Financial statements of:

HOUSINGLINK

Years ended
December 31, 2017 and 2016

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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, 2017 and 2016, the 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, 2017 and 2016, and the changes in the 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.

May 25, 2018

HOUSINGLINK

	2017	2016
Assets:		
Cash and cash equivalents	**$ 273,096**	$ 271,790
Short-term investments	**100,000**	200,000
Accounts receivable	**96,113**	36,262
Grants receivable	**20,000**	50,000
Prepaid insurance	**1,949**	1,152
Total current assets	**491,158**	559,204
Property and equipment, net	**1,337**	3,582
Capitalized online software development	**95,395**	-
Total assets	**$ 587,890**	$ 562,786
Liabilities and net assets:		
Accounts payable	**$ 16,540**	$ 18,474
Accrued expenses and other liabilities	**26,781**	28,257
Deferred revenue	**5,315**	4,885
Total current liabilities	**48,636**	51,616
Net assets:		
Unrestricted:		
Board designated	**328,682**	328,682
Undesignated	**7,462**	32,817
Total unrestricted net assets	**336,144**	361,499
Temporarily restricted	**203,110**	149,671
Total net assets	**539,254**	511,170
Total liabilities and net assets	**$ 587,890**	$ 562,786

	2017		
	Unrestricted	Temporarily restricted	Total
Revenue and support:			
Contracts for service	$ 188,023		$ 188,023
Grants and contributions	274,596	$ 300,000	574,596
In-kind contributions	62,139		62,139
Interest income	831		831
Miscellaneous income	13,375		13,375
Net assets released from restrictions	246,561	(246,561)	
Total revenue and support	785,525	53,439	838,964
Expenses:			
Program services	680,900		680,900
Management and general	103,723		103,723
Fundraising	26,257		26,257
Total expenses	810,880		810,880
Change in net assets	(25,355)	53,439	28,084
Net assets, beginning	361,499	149,671	511,170
Net assets, ending	$ 336,144	$ 203,110	$ 539,254

2016		
Unrestricted	Temporarily restricted	Total
$ 152,735		$ 152,735
444,506	$ 156,000	600,506
126,384		126,384
827		827
11,139		11,139
11,729	(11,729)	
747,320	144,271	891,591
680,126		680,126
112,130		112,130
21,587		21,587
813,843		813,843
(66,523)	144,271	77,748
428,022	5,400	433,422
$ 361,499	$ 149,671	$ 511,170

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 28,084	$ 77,748
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	2,245	2,246
Changes in operating assets and liabilities		
Accounts receivable	(59,851)	(21,387)
Grants receivable	30,000	(50,000)
Prepaid expenses	(797)	-
Accounts payable	(1,934)	10,161
Accrued expenses and other liabilities	(1,476)	(603)
Deferred revenue	430	117
Net cash (used in) provided by operating activities	(3,299)	18,282
Cash flows used in investing activities:		
Purchase of website development costs	(95,395)	
Proceeds from maturity of investments	100,000	-
Net cash provided by investing activities	4,605	-
Net change in cash and cash equivalents	1,306	18,282
Cash and cash equivalents, beginning of year	271,790	253,508
Cash and cash equivalents, end of year	$ 273,096	$ 271,790

See notes to financial statements.

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	2017			
	Program services	Management and general	Fundraising	Total
Employee services	$ 476,734	$ 60,158	$ 11,653	$ 548,545
Occupancy	25,707	3,418	627	29,752
Office supplies	1,561	204	31	1,796
Postage	1,252	72	90	1,414
Printing and copying	2,143	-	1,877	4,020
Dues and subscriptions	4,689	96	436	5,221
Professional fees	77,212	12,076	10,687	99,975
Accounting fees	15,986	2,357	574	18,917
Mileage and parking	2,136	216	15	2,367
Education and training	207	1,089	-	1,296
Advertising and marketing	48,448	19,234	-	67,682
Meeting expenses	1,273	1,247	-	2,520
Telecommunication	4,257	443	80	4,780
Miscellaneous expenses	1,234	1,893	-	3,127
Insurance	1,922	248	45	2,215
Operating and maintenance	14,199	714	95	15,008
Depreciation	1,940	258	47	2,245
Total expenses	$ 680,900	$ 103,723	$ 26,257	$ 810,880

2016			
Program services	Management and general	Fundraising	Total
$ 421,619	$ 54,144	$ 15,415	$ 491,178
26,866	2,328	939	30,133
1,839	564	25	2,428
380	25	160	565
683	259	653	1,595
4,194	413	2	4,609
80,841	10,931	3,203	94,975
22,933	2,017	750	25,700
2,638	38	110	2,786
228	1,671	100	1,999
88,042	36,685	-	124,727
563	608	-	1,171
15,643	280	49	15,972
449	666	-	1,115
1,846	239	42	2,127
9,320	1,088	109	10,517
2,042	174	30	2,246
$ 680,126	$ 112,130	$ 21,587	$ 813,843

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.

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. There were no cash balances in excess of FDIC limits at December 31, 2017 or 2016.

Short-term investments:

Short-term investments include certificates of deposit with an original maturity of three to twelve 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, 2017 and 2016.

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, 2017 and 2016.

Grants receivable and promises to give:

Unconditional grants and other promises to give are recognized at new realizable value as revenues or gains 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, 2017 and 2016. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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

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 online software development costs:

Expenditures for online software development costs 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.

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, 2017 and 2016.

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. Conditional promises to give are not recognized until the condition 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 deferred revenue. 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 expended as incurred and were $67,682 and $124,727 for the years ended December 31, 2017 and 2016, 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 statement 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 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 Section 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.

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

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 25, 2018, the date the financial statements were available for issuance.

2. Property and equipment, net:

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

	2017	2016
Furniture and equipment	**$ 49,438**	$ 49,438
Less accumulated depreciation	**(48,101)**	(45,856)
	$ 1,337	$ 3,582

3. Leases:

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

Future minimum lease payments are as follows:

Years ending December 31	Amount
2018	$ 29,385
2019	29,972
2020	10,056
	$ 69,413

Total lease expense, including common area maintenance costs totaled $28,949 and $30,133, for the years ended December 31, 2017 and 2016, respectively.

4. Temporarily restricted net assets:

Temporarily restricted net assets at December 31 consist of the following:

	2017	2016
Housing Hub	**$ 128,110**	$ 99,671
General operations timing restriction	**75,000**	50,000
	$ 203,110	$ 149,671

Net assets were released from restrictions as follows during the years ended December 31, 2017 and 2016:

	2017	2016
Strategic planning		$ 6,000
Housing Hub	**$ 196,561**	329
MATSH/Internet Exposure		5,400
General operations timing restriction	**50,000**	
	$ 246,561	$ 11,729

5. 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:

	2017	2016
Advertising	$ **62,139**	$ 122,034
Audit services		4,100
Software development		250
	$ 62,139	$ 126,384

6. 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, 2017 and 2016.

7. 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. Approximately 30% of the Organization's total support and revenue and 75% of the Organization's receivables as of and for the year ended December 31, 2017 was derived from two funding sources. Approximately 45% of the Organization's total support and revenue and 85% of the Organization's receivables as of and for the year ended December 31, 2016, was derived from two funding sources.