



**THE CHILDREN'S LAW CENTER, INC.**

**SEPTEMBER 30, 2010 AND 2009**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the statements of financial position of The Children's Law Center, Inc. (CLC) as of September 30, 2010 and 2009, 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, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Squire, Lemkin + Co., LLP*

January 13, 2011

THE CHILDREN'S LAW CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30,

<b>ASSETS</b>	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS:</b>		
Cash and equivalents	\$ 1,894,774	\$ 955,576
Cash and equivalents - restricted	113,751	238,960
Investments	-	767,333
Accounts receivable	880,161	777,087
Contributions and grants receivable	35,000	51,875
Annual event receivable	45,681	53,513
Prepaid expenses	38,958	34,373
Other current assets	649	11,156
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 3,008,974</u>	<u>\$ 2,889,873</u>
<b>OTHER ASSETS:</b>		
Deposits	<u>\$ 6,764</u>	<u>\$ 6,900</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>\$ 212,407</u>	<u>\$ 235,182</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,228,145</u></u>	<u><u>\$ 3,131,955</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	<u>\$ 116,347</u>	<u>\$ 48,949</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 116,347</u>	<u>\$ 48,949</u>
<b>NET ASSETS:</b>		
Unrestricted	\$ 2,882,275	\$ 2,872,978
Temporarily restricted	229,523	210,028
<b>TOTAL NET ASSETS</b>	<u>\$ 3,111,798</u>	<u>\$ 3,083,006</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,228,145</u></u>	<u><u>\$ 3,131,955</u></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,

	2010			2009		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<b>REVENUE AND SUPPORT:</b>						
D. C. court contract	\$ 4,665,794	\$ -	\$ 4,665,794	\$ 4,297,774	\$ -	\$ 4,297,774
Contributions	183,263	250	183,513	181,248	-	181,248
Donated goods and services	315,505	-	315,505	320,261	-	320,261
Grants	92,000	368,132	460,132	142,000	552,918	694,918
Legal fees	-	102,529	102,529	64,715	-	64,715
Investment income	5,709	-	5,709	62,489	-	62,489
Annual event net of \$69,905 and \$69,226 in expenses	503,905	-	503,905	378,324	-	378,324
Other income	-	10,250	10,250	1,735	9,525	11,260
Net assets released from restrictions	461,666	(461,666)	-	628,760	(628,760)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>\$ 6,227,842</b>	<b>\$ 19,495</b>	<b>\$ 6,247,337</b>	<b>\$ 6,077,306</b>	<b>\$ (66,317)</b>	<b>\$ 6,010,989</b>
<b>EXPENSES:</b>						
Legal Programs:						
Guardian Ad Litem	\$ 3,803,793	\$ -	\$ 3,803,793	\$ 3,721,687	\$ -	\$ 3,721,687
Family Permanency	636,509	-	636,509	454,014	-	454,014
Custody - Guardian Ad Litem	-	-	-	68,617	-	68,617
Health Access	710,766	-	710,766	804,350	-	804,350
Policy	430,918	-	430,918	354,362	-	354,362
Consortium	13,732	-	13,732	12,109	-	12,109
<b>TOTAL LEGAL PROGRAMS</b>	<b>\$ 5,595,718</b>	<b>\$ -</b>	<b>\$ 5,595,718</b>	<b>\$ 5,415,139</b>	<b>\$ -</b>	<b>\$ 5,415,139</b>
Supporting Services:						
General and administrative	\$ 313,811	\$ -	\$ 313,811	\$ 327,216	\$ -	\$ 327,216
Fundraising	309,016	-	309,016	319,455	-	319,455
<b>TOTAL EXPENSES</b>	<b>\$ 6,218,545</b>	<b>\$ -</b>	<b>\$ 6,218,545</b>	<b>\$ 6,061,810</b>	<b>\$ -</b>	<b>\$ 6,061,810</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 9,297</b>	<b>\$ 19,495</b>	<b>\$ 28,792</b>	<b>\$ 15,496</b>	<b>\$ (66,317)</b>	<b>\$ (50,821)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,872,978</b>	<b>210,028</b>	<b>3,083,006</b>	<b>2,857,482</b>	<b>276,345</b>	<b>3,133,827</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,882,275</b>	<b>\$ 229,523</b>	<b>\$ 3,111,798</b>	<b>\$ 2,872,978</b>	<b>\$ 210,028</b>	<b>\$ 3,083,006</b>

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, 2010

	Legal Programs						Supporting Services		Total
	Guardian Ad Litem	Family Permanency	Health Access	Policy	Consortium	Totals	General and Administrative	Fundraising	
Donated goods and services	\$ 115,992	\$ 20,181	\$ 18,827	\$ -	\$ -	\$ 155,000	\$ 10,291	\$ -	\$ 165,291
Donated salary	-	121,494	14,360	14,360	-	150,214	-	-	150,214
Compensation and benefits	2,853,732	366,433	491,223	341,618	13,125	4,066,131	228,912	227,915	4,522,958
Other events expense	-	-	-	-	-	-	-	7,408	7,408
Communications	41,598	5,850	8,215	3,856	-	59,519	1,607	3,721	64,847
Computer and telephone	39,702	6,700	6,597	3,524	-	56,523	2,230	6,339	65,092
Client costs	13,175	2,761	2,059	-	-	17,995	-	-	17,995
Cost of litigation	13,159	3,121	15,616	-	-	31,896	-	-	31,896
Depreciation	55,998	9,743	9,089	5,442	-	80,272	3,569	3,171	87,012
Amortization	5,664	1,034	1,082	3,151	-	10,931	364	1,920	13,215
Direct mail	-	-	-	-	-	-	-	11,172	11,172
Insurance	20,662	3,595	3,354	2,008	-	29,619	1,495	1,328	32,442
Legal library	18,598	3,451	5,193	1,755	-	28,997	434	1,918	31,349
Membership dues	10,263	1,291	1,137	904	-	13,595	896	82	14,573
Meetings	249	160	228	205	393	1,235	1,965	206	3,406
Office supplies	11,604	1,929	1,813	1,059	-	16,405	1,971	759	19,135
Postage	4,157	801	1,117	334	-	6,409	661	1,791	8,861
Printing and design	3,520	525	1,065	5,893	-	11,003	355	4,318	15,676
Professional development	27,068	528	24,131	50	-	51,777	8,542	5,455	65,774
Professional fees	13,234	2,120	2,073	1,102	-	18,529	13,261	1,241	33,031
Recruiting	715	111	53	29	-	908	77	196	1,181
Office rent	456,687	79,413	74,021	44,316	-	654,437	33,488	29,318	717,243
Bad debt	-	-	12,798	-	-	12,798	-	-	12,798
Staff costs	6,776	875	566	290	-	8,507	3,280	554	12,341
Transportation	91,240	4,393	16,149	1,022	214	113,018	413	204	113,635
<b>TOTAL EXPENSES</b>	<b>\$ 3,803,793</b>	<b>\$ 636,509</b>	<b>\$ 710,766</b>	<b>\$ 430,918</b>	<b>\$ 13,732</b>	<b>\$ 5,595,718</b>	<b>\$ 313,811</b>	<b>\$ 309,016</b>	<b>\$ 6,218,545</b>

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, 2009

	Legal Programs					Supporting Services			Total
	Guardian Ad Litem	Family Permanency	Health Access	Policy	Consortium	Totals	General and Administrative	Fundraising	
Donated goods and services	\$ 109,687	\$ 16,445	\$ 20,781	\$ -	\$ -	\$ 146,913	\$ 34,854	\$ 23,485	\$ 205,252
Donated salary	-	115,009	-	-	-	115,009	-	-	115,009
Compensation and benefits	2,777,003	283,484	558,942	292,275	11,838	3,923,542	206,684	213,511	4,343,737
Other events expense	-	-	-	-	-	-	-	572	572
Communications	41,232	4,793	10,529	3,753	-	60,307	1,458	1,426	63,191
Computer and telephone	39,048	4,561	6,740	2,649	-	52,998	2,178	3,284	58,460
Client costs	12,263	2,680	3,910	-	-	18,853	-	87	18,940
Cost of litigation	7,873	854	11,402	-	-	20,129	-	-	20,129
Depreciation	58,522	8,775	11,088	5,095	-	83,480	3,647	7,451	94,578
Amortization	3,901	585	739	340	-	5,565	271	316	6,152
Direct mail	-	-	-	-	-	-	-	7,843	7,843
Insurance	20,673	2,429	3,953	1,765	-	28,820	1,316	1,455	31,591
Legal library	16,938	2,460	5,064	1,344	-	25,806	26	1,559	27,391
Membership dues	8,887	1,143	1,944	523	-	12,497	1,213	202	13,912
Meetings	226	20	3,791	450	-	4,487	760	2,417	7,664
Office supplies	10,323	1,420	2,173	824	-	14,740	1,926	1,098	17,764
Postage	4,506	881	1,197	408	16	7,008	655	2,083	9,746
Printing and design	1,790	166	300	155	-	2,411	974	9,999	13,384
Professional development	21,460	633	42,228	1,360	-	65,681	24,515	1,185	91,381
Professional fees	12,908	3,301	2,442	1,023	-	19,674	11,817	1,232	32,723
Recruiting	1,120	60	252	430	-	1,862	-	235	2,097
Office rent	470,297	70,490	89,169	40,934	-	670,890	32,770	38,090	741,750
Bad debt	-	-	10,320	-	-	10,320	-	-	10,320
Staff costs	7,838	1,072	678	389	-	9,977	1,894	1,182	13,053
Transportation	95,192	1,370	16,708	645	255	114,170	258	743	115,171
<b>TOTAL EXPENSES</b>	<b>\$ 3,721,687</b>	<b>\$ 522,631</b>	<b>\$ 804,350</b>	<b>\$ 354,362</b>	<b>\$ 12,109</b>	<b>\$ 5,415,139</b>	<b>\$ 327,216</b>	<b>\$ 319,455</b>	<b>\$ 6,061,810</b>

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,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 28,792	\$ (50,821)
Reconciliation adjustments:		
Depreciation and amortization	100,227	100,730
Realized and unrealized loss (gain) on investments	2,333	(4,765)
Changes in assets and liabilities:		
Accounts receivable	(103,074)	(435,561)
Annual event receivable	7,832	(9,923)
Contributions and grants receivable	16,875	35,975
Prepaid expenses	(3,442)	(2,014)
Other current assets	10,507	(5,361)
Accounts payable and accrued expenses	66,255	13,991
<b>NET CASH PROVIDED BY (USED IN) OPERATING     ACTIVITIES</b>	<u>\$ 126,305</u>	<u>\$ (357,749)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	\$ 1,010,000	\$ 1,585,000
Purchase of investments	(245,000)	(670,000)
Payment of deposits	(10,402)	(6,900)
Return of deposits	10,538	-
Release from restriction - cash	125,441	-
Purchase of cash and equivalents - restricted	(232)	(1,002)
Purchases of property and equipment	(77,452)	(65,635)
<b>NET CASH PROVIDED BY INVESTING     ACTIVITIES</b>	<u>\$ 812,893</u>	<u>\$ 841,463</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	\$ 939,198	\$ 483,714
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>955,576</u>	<u>471,862</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,894,774</u>	<u>\$ 955,576</u>

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

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

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 and is tax exempt under IRS Code Section 501(c)(3). CLC envisions a future for the District of Columbia in which every child has a safe home, a meaningful education and a healthy mind and body. CLC works to achieve this vision by providing legal services to at-risk children and their families and using the knowledge it gains from representing individual clients to advocate for changes in the law and its implementation. CLC provides training and technical assistance to judges, lawyers, medical staff, foster parents, teachers, and advocates for systematic change in the courts, with the mayor's office and before the DC Council and U.S. Congress. CLC's activities are funded primarily through a contract with the DC Court to provide Guardian Ad Litem services, as well as through contributions, grants, and donated legal services.

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

CLC presents its financial statements in accordance with the disclosure and display requirements of the *Financial Statements for Not-For-Profit Organizations* Topic of the FASB Accounting Standards Codification. Accordingly, the net assets of CLC are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted 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.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets 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. Typically, the income earned on invested balances of permanently restricted net assets is reported as part of unrestricted net assets unless the donor specifically limits the use of such income. CLC did not have any permanently restricted net assets at September 30, 2010 and 2009.

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

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

**Cash and 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.

**Property and Equipment** - Property and equipment 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.

**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 January 13, 2011, which is the date the financial statements were available to be issued.

**Accounting for Uncertain Tax Provisions** - CLC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. CLC is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. CLC did not have any unrealized business income as of September 30, 2010.

CLC adopted the provisions of Financial Accounting Standards Board Codification Topic "Accounting for Uncertainty in Income Taxes", during the year ending September 30, 2010. For the year ended September 30, 2010, no unrecognized tax provision or benefit exists.

**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. The changes to current practice resulting from the application of this statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements.

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

Note 2. **Concentration of Risk** - Financial instruments which potentially subject CLC to concentrations of credit risk include cash deposits with commercial banks. CLC's cash management policies limit its exposure to concentrations of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash deposits may, however, exceed the FDIC insurable limits at times throughout the year. Management does not consider this a significant concentration of credit risk because the fluctuations in their balance throughout the course of the year mean that there are relatively few days in which they are substantially above the FDIC limit.

Note 3. **Investments** - Investments consist of certificates of deposit with maturities greater than three months. The investment balance at September 30, 2010 and 2009 was \$0 and \$767,333, respectively. The *Fair Value Measurements* Topic of the FASB Accounting Standards Codification establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

- Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The fair value of certificates of deposit is determined using level 2 inputs. These level 2 values were developed by discounting the future payments to present value at September 30, 2009, using current interest rates for similar maturity dates.

As of September 30, 2010 and 2009, investments consisted of the following at market value:

	2010	2009
Certificates of deposit	\$ --	\$ 767,333

For the years ended September 30, 2010 and 2009 investment income consists of the following:

	2010	2009
Interest earned on cash and equivalents	\$ 8,042	\$ 57,724
Realized (losses) gains on investments	(2,333)	1,922
Unrealized gains (losses) on investments	--	2,843
Totals	<u>\$ 5,709</u>	<u>\$ 62,489</u>

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

Note 4. **Accounts Receivable** - Accounts receivable represents legal fees eligible for partial reimbursement from the District of Columbia Public Schools and contract revenue from the District of Columbia Superior Court. Only the portions of the fees that qualify for reimbursement are recorded. Therefore, the receivables are considered fully collectible. Accounts receivable at September 30, 2010 and 2009, was \$880,161 and \$777,087, respectively.

Contributions receivable at September 30, 2010 and 2009, was \$35,000 and \$51,875, respectively, representing amounts receivable from foundation and corporate grants. Contributions receivable are due within one year and are believed to be fully collectible.

The annual event receivable balance at September 30, 2010 and 2009, was \$45,681 and \$53,513, respectively, representing unpaid pledges for the September event.

Note 5. **Donated Goods and Services** - CLC receives goods, staff services, and other donated services and supplies. Donated services are recorded at the average hourly rate which would be paid to such persons in the market place based upon their experience and the nature of the services provided. Donated goods are recognized at fair market value at the date of the gift. The estimated value of donated goods, services, and supplies for the years ended September 30, 2010 and 2009, consist of the following:

	<u>2010</u>	<u>2009</u>
Goods and services	\$ 165,291	\$ 205,252
Salary equivalent	150,214	115,009
Totals	<u>\$ 315,505</u>	<u>\$ 320,261</u>

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

	<u>2010</u>	<u>2009</u>
Computer equipment	\$ 249,519	\$ 212,149
Database software	58,771	42,281
Leasehold improvements	73,712	73,712
Office furniture	245,863	238,588
Telephone equipment	49,977	49,635
Total property and equipment	<u>\$ 693,817</u>	<u>\$ 616,365</u>
Less, Accumulated depreciation and amortization	<u>(481,410)</u>	<u>(381,183)</u>
Net property and equipment	<u>\$ 212,407</u>	<u>\$ 235,182</u>

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

Note 7. **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 may make an annual matching contribution equal to a uniform percentage of the employees' salary deferrals and/or a discretionary profit-sharing contribution to the plan. The matching employer contributions for the years ended September 30, 2010 and 2009, total \$109,774 and \$116,514, respectively.

Note 8. **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 our child clients in and out of court - with judges, social workers, schools and medical professionals - addressing the child's physical, emotional and intellectual well-being as well as 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 in DC's child welfare system. CLC recruits, trains, and mentors hundreds of pro bono attorneys from over 70 area law firms, allowing CLC to help even more of DC's children. CLC and area pro bono attorneys represent children in complex custody cases, often involving domestic violence, allegations of abuse or high conflict between the parents.

Health Access Project - A medical / legal collaboration between CLC and Children's National Medical Center (CNMC), CLC lawyers work from offices within CNMC Community Clinics to add lawyers to the multi-disciplinary team of medical experts. As part of the medical team, CLC's lawyers fight legal and administrative battles to improve a child's health, overcoming the effects of poverty and barriers to health care.

Policy - CLC draws on its expertise and experience from representing more than 1,000 children and caregivers each year in abuse and neglect, adoption, guardianship, custody, special education, health care, housing and public benefits matters to uncover and analyze the systemic barriers facing at-risk children and 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.

THE CHILDREN'S LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

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Note 9. **Contract with the District of Columbia Superior Court** - CLC was awarded a contract by the District of Columbia Superior Court to provide guardian ad litem representation for abused and neglected children for the period October 1, 2006 through September 30, 2007, with options for two one-year extensions. The 2008 and 2009 options have been exercised by the District of Columbia Superior Court. CLC was awarded a new contract for the period October 1, 2009 through September 30, 2010, with options for two one-year extensions. Revenue from the contracts in the amount of \$4,665,794 and \$4,297,774, was recognized for the years ended September 30, 2010 and 2009, respectively. This represents a substantial portion of CLC's revenues. However, management does not consider this to be a significant risk due to the District of Columbia's statutory requirement to provide these services. Under the contract, CLC is provided with the use of two copiers without charge for the term of the contract.

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.

CLC is obligated to pay a security deposit in the amount of \$226,953 under the terms of the lease. As a result, CLC entered into an agreement with Morgan Stanley Smith Barney to create a Pledged Account for the purpose of securing CLC's obligations under the lease. Morgan Stanley Smith Barney will invest the assets of the Pledged Account solely in cash, cash equivalents, or investment grade short-term fixed income securities. The value of the pledged account is \$113,751 and \$238,960 as of September 30, 2010 and 2009, respectively. In accordance with the terms of the lease, in November 2009 the amount of the pledge account was reduced to \$113,558 and the balance was returned to CLC's control.

At September 30, 2010, the future minimum base lease obligations are as follows:

Year Ending September 30,	Amount
2011	\$ 742,376
2012	767,849
2013	793,959
2014	813,808
2015	834,153
Thereafter	1,287,788
Total	<u>\$ 5,239,933</u>

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Note 11. **Temporarily Restricted Net Assets** - As of September 30, 2010 and 2009, CLC's temporarily restricted net assets consist of the following:

	<u>2010</u>	<u>2009</u>
Health Access	\$ 146,678	\$ 156,623
Consortium	12,799	16,031
MESH Charities – Client emergency supplies	10,000	--
Family Permanency Project	35,000	--
Exponent award	25,046	37,374
Totals	<u>\$ 229,523</u>	<u>\$ 210,028</u>

