NATIONAL ALLIANCE TO END HOMELESSNESS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016

CALIBRE CPA GROUP
Bethesda, MD

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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, 2016, 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.

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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 Alliance as of December 31, 2016, 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.

Calibre CPA Group, PLLC

Bethesda, MD
July 6, 2017

National Alliance To End Homelessness, Inc.

Statement of Financial Position

December 31, 2016

Assets	
Current assets	
Cash and cash equivalents	$ 3,922,020
Investments	4,856,316
Grants and contributions receivable	1,582,353
Bequest receivable	275,000
Accounts receivable	51,436
Unconditional promises to give	-
Prepaid expenses	58,916
Total current assets	10,746,041
Property and equipment	
Furniture and equipment	226,393
Less: accumulated depreciation	(139,451)
Property and equipment, net	86,942
Other assets	
Deposits	1,000
Total assets	$ 10,833,983
Liabilities And Net Assets	
Current liabilities	
Accounts payable and accrued expenses	$ 191,599
Deferred revenue	247,390
Deferred rent	5,661
Total current liabilities	444,650
Noncurrent liabilities	
Deferred rent, net of current portion	101,238
Total liabilities	545,888
Net assets	
Unrestricted	8,343,226
Temporarily restricted	1,944,869
Total net assets	10,288,095
Total liabilities and net assets	$ 10,833,983

See accompanying notes to financial statements.

National Alliance To End Homelessness, Inc.

Statement of Activities

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Grant and contributions	$ 2,076,634	$ 1,128,600	$ 3,205,234
Conference registrations fee	1,079,535	-	1,079,535
Contract income	221,762	-	221,762
Other revenue	18,058	-	18,058
Investment income	6,279	-	6,279
Net assets released from restrictions	1,537,534	(1,537,534)	-
Total support and revenue	4,939,802	(408,934)	4,530,868
Expenses			
Program services			
Advocacy	163,333	-	163,333
Capacity building	370,834	-	370,834
Conferences	1,056,998	-	1,056,998
HRI/Research education	2,150,858	-	2,150,858
Lobbying	28,240	-	28,240
Total program services	3,770,263	-	3,770,263
Supporting services			
General and administrative	256,026	-	256,026
Fundraising	59,394	-	59,394
Total supporting expenses	315,420	-	315,420
Total expenses	4,085,683	-	4,085,683
Change in net assets	854,119	(408,934)	445,185
Net assets			
Beginning of year	7,489,107	2,353,803	9,842,910
End of year	$ 8,343,226	$ 1,944,869	$ 10,288,095

See accompanying notes to financial statements.

National Alliance To End Homelessness, Inc.

Statement of Functional Expenses

Year Ended December 31, 2016

	Program Services						Supporting Services			
	Advocacy	Capacity Building	Conferences	HRI/Research Education	Lobbying	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Salaries	$ 105,163	$ 206,437	$ 240,452	$ 1,150,139	$ 18,610	$ 1,720,801	$ 146,316	$ 16,088	$ 162,404	$ 1,883,205
Benefits	14,183	28,468	32,718	168,381	2,637	246,387	19,861	2,221	22,082	268,469
Payroll taxes	8,122	17,056	20,585	86,620	1,498	133,881	11,477	1,115	12,592	146,473
Advertising and promotion	-	-	-	385	-	385	-	2,750	2,750	3,135
Conference registrations	-	-	-	2,074	-	2,074	-	107	107	2,181
Consultant fees	440	19,329	32,189	224,561	90	276,609	24,400	207	24,607	301,216
Depreciation	829	1,519	1,795	8,285	138	12,566	1,105	138	1,243	13,809
Dues and subscriptions	694	1,367	1,496	18,228	118	21,903	964	1,816	2,780	24,683
Insurance	588	1,179	1,362	6,429	96	9,654	834	73	907	10,561
Lodging	-	20,528	21,285	79,032	-	120,845	-	-	-	120,845
Meals	74	6,054	458,852	91,205	-	556,185	-	1	1	556,186
Other expenses	3,586	1,159	24,864	10,703	113	40,425	1,297	19,831	21,128	61,553
Payroll services	158	301	401	1,781	34	2,675	228	23	251	2,926
Postage and delivery	48	682	7,434	1,667	7	9,838	176	1,251	1,427	11,265
Printing and copying	1,362	1,053	17,212	25,605	1,774	47,006	292	2,216	2,508	49,514
Professional fees	260	521	696	3,112	33	4,622	19,944	8,141	28,085	32,707
Rent	11,817	23,125	25,965	127,459	1,997	190,363	16,428	1,844	18,272	208,635
Repairs, maintenance and leases	532	550	85,334	9,326	47	95,789	496	39	535	96,324
Supplies	1,814	2,220	31,451	14,589	100	50,174	5,520	1,157	6,677	56,851
Technology	12,335	7,693	13,264	56,442	804	90,538	5,490	190	5,680	96,218
Telephone	823	3,796	2,009	16,382	138	23,148	1,162	163	1,325	24,473
Travel	505	27,797	37,634	48,453	6	114,395	36	23	59	114,454
	$ 163,333	$ 370,834	$ 1,056,998	$ 2,150,858	$ 28,240	$ 3,770,263	$ 256,026	$ 59,394	$ 315,420	$ 4,085,683

See accompanying notes to financial statements.

National Alliance To End Homelessness, Inc.

Statement of Cash Flows

Year Ended December 31, 2016

Cash flows from operating acitivites	
Change in net assets	$ 445,185
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	13,809
(Increase) decrease in assets:	
Grants and contributions receivable	279,393
Bequest receivable	(275,000)
Accounts receivable	22,926
Unconditional promises to give	20,000
Prepaid expenses	(19,463)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	3,668
Deferred revenue	(9,750)
Deferred rent	3,569
Net cash provided by operating activities	484,337
Cash flows from investing activities	
Purchases of furniture and software	(86,274)
Proceeds from sale of investments	8,001,188
Purchase of investments	(7,101,867)
Net cash provided by investing activities	813,047
Net increase in cash	1,297,384
Cash	
Beginning of year	2,624,636
End of year	$ 3,922,020

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.

NOTE 1. ORGANIZATION (CONTINUED)

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.

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 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.

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.
>
> *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, 2016.

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, 2016 totaled $13,809.

NOTE 2. 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.

NOTE 3. 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, 2013 through 2015 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 4. INVESTMENT AND FAIR VALUE MEASUREMENTS

FASB *Accounting Standards Codification, 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 inputs) and the lowest priorities to unobservable inputs (Level 3 inputs).

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.

NOTE 4. INVESTMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

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:

> *Certificates of deposit* approximates fair value because the instruments are liquid in nature and have shot-term maturities.
>
> *Treasury bills* 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, 2016:

Description	Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 4,356,654	$ -	$ 4,356,654	$ -
Treasury bills	499,662	499,662	-	-
	$ 4,856,316	$ 499,662	$ 4,356,654	$ -

Investment income consisted entirely of interest earned totaling $6,279 for the year ended December 31, 2016.

NOTE 5. 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, 2016 totaled $121,452.

NOTE 6. 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:

2017	$ 214,294
2018	223,938
2019	234,015
2020	244,548
2021	146,328
Total future minimum payments	$ 1,063,123

Total rent charged to operations for the year ended December 31, 2016 totaled $208,635.

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

The Alliance had the following temporarily restricted net assets as of December 31, 2016:

Borrego Foundation	$ 10,000
Bill & Melinda Gates Foundation	100,000
Homeless Link	109,929
Melville Charitable Trust	674,940
Oak Foundation	1,050,000
Total	$ 1,944,869

NOTE 8. 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, 2016, amounts on deposit exceeded the FDIC insurance limit by approximately $3,475,000. 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 9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 6, 2017, 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 additional adjustment to or disclosure in the accompanying financial statement.