



Financial Statements
December 31, 2015 and 2014
HousingLink

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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 (the Organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows 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, 2015 and 2014, 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.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Minneapolis, Minnesota
August 1, 2016

HousingLink
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 353,508	\$ 330,488
Short-term investments	100,000	100,000
Accounts receivable	14,875	74,961
Grants receivable	-	190,000
Prepaid expenses	1,152	1,027
Equipment and leasehold improvements, less accumulated depreciation and amortization of \$43,610 in 2015 and \$41,364 in 2014	5,828	8,074
Total assets	\$ 475,363	\$ 704,550
Liabilities and Net Assets		
Accounts payable	\$ 8,313	\$ 3,373
Accrued expenses and other liabilities	28,860	44,964
Deferred revenue	4,768	3,806
Total liabilities	41,941	52,143
Net Assets		
Unrestricted		
Board designated	328,682	328,682
Undesignated	99,340	114,250
	428,022	442,932
Temporarily restricted	5,400	209,475
Total net assets	433,422	652,407
Total liabilities and net assets	\$ 475,363	\$ 704,550

HousingLink
Statement of Activities
Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contracts for services	\$ 339,750	\$ -	\$ 339,750
Grants	100,844	-	100,844
In-kind contributions	125,761	-	125,761
Interest income	900	-	900
Miscellaneous income	48,986	-	48,986
Net assets released from restrictions	204,075	(204,075)	-
Total support and revenue	<u>820,316</u>	<u>(204,075)</u>	<u>616,241</u>
Expenses			
Program services	690,234	-	690,234
Management and general	128,737	-	128,737
Fundraising	16,255	-	16,255
Total expenses	<u>835,226</u>	<u>-</u>	<u>835,226</u>
Change in Net Assets	(14,910)	(204,075)	(218,985)
Net Assets, Beginning of Year	<u>442,932</u>	<u>209,475</u>	<u>652,407</u>
Net Assets, Ending of Year	<u>\$ 428,022</u>	<u>\$ 5,400</u>	<u>\$ 433,422</u>

HousingLink
Statement of Activities
Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contracts for services	\$ 283,021	\$ -	\$ 283,021
Grants	247,678	236,906	484,584
In-kind contributions	126,067	-	126,067
Interest income	851	-	851
Miscellaneous income	36,814	-	36,814
Net assets released from restrictions	128,308	(128,308)	-
Total support and revenue	<u>822,739</u>	<u>108,598</u>	<u>931,337</u>
Expenses			
Program services	613,021	-	613,021
Management and general	123,530	-	123,530
Fundraising	14,512	-	14,512
Total expenses	<u>751,063</u>	<u>-</u>	<u>751,063</u>
Change in Net Assets	71,676	108,598	180,274
Net Assets, Beginning of Year	<u>371,256</u>	<u>100,877</u>	<u>472,133</u>
Net Assets, Ending of Year	<u>\$ 442,932</u>	<u>\$ 209,475</u>	<u>\$ 652,407</u>

HousingLink
Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services	Management and General	Fundraising	Total
Expenses				
Salaries	\$ 316,283	\$ 55,478	\$ 8,795	\$ 380,556
Payroll benefits and processing fees	86,972	11,670	2,349	100,991
Occupancy	22,836	4,343	659	27,838
Office supplies	595	316	7	918
Postage	226	86	720	1,032
Printing and copying	3,886	-	1,496	5,382
Dues and subscriptions	3,211	1,128	278	4,617
Professional fees	106,374	4,962	813	112,149
Accounting fees	21,051	4,281	524	25,856
Mileage and parking	4,606	156	148	4,910
Education and training	116	640	-	756
Advertising and marketing	92,491	37,575	-	130,066
Meeting expenses	262	1,043	-	1,305
Telecommunication	18,771	3,044	356	22,171
Miscellaneous expenses	1,841	2,573	35	4,449
Insurance	1,658	329	15	2,002
Operating and maintenance	7,177	763	42	7,982
Depreciation	1,878	350	18	2,246
Total expenses by function	<u>\$ 690,234</u>	<u>\$ 128,737</u>	<u>\$ 16,255</u>	<u>\$ 835,226</u>

HousingLink
Statement of Functional Expenses
Year Ended December 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Salaries	\$ 305,292	\$ 49,311	\$ 8,765	\$ 363,368
Payroll benefits and processing fees	81,666	13,264	2,345	97,275
Occupancy	19,749	4,428	593	24,770
Office supplies	786	805	6	1,597
Postage	370	84	387	841
Printing and copying	1,429	27	876	2,332
Dues and subscriptions	3,380	358	277	4,015
Professional fees	58,878	6,215	733	65,826
Accounting fees	20,516	5,169	102	25,787
Mileage and parking	4,064	337	31	4,432
Education and training	23	795	-	818
Advertising and marketing	87,982	37,707	-	125,689
Meeting expenses	393	727	-	1,120
Telecommunication	19,466	2,742	332	22,540
Miscellaneous expenses	670	510	-	1,180
Insurance	1,510	328	12	1,850
Operating and maintenance	6,309	570	49	6,928
Depreciation	538	153	4	695
Total expenses by function	<u>\$ 613,021</u>	<u>\$ 123,530</u>	<u>\$ 14,512</u>	<u>\$ 751,063</u>

HousingLink
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ (218,985)	\$ 180,274
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation	2,246	695
Changes in operating assets and liabilities		
Accounts receivable	60,086	(32,657)
Grants receivable	190,000	(90,000)
Prepaid expenses	(125)	(46)
Accounts payable	4,940	1,351
Accrued expenses and other liabilities	(16,104)	4,070
Deferred revenue	962	700
Net Cash from Operating Activities	23,020	64,387
Net Cash (used for) Investing Activities		
Purchase of property and equipment	-	(8,132)
Net Change in Cash and Cash Equivalents	23,020	56,255
Cash and Cash Equivalents, Beginning of Year	330,488	274,233
Cash and Cash Equivalents, End of Year	\$ 353,508	\$ 330,488

Note 1 - Principal Activity 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.

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 nor restricted by donors, to be cash and cash equivalents. At times, cash and cash equivalents may be in excess of FDIC limits.

Short-Term Investments

Short-term investments include certificates of deposit with an original maturity of 3 to 12 months. The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability. All investments are classified as Level 1 investments at December 31, 2015 and 2014.

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 years ended December 31, 2015 and 2014.

Grants Receivable and Promises to Give

Unconditional grants and other promises to give are recognized at net realizable value 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 years ended December 31, 2015 and 2014. 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 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. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Net Assets

Net assets, revenues, gains, 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 statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The Organization did not have any permanently restricted net assets at December 31, 2015 and 2014.

Support and Revenue Recognition

Contributions are recognized when cash, securities or other assets are received, or the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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. These 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

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 approximated \$130,000 and \$125,000 for the years ended December 31, 2015 and 2014, respectively.

Functional Allocation of 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. 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 has been determined not to be a private foundation under Sections 509(a)(1). 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 its exempt purpose.

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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Subsequent Events

The Organization has evaluated subsequent events through August 1, 2016, the date which the financial statements were available to be issued. During this period, the Organization did not have any material recognizable subsequent events.

Note 2 - Leases

The Organization has an operating lease for its office and storage space expiring in 2020.

Future minimum lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2016	\$ 27,975
2017	28,809
2018	29,385
2019	29,972
2020	10,056
	<u>\$ 126,197</u>

Total lease expense for the years ended December 31, 2015 and 2014, totaled \$27,561 and \$24,770, respectively.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 and 2014, consist of:

	<u>2015</u>	<u>2014</u>
MATSH/Internet Exposure	\$ 5,400	\$ 69,475
Technical assistance	-	80,000
General operations timing restriction	-	40,000
Greater MN pilot program	-	20,000
	<u>\$ 5,400</u>	<u>\$ 209,475</u>

Net assets were released from restrictions as follows during the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Technical assistance	\$ 80,000	\$ 80,000
MATSH/Internet Exposure	64,075	47,431
General operations timing restriction	40,000	-
Greater MN pilot program	20,000	-
Support of housing referral tool project	-	877
	<u>\$ 204,075</u>	<u>\$ 128,308</u>

Note 4 - 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:

	2015	2014
Advertising	\$ 121,661	\$ 122,067
Audit services	4,100	4,000
	\$ 125,761	\$ 126,067

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 years ended December 31, 2015 and 2014.

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 41% of the Organization's total support and revenue for the year ended December 31, 2015, was derived from two funding sources. Approximately 34% of the Organization's total support and revenue for the year ended December 31, 2014, was derived from two funding sources. 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.