

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

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of National Homelessness Law Center, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Homelessness Law Center as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Homelessness Law Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Homelessness Law Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 National Homelessness Law Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Homelessness Law Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
April 13, 2022

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 619,891	\$ 560,233
Unconditional promises to give	11,418	53,300
Prepaid expenses	15,157	13,596
Total current assets	646,466	627,129
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	(70,926)	(70,317)
Equipment and leasehold improvements, net	1,739	2,348
OTHER ASSETS		
Deposits	500	500
Total assets	\$ 648,705	\$ 629,977
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 2,800
Deferred rent	98,072	111,240
Accrued payroll	45,566	27,838
Accrued vacation	18,160	29,038
Total liabilities	161,798	170,916
NET ASSETS		
Without donor restrictions	203,289	266,686
With donor restrictions	283,618	192,375
Total net assets	486,907	459,061
Total liabilities and net assets	\$ 648,705	\$ 629,977

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

	Without Donor restrictions	With Donor restrictions	Total
SUPPORT AND REVENUE			
Foundation grants	\$ 148,172	\$ 347,029	\$ 495,201
Corporate contributions	57,633	-	57,633
Law firm contributions	166,216	-	166,216
Individual contributions	328,186	-	328,186
Contributed legal and professional services	4,465,462	-	4,465,462
Paycheck Protection Program assistance	131,144	-	131,144
Other revenue	3,324	-	3,324
Subtotal	5,300,137	347,029	5,647,166
Net assets released from donor restrictions			
Satisfaction of purpose restrictions	255,786	(255,786)	-
Total support and revenue	5,555,923	91,243	5,647,166
EXPENSES			
Program services	5,281,142	-	5,281,142
Supporting activities			
Management and general	221,352	-	221,352
Fundraising	116,826	-	116,826
Total supporting activities	338,178	-	338,178
Total expenses	5,619,320	-	5,619,320
Change in net assets	(63,397)	91,243	27,846
Net assets at beginning of year	266,686	192,375	459,061
Net assets at end of year	\$ 203,289	\$ 283,618	\$ 486,907

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
SUPPORT AND REVENUE			
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
EXPENSES			
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
Change in net assets	118,746	(6,419)	112,327
Net assets at beginning of year	147,940	198,794	346,734
Net assets at end of year	<u>\$ 266,686</u>	<u>\$ 192,375</u>	<u>\$ 459,061</u>

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Personnel	\$ 631,719	\$ 108,147	\$ 89,895	\$ 829,761
Rent	78,112	13,372	11,115	102,599
Professional fees	37,808	52,567	6,608	96,983
Accounting	-	25,405	-	25,405
Fees, dues, subscriptions	37,010	9,252	6,112	52,374
Leased equipment	6,343	1,086	903	8,332
Travel	706	-	-	706
Telephone and internet	6,441	1,102	916	8,459
Insurance	8,326	1,425	1,185	10,936
Depreciation	465	80	66	611
Postage and delivery	602	-	-	602
Bank charges	-	8,493	-	8,493
Office supplies	671	410	-	1,081
Food and beverage	221	13	26	260
Publications	140	-	-	140
Staff development	6,903	-	-	6,903
Other	213	-	-	213
Subtotal	815,680	221,352	116,826	1,153,858
Contributed legal and professional services	4,465,462	-	-	4,465,462
Total expenses	<u>\$ 5,281,142</u>	<u>\$ 221,352</u>	<u>\$ 116,826</u>	<u>\$ 5,619,320</u>

See accompanying notes.

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

	Program Services	Management and General	Fundraising	Total
Personnel	\$ 482,990	\$ 170,575	\$ 98,715	\$ 747,091
Rent	122,183	43,273	25,390	190,846
Professional fees	29,102	49,442	5,951	84,495
Accounting	-	29,644	-	29,644
Fees, dues, subscriptions	1,193	16,542	-	17,735
Leased equipment	3,404	1,205	707	5,316
Travel	830	219	-	1,049
Telephone and internet	4,979	1,764	1,035	7,778
Printing and reproduction	1,110	-	-	1,110
Insurance	1,762	624	366	7,941
Depreciation	560	198	115	873
Fellowship and grants	5,919	-	-	5,919
Postage and delivery	364	345	-	709
Conference registration	348	-	-	348
Bank charges	-	3,327	-	3,327
Office supplies	-	354	-	354
Food and beverage	-	405	-	405
Staff development	-	-	50	50
Other	1,920	680	400	3,000
Subtotal	656,664	318,597	132,729	1,107,990
Contributed legal and professional services	6,407,709	-	-	6,407,709
Total expenses	<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
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 27,846	\$ 112,327
Adjustments to reconcile change in net assets to net change in cash		
Depreciation	611	873
Decrease (increase) in assets		
Unconditional promises to give	41,882	(18,625)
Prepaid expenses	(1,561)	10,377
Deposits	-	23,489
Increase (decrease) in liabilities		
Accounts payable	(2,800)	(9,803)
Deferred rent	(13,168)	111,240
Accrued payroll	17,728	3,051
Accrued vacation	(10,878)	20,302
Net change in cash	59,658	253,231
Cash at beginning of year	560,233	307,002
Cash at end of year	\$ 619,891	\$ 560,233

See accompanying notes.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 statements of activities as net assets released from restrictions.

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 fees, rent, office supplies, equipment, telephone and internet, postage and delivery, fees, dues and subscriptions, and a portion of personnel, which are allocated based on the percentage of direct costs.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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.

Paycheck Protection Program Loan

The Law Center received loans 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 loans 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 loans are, 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 April 13, 2022, the date which the financial statements were available to be issued.

NOTE 2 – DONATED SERVICES

The value of donated services for 2021 and 2020 are recorded in the statements of activities and corresponding program services for Law and Policy totaling \$4,465,462 and \$6,407,709, respectively.

NOTE 3 – 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 times during the year, the Law Center's cash balances exceed the FDIC insurance amount. Management believes the risk in these situations to be minimal.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 4 – LEASES

The Law Center leases office space under a lease which expires December 31, 2024. This lease requires monthly payments of \$8,532 increasing 2.5% each year. Lease expense for the year ended December 31, 2021 and 2020 totaled \$110,930 and \$204,618, respectively. Future minimum lease payments are as follows:

2022	\$	144,982
2023		147,595
2024		<u>148,032</u>
 Total	 \$	 <u><u>440,609</u></u>

NOTE 5 – NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Law and Policy	\$ 59,574	\$ 188,375
Youth Work	146,597	-
Fellowships	70,829	4,000
Subsequent year operations	<u>6,618</u>	<u>-</u>
 Net assets with donor restrictions	 <u><u>\$ 283,618</u></u>	 <u><u>\$ 192,375</u></u>

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN

The Law Center received loans totaling \$238,860 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). On June 28, 2021, the SBA preliminarily approved forgiveness of the Law Center's first draw loan. On March 8, 2022, the SBA preliminarily approved forgiveness of the Law Center's second draw loan. 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 loans or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balances.

NATIONAL LAW CENTER ON HOMELESSNESS AND POVERTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 7 – LIQUIDITY AND AVAILABILITY

The following table reflects the Law Center’s financial assets as of December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial assets at end of year		
Cash	\$ 619,891	\$ 560,233
Unconditional promises to give	<u>11,418</u>	<u>53,300</u>
Total financial assets at end of year	631,309	613,533
Less amounts not available for general expenditures within one year due to:		
Restricted by donor - imposed with purpose restrictions	<u>277,000</u>	<u>192,375</u>
Financial assets available to meet general expenditures within one year	<u>\$ 354,309</u>	<u>\$ 421,158</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.