

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
(dba National Homelessness Law Center)

**FINANCIAL STATEMENTS**

December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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  
Alexandria, Virginia  
September 16, 2021

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 560,233	\$ 307,002
Unconditional promises to give	53,300	34,675
Prepaid expenses	13,596	23,973
Total current assets	627,129	365,650
<b>EQUIPMENT AND LEASEHOLD IMPROVEMENTS</b>		
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	(70,317)	(69,444)
Equipment and leasehold improvements, net	2,348	3,221
<b>OTHER ASSETS</b>		
Deposits	500	23,989
<b>Total assets</b>	<b>\$ 629,977</b>	<b>\$ 392,860</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,800	\$ 12,603
Deferred rent	111,240	-
Accrued payroll	27,838	24,787
Accrued vacation	29,038	8,736
Total liabilities	170,916	46,126
<b>NET ASSETS</b>		
Without donor restrictions	266,686	147,940
With donor restrictions	192,375	198,794
Total net assets	459,061	346,734
<b>Total liabilities and net assets</b>	<b>\$ 629,977</b>	<b>\$ 392,860</b>

See accompanying notes.

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2020

	Without Donor restrictions	With Donor restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Foundation grants	\$ 365,400	\$ 167,154	\$ 532,554
Corporate contributions	69,680	-	69,680
Law firm contributions	222,710	-	222,710
Individual contributions	285,214	-	285,214
Contributed legal and professional services	6,407,709	-	6,407,709
Paycheck Protection Program assistance	109,000	-	109,000
Other revenue	1,159	-	1,159
Subtotal	7,460,872	167,154	7,628,026
Net assets released from donor restrictions			
Satisfaction of purpose restrictions	173,573	(173,573)	-
Total support and revenue	7,634,445	(6,419)	7,628,026
<b>EXPENSES</b>			
Program services			
Youth and Education	152,169	-	152,169
Civil Rights	449,676	-	449,676
Law and Policy	6,407,709	-	6,407,709
Communication and Outreach	54,819	-	54,819
Total program services	7,064,373	-	7,064,373
Supporting activities			
Management and general	318,597	-	318,597
Fundraising	132,729	-	132,729
Total supporting activities	451,326	-	451,326
Total expenses	7,515,699	-	7,515,699
<b>Change in net assets</b>	118,746	(6,419)	112,327
Net assets at beginning of year	147,940	198,794	346,734
<b>Net assets at end of year</b>	<u>\$ 266,686</u>	<u>\$ 192,375</u>	<u>\$ 459,061</u>

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
<b>SUPPORT AND REVENUE</b>			
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
<b>EXPENSES</b>			
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
<b>Change in net assets</b>	(1,248)	129,510	128,262
Net assets at beginning of year	149,188	69,284	218,472
<b>Net assets at end of year</b>	<u>\$ 147,940</u>	<u>\$ 198,794</u>	<u>\$ 346,734</u>

See accompanying notes.

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2020

	Youth and Education	Civil Rights	Law and Policy	Communica- tion and Outreach	Total Program Services	Manage- ment and General	Fundraising	Total
Personnel	\$ 96,313	\$ 345,131	\$ -	\$ 41,546	\$ 482,990	\$ 170,575	\$ 98,715	\$ 752,280
Rent	24,434	87,556	-	10,193	122,183	43,273	25,390	190,846
Professional fees	28,897	-	-	205	29,102	49,442	5,951	84,495
Accounting	-	-	-	-	-	29,644	-	29,644
Fees, dues, subscriptions	-	1,193	-	-	1,193	16,542	-	17,735
Leased equipment	681	2,439	-	284	3,404	1,205	707	5,316
Travel	-	830	-	-	830	219	-	1,049
Telephone and internet	996	3,568	-	415	4,979	1,764	1,035	7,778
Printing and reproduction	-	-	-	1,110	1,110	-	-	1,110
Insurance	352	1,263	-	147	1,762	624	366	2,752
Depreciation	112	401	-	47	560	198	115	873
Fellowship and grants	-	5,919	-	-	5,919	-	-	5,919
Postage and delivery	-	-	-	364	364	345	-	709
Conference registration	-	-	-	348	348	-	-	348
Bank charges	-	-	-	-	-	3,327	-	3,327
Office supplies	-	-	-	-	-	354	-	354
Food and beverage	-	-	-	-	-	405	-	405
Staff development	-	-	-	-	-	-	50	50
Other	384	1,376	-	160	1,920	680	400	3,000
Subtotal	152,169	449,676	-	54,819	656,664	318,597	132,729	1,107,990
Contributed legal and professional services	-	-	6,407,709	-	6,407,709	-	-	6,407,709
Total expenses	<u>\$ 152,169</u>	<u>\$ 449,676</u>	<u>\$ 6,407,709</u>	<u>\$ 54,819</u>	<u>\$ 7,064,373</u>	<u>\$ 318,597</u>	<u>\$ 132,729</u>	<u>\$ 7,515,699</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	<u>\$ 53,258</u>	<u>\$ 171,333</u>	<u>\$ 276,784</u>	<u>\$ 5,685,206</u>	<u>\$ 192,534</u>	<u>\$ 6,379,115</u>	<u>\$ 117,752</u>	<u>\$ 106,545</u>	<u>\$ 6,603,412</u>

See accompanying notes.



**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 112,327	\$ 128,262
Adjustments to reconcile change in net assets to net change in cash		
Depreciation	873	4,890
Decrease (increase) in assets		
Unconditional promises to give	(18,625)	(9,791)
Prepaid expenses	10,377	(909)
Deposits	23,489	(500)
Increase (decrease) in liabilities		
Accounts payable	(9,803)	1,275
Deferred rent	111,240	-
Accrued payroll	3,051	8,416
Accrued vacation	20,302	(619)
<b>Net change in cash</b>	<u>253,231</u>	<u>131,024</u>
Cash at beginning of year	<u>307,002</u>	<u>175,978</u>
<b>Cash at end of year</b>	<u><u>\$ 560,233</u></u>	<u><u>\$ 307,002</u></u>

See accompanying notes.

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

National Law Center on Homelessness and Poverty, doing business as National Homelessness Law Center (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. The Law Center is primarily funded through contributions from law firms, foundations, and individuals.

**Promises to Give**

Unconditional promises to give 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 unconditional promises to give are receivable within one year.

**Equipment and Leasehold Improvements**

Acquisitions of equipment and leasehold improvements in excess of \$1,000 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, 2020 and 2019

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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 and subscriptions, recruitment and 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, 2020 and 2019

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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.

**Paycheck Protection Program Loan**

The Law Center received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, rent, and utilities. The Law Center expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. The Law Center recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

**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 September 16, 2021, the date which the financial statements were available to be issued.

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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**NOTE 2 – LEASES**

The Law Center leased office space under a lease which expires December 31, 2024. This lease requires monthly payments of \$8,532 increasing 2.5% each year. The Law Center leases office equipment under a lease which expires September 30, 2021. This lease requires monthly payments of \$311. Lease expense for these leases for the year ended December 31, 2020 and 2019 totaled \$196,162 and \$189,438, respectively. Future minimum lease payments are as follows:

2021	\$	96,444
2022		144,982
2023		147,595
2024		<u>148,032</u>
Total	\$	<u><u>537,053</u></u>

**NOTE 3 – DONATED SERVICES**

The value of donated services for 2020 and 2019 are recorded in the statements of activities and corresponding program services for Law and Policy totaling \$6,407,709 and \$5,637,609, respectively.

**NOTE 4 – NET ASSETS**

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

	2020	2019
Law and Policy	\$ 192,375	\$ 188,794
Subsequent year operations	<u>-</u>	<u>10,000</u>
Net assets with donor restrictions	<u><u>\$ 192,375</u></u>	<u><u>\$ 198,794</u></u>

**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, 2020 and 2019, the Law Center's uninsured balances at one institution totaled approximately \$244,000 and \$58,000, respectively.

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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**NOTE 6 – LIQUIDITY AND AVAILABILITY**

The following table reflects the Law Center’s financial assets as of December 31, 2020 and 2019, 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.

	<u>2020</u>	<u>2019</u>
Financial assets at end of year		
Cash	\$ 560,233	\$ 307,002
Unconditional promises to give	<u>53,300</u>	<u>34,675</u>
Total financial assets at end of year	613,533	341,677
Less amounts not available for general expenditures within one year due to:		
Restricted by donor - imposed with purpose restrictions	<u>192,375</u>	<u>188,794</u>
Financial assets available to meet general expenditures within one year	<u>\$ 421,158</u>	<u>\$ 152,883</u>

As part of Law Center’s liquidity management, the Law Center 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.

**NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN**

On June 2, 2020, the Law Center received a \$109,000 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan was forgiven on June 28, 2021. The Law Center must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of the SBA to access such files upon request. SBA may review any loan at any time in its discretion. Therefore, SBA may review the Law Center’s good-faith certification concerning the necessity of its loan request, whether the Law Center calculated the loan amount correctly, whether the Law Center used loan proceeds for the allowable uses specified in the CARES Act, and whether the Law Center is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Law Center was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

**NOTE 8 – COVID-19 CONSIDERATIONS**

The Law Center’s operations were affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization on March 11, 2020. The effects of these changes can be seen throughout the financial statements. The ultimate disruption and effect on the Law Center is uncertain; however, it may result in a material adverse impact on the Law Center’s assets, revenues, and expenses.

**NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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**NOTE 9 – SUBSEQUENT EVENTS**

On March 5, 2021, the Law Center received a second loan of \$129,860 under the Paycheck Protection Program. The loan accrues interest at 1% but the payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by the Law Center during the covered period. Eligible expenses may include payroll costs, rent, and utilities. Any unforgiven portion is payable over five years. The Law Center is in the process of applying for forgiveness.