Financial Statements
December 31, 2012

HousingLink

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Financial Statements

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
HousingLink
Minneapolis, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of HousingLink (Organization), which comprise the statements of financial position as of December 31, 2012, 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 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, 2012, and the results of its operations, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Organization's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 13, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Minneapolis, Minnesota
July 18, 2013

	2012	2011
Assets		
Cash and cash equivalents	$ 403,102	$ 405,288
Accounts receivable	7,505	3,764
Grants receivable	167,500	100,000
Prepaid expenses	1,248	1,179
Equipment and leasehold improvements, less accumulated depreciation and amortization of $100,394	1,402	3,424
	$ 580,757	$ 513,655
Liabilities and Net Assets		
Accounts payable	$ 6,170	$ 6,205
Accrued expenses and other	32,474	29,823
Deferred revenue	6,398	4,715
	45,042	40,743
Net Assets		
Board designated	328,682	328,682
Unrestricted, undesignated	32,680	17,360
Total unrestricted net assets	361,362	346,042
Temporarily restricted	174,353	126,870
	535,715	472,912
	$ 580,757	$ 513,655

	2012			
	Unrestricted	Temporarily Restricted	Total	2011
Support and Revenue				
Contracts for services	$ 280,267	$ -	$ 280,267	$ 245,051
Grants	98,208	286,750	384,958	306,875
In-kind contributions	127,091	-	127,091	89,676
Interest income	1,684	-	1,684	3,450
Miscellaneous income	45,075	-	45,075	28,697
Net assets released from restrictions	239,267	(239,267)	-	-
Total support and revenue	791,592	47,483	839,075	673,749
Expenses				
Program services	653,254	-	653,254	609,826
Management and general	114,221	-	114,221	149,907
Fundraising	8,797	-	8,797	11,688
Total expenses	776,272	-	776,272	771,421
Change in Net Assets	15,320	47,483	62,803	(97,672)
Net Assets, Beginning of Year	346,042	126,870	472,912	570,584
Net Assets, Ending of Year	$ 361,362	$ 174,353	$ 535,715	$ 472,912

	2012				
	Program Services	Management and General	Fundraising	Total	2011
Salaries	$ 380,624	$ 3,591	$ 4,506	$ 388,721	$ 401,760
Occupancy	24,933	72	290	25,295	48,464
Office Supplies	534	6	59	599	1,828
Postage	207	10	617	834	1,072
Printing and Copying	566	1,105	1,352	3,023	5,055
Dues and Subscriptions	3,296	783	261	4,340	3,811
Professional Fees	76,369	18,209	141	94,719	90,149
Payroll and Accounting	54,085	36,057	1,063	91,205	71,035
Mileage and Parking	1,893	273	18	2,184	4,871
Education and Training	169	356	25	550	6,496
Advertising and Marketing	75,058	50,031	-	125,089	84,180
Meeting Expenses	308	1,109	5	1,422	2,472
Telecommunication	25,598	26	296	25,920	34,330
Miscellaneous Expenses	1,215	1,753	68	3,036	3,389
Insurance	1,103	735	23	1,861	2,284
Operating and Maintenance	5,297	105	50	5,452	6,520
Depreciation and Amortization	1,999	-	23	2,022	3,705
Total Expenses	$ 653,254	$ 114,221	$ 8,797	$ 776,272	$ 771,421
	84%	15%	1%	100%	

	2012	2011
Operating Activities		
Change in net assets	$ 62,803	$ (97,672)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	2,022	3,705
Changes in assets and liabilities		
Accounts receivable	(3,741)	35,334
Grants receivable	(67,500)	(53,250)
Prepaid expenses	(69)	4,585
Accounts payable	(35)	549
Accrued expenses	2,651	6,574
Deferred revenue	1,683	4,715
Net Cash used for Operating Activities	(2,186)	(95,460)
Net Change in Cash and Cash Equivalents	(2,186)	(95,460)
Cash and Cash Equivalents, Beginning of Year	405,288	500,748
Cash and Cash Equivalents, End of Year	$ 403,102	$ 405,288

Note 1 - Principal Activity and Significant Accounting Polices

Organization

HousingLink (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.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments in debt securities purchased with a maturity of three months or less to be 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 for the year ended December 31, 2012.

Allowance for Doubtful Accounts

The Organization uses the allowance method to account for uncollectible receivables. This method provides allowances for doubtful receivables equal to the estimated losses that will be incurred in the collection of receivables. No allowance was deemed necessary for the year ended December 31, 2012.

Grants Receivable

Unconditional promises to give are recognized as revenues or gains in the period received, and as assets, decreases of 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 for the year ended December 31, 2012. 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 over the estimated useful lives of the respective assets using the straight-line method. Estimated useful lives range from three to five years.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization or the passage of time.

The Organization reports contributions as temporarily 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 reported in the statement of activities as net assets released from restrictions.

Support/Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a 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 reported in the statement of activities as net assets released from restrictions.

Contracts for services consist of grants and contracts that are exchange transactions in which there is a reciprocal transfer of assets or services between the parties involved in the grant or contract. Exchange transactions are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as refundable advances. Amounts expended but not yet received are classified as receivables.

Donated Services and In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Property, services and other non-cash donations are recorded as in-kind contributions at their estimated market value at the date of donation.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Note 2 - Operating Leases

At December 31, 2012, the Organization has an operating lease for their office and storage space. Future minimum lease payments under the leases are as follows:

Years Ending December 31,	Amount
2013	$ 27,092
2014	27,634
2015	9,276
	$ 64,002

Lease expense for the year ended December 31, 2012 was $24,874.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2012:

Technical assistance	$ 80,000
General operations timing restriction	40,000
Support of housing referral tool project	32,103
Greater MN pilot program	20,000
Foreclosure reporting	2,250
Total	$ 174,353

Net assets released from restrictions during the year ended December 31, 2012 are as follows:

Technical assistance	$ 160,000
General operations timing restriction	40,000
Greater MN pilot program	20,000
Support of housing referral tool project	14,767
Foreclosure reporting	4,500
Total	$ 239,267

Note 4 - In-kind Contributions

In-kind contributions are comprised of services, goods and office space which are recorded at fair market value at date of donation. Donated services and goods include the following:

Advertising	$	122,091
Audit services		3,850
Legal services		1,150
Total	$	127,091

Note 5 - 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 year ended December 31, 2012.

Note 6 - Contingencies

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. Approximately 30% of the Organization's total support and revenue for the year ended December 31, 2012, was derived from one funding source. Legislative budgets could impact the Organization's ability to start new programs and to continue existing programs.

Grants require the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms it has accommodated the objectives of the Organization to the provisions of the grant.

Note 7 - Subsequent Events

The Organization has evaluated subsequent events through July 18, 2013, the date which the financial statements were available to be issued. During this period, the Organization did not have any material recognizable subsequent events.