National Alliance To End Homelessness, Inc.

Financial Statements

December 31, 2018

CALIBRE
CPA GROUP

National Alliance To End Homelessness, Inc.

Financial Statements

Year Ended December 31, 2018

Contents

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REPORT ON INDEPENDENT AUDITORS

To the Board of Directors
National Alliance To End Homelessness, Inc.

We have audited the accompanying financial statements of National Alliance To End Homelessness, Inc. (the Alliance), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider 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 the Alliance as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CalibreCPAGroup, PLLC

Bethesda, MD
July 9, 2019

National Alliance To End Homelessness, Inc.

Statement of Financial Position

December 31, 2018

Assets	
Current assets	
Cash and cash equivalents	$ 7,049,403
Investments	2,826,942
Grants and contributions receivable	1,073,190
Bequest receivable	25,000
Accounts receivable	154,422
Prepaid expenses	28,418
Total current assets	11,157,375
Property and equipment	
Furniture and equipment	260,517
Less: accumulated depreciation	(177,034)
Property and equipment, net	83,483
Other assets	
Deposits	1,000
Total assets	$ 11,241,858
Liabilities And Net Assets	
Current liabilities	
Accounts payable and accrued expenses	$ 225,084
Deferred revenue	270,990
Deferred rent	25,382
Total current liabilities	521,456
Noncurrent liabilities	
Deferred rent, net of current portion	60,552
Total liabilities	582,008
Net assets	
Without donor restrictions	8,946,513
With donor restrictions	1,713,337
Total net assets	10,659,850
Total liabilities and net assets	$ 11,241,858

See accompanying notes to financial statements.

National Alliance To End Homelessness, Inc.

Statement of Activities

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Grant and contributions	$ 1,596,615	$ 958,095	$ 2,554,710
Conference registrations fee	1,308,070	-	1,308,070
Contract income	289,223	-	289,223
Other revenue	25,974	-	25,974
Investment income	(172,799)	-	(172,799)
Net assets released from restrictions	1,127,083	(1,127,083)	-
Total support and revenue	4,174,166	(168,988)	4,005,178
Expenses			
Program services			
Advocacy	222,950	-	222,950
Capacity building	671,858	-	671,858
Conferences	1,490,266	-	1,490,266
HRI/Research education	1,368,816	-	1,368,816
Lobbying	21,781	-	21,781
Total program services	3,775,671	-	3,775,671
Supporting services			
General and administrative	290,023	-	290,023
Fundraising	99,360	-	99,360
Total supporting expenses	389,383	-	389,383
Total expenses	4,165,054	-	4,165,054
Change in net assets	9,112	(168,988)	(159,876)
Net assets			
Beginning of year	8,937,401	1,882,325	10,819,726
End of year	$ 8,946,513	$ 1,713,337	$ 10,659,850

See accompanying notes to financial statements.

National Alliance To End Homelessness, Inc.

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services						Supporting Services				
	Advocacy	Capacity Building	Conferences	HRI/Research Education	Lobbying	Total Program Services	General and Administrative	Fundraising	Total Support Services	Overhead	Total
Salaries	$ 147,760	$ 350,334	$ 412,958	$ 846,841	$ 13,574	$ 1,771,467	$ 170,547	$ 38,149	$ 208,696	$ 22,356	$ 2,002,519
Benefits and payroll taxes	30,990	71,443	79,385	176,605	2,913	361,336	38,308	8,059	46,367	-	407,703
Advertising and promotion	90	-	-	314	-	404	558	2,000	2,558	-	2,962
Bad debt expenses	-	-	-	8,468	-	8,468	-	-	-	-	8,468
Conference registrations	-	-	-	519	-	519	-	-	-	-	519
Consultant fees	8,925	116,712	15,557	16,605	-	157,799	-	-	-	-	157,799
Depreciation	-	-	-	-	-	-	-	-	-	19,323	19,323
Dues and subscriptions	975	200	-	32,436	-	33,611	-	2,956	2,956	1,766	38,333
Insurance	-	-	-	-	-	-	-	-	-	13,762	13,762
Lodging	503	16,144	62,236	53,731	-	132,614	-	-	-	-	132,614
Meals	-	7,341	531,534	18,500	-	557,375	2,057	-	2,057	-	559,432
Other expenses	-	-	26,280	420	-	26,700	5,724	27,983	33,707	6,224	66,631
Payroll services	-	-	-	-	-	-	2,605	-	2,605	867	3,472
Postage and delivery	-	93	4,450	375	-	4,918	111	3,015	3,126	2,211	10,255
Printing and copying	3,859	-	16,898	-	1,624	22,381	-	3,165	3,165	2,136	27,682
Professional fees	-	-	-	-	-	-	27,507	1,860	29,367	5,411	34,778
Rent	-	18,000	-	-	-	18,000	-	-	-	208,633	226,633
Repairs, maintenance and leases	-	-	173,087	-	-	173,087	-	-	-	5,959	179,046
Supplies	1,783	1,013	44,690	1,738	-	49,224	5,036	3,562	8,598	5,051	62,873
Technology	2,580	925	9,035	9,678	-	22,218	4,124	1,330	5,454	45,742	73,414
Telephone	-	1,510	35	2,397	-	3,942	135	-	135	24,631	28,708
Travel	-	22,610	41,307	43,639	29	107,585	543	-	543	-	108,128
Overhead allocation	25,485	65,533	72,814	156,550	3,641	324,023	32,768	7,281	40,049	(364,072)	-
	$ 222,950	$ 671,858	$ 1,490,266	$ 1,368,816	$ 21,781	$ 3,775,671	$ 290,023	$ 99,360	$ 389,383	$ -	$ 4,165,054

See accompanying notes to financial statements.

National Alliance To End Homelessness, Inc.

Statement of Cash Flows

Year Ended December 31, 2018

Cash flows from operating activities		
Change in net assets	$	(159,876)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		19,323
Net appreciation in fair value of mutual funds		243,458
Change in assets		
Grants and contributions receivable		238,367
Bequest receivable		125,000
Accounts receivable		(126,933)
Unconditional promises to give		-
Prepaid expenses		6,125
Change in liabilities		
Accounts payable and accrued expenses		(14,170)
Deferred revenue		(20,415)
Deferred rent		(15,304)
Net cash provided by operating activities		295,575
Cash flows from investing activities		
Purchases of furniture and software		(9,622)
Proceeds from sale of investments		3,315,891
Purchase of investments		(3,363,747)
Net cash used for investing activities		(57,478)
Net change in cash and cash equivalents		238,097
Cash and cash equivalents		
Beginning of year		6,811,306
End of year	$	7,049,403

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION

Organization

National Alliance to End Homelessness, Inc. (the Alliance) is a non-profit organization incorporated in the District of Columbia in 1983 as the National Citizens Committee on Food and Shelter and changed their name in 1988 for the purpose of addressing the long-term problems of homelessness through program research, advocacy, project operation, and public awareness.

The Alliance offers the following program services:

Advocacy - The Alliance is a leading voice on federal homelessness policy. The Alliance analyzes and educates the public about proposed and enacted federal legislation and consults with partners around the country about the impact on homelessness of federal policy. The Alliance works collaboratively with public, private, and nonprofit partners to develop, analyze, and advocate for policy solutions to homelessness.

Capacity Building - The Alliance provides capacity-building assistance through its Center for Capacity Building to help communities turn policy solutions and proven best practices into viable, on-the-ground programs. The Alliance provides communities across the country with best practices, how-to kits, technical assistances, and training to help them implement solutions developed through policy, research, and practice.

Conferences - The Alliance holds two Conferences each year that focus on strategies to end homelessness, including rapid re-housing and family intervention, as well as the development of a crisis response system and coordinated entry process, retooling transitional housing, the role of mainstream programs, and federal policy goals for Congress. Attendees and speakers include national and local experts on homelessness.

HRI/Research Education - The Homelessness Research Institute (HRI), the research and education arm of the National Alliance to End Homelessness, builds the intellectual capital around solutions to homelessness. HRI advances data and research so that policymakers, practitioners, and the public have the best information about trends in homelessness and emerging solutions.

Lobbying - The Alliance's staff spends a small proportion of its time attempting to influence the content of specific federal legislation, on issues directly related to the Alliance's mission. A portion of this work involves enlisting others from outside the organization to communicate with Congressional offices.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Alliance prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenue is recognized when earned and expenses are recorded as incurred.

Financial Statement Presentation

Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board Accounting Standards Codification, *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Alliance is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturity terms of those financial instruments. The Alliance maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits. The Alliance believes it is not exposed to any significant credit risk on cash or cash equivalents.

Accounts, Grants and Contributions receivables

Accounts, grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection of information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes all receivables are fully collectible within one year or less and no provision for allowance for doubtful accounts is deemed necessary.

Unconditional promises to give are recognized as support when the donor makes a promise to give to the Alliance that is, in substance, unconditional. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the pledge is made. All unconditional promises to give are expected to be received in one year or less and therefore there was no discount calculated on these pledges.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist of amounts held in equities and mutual funds, all of which are reported at fair value, generally as determined by published market prices. Income earned is derived from interest, dividends and changes in fair value. Unrealized gains (losses) resulting from increases (decreases) in fair value of securities held as well as the net realized gains (losses) arising from sales of securities are included in investment income. Dividends and interests are recognized as they are earned. Investment income is reported in the statements of activities net of all external and direct internal investment expenses.

Net Assets

Net assets are reported in two distinct classes as follows:

Net assets without donor restrictions - These net assets are available to finance the general operations of the Alliance. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Alliance, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Alliance is limited by donor-imposed time or purpose restrictions that are either temporary or permanent.

Revenue Recognition

The Alliance reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Meeting and conference revenue is recognized in the year in which the meetings and events are held. Amounts received in advance are recorded as deferred revenue.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally 3 to 7 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. Depreciation expense for the year ended December 31, 2018 totaled $19,323.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities of the Alliance have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies. Other common costs such as occupancy, depreciation and related infrastructure costs are allocated based on employee time and effort studies.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

New Accounting Pronouncement Adopted

During the year ended December 31, 2018, the Alliance adopted the provisions of Accounting Standards Update 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (the Update). The Update amends the reporting model for not-for-profit organizations and enhances required disclosures. The major changes include: requiring the presentation of only two classes of net assets - those with donor restrictions and those without donor restrictions; requiring all not-for-profits to present an analysis of expenses by both function and nature in a single location, generally as a separate financial statement or by disclosure in the notes, and to provide additional information about the methods used to allocate costs across functional reporting categories; requiring disclosure of both quantitative and qualitative information about liquidity and the availability of financial resources; requiring the presentation of investment return net of all external and direct internal expenses. Accordingly, certain amounts previously reported for the year ended December 31, 2017 were reclassified to conform to the 2018 presentation.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Alliance's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Alliance invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)

The following table represents the Alliance's financial assets available to meet cash needs for general expenditures within one year of December 31, 2018:

Total assets at end of year	$ 11,241,858
Less: nonfinancial assets	
Prepaid expenses	(28,418)
Deposits	(1,000)
Net property and equipment	(83,483)
Total financial assets at end of year	11,128,957
Less: amounts not available to meet general expenditures coming due within one year	
Donor restricted funds	(1,713,337)
Total financial assets available for general expenditures within one year	$ 9,415,620

NOTE 4. INCOME TAXES

The Alliance is a 501(c)(3) entity exempt from federal income tax under Section 501(a) of the Internal Revenue Code. The Alliance is, however, subject to tax on business income unrelated to their exempt purpose.

The Alliance believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The Alliance's income tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The Alliance's Form 990 tax returns for the years ended December 31, 2015 through 2017 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE 5. INVESTMENT AND FAIR VALUE MEASUREMENTS

Accounting standards provides the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Alliance has the ability to access.

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies at December 31, 2018 and 2017.

Equites and mutual funds are valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.
Furthermore, although the Alliance's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table sets forth by level, within the fair value hierarchy, the Alliance's investments at fair value as of December 31:

	2018			
Description	Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 17,663	$ 17,663	$ -	$ -
Mutual funds	2,809,279	2,809,279	-	-
	$ 2,826,942	$ 2,826,942	$ -	$ -

NOTE 5. INVESTMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investment income (loss) consisted of the following for the year ended December 31, 2018:

Interest and dividend	$ 107,307
Unrealized loss	(139,079)
Realized loss	(104,379)
Investment expenses	(36,648)
	$ (172,799)

NOTE 6. PENSION PLAN

The Alliance offers a 403(b) retirement plan to all eligible employees. Effective January 1, 2009, the Alliance revised its pension plan agreement. According to the revised terms, the Alliance will decide each year how much, if any, to contribute to the retirement plan. To qualify as a participant under the plan, employees must meet certain requirements. Employees may make voluntary contributions to the plan. Pension expense for the year ended December 31, 2018 totaled $119,736.

NOTE 7. COMMITMENTS AND CONTINGENCIES

In 2013, the Alliance entered into a new agreement for its office lease beginning May 1, 2014 for an 87-month period, ending July 31, 2021. According to the lease terms, the base rental rate shall be $16,052 per month for the first lease year, and each successive lease year the base rental rate shall be increased by 4.5%. The total rent due and lease incentives provided under the lease agreement are being recognized on a straight-line basis in the financial statements.

Total future minimum lease payments are as follows:

2019	$ 234,014
2020	244,548
2021	146,328
Total future minimum payments	$ 624,890

Total rent charged to operations for the year ended December 31, 2018 totaled $226,633.

NOTE 8. DONOR RESTRICTED NET ASSETS

The Alliance had the following temporarily restricted net assets as of December 31, 2018:

Bill and Melinda Gates Foundation	$ 125,000
Conrad N. Hilton Foundation	496,904
Melville Charitable Trust	613,833
Oak Foundation	450,000
Blue Cross/Anthem	23,600
National Low Income Housing Coalition	4,000
Total	$ 1,713,337

NOTE 9. CONCENTRATION OF CREDIT RISK

The Alliance maintains cash and cash equivalent balances at two financial institutions in the United States. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2018, amounts on deposit exceeded the FDIC insurance limit by approximately $1,498,000. The Alliance has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

NOTE 10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 9, 2019, which is the date the financial statements were available to be issued. The review and evaluation revealed no new material event or transaction which would require an adjustment to or disclosure in the accompanying financial statement.