

NATIONAL LAW CENTER
ON HOMELESSNESS & POVERTY

FINANCIAL STATEMENTS

December 31, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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.

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NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 184,480	\$ 129,282
Contributions receivable	147,220	33,625
Prepaid expenses	21,270	4,930
Total current assets	352,970	167,837
EQUIPMENT AND LEASEHOLD IMPROVEMENTS		
Furniture and equipment	25,451	25,451
Computers	18,221	17,438
Software	9,000	9,000
Leasehold improvements	9,651	9,651
Equipment and leasehold improvements	62,323	61,540
Accumulated depreciation	(54,381)	(50,670)
Equipment and leasehold improvements—net	7,942	10,870
OTHER ASSETS		
Deposits	23,489	23,477
Total assets	\$ 384,401	\$ 202,184
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 19,915	\$ 12,703
Refundable grant advances	119,446	-
Accrued payroll	27,886	24,596
Accrued vacation	28,479	18,786
Total liabilities	195,726	56,085
NET ASSETS		
Unrestricted	149,810	80,435
Temporarily restricted	38,865	65,664
Total net assets	188,675	146,099
Total liabilities and net assets	\$ 384,401	\$ 202,184

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF ACTIVITIES
Year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Foundation grants	\$ 443,622	\$ 38,865	\$ 482,487
Corporate contributions	81,187	-	81,187
Law firm contributions	202,600	-	202,600
Individual contributions	345,968	-	345,968
Contributed legal and professional services	3,915,916	-	3,915,916
Other revenue	66	-	66
Subtotal	4,989,359	38,865	5,028,224
Net assets released from restrictions	65,664	(65,664)	-
Total support and revenue	5,055,023	(26,799)	5,028,224
EXPENSES			
Program services			
Right to Housing	213,373	-	213,373
Youth and Education	196,615	-	196,615
Civil Rights	254,581	-	254,581
Law and Policy	3,930,512	-	3,930,512
Communication and Outreach	187,669	-	187,669
Total program services	4,782,750	-	4,782,750
Supporting activities			
Management and general	87,442	-	87,442
Fundraising	115,456	-	115,456
Total supporting activities	202,898	-	202,898
Total expenses	4,985,648	-	4,985,648
Change in net assets	69,375	(26,799)	42,576
Net assets - beginning of year	80,435	65,664	146,099
Net assets - end of year	<u>\$ 149,810</u>	<u>\$ 38,865</u>	<u>\$ 188,675</u>

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	268,105	-	268,105
Contributed legal and professional services	3,696,983	-	3,696,983
Other revenue	90	-	90
Subtotal	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			
Right to Housing	334,561	-	334,561
Youth and Education	117,376	-	117,376
Civil Rights	180,945	-	180,945
Law and Policy	3,605,893	-	3,605,893
Communication and Outreach	187,072	-	187,072
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 activities	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 FUNCTIONAL EXPENSES
Year ended December 31, 2016

	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	\$ 160,423	\$ 148,902	\$ 192,475	\$ 4,706	\$ 115,063	\$ 621,569	\$ 34,178	\$ 49,937	\$ 705,684
Rent	37,742	34,959	45,373	1,040	27,101	146,215	5,869	12,448	164,532
Professional fees	3,752	2,505	3,390	452	7,040	17,139	275	25,463	42,877
Accounting	1,065	995	1,270	38	763	4,131	28,860	287	33,278
Event production	-	-	-	-	18,347	18,347	-	13,897	32,244
Fees, dues, subscriptions	6	5	7	4,507	4,847	9,372	3,955	3,578	16,905
Leased equipment	2,724	2,523	3,275	75	1,956	10,553	424	898	11,875
Travel	2,095	1,764	1,842	887	1,650	8,238	-	4,575	12,813
Telephone and internet	2,351	2,179	2,812	304	1,855	9,501	234	876	10,611
Printing and reproduction	128	120	691	5	7,491	8,435	1,844	1,517	11,796
Insurance	-	-	-	3,395	-	3,395	7,834	-	11,229
Depreciation	852	789	1,023	23	611	3,298	132	281	3,711
Fellowship and grants	1,500	500	1,500	-	-	3,500	-	-	3,500
Postage and delivery	116	109	188	4	420	837	37	141	1,015
Conference registration	35	728	42	1,011	25	1,841	5	564	2,410
Bank charges	64	60	76	2	46	248	2,403	17	2,668
Office supplies	351	323	418	27	308	1,427	134	189	1,750
Recruitment and advertising	75	68	88	6	65	302	28	40	370
Food and beverage	39	35	45	3	33	155	14	20	189
Interest	55	51	66	4	48	224	21	30	275
Subtotal	213,373	196,615	254,581	16,489	187,669	868,727	86,247	114,758	1,069,732
Contributed legal and professional services	-	-	-	3,914,023	-	3,914,023	1,195	698	3,915,916
Total expenses	<u>\$ 213,373</u>	<u>\$ 196,615</u>	<u>\$ 254,581</u>	<u>\$ 3,930,512</u>	<u>\$ 187,669</u>	<u>\$ 4,782,750</u>	<u>\$ 87,442</u>	<u>\$ 115,456</u>	<u>\$ 4,985,648</u>

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
STATEMENTS OF CASH FLOWS
Years ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 42,576	\$ (44,402)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	3,711	6,337
Increase in assets		
Contributions receivable	(113,595)	(17,575)
Prepaid expenses	(16,340)	(2,191)
Deposits	(12)	(12)
Increase (decrease) in liabilities		
Accounts payable	7,212	4,278
Refundable grant advances	119,446	
Accrued payroll	3,290	(400)
Accrued vacation	9,693	(255)
	55,981	(54,220)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of computers	(783)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Draws on line of credit	20,000	50,000
Payments on line of credit	(20,000)	(50,000)
	-	-
Net change in cash	55,198	(54,220)
Cash—beginning of year	129,282	183,502
Cash—end of year	\$ 184,480	\$ 129,282
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 275	\$ 924

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

Law and Policy

The Law Center uses legal and policy advocacy to accomplish programmatic goals and fulfill its mission. All of the Law Center's programs benefit from legal and policy advocacy, including Civil Rights, Right to Housing, and Youth and Education Rights.

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.

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: creating an enforceable right 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.

Communication and Outreach

The Law Center uses communications and outreach towards specific audiences and the general public in order to accomplish its mission of changing laws and policies. This includes program work accomplished through outreach to the general public.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Refundable Grant Advances

Refundable grant advances are the result of funds received from grantors that are conditional upon amounts expended for restricted program purposes. Such funds are designated to be used during the subsequent year, at which time the conditions on the grants will be met and the grant revenue will be recognized.

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.

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.

Advertising

The Law Center expenses advertising costs as they are incurred. Donated advertising expense for 2015 was \$300,000 and is included in contributed legal and professional services in the statement of functional expenses.

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 April 26, 2017, 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, 2016 and 2015, no amount was outstanding. Bank advances carry an effective interest rate of 8.5%.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following:

	2016	2015
Right to Housing Program	\$ -	\$ 27,025
Youth and Education Program	-	38,639
Development	5,687	-
Community and Outreach	8,178	-
Law and Policy	25,000	-
Temporarily restricted net assets	\$ 38,865	\$ 65,664

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 office equipment under a lease which expires September 31, 2021. This lease requires monthly payments of \$311. Lease expense for these leases for 2016 and 2015 totaled \$172,806 and \$170,102. Future minimum lease payments are as follows:

2017	\$ 171,213
2018	181,686
2019	192,836
2020	204,093
2021	214,529
Thereafter	615,206

NOTE 5 – DONATED SERVICES

The value of donated services for 2016 and 2015 recorded in the statements of activities and corresponding program services and supporting activities for which they were used are:

	2016			
	Program Services	Management and General	Fundraising	Total
Professional legal services	\$ 3,914,023	\$ -	\$ -	\$ 3,914,023
Accounting services	-	1,195	-	1,195
Event production services	-	-	698	698
Total donated services	\$ 3,914,023	\$ 1,195	\$ 698	\$ 3,915,916

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 5 – DONATED SERVICES (continued)

	2015			
	Program Services	Management and General	Fundraising	Total
Professional legal services	\$ 3,382,012	\$ -	\$ 1,842	\$ 3,383,854
Promotion and outreach	200,000	-	100,000	300,000
Forum hosting services	13,129	-	-	13,129
Total donated services	<u>\$ 3,595,141</u>	<u>\$ -</u>	<u>\$ 101,842</u>	<u>\$ 3,696,983</u>