

NATIONAL LAW CENTER
ON HOMELESSNESS & POVERTY

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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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, 2019 and 2018, 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.

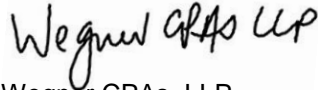
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, National Law Center on Homelessness and Poverty adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, slightly slanted style.

Wegner CPAs, LLP
Alexandria, Virginia
July 31, 2020

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 307,002	\$ 175,978
Contributions receivable	34,675	24,884
Prepaid expenses	23,973	23,064
Total current assets	365,650	223,926
EQUIPMENT AND LEASEHOLD IMPROVEMENTS		
Furniture and equipment	25,451	25,451
Computers	18,221	18,221
Software	19,342	19,342
Leasehold improvements	9,651	9,651
Equipment and leasehold improvements	72,665	72,665
Accumulated depreciation	(69,444)	(64,554)
Equipment and leasehold improvements, net	3,221	8,111
OTHER ASSETS		
Deposits	23,989	23,489
Total assets	\$ 392,860	\$ 255,526
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 12,603	\$ 11,328
Accrued payroll	24,787	16,371
Accrued vacation	8,736	9,355
Total liabilities	46,126	37,054
NET ASSETS		
Without donor restrictions	147,940	149,188
With donor restrictions	198,794	69,284
Total net assets	346,734	218,472
Total liabilities and net assets	\$ 392,860	\$ 255,526

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Foundation grants	\$ 318,420	\$ 194,494	\$ 512,914
Corporate contributions	58,500	-	58,500
Law firm contributions	269,632	-	269,632
Individual contributions	248,551	-	248,551
Contributed legal and professional services	5,637,609	-	5,637,609
Other revenue	4,468	-	4,468
Subtotal	6,537,180	194,494	6,731,674
Net assets released from donor restrictions			
Satisfaction of purpose restrictions	64,984	(64,984)	-
Total support and revenue	6,602,164	129,510	6,731,674
EXPENSES			
Program services			
Right to Housing	53,258	-	53,258
Youth and Education	171,333	-	171,333
Civil Rights	276,784	-	276,784
Law and Policy	5,685,206	-	5,685,206
Communication and Outreach	192,534	-	192,534
Total program services	6,379,115	-	6,379,115
Supporting activities			
Management and general	117,752	-	117,752
Fundraising	106,545	-	106,545
Total supporting activities	224,297	-	224,297
Total expenses	6,603,412	-	6,603,412
Change in net assets	(1,248)	129,510	128,262
Net assets at beginning of year	149,188	69,284	218,472
Net assets at end of year	<u>\$ 147,940</u>	<u>\$ 198,794</u>	<u>\$ 346,734</u>

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Foundation grants	\$ 138,000	\$ 80,000	\$ 218,000
Corporate contributions	77,650	-	77,650
Law firm contributions	265,325	-	265,325
Individual contributions	392,533	-	392,533
Contributed legal and professional services	5,178,246	-	5,178,246
Other revenue	5,388	-	5,388
Subtotal	6,057,142	80,000	6,137,142
Net assets released from donor restrictions			
Satisfaction of purpose restrictions	60,716	(60,716)	-
Total support and revenue	6,117,858	19,284	6,137,142
EXPENSES			
Program services			
Right to Housing	162,269	-	162,269
Youth and Education	169,294	-	169,294
Civil Rights	250,999	-	250,999
Law and Policy	5,228,895	-	5,228,895
Communication and Outreach	173,618	-	173,618
Total program services	5,985,075	-	5,985,075
Supporting activities			
Management and general	89,760	-	89,760
Fundraising	84,542	-	84,542
Total supporting activities	174,302	-	174,302
Total expenses	6,159,377	-	6,159,377
Change in net assets	(41,519)	19,284	(22,235)
Net assets at beginning of year	190,707	50,000	240,707
Net assets at end of year	<u>\$ 149,188</u>	<u>\$ 69,284</u>	<u>\$ 218,472</u>

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	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	\$ 38,406	\$ 106,985	\$ 197,507	\$ 15,381	\$ 102,881	\$ 461,160	\$ 36,683	\$ 53,512	\$ 551,355
Rent	12,819	35,710	65,924	5,134	34,340	153,927	12,244	17,860	184,031
Professional fees	-	27,263	-	1,018	22,167	50,448	9,016	24,319	83,783
Accounting	-	-	-	-	-	-	31,449	-	31,449
Event production	-	-	-	-	28,895	28,895	-	199	29,094
Fees, dues, subscriptions	-	-	1,662	13,976	1,133	16,771	96	2,871	19,738
Leased equipment	-	-	-	-	-	-	5,407	-	5,407
Travel	1,539	-	8,479	4,402	-	14,420	1,137	1,220	16,777
Telephone and internet	494	1,375	2,539	198	1,322	5,928	472	687	7,087
Printing and reproduction	-	-	176	969	1,502	2,647	604	4,553	7,804
Insurance	-	-	-	-	-	-	7,698	-	7,698
Depreciation	-	-	-	-	-	-	4,890	-	4,890
Fellowship and grants	-	-	-	4,125	-	4,125	59	-	4,184
Postage and delivery	-	-	-	34	294	328	274	350	952
Conference registration	-	-	-	625	-	625	-	-	625
Bank charges	-	-	-	-	-	-	4,736	-	4,736
Office supplies	-	-	106	55	-	161	1,119	524	1,804
Recruitment and advertising	-	-	95	240	-	335	760	450	1,545
Food and beverage	-	-	296	165	-	461	858	-	1,319
Staff development	-	-	-	1,275	-	1,275	-	-	1,275
Other	-	-	-	-	-	-	250	-	250
Subtotal	53,258	171,333	276,784	47,597	192,534	741,506	117,752	106,545	965,803
Contributed legal and professional services	-	-	-	5,637,609	-	5,637,609	-	-	5,637,609
Total expenses	\$ 53,258	\$ 171,333	\$ 276,784	\$ 5,685,206	\$ 192,534	\$ 6,379,115	\$ 117,752	\$ 106,545	\$ 6,603,412

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	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	\$ 118,470	\$ 112,520	\$ 182,589	\$ 20,958	\$ 102,274	\$ 536,811	\$ 32,121	\$ 45,153	\$ 614,085
Rent	33,558	31,873	51,721	5,937	28,970	152,059	9,099	12,790	173,948
Professional fees	-	-	-	1,827	1,829	3,656	3,584	20,695	27,935
Accounting	-	-	-	-	-	-	29,256	-	29,256
Event production	-	-	-	-	25,388	25,388	-	-	25,388
Fees, dues, subscriptions	-	-	-	11,954	2,429	14,383	5,914	1,138	21,435
Leased equipment	1,173	1,115	1,809	208	1,013	5,318	318	447	6,083
Travel	911	380	1,679	1,662	4,625	9,257	26	1,104	10,387
Telephone and internet	1,592	1,512	2,453	282	1,374	7,213	432	607	8,252
Printing and reproduction	1,800	1,710	2,774	318	1,555	8,157	488	686	9,331
Insurance	2,417	2,296	3,725	428	2,087	10,953	655	921	12,529
Depreciation	1,319	1,252	2,032	233	1,138	5,974	358	503	6,835
Fellowship and grants	-	15,625	-	5,775	-	21,400	-	-	21,400
Postage and delivery	343	326	528	60	296	1,553	93	131	1,777
Conference registration	-	33	-	1,559	-	1,592	-	-	1,592
Bank charges	-	-	-	-	-	-	5,338	-	5,338
Office supplies	686	652	1,058	121	593	3,110	186	262	3,558
Recruitment and advertising	-	-	-	227	-	227	732	105	1,064
Food and beverage	-	-	-	-	-	-	260	-	260
Staff development	-	-	-	-	47	47	-	-	47
Other	-	-	631	-	-	631	-	-	631
Staff development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Subtotal	162,269	169,294	250,999	51,549	173,618	807,729	88,860	84,542	981,131
Contributed legal and professional services	-	-	-	5,177,346	-	5,177,346	900	-	5,178,246
Total expenses	\$ 162,269	\$ 169,294	\$ 250,999	\$ 5,228,895	\$ 173,618	\$ 5,985,075	\$ 89,760	\$ 84,542	\$ 6,159,377

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 128,262	\$ (22,235)
Adjustments to reconcile change in net assets to net change in cash		
Depreciation	4,890	6,835
Decrease (increase) in assets		
Contributions receivable	(9,791)	63,372
Prepaid expenses	(909)	413
Increase (decrease) in liabilities		
Accounts payable	1,275	6,747
Accrued payroll	8,416	(9,747)
Accrued vacation	(619)	(17,743)
	131,024	27,642
Net change in cash	131,024	27,642
Cash at beginning of year	175,978	148,336
Cash at end of year	\$ 307,002	\$ 175,978

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

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 net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

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.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include professional services, rent, office supplies, equipment, telephone & internet, postage and delivery, conference registration, fees, dues & subscriptions, recruitment / advertising and a portion of personnel, which are allocated based on the percentage of direct costs.

The following program services and supporting activities 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: 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

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

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.

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.

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, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management and general

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Law Center's program strategy; secure proper administrative functioning of the board of directors; and manage the financial and budgetary responsibilities of the Law Center.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

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).

Adoption of New Accounting Pronouncement

On June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as an exchange transaction or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Law Center adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

Date of Management's Review

Management has evaluated subsequent events through July 31, 2020, the date which the financial statements were available to be issued.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2 – LEASES

The Law Center leases office space under a lease which expires August 31, 2024. This lease requires monthly payments of \$14,496 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 the year ended December 31, 2019 and 2018 totaled \$189,438 and \$180,031, respectively. Future minimum lease payments are as follows:

2020	\$	183,594
2021		194,433
2022		206,151
2023		218,163
2024		<u>153,307</u>
 Total	 \$	 <u><u>955,648</u></u>

NOTE 3 – DONATED SERVICES

The value of donated services for 2019 and 2018 recorded in the statements of activities and corresponding program services and supporting activities for which they were used are:

	2019		
	Program Services	Management and General	Total
Professional legal services	<u>\$ 5,637,609</u>	<u>\$ -</u>	<u>\$ 5,637,609</u>
	2018		
	Program Services	Management and General	Total
Professional legal services	<u>\$ 5,177,346</u>	<u>\$ -</u>	<u>\$ 5,177,346</u>
Accounting services	<u>-</u>	<u>900</u>	<u>900</u>
Total donated services	<u>\$ 5,177,346</u>	<u>\$ 900</u>	<u>\$ 5,178,246</u>

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4 – NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2019	2018
Law and Policy	\$ 188,794	\$ 69,284
Subsequent year operations	10,000	-
Net assets with donor restrictions	\$ 198,794	\$ 69,284

NOTE 5 – CONCENTRATIONS OF CREDIT RISK

The Law Center maintains its cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposits Insurance Corporation up to \$250,000. At December 31, 2019, the Law Center's uninsured balances at one institution totaled approximately \$58,000. There were no uninsured cash balances at December 31, 2018.

NOTE 6 – LIQUIDITY AND AVAILABILITY

The following table reflects the Law Center's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the date of the statements of financial position because of donor-imposed restrictions.

	2019	2018
Financial assets at end of year		
Cash	\$ 307,002	\$ 175,978
Contributions receivable	34,675	24,884
Total financial assets at end of year	341,677	200,862
Less amounts not available for general expenditures within one year due to:		
Restricted by donor - imposed with purpose restrictions	188,794	69,284
Financial assets available to meet general expenditures within one year	\$ 152,883	\$ 131,578

As part of Law Center's liquidity management, the organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. As a non-profit, donor-funded organization, the Law Center receives significant contributions each year from donors on a regular basis, which are available to meet annual cash needs for general operating expenditures.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 7 – SUBSEQUENT EVENTS

The Law Center's operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on the Organization is uncertain; however, it may result in a material adverse impact on the Law Center's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to the Law Center's donors and revenues, and absenteeism in the Law Center's workforce.