

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2014

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Independent Auditor's Report

To The Board of Directors
National Alliance to End Homelessness, Inc.
Washington, DC

We have audited the accompanying financial statements of National Alliance to End Homelessness, Inc. (the "Alliance"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2014, 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.

Auditor's 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 of 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.

Independent Auditor's Report
National Alliance to End Homelessness, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Alliance to End Homelessness, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

Jan Mauer & M. Duarte PA

Washington, DC
June 4, 2015

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	2,600,923
Investments		5,754,705
Grants and contributions receivable		821,060
Accounts receivable		76,937
Unconditional promises to give		10,000
Prepaid expenses		31,277
Total Current Assets		9,294,902

PROPERTY AND EQUIPMENT

Furniture and equipment		68,810
Less: accumulated depreciation		(38,837)
Property and Equipment, net		29,973

OTHER ASSETS

Deposits		1,000
Total Other Assets		1,000

TOTAL ASSETS

\$ 9,325,875

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	179,127
Deferred revenue		224,705
Total Liabilities		403,832

NET ASSETS

Unrestricted net assets		7,068,489
Temporarily restricted net assets		1,853,554
Total Net Assets		8,922,043

TOTAL LIABILITIES AND NET ASSETS

\$ 9,325,875

See independent auditor's report and accompanying notes to financial statements.

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,089,259	\$ 1,495,050	\$ 2,584,309
Conference registrations	913,815	-	913,815
Contract income	197,544	-	197,544
Other revenue	19,180	-	19,180
Investment income	1,907	-	1,907
Net assets released from restrictions	1,997,575	(1,997,575)	-
Total Revenue and Support	4,219,280	(502,525)	3,716,755
EXPENSES			
Program services:			
Advocacy	105,307	-	105,307
Capacity building	1,034,950	-	1,034,950
Conferences	943,582	-	943,582
HRI/Research Education	1,639,296	-	1,639,296
Lobbying	9,275	-	9,275
Total Program Services	3,732,410	-	3,732,410
Support services:			
General and administrative	177,132	-	177,132
Fundraising	54,311	-	54,311
Total Support Services	231,443	-	231,443
Total Expenses	3,963,853	-	3,963,853
CHANGE IN NET ASSETS FROM OPERATIONS	255,427	(502,525)	(247,098)
LOSS ON DISPOSAL OF ASSETS	(8,406)		(8,406)
CHANGE IN NET ASSETS	247,021	(502,525)	(255,504)
NET ASSETS, beginning of year	6,821,468	2,356,079	9,177,547
NET ASSETS, end of year	\$ 7,068,489	\$ 1,853,554	\$ 8,922,043

See independent auditor's report and accompanying notes to financial statements.

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	PROGRAM SERVICES						SUPPORT SERVICES			
	Advocacy	Capacity Building	Conferences	HRI / Research Education	Lobbying	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 71,569	\$ 210,550	\$ 237,118	\$ 936,671	\$ 6,946	\$ 1,462,854	\$ 109,487	\$ 28,809	\$ 138,296	\$ 1,601,150
Benefits	8,631	27,483	28,609	122,027	802	187,552	13,459	3,617	17,076	204,628
Payroll taxes	5,448	15,263	19,000	67,116	529	107,356	8,539	2,072	10,611	117,967
Total Personnel Expenses	85,648	253,296	284,727	1,125,814	8,277	1,757,762	131,485	34,498	165,983	1,923,745
Advertising and promotion	50	91	120	3,988	1	4,250	42	1,360	1,402	5,652
Bad debt expenses	-	-	-	-	-	-	79	-	79	79
Conference registrations	-	-	-	2,070	-	2,070	-	275	275	2,345
Consultant fees	641	80,824	18,305	149,116	49	248,935	2,942	258	3,200	252,135
Depreciation	402	1,184	1,333	5,266	39	8,224	1,735	126	1,861	10,085
Due and subscriptions	8	136	88	24,657	-	24,889	13	77	90	24,979
Grants	-	592,680	-	-	-	592,680	-	-	-	592,680
Insurance	462	1,363	1,526	6,256	43	9,650	711	191	902	10,552
Lodging	228	18,135	26,043	40,743	-	85,149	-	-	-	85,149
Meals	124	37,565	364,154	62,268	-	464,111	6,729	-	6,729	470,840
Other expenses	2,540	3,486	24,917	17,463	82	48,488	1,037	7,998	9,035	57,523
Payroll services	105	308	350	1,419	10	2,192	161	43	204	2,396
Postage and delivery	21	520	8,060	2,788	26	11,415	247	2,225	2,472	13,887
Printing and copying	5,694	1,105	29,154	19,785	6	55,744	3,238	955	4,193	59,937
Professional fees	193	624	750	2,653	15	4,235	11,881	96	11,977	16,212
Rent	5,260	16,901	19,133	70,856	461	112,611	8,028	2,109	10,137	122,748
Repairs, maintenance and leases	217	1,045	84,192	5,641	20	91,115	331	87	418	91,533
Supplies	570	2,013	33,124	10,737	26	46,470	2,637	2,918	5,555	52,025
Technology	1,865	5,827	6,582	28,000	160	42,434	2,840	846	3,686	46,120
Telephone	764	4,974	2,998	13,468	60	22,264	1,008	249	1,257	23,521
Travel	515	12,873	38,026	46,308	-	97,722	1,988	-	1,988	99,710
Total Expenses	\$ 105,307	\$ 1,034,950	\$ 943,582	\$ 1,639,296	\$ 9,275	\$ 3,732,410	\$ 177,132	\$ 54,311	\$ 231,443	\$ 3,963,853

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (255,504)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	10,085
Loss on disposal of assets	8,406
(Increase) decrease in:	
Grants receivable	201,149
Accounts receivable	(66,571)
Bequest receivable	384,485
Unconditional promises to give	4,987
Prepaid expenses	15,194
Increase (decrease) in:	
Accounts payable and accrued expenses	46,893
Deferred revenue	75,525
Net Cash Provided By Operating Activities	<u>424,649</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of furniture and software	(21,941)
Proceeds from sale of investments	5,755,167
Purchase of investment	<u>(5,754,705)</u>
Net Cash Used by Investing Activities	<u>(21,479)</u>
NET CHANGE IN CASH	403,170
CASH, beginning of year	<u>2,197,753</u>
CASH, end of year	<u><u>\$ 2,600,923</u></u>

See independent auditor's report and accompanying notes to the financial statements.

**NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

Organization

National Alliance to End Homelessness, Inc. (“the Alliance”) is a non-profit organization incorporated in the District of Columbia 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; works with the Administration implementation of federal programs; 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 assistance, and trainings to help them implement solutions developed through policy, research, and practice.

Conferences - The Alliance holds 2 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.

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than one year. 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.

Grants, Contributions, Accounts receivables and Unconditional Promises to give

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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized and realized gains and losses are included in the statement of activities in the period in which such changes occur. Interest and dividends are recorded when earned.

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Alliance and changes therein, are classified and reported as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met by either actions of the Alliance and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets totaled \$1,853,554 as of December 31, 2014.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Alliance. There were no permanently restricted net assets as of December 31, 2014.

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, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement 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, 2014 totaled \$10,085.

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and support services benefited.

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.

Reclassification

Certain items in the financial statements for 2013 have been reclassified to conform to the current year presentation. Such reclassifications had no effect on the change in net assets.

NOTE C – 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, 2011 through 2013 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.

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(continued)

NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework 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 or liabilities (level 1 measurement) and the lowest priorities to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs are based on unadjusted quoted prices for identical assets traded in active markets that the Alliance has the ability to access.

Level 2 Inputs to the valuation methodology include a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in inactive markets; c) inputs other than quoted prices that are observable for the asset or liability; and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3 Inputs 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 is a description of the valuation methodologies used for assets measured at fair value:

Equities: are valued at the closing price reported in the active market in which the individual securities are traded, and

Bond funds are valued at the net asset value of the shares held at the period ended.

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(continued)

NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

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, 2014:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 4,505,807	\$ -	\$ 4,505,807
Treasury bills	1,248,898	-	-	1,248,898
Total Investments	\$ 1,248,898	\$ 4,505,807	\$ -	\$ 5,754,705

Investment income consisted entirely of interest earned totaling \$ 1,907 for the year ended December 31, 2014.

NOTE E – BEQUEST RECEIVABLE

On February 1, 2013, the Alliance was informed that it was designated a beneficiary of an estate. The assets of the estate were held in a revocable trust, which became irrevocable upon the death of the donor. The trust provisions bequeathed the Alliance a 5% beneficiary interest in the remaining trust assets. The Alliance recognized \$775,121 of contribution revenue of which represents approximately 5% of the fair market value of the trust assets. The Alliance received \$390,636 in 2013 and the remaining balance of \$384,485 was received in 2014.

NOTE F – 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, 2014 totaled \$99,718.

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(continued)

NOTE G – COMMITMENTS AND CONTINGENCIES

In 2013, the Alliance entered into a new agreement for its office lease beginning August 1, 2014 for an 84 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 5%.

Total future minimum lease payments are as follows:

2015	\$	196,236
2016		205,066
2017		214,294
2018		223,938
2019		234,015
Thereafter		390,872
Total future minimum payments	\$	<u>1,464,421</u>

Total rent charged to operations for the year ended December 31, 2014 totaled \$122,748.

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

The Alliance had the following temporarily restricted net assets as of December 31, 2014:

Butler Foundation Fund	\$	25,000
Bill & Melinda Gates Foundation		35,000
Conrad N Hilton Foundation		500,000
MacArther Foundation		37,500
Melville Charitable Trust		1,080,740
Oak Foundation		63,314
Raikes Foundation		12,000
Time restricted funds		100,000
Total	\$	<u>1,853,554</u>

NOTE I – 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 up to \$250,000. At December 31, 2014, the Alliance's uninsured cash balances totaled approximately \$2,000,000.

NATIONAL ALLIANCE TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(continued)

NOTE J – SUBSEQUENT EVENTS

The Alliance's management has evaluated subsequent events for potential required disclosures through June 4, 2015, which is the date the financial statements are available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.