal services to low-income, at-risk children and their families in the District of Columbia. CLC has developed programs to offer these services and promote their mission. These programs include:

Guardian Ad Litem Program - CLC's attorneys are the voice for DC's abused and neglected children, fighting to find safe homes and ensure that children receive the services they need to overcome the trauma that first brought them into the welfare system. CLC advocates for the child clients, both in and out of court, with judges, social workers, schools, and medical professionals to address the child's physical, emotional, and intellectual well-being as well as to address their legal rights.

Family Permanency Project - CLC provides legal assistance to foster parents, grandparents, and other caregivers who wish to adopt or obtain guardianship or custody of children who are trapped in the DC child welfare system or who are at risk of entering foster care. CLC also recruits, trains, and mentors hundreds of pro bono attorneys from area law firms which allows CLC to help even more of DC's children. CLC and the DC area's pro bono attorneys represent children in complex custody cases in which domestic violence and high conflict between the parents threaten family stability.

Healthy Together - Healthy Together is a medical-legal partnership with Children's National Medical Center's and Mary's Center. CLC lawyers work from offices within these community health clinics to help poor children and their families overcome barriers to good health by securing appropriate special education services, ensuring access to physical and mental health care, and addressing illegal, unhealthy housing conditions.

Policy Work and Advocacy - CLC draws on its expertise and experience from representing more than 2,000 children and caregivers each year to uncover and analyze the systemic barriers facing at-risk children and to work to change policies, regulations and laws to improve their safety and well-being. CLC also trains lawyers, psychiatrists, social workers, judges, foster parents and other community members on issues that affect children.

Note 3. **Commitments from the District of Columbia Superior Court** - CLC was awarded a contract by the DC Superior Court to provide Guardian Ad Litem representation for abused and neglected children for the period October 1, 2009 through September 30, 2010, with executed options for two one-year extensions which extended the contract through September 30, 2012. Under the contract, CLC was also provided with the use of two copiers without charge for the term of the contract. For the years ended September 30, 2012 and 2011, revenue from the contracts totaled \$4,979,767 and \$4,829,286, respectively.

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 3. **Commitments from the District of Columbia Superior Court** (Continued)

During 2012, CLC was awarded and entered into a new fixed price contract with the DC Superior Court to provide continued Guardian Ad Litem services for the period October 1, 2012 through September 30, 2013 which totaled \$5,411,276. The DC Superior Court may extend the term of the new contract for four one year periods, or a fraction, or multiple fractions thereof, by written notice to CLC before the expiration of the contract. Exercise of any option under the contract is contingent upon appropriation of funds for the respective option period.

Note 4. **Concentration of Risk** - During the year ended September 30, 2012 and 2011, revenue from the DC Superior Court contracts represented 70% and 71%, respectively, of CLC's total revenue. CLC believes it is not exposed to any significant financial risk due to DC's statutory requirement to provide legal services for the children of DC. Pursuant to DC Code Section 16-2304(b)(5), a guardian *ad litem*, who is an attorney, shall be appointed for the child in every neglect proceeding.

Note 5. **Receivables** - As of September 30, 2012 and 2011, receivables are due for the following:

	2012	2011
DC Superior Court Contractual services	\$ 1,659,922	\$ 1,609,762
Legal Services	8,803	22,018
Contributions and grants	37,137	26,925
Annual event pledges	41,749	81,920
Totals	\$ 1,747,611	\$ 1,740,625

Note 6. **Property and Equipment** - CLC holds the following property and equipment as of September 30:

	2012	2011
Computer equipment	\$ 299,393	\$ 278,379
Database software	86,432	74,746
Leasehold improvements	83,271	83,271
Office furniture	272,599	264,429
Telephone equipment	59,138	59,138
Total property and equipment	\$ 800,833	\$ 759,963
Less, Accumulated depreciation and amortization	(677,530)	(588,595)
Net property and equipment	\$ 123,303	\$ 171,368

Note 7. **Donated Goods and Services** - CLC receives donated legal services, goods and supplies, and staff services. The donated goods and services, as recorded at fair value, for the years ended September 30, 2012 and 2011 consists of the following:

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 7. **Donated Goods and Services** (Continued)

	2012	2011
Goods and supplies	\$ 149,380	\$ 143,490
Services	32,436	29,136
Legal services	126,877	102,855
Totals	\$ 308,693	\$ 275,481

Note 8. **Temporarily Restricted Net Assets** - As of September 30, 2012 and 2011, CLC's temporarily purpose restricted net assets consist of the following:

	2012	2011
Healthy Together Consortium	\$ 191,095	\$ 142,558
Guardian Ad Litem Policy	13,862	14,369
Other	--	6,695
Capacity Building	25,000	25,650
Totals	\$ 253,892	\$ 194,964

Net assets of \$682,376 and \$773,910 were released from donor restriction by incurring expenses satisfying the purposes specified by the donor during the years ended September 30, 2012 and 2011, respectively.

Note 9. **Retirement Plan** - CLC maintains a 401(k) retirement plan which is available to all employees starting at their date of hire. Under the terms of the plan, CLC makes a non-discretionary contribution of 3% of the employee salary. The employer contributions for the years ended September 30, 2012 and 2011, total \$101,839 and \$92,688, respectively.

Note 10. **Operating Leases** - During fiscal year 2007, CLC entered into a 10 year lease agreement for approximately 16,308 square feet of office space located at 616 H Street, NW, Suite 300, Washington, DC. The monthly base rent in the first year is \$56,738, with an escalation clause of 2.5% annually.

At September 30, 2012, the future minimum base lease obligations are as follows:

Years Ending September 30,	Amount
2013	\$ 793,959
2014	813,808
2015	834,153
2016	855,007
2017	432,781
Total	\$ 3,729,708

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 11. **Consortium** - CLC serves as the fiscal agent for the Consortium of Legal Service Providers of the District of Columbia.

Note 12. **Related Party Transactions** - During the years ended September 30, 2012 and 2011, Children's Law Center paid \$7,428 and \$9,656, respectively, for printing services at a print shop that is owned by a member of their board of directors. The fee charged for the services is comparable to amounts charged by other print shops.