Financial statements of:

HOUSINGLINK

Years ended
December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
HousingLink
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of HousingLink which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HousingLink as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on January 1, 2019, the Organization adopted Financial Accounting Standards Board's Accounting Standards ASC 606 – Revenue from Contracts with Customers. The requirements of the ASC have been applied retrospectively to all periods presented. The Organization also adopted the Financial Accounting Standards Board's Accounting Standards (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The requirements of the ASU have been applied retrospectively in 2019. The adoption of the guidance has not impacted the timing or amount of revenue recognized. Our opinion is not modified with respect to this matter.

Schechter Dokken Kanter
Andrews + Selcer Ltd.

May 27, 2020

HOUSINGLINK

	2019	2018
Assets:		
Cash and cash equivalents	**$ 240,968**	$ 202,340
Accounts receivable	**58,986**	33,128
Grants receivable	**200,000**	200,000
Prepaid expenses	**3,035**	1,499
Total current assets	**502,989**	436,967
Property and equipment, net	**-**	640
Capitalized software development	**487,184**	374,017
Total assets	**$ 990,173**	$ 811,624
Liabilities and net assets:		
Accounts payable	**$ 14,273**	$ 16,753
Accrued expenses and other liabilities	**32,837**	26,976
Deferred revenue	**1,055**	3,283
Total current liabilities	**48,165**	47,012
Net assets:		
Without donor restrictions:		
Board designated, operating reserve	**195,000**	195,000
Undesignated	**117,770**	204,857
Total without donor restrictions	**312,770**	399,857
With donor restrictions	**629,238**	364,755
Total net assets	**942,008**	764,612
Total liabilities and net assets	**$ 990,173**	$ 811,624

HOUSINGLINK

	2019		
	Without donor restrictions	With donor restrictions	Total
Revenue and support:			
Contracts for services	$ 126,612	$ -	$ 126,612
Grants and contributions	432,199	515,000	947,199
In-kind contributions	5,905	-	5,905
Interest income	1,637	-	1,637
Miscellaneous income	14,825	-	14,825
Net assets released from restrictions	250,517	(250,517)	
Total revenue and support	831,695	264,483	1,096,178
Expenses:			
Program services	775,527		775,527
Management and general	96,334		96,334
Fundraising	46,921		46,921
Total expenses	918,782		918,782
Change in net assets	(87,087)	264,483	177,396
Net assets, beginning	399,857	364,755	764,612
Net assets, ending	$ 312,770	$ 629,238	$ 942,008

See notes to financial statements.

2018		
Without donor restrictions	With donor restrictions	Total
$ 165,179	$ -	$ 165,179
427,975	378,000	805,975
70,368	-	70,368
1,298	-	1,298
17,443	-	17,443
216,355	(216,355)	-
898,618	161,645	1,060,263
705,746		705,746
103,871		103,871
25,288		25,288
834,905		834,905
63,713	161,645	225,358
336,144	203,110	539,254
$ 399,857	$ 364,755	$ 764,612

		2019		2018
Cash flows from operating activities:				
Change in net assets	$	**177,396**	$	225,358
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		**640**		697
Changes in operating assets and liabilities:				
Accounts receivable		**(25,858)**		62,985
Grants receivable		**-**		(180,000)
Prepaid expenses		**(1,536)**		450
Accounts payable		**(2,480)**		213
Accrued expenses and other liabilities		**5,861**		195
Deferred revenue		**(2,228)**		(2,032)
Net cash provided by operating activities		**151,795**		107,866
Cash flows from investing activities:				
Capitalized software development costs		**(113,167)**		(278,622)
Proceeds from maturity of investments		**-**		100,000
Net cash used in investing activities		**(113,167)**		(178,622)
Net change in cash and cash equivalents		**38,628**		(70,756)
Cash and cash equivalents, beginning of year		**202,340**		273,096
Cash and cash equivalents, end of year	$	**240,968**	$	202,340

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	2019			
	Program services	Management and general	Fundraising	Total
Employee services	$ 561,045	$ 58,788	$ 17,592	$ 637,425
Occupancy	27,385	2,844	850	31,079
Office supplies	7,570	78	34	7,682
Postage	507	60	124	691
Printing and copying	573	-	962	1,535
Dues and subscriptions	4,602	115	21	4,738
Professional fees	117,273	24,399	22,170	163,842
Accounting fees	17,212	1,930	500	19,642
Mileage and parking	2,921	61	44	3,026
Education and training	1,020	3,827	88	4,935
Advertising and marketing	6,480	-	3,909	10,389
Meeting expenses	474	1,128	4	1,606
Telecommunication	6,531	460	148	7,139
Miscellaneous expenses	5,259	1,093	31	6,383
Insurance	2,445	253	76	2,774
Operating and maintenance	13,665	1,241	350	15,256
Depreciation	565	57	18	640
Total expenses	$ 775,527	$ 96,334	$ 46,921	$ 918,782

2018			
Program services	Management and general	Fundraising	Total
$ 459,639	$ 63,684	$ 11,804	$ 535,127
25,647	3,451	672	29,770
1,110	449	26	1,585
367	57	434	858
1,513	54	1,579	3,146
4,732	137	379	5,248
102,796	28,729	9,524	141,049
16,440	2,216	430	19,086
2,130	63	77	2,270
2,325	769	-	3,094
72,893	-	-	72,893
274	862	13	1,149
6,035	506	117	6,658
-	1,651	-	1,651
2,114	284	55	2,453
7,131	878	162	8,171
600	81	16	697
$ 705,746	$ 103,871	$ 25,288	$ 834,905

1. Nature of business and significant accounting policies:

Organization:

HousingLink (the Organization) was incorporated in Minnesota and began operations in 1997. The mission is to improve people's lives through information expanding their affordable rental choices. The Organization also provides research services that is used by policymakers and research organizations to shape affordable housing policy in the Twin Cities and the state of Minnesota.

Change in accounting principle:

The Financial Accounting Standards Board (FASB) has issued two Accounting Standard Updates affecting the Foundation's revenue recognition. The first, Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) affects contracts with customers. The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, Accounting Standards Update No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adoption of this guidance in 2019 did not impact the timing or amount of revenue recognized.

Financial statement presentation:

The Organization classifies its net assets, revenues and expenses based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Designated amounts represent those net assets which the board has set aside for a particular purpose.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets are limited by donor-restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions.

1. Nature of business and significant accounting policies (continued):

Cash and cash equivalents:

The Organization considers all cash and highly liquid financial instruments purchased with a maturity of three months or less, which are not held for restricted by donors, to be cash and cash equivalents. At times, cash and cash equivalents may be in excess of FDIC limits. There were no cash balances in excess of FDIC limits at December 31, 2019 or 2018.

Receivables and credit policies:

Receivables for fees for service contracts represent amounts due to the Organization for services performed. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance was deemed necessary as of December 31, 2019 and 2018.

Grants receivable:

Unconditional grants and other promises to give are recognized at net realizable value as revenues in the period received, and as assets, decreases or liabilities or expenses depending on the form of the benefits received. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectable. No allowance was deemed necessary as of December 31, 2019 and 2018. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and equipment:

Expenditures for the acquisition of equipment greater than $3,000 are capitalized at cost, and donated equipment is capitalized at fair value at the date of the gift.

Depreciation of equipment is provided using the straight-line method over the estimated useful lives of the assets, which range from three to five years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts and any remaining gain or loss is included in the statement of activities.

Capitalized software development:

Expenditures for software development are capitalized when both the preliminary project stage is completed and it is probable that the software will be used as intended. Capitalized costs include only external direct costs of materials and services utilized in developing or obtaining computer software. Capitalized software will be amortized on a straight-line basis when placed into service over the estimated useful lives of the software, which approximates 5-10 years.

1. Nature of business and significant accounting policies (continued):

Support and revenue recognition:

Contributions are recognized when cash, securities or other assets are received, or the donor makes a promise to give the Organization that is, in substance, unconditional. Unconditional promises are recorded in the statement of financial position when the Organization is notified of the promises. Conditional promises to give are not recognized until the condition upon which they depend have been substantially met.

Contracts for services consist of grants and contracts. The Organization recognizes revenue from these contracts when performance obligations are met, when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as deferred revenue. Amounts recognized but not yet received are classified as receivables.

Donated services and in-kind contributions:

Volunteers contribute significant amounts of time to the Organization's program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

Advertising costs:

Advertising costs are expensed as incurred and were $10,389 and $72,893 for the years ended December 31, 2019 and 2018, respectively.

Functional expenses:

The costs of providing the Organization's various programs and supporting services activities have been summarized in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses which are related to a specific program or supporting service are charged directly to that service. Shared non-specific expenses are allocated based on the payroll allocation for the month. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services are allocated based on the best estimates of management.

1. Nature of business and significant accounting policies (continued):

Income taxes:

The Organization is exempt from income taxation on activities related to its charitable purposes under the provisions of Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute and has been classified as a public charity under the Internal Revenue Code; therefore, charitable contributions by donors are tax deductible. The Organization is subject to tax on income from any business it conducts which is unrelated to its charitable purposes. Revenue from advertising service revenue is considered unrelated business income. Unrelated business income taxes have been minimal for the years ended December 31, 2019 and 2018.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent events:

Management has evaluated for subsequent events through May 27, 2020, the date the financial statements were available for issuance.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 10, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Organization’s operations, suppliers or other vendors, donors and customer base. The operations for HousingLink’s services could be negatively impacted by the regional and global outbreak of COVID-19, including the ability to assist individuals for an unknown period of time. Any quarantines, labor shortages or other disruptions to the Organization’s operations, may adversely impact the ability to provide services and information. The extent to which the coronavirus impacts the Organization’s results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Subsequent to fiscal year end the Organization received a Paycheck Protection Program loan from the Small Business Administration for $109,300 on April 21, 2020. Under the program the loan can be forgiven if the funds are spent on eligible expenses. Based on the tracking of eligible expenses, management believes the loan will be forgiven based on current guidelines provided by the Small Business Administration. If any of the funds remain a loan, the loan has a maturity date of April 21, 2022 (2 years after the Loan date) and an interest rate of 1% per annum. Payments are deferred for six months immediately following the date of the loan.

2. Liquidity:

The following represents the Organization's financial assets at December 31, 2019 and 2018:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	**$ 240,968**	$ 202,340
Accounts receivable	**58,986**	33,128
Grants receivable	**200,000**	200,000
Total financial assets	**499,954**	435,468
Less amounts not available to be used within one year:		
Net assets with donor restrictions	**629,238**	364,755
Less net assets with purpose restrictions to be met in less than a year	**(529,238)**	(336,755)
Designated net assets by the board	**195,000**	195,000
	295,000	223,000
Financial assets available to meet general expenditures over the next twelve months	**$ 204,954**	$ 212,468

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, the Organization invests cash in excess of requirements in an interest bearing savings account.

3. Property and equipment, net:

Property and equipment, net consisted of the following at December, 31:

	2019	2018
Furniture and equipment	**$ 49,438**	$ 49,438
Less accumulated depreciation	**(49,438)**	(48,798)
	$ -	$ 640

4. Leases:

The Organization has an operating lease for its office space expiring in 2021.

Future minimum lease payments are as follows:

Years ending December 31	Amount
2020	$ 28,866
2021	4,950
	$ 33,816

Total lease expense, including common area maintenance costs totaled $31,079 and $29,770, for the years ended December 31, 2019 and 2018, respectively.

5. Net assets with donor restrictions:

Net assets with donor restrictions at December 31 consist of the following:

	2019	2018
Housing Hub	**$ -**	$ 86,755
Beyond Backgrounds	**489,406**	228,000
General operations timing restriction	**139,832**	50,000
	$ 629,238	$ 364,755

Net assets were released from restrictions as follows during the years ended December 31:

	2019	2018
Housing Hub	**$ 126,755**	$ 141,355
General operations timing restriction	**68,168**	75,000
Beyond Backgrounds	**55,594**	-
	$ 250,517	$ 216,355

6. Board designated, operating reserve:

The Organization's Board of Directors approved the designation of net assets of $195,000 as of December 31, 2019 and 2018 to ensure the stability of the mission, programs and ongoing operations of the Organization and to provide a source of funds for organizational priorities. The board's ultimate goal is to maintain a fund equal to three months of budgeted operating expenses.

7. In-kind contributions:

In-kind contributions are comprised of professional services and materials which are recorded at fair market value at date of donation. Donated services and materials include the following:

	2019	2018
Advertising	**$ 5,905**	$ 70,368

8. Retirement plan:

The Organization has a retirement savings plan, which is intended to satisfy the requirements of Section 401(k) of the Internal Revenue Code. All employees of the Organization are eligible to participate in this plan. This plan is funded by withholdings from the employee's payroll. Employer's contributions are discretionary. There were no employer contributions for the years ended December 31, 2019 and 2018.

9. Concentrations:

Substantially all support and revenue is received from individuals, charitable organizations, foundations and governmental entities; therefore, the continuation of certain programs of the Organization is dependent upon future funding. The Organization's total support derived from three and two funding sources at December 31, 2019 and 2018, accounted for approximately 48% and 47%, respectively. The Organizations receivables derived from three and two funding sources at December 31, 2019 and 2018, accounted for approximately 78% and 86%, respectively.