Financial statements of:

HOUSINGLINK

Years ended
December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Schechter Dokken Kanter
Andrews & Selcer Ltd.

June 2, 2021

		2020		2019
Assets:				
Cash and cash equivalents	**$**	**720,108**	$	240,968
Accounts receivable		**364,639**		58,986
Grants receivable		**50,000**		200,000
Prepaid expenses		**2,297**		3,035
Total current assets		**1,137,044**		502,989
Capitalized software development		**487,184**		487,184
Total assets	**$**	**1,624,228**	$	990,173
Liabilities and net assets:				
Accounts payable	**$**	**107,797**	$	14,273
Accrued expenses and other liabilities		**49,025**		32,837
Deferred revenue		**17,128**		1,055
Total current liabilities		**173,950**		48,165
Paycheck Protection Loan		**109,300**		
Total long term liabilties		**109,300**		
Total liabilities		**283,250**		48,165
Net assets:				
Without donor restrictions:				
Board designated, operating reserve		**270,000**		195,000
Undesignated		**622,872**		117,770
Total without donor restrictions		**892,872**		312,770
With donor restrictions		**448,106**		629,238
Total net assets		**1,340,978**		942,008
Total liabilities and net assets	**$**	**1,624,228**	$	990,173

See notes to financial statements.

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	2020			2019		
	Without donor restrictions	**With donor restrictions**	**Total**	Without donor restrictions	With donor restrictions	Total
Revenue and support:						
Contracts for services	**$ 1,483,084**	**-**	**$ 1,483,084**	$ 450,112	-	$ 450,112
Grants and contributions	**297,021**	**$ 597,863**	**894,884**	108,699	$ 515,000	623,699
In-kind contributions	**31,088**	**-**	**31,088**	5,905	-	5,905
Interest income	**2,157**	**-**	**2,157**	1,637	-	1,637
Miscellaneous income	**15,988**	**-**	**15,988**	14,825	-	14,825
Net assets released from restrictions	**778,995**	**(778,995)**		250,517	(250,517)	-
Total revenue and support	**2,608,333**	**(181,132)**	**2,427,201**	831,695	264,483	1,096,178
Expenses:						
Program services	**1,907,394**		**1,907,394**	775,527		775,527
Management and general	**72,768**		**72,768**	96,334		96,334
Fundraising	**48,069**		**48,069**	46,921		46,921
Total expenses	**2,028,231**		**2,028,231**	918,782		918,782
Change in net assets	**580,102**	**(181,132)**	**398,970**	(87,087)	264,483	177,396
Net assets, beginning	**312,770**	**629,238**	**942,008**	399,857	364,755	764,612
Net assets, ending	**$ 892,872**	**$ 448,106**	**$ 1,340,978**	$ 312,770	$ 629,238	$ 942,008

See notes to financial statements.

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 398,970	$ 177,396
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	640
Changes in operating assets and liabilities:		
Accounts receivable	(305,653)	(25,858)
Grants receivable	150,000	-
Prepaid expenses	738	(1,536)
Accounts payable	93,524	(2,480)
Accrued expenses and other liabilities	16,188	5,861
Deferred revenue	16,073	(2,228)
Net cash provided by operating activities	369,840	151,795
Cash flows used in investing activities, capitalized software development costs	-	(113,167)
Cash flows provided by financing activities, proceeds from Paycheck Protection Program loan	109,300	-
Net change in cash and cash equivalents	479,140	38,628
Cash and cash equivalents, beginning of year	240,968	202,340
Cash and cash equivalents, end of year	$ 720,108	$ 240,968

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	2020				2019			
	Program services	**Management and general**	**Fundraising**	**Total**	Program services	Management and general	Fundraising	Total
Employee services	**$ 703,654**	**$ 54,489**	**$ 13,103**	**$ 771,246**	$ 561,055	$ 58,778	$ 17,592	$ 637,425
Occupancy	**23,778**	**1,759**	**523**	**26,060**	27,385	2,844	850	31,079
Program services	**66,679**	**311**	**6**	**66,996**	7,570	78	34	7,682
Postage	**255**	**16**	**143**	**414**	507	60	124	691
Printing and copying	**409**	**8**	**822**	**1,239**	573	-	962	1,535
Dues and subscriptions	**3,358**	**2,218**	**211**	**5,787**	4,602	115	21	4,738
Professional fees	**1,030,794**	**3,726**	**16,681**	**1,051,201**	117,273	24,399	22,170	163,842
Accounting fees	**25,133**	**2,679**	**544**	**28,356**	17,212	1,930	500	19,642
Mileage and parking	**254**	**-**	**-**	**254**	2,921	61	44	3,026
Education and training	**-**	**2,321**	**-**	**2,321**	1,020	3,827	88	4,935
Advertising and marketing	**16,637**	**-**	**15,544**	**32,181**	6,480	-	3,909	10,389
Meeting expenses	**113**	**380**	**-**	**493**	474	1,128	4	1,606
Telecommunication	**3,148**	**164**	**43**	**3,355**	6,531	460	148	7,139
Miscellaneous expenses	**2,044**	**2,901**	**-**	**4,945**	5,259	1,093	31	6,383
Insurance	**2,571**	**185**	**51**	**2,807**	2,445	253	76	2,774
Operating and maintenance	**28,567**	**1,611**	**398**	**30,576**	13,665	1,241	350	15,256
Depreciation	**-**	**-**	**-**	**-**	565	57	18	640
Total expenses	**$ 1,907,394**	**$ 72,768**	**$ 48,069**	**$ 2,028,231**	$ 775,537	$ 96,324	$ 46,921	$ 918,782

See notes to financial statements.

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.

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.

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.

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, 2020 and 2019.

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

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, 2020 and 2019. 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.

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.

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

Advertising costs:

Advertising costs are expensed as incurred and were $32,181 and $10,389 for the years ended December 31, 2020 and 2019, 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.

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, 2020 and 2019.

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.

COVID-19 and Paycheck Protection Program loan:

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

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

COVID-19 and Paycheck Protection Program loan:

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 applied for loan forgiveness in 2021. On April 12, 2021, the loan was forgiven by the Small Business Administration.

HousingLink was contracted by Minnesota Housing to create a central online application for the COVID-19 Housing Assistance Program, this resulted in a one million dollar one time increase in the budget. The Organization's team used their expertise in equity-based software design to create the online application and provided user support to agencies processing applications. The Organization's user support team also helped the agencies download and archive all their data to hold for audit purposes at the end of the program.

Subsequent events:

Management has evaluated for subsequent events through June 2, 2021, the date the financial statements were available for issuance.

2. Liquidity:

The following represents the Organization's financial assets at December 31, 2020 and 2019:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	**$ 720,108**	$ 240,968
Accounts receivable	**364,639**	58,986
Grants receivable	**50,000**	200,000
Total financial assets	**1,134,747**	499,954
Less amounts not available to be used within one year:		
Net assets with donor restrictions	**448,106**	629,238
Less net assets with purpose restrictions to be met in less than a year	**(448,106)**	(529,238)
Designated net assets by the board	**270,000**	195,000
	270,000	295,000
Financial assets available to meet general expenditures over the next twelve months	**$ 864,747**	$ 204,954

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. Leases:

The Organization has an operating lease through March 2021 and then on a month-to-month basis starting in April 2021.

Total lease expense, including common area maintenance costs totaled $26,060 and $31,079, for the years ended December 31, 2020 and 2019, respectively.

4. Net assets with donor restrictions:

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

	2019	2018
Housing Hub	**$ 113,750**	
Beyond Backgrounds	**329,024**	$ 489,406
General operations timing restriction	**5,332**	139,832
	$ 448,106	$ 629,238

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

	2019	2018
Housing Hub	**$ 136,250**	$ 126,755
Landlord education	**29,514**	
Counseling	**15,000**	
Black, indigenous and POC communities	**50,000**	
General operations timing restriction	**213,828**	68,168
Beyond Backgrounds	**334,403**	55,594
	$ 778,995	$ 250,517

5. Board designated, operating reserve:

The Organization's Board of Directors approved the designation of net assets of $270,000 and $195,000 as of December 31, 2020 and 2019 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.

6. Conditional grants:

The Organization had one conditional grant totaling $15,486 as of December 31, 2020. The Organization expects to meet the conditions and recognize revenue of $15,486 in the year ending December 31, 2021.

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:

	2020	2019
Advertising	**$ 31,088**	$ 5,905

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, 2020 and 2019.

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 two and three funding sources at December 31, 2020 and 2019, accounted for approximately 53% and 48%, respectively. The Organizations receivables derived from four and three funding sources at December 31, 2020 and 2019, accounted for approximately 88% and 78%, respectively.