

NATIONAL LAW CENTER  
**ON HOMELESSNESS & POVERTY**

FINANCIAL STATEMENTS

December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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*

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May 30, 2018

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**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 148,336	\$ 184,480
Contributions receivable	88,256	147,220
Prepaid expenses	23,477	21,270
Total current assets	260,069	352,970
<b>EQUIPMENT AND LEASEHOLD IMPROVEMENTS</b>		
Furniture and equipment	25,451	25,451
Computers	18,221	18,221
Software	19,342	9,000
Leasehold improvements	9,651	9,651
Equipment and leasehold improvements	72,665	62,323
Accumulated depreciation	(57,719)	(54,381)
Equipment and leasehold improvements—net	14,946	7,942
<b>OTHER ASSETS</b>		
Deposits	23,489	23,489
<b>Total assets</b>	<b>\$ 298,504</b>	<b>\$ 384,401</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,581	\$ 19,915
Refundable grant advances	-	119,446
Accrued payroll	26,118	27,886
Accrued vacation	27,098	28,479
Total liabilities	57,797	195,726
<b>NET ASSETS</b>		
Unrestricted	190,707	149,810
Temporarily restricted	50,000	38,865
Total net assets	240,707	188,675
<b>Total liabilities and net assets</b>	<b>\$ 298,504</b>	<b>\$ 384,401</b>

See accompanying notes.

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Foundation grants	\$ 137,000	\$ 299,355	\$ 436,355
Corporate contributions	75,600	-	75,600
Law firm contributions	254,250	-	254,250
Individual contributions	332,283	-	332,283
Contributed legal and professional services	6,270,856	-	6,270,856
Rental income	7,500	-	7,500
Other revenue	5,850	-	5,850
Subtotal	7,083,339	299,355	7,382,694
Net assets released from restrictions	288,220	(288,220)	-
Total support and revenue	7,371,559	11,135	7,382,694
<b>EXPENSES</b>			
Program services			
Right to Housing	221,700	-	221,700
Youth and Education	193,126	-	193,126
Civil Rights	267,707	-	267,707
Law and Policy	6,292,277	-	6,292,277
Communication and Outreach	161,098	-	161,098
Total program services	7,135,908	-	7,135,908
Supporting activities			
Management and general	102,970	-	102,970
Fundraising	91,784	-	91,784
Total supporting activities	194,754	-	194,754
Total expenses	7,330,662	-	7,330,662
<b>Change in net assets</b>	40,897	11,135	52,032
Net assets - beginning of year	149,810	38,865	188,675
<b>Net assets - end of year</b>	<u>\$ 190,707</u>	<u>\$ 50,000</u>	<u>\$ 240,707</u>

See accompanying notes.

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

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
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
<b>EXPENSES</b>			
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
<b>Change in net assets</b>	69,375	(26,799)	42,576
Net assets - beginning of year	80,435	65,664	146,099
<b>Net assets - end of year</b>	<u>\$ 149,810</u>	<u>\$ 38,865</u>	<u>\$ 188,675</u>

See accompanying notes.

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2017

	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	\$ 164,877	\$ 143,300	\$ 197,444	\$ 1,289	\$ 86,855	\$ 593,765	\$ 51,345	\$ 54,433	\$ 699,543
Rent	40,197	34,936	48,136	314	21,175	144,758	12,518	13,271	170,547
Professional fees	222	-	2,762	5,209	24,356	32,549	735	5,834	39,118
Accounting	-	-	-	-	-	-	27,223	-	27,223
Event production	-	-	-	-	13,157	13,157	-	8,771	21,928
Fees, dues, subscriptions	-	684	271	9,420	7,486	17,861	524	-	18,385
Leased equipment	1,137	988	1,361	9	599	4,094	354	375	4,823
Travel	5,446	3,770	5,974	124	783	16,097	-	4,958	21,055
Telephone and internet	2,454	2,132	2,938	19	1,293	8,836	764	810	10,410
Printing and reproduction	2,930	2,547	3,509	23	1,544	10,553	912	967	12,432
Insurance	2,200	1,912	2,634	17	1,159	7,922	685	726	9,333
Depreciation	787	684	942	6	414	2,833	245	260	3,338
Fellowship and grants	-	-	-	5,500	-	5,500	-	-	5,500
Postage and delivery	639	555	765	5	336	2,300	199	211	2,710
Conference registration	-	913	-	1,025	-	1,938	-	850	2,788
Bank charges	-	-	-	-	-	-	3,427	-	3,427
Office supplies	811	705	971	6	427	2,920	253	268	3,441
Recruitment and advertising	-	-	-	75	1,464	1,539	1,545	50	3,134
Food and beverage	-	-	-	-	-	-	323	-	323
Staff development	-	-	-	-	50	50	154	-	204
Other	-	-	-	-	-	-	144	-	144
<b>Subtotal</b>	<b>221,700</b>	<b>193,126</b>	<b>267,707</b>	<b>23,041</b>	<b>161,098</b>	<b>866,672</b>	<b>101,350</b>	<b>91,784</b>	<b>1,059,806</b>
Contributed legal and professional services	-	-	-	6,269,236	-	6,269,236	1,620	-	6,270,856
<b>Total expenses</b>	<b>\$ 221,700</b>	<b>\$ 193,126</b>	<b>\$ 267,707</b>	<b>\$ 6,292,277</b>	<b>\$ 161,098</b>	<b>\$ 7,135,908</b>	<b>\$ 102,970</b>	<b>\$ 91,784</b>	<b>\$ 7,330,662</b>

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**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 52,032	\$ 42,576
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	3,338	3,711
Decrease (increase) in assets		
Contributions receivable	58,964	(113,595)
Prepaid expenses	(2,207)	(16,340)
Deposits	-	(12)
Increase (decrease) in liabilities		
Accounts payable	(15,334)	7,212
Refundable grant advances	(119,446)	119,446
Accrued payroll	(1,768)	3,290
Accrued vacation	(1,381)	9,693
	(25,802)	55,981
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of software and website redesign	(10,342)	(783)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Draws on line of credit	30,000	20,000
Payments on line of credit	(30,000)	(20,000)
	-	-
<b>Net change in cash</b>	(36,144)	55,198
Cash—beginning of year	184,480	129,282
<b>Cash—end of year</b>	\$ 148,336	\$ 184,480
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 94	\$ 275

See accompanying notes.

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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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, 2017 and 2016

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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 are not 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, 2017 and 2016

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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.

**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 May 30, 2018, the date which the financial statements were available to be issued.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 and 2016 are available for the following:

	2017	2016
Development	\$ -	\$ 5,687
Community and Outreach	-	8,178
Law and Policy	50,000	25,000
Temporarily restricted net assets	\$ 50,000	\$ 38,865

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

**NOTE 3 – LINE OF CREDIT**

The Law Center has a \$50,000 commercial line of credit, At December 31, 2017 and 2016, no amount was outstanding. Bank advances carry an effective interest rate of 9.5%.

**NOTE 4 – LEASES**

The Law Center leases office space under a lease which expires August 31, 2024. This lease requires monthly payments of \$14,132 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 2017 and 2016 totaled \$174,102 and \$172,806. Future minimum lease payments are as follows:

2018	\$	173,852
2019		184,038
2020		195,403
2021		206,122
2022		215,267
Thereafter		<u>387,193</u>
 Total		 <u><u>1,361,875</u></u>

**NOTE 5 – DONATED SERVICES**

The value of donated services for 2017 and 2016 recorded in the statements of activities and corresponding program services and supporting activities for which they were used are:

2017				
	Program Services	Management and General	Fundraising	Total
Professional legal services	\$ 6,269,236	\$ -	\$ -	\$ 6,269,236
Accounting services	-	1,620	-	1,620
<b>Total donated services</b>	<b><u>\$ 6,269,236</u></b>	<b><u>\$ 1,620</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,270,856</u></b>
2016				
	Program Services	Management and General	Fundraising	Total
Professional legal services	\$ 3,914,023	\$ -	\$ -	\$ 3,914,023
Promotion and outreach	-	1,195	-	1,195
Forum hosting services	-	-	698	698
<b>Total donated services</b>	<b><u>\$ 3,914,023</u></b>	<b><u>\$ 1,195</u></b>	<b><u>\$ 698</u></b>	<b><u>\$ 3,915,916</u></b>