

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY

FINANCIAL STATEMENTS

December 31, 2015 and 2014

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Law Center on Homelessness and Poverty
Washington, D.C.

We have audited the accompanying financial statements of National Law Center on Homelessness and Poverty, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Law Center on Homelessness and Poverty as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
August 19, 2016

New York Office:

230 Park Avenue, 10th Floor
New York, NY 10146
P: (212) 551-1724
F: (262) 522-7550

Washington DC Office:

400 North Washington Street
Second Floor
Alexandria, VA 22314
P: (703) 519-0990

Wisconsin Office:

2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 129,282	\$ 183,502
Contributions receivable	33,625	16,050
Prepaid expenses	4,930	2,739
Total current assets	167,837	202,291
EQUIPMENT AND LEASEHOLD IMPROVEMENTS		
Furniture and equipment	25,451	25,451
Computers	17,438	17,438
Software	9,000	9,000
Leasehold improvements	9,651	9,651
Equipment and leasehold improvements	61,540	61,540
Accumulated depreciation	(50,670)	(44,333)
Equipment and leasehold improvements—net	10,870	17,207
OTHER ASSETS		
Deposits	23,477	23,465
Total assets	\$ 202,184	\$ 242,963
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 12,703	\$ 8,425
Accrued payroll	24,596	24,996
Accrued vacation	18,786	19,041
Total liabilities	56,085	52,462
NET ASSETS		
Unrestricted	80,435	129,840
Temporarily restricted	65,664	60,661
Total net assets	146,099	190,501
Total liabilities and net assets	\$ 202,184	\$ 242,963

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF ACTIVITIES
Year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Foundation grants	\$ 408,084	\$ 65,664	\$ 473,748
Corporate contributions	62,035	-	62,035
Law firm contributions	165,400	-	165,400
Individual contributions	267,909	-	267,909
Contributed legal and professional services	3,697,179	-	3,697,179
Other revenue	90	-	90
Total support and revenue	4,600,697	65,664	4,666,361
Net assets released from restrictions	60,661	(60,661)	-
Total support and revenue	4,661,358	5,003	4,666,361
EXPENSES			
Program services			
Law and Policy	3,605,893	-	3,605,893
Right to Housing	334,561	-	334,561
Communication and Outreach	187,072	-	187,072
Civil Rights	180,945	-	180,945
Youth and Education	117,376	-	117,376
Total program services	4,425,847	-	4,425,847
Supporting activities			
Management and general	70,702	-	70,702
Fundraising	214,214	-	214,214
Total supporting services	284,916	-	284,916
Total expenses	4,710,763	-	4,710,763
Change in net assets	(49,405)	5,003	(44,402)
Net assets - beginning of year	129,840	60,661	190,501
Net assets - end of year	<u>\$ 80,435</u>	<u>\$ 65,664</u>	<u>\$ 146,099</u>

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF ACTIVITIES
Year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Foundation grants	\$ 358,894	\$ 60,661	\$ 419,555
Corporate contributions	110,476	-	110,476
Law firm contributions	321,582	-	321,582
Individual contributions	202,522	-	202,522
Contributed legal and professional services	3,377,779	-	3,377,779
Contributed materials	7,342	-	7,342
Other revenue	4,998	-	4,998
Total support and revenue	4,383,593	60,661	4,444,254
Net assets released from restrictions	37,828	(37,828)	-
Total support and revenue	4,421,421	22,833	4,444,254
EXPENSES			
Program services			
Civil Rights	3,174,121	-	3,174,121
Right to Housing	436,663	-	436,663
Communication and Outreach	311,554	-	311,554
Youth and Education	202,298	-	202,298
Law and Policy	72,356	-	72,356
Total program services	4,196,992	-	4,196,992
Supporting activities			
Management and general	96,353	-	96,353
Fundraising	120,636	-	120,636
Total supporting services	216,989	-	216,989
Total expenses	4,413,981	-	4,413,981
Change in net assets	7,440	22,833	30,273
Net assets - beginning of year	122,400	37,828	160,228
Net assets - end of year	\$ 129,840	\$ 60,661	\$ 190,501

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2015

	Right to Housing	Youth and Education	Civil Rights	Law and Policy	Communic- ation and Outreach	Total Program Services	Manage- ment and General	Fundraising	Total
Personnel	\$ 235,067	\$ 82,729	\$ 126,456	\$ 811	\$ 101,423	\$ 546,485	\$ 46,341	\$ 54,699	\$ 647,525
Rent	59,057	19,943	30,165	298	27,669	137,132	9,230	15,428	161,790
Professional fees	8,865	2,415	6,066	24	17,952	35,322	734	18,871	54,927
Accounting	11,541	3,897	5,895	58	5,008	26,399	1,804	2,749	30,952
Event production	-	-	-	-	12,998	12,998	-	8,666	21,664
Fees, dues, subscriptions	337	496	248	5,285	8,654	15,020	1,469	44	16,533
Leased equipment	4,494	2,218	2,296	723	2,811	12,542	702	1,071	14,315
Travel	3,824	1,167	3,280	89	2,213	10,573	-	1,276	11,849
Telephone and internet	3,984	1,212	2,136	129	1,685	9,146	982	909	11,037
Printing and reproduction	1,681	453	1,196	60	1,659	5,049	330	4,980	10,359
Insurance	427	144	219	3,353	186	4,329	4,902	102	9,333
Depreciation	1,745	860	838	517	1,260	5,221	483	633	6,337
Postage and delivery	144	102	88	1	500	835	112	2,270	3,217
Conference registration	575	925	305	150	1,210	3,165	-	-	3,165
Bank charges	43	15	22	-	19	99	2,465	10	2,574
Office supplies	657	216	346	103	577	1,899	357	314	2,570
Recruitment and advertising	9	83	5	1,540	227	1,864	161	95	2,120
Food and beverage	635	3	631	178	233	1,680	112	155	1,947
Interest	345	116	176	2	149	788	54	82	924
Staff development	78	26	39	-	182	325	12	18	355
Other	-	-	-	-	-	-	287	-	287
Subtotal	333,508	117,020	180,407	13,321	186,615	830,871	70,537	112,372	1,013,780
Contributed legal and professional services	1,053	356	538	3,592,572	457	3,594,976	165	101,842	3,696,983
Total expenses	\$ 334,561	\$ 117,376	\$ 180,945	\$ 3,605,893	\$ 187,072	\$ 4,425,847	\$ 70,702	\$ 214,214	\$ 4,710,763

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2014

	Right to Housing	Youth and Education	Civil Rights	Law and Policy	Communic- ation and Outreach	Total Program Services	Manage- ment and General	Fundraising	Total
Personnel	\$ 171,416	\$ 82,690	\$ 84,730	\$ 43,834	\$ 138,964	\$ 521,634	\$ 41,648	\$ 49,165	\$ 612,447
Rent	39,283	19,356	18,871	11,639	28,371	117,520	10,883	14,236	142,639
Professional fees	3,467	2,223	1,937	963	61,663	70,253	900	45,677	116,830
Accounting	8,138	4,010	3,909	2,411	5,877	24,345	2,255	2,949	29,549
Food and beverage	31	-	-	105	28,458	28,594	87	-	28,681
Fees, dues, subscriptions	447	326	358	4,451	7,445	13,027	5,043	376	18,446
Leased equipment	3,471	1,710	1,667	1,028	3,347	11,223	962	1,257	13,442
Travel	7,364	1,196	1,138	65	1,532	11,295	-	43	11,338
Telephone and internet	2,549	1,256	1,306	1,727	2,183	9,021	1,093	929	11,043
Insurance	1,075	530	517	3,742	777	6,641	2,752	389	9,782
Depreciation	2,341	1,153	1,124	694	1,690	7,002	648	849	8,499
Temporary help	2,131	1,050	1,024	631	1,539	6,375	1,299	773	8,447
Printing and reproduction	419	207	201	562	3,379	4,768	365	1,957	7,090
Office supplies	924	455	444	371	1,109	3,303	1,221	334	4,858
Event production	-	-	-	-	3,192	3,192	-	-	3,192
Postage and delivery	150	61	133	63	1,437	1,844	202	927	2,973
Bank charges	-	-	-	-	933	933	1,599	-	2,532
Recruitment and advertising	-	80	-	50	615	745	810	-	1,555
Other	-	-	-	-	-	-	1,460	-	1,460
Staff development	69	34	33	20	950	1,106	19	25	1,150
Interest	-	-	-	-	-	-	249	-	249
Subtotal	243,275	116,337	117,392	72,356	293,461	842,821	73,495	119,886	1,036,202
Contributed legal and professional services	193,388	85,961	3,056,729	-	18,093	3,354,171	22,858	750	3,377,779
Total expenses	\$ 436,663	\$ 202,298	\$ 3,174,121	\$ 72,356	\$ 311,554	\$ 4,196,992	\$ 96,353	\$ 120,636	\$ 4,413,981

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENTS OF CASH FLOWS
Years ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (44,402)	\$ 30,273
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	6,337	8,499
(Increase) decrease in assets		
Contributions receivable	(17,575)	17,511
Prepaid expenses	(2,191)	11,312
Deposits	(12)	(12)
Increase (decrease) in liabilities		
Accounts payable	4,278	(8,150)
Accrued payroll	(400)	3,428
Accrued vacation	(255)	(394)
Net cash flows from operating activities	(54,220)	62,467
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(775)
CASH FLOWS FROM FINANCING ACTIVITIES		
Draws on line of credit	50,000	-
Payments on line of credit	(50,000)	-
Net cash flows from financing activities	-	-
Net change in cash	(54,220)	61,692
Cash—beginning of year	183,502	121,810
Cash—end of year	<u>\$ 129,282</u>	<u>\$ 183,502</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 924	\$ 249

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

National Law Center on Homelessness and Poverty (Law Center) is a nonprofit organization, incorporated in the District of Columbia in June 1989. The Law Center is the only national organization dedicated solely to using the power of the law to end and prevent homelessness. With support of a large network of pro bono lawyers, we address the immediate and long-term needs of people who are homeless or at risk through outreach and training, advocacy, impact litigation, and public education.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Law Center is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by the Law Center in perpetuity.

Contributions Receivable

Contributions receivable are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recognized only when the conditions on which they depend are substantially met and the receivable become unconditional. All contributions receivable are receivable within one year.

Equipment and Leasehold Improvements

Acquisitions of equipment and leasehold improvements in excess of \$750 are capitalized. Purchases of equipment and leasehold improvements are recorded at cost. Depreciation is computed using the straight-line method over three to seven years, the estimated useful lives of the assets.

Contributions

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

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials and Services

Donated materials are recorded as contributions at fair market value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Law Center.

Expense Allocation

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

The following program services are included in the accompanying financial statements:

Right to Housing

The Law Center is working to change the way policy makers and the American people think about housing, with one goal in mind: policies that ensure that all Americans have access to safe, affordable housing. We fight to prevent homelessness for renters, create homes and communities for homeless people using surplus government property, and prevent economically vulnerable domestic violence survivors from becoming homeless.

Youth and Education Rights

To ensure stability for homeless children, the federal McKinney-Vento Act gives them the right to remain in school, receive free transportation to and from school, receive free school meals and access to extracurricular activities. The Law Center provides training and technical assistance to schools and advocates, making sure they understand homeless children's rights, as well as advance legal protections for families.

Civil Rights of People Experiencing Homelessness

The Law Center strives to make sure people who are homeless aren't arrested and punished for their misfortune and that they can retain their dignity and rights. The civil rights program has two main focuses: ending the criminalization of homelessness and protecting the right to vote for homeless people.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Law Center expenses advertising costs as they are incurred. Donated advertising expense for 2015 was \$300,000.

Income Taxes Status

The Law Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Law Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Date of Management’s Review

Management has evaluated subsequent events through August 19, 2016, the date which the financial statements were available to be issued.

NOTE 2 – LINE OF CREDIT

The Law Center has a \$50,000 commercial line of credit, At December 31, 2015 and 2014, no amounts were outstanding. Bank advances carry an effective interest rate of 8.5%.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purposes:

	2015	2014
Right to Housing Program	\$ 27,025	\$ 24,991
Youth and Education Program	38,639	-
Community and Outreach	-	19,991
Other programs	-	15,679
	\$ 65,664	\$ 60,661

NOTE 4 – LEASES

The Law Center leases office space under a lease which expires August 31, 2024. This lease requires monthly payments of \$11,716 increasing 2.5% each year and an additional \$2 per square foot beginning in the sixth year. The Law Center leases equipment under a lease which expires August 18, 2016. This lease requires monthly payments of \$976.

Lease expense for these leases for 2015 and 2014 totaled \$170,102 and \$154,351.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 4 – LEASES (continued)

Future minimum lease payments are as follows:

2016	\$ 158,899
2017	154,869
2018	165,027
2019	175,853
2020	186,779
Thereafter	645,347

NOTE 5 – DONATED SERVICES

The value of donated services in the financial statements and corresponding program services and supporting activities for which the contributed services were used are as follows:

2015	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Professional legal services	\$ 3,381,847	\$ 165	\$ 1,842
Promotion and outreach	200,000	-	100,000
Forum hosting services	13,129	-	-
Total	<u>\$ 3,594,976</u>	<u>\$ 165</u>	<u>\$ 101,842</u>
2014	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Professional legal services	<u>\$ 3,354,171</u>	<u>\$ 22,858</u>	<u>\$ 750</u>