Financial statements of:

HOUSINGLINK

Years ended
December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
HousingLink
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HousingLink, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HousingLink as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HousingLink and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HousingLink's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 HousingLink's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HousingLink's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit

Schechter Dokken Kanter
Andrews & Selcer Ltd.

May 30, 2024
Minneapolis, MN

	2023	2022
Assets:		
Current assets:		
Cash and cash equivalents	**$ 73,925**	$ 420,444
Accounts receivable	**28,201**	25,885
Grants receivable	**115,000**	125,000
Prepaid expenses	**7,387**	10,415
Total current assets	**224,513**	581,744
Right-of-use asset	**47,170**	69,788
Capitalized software, net	**446,585**	487,184
	493,755	556,972
Total assets	**$ 718,268**	$ 1,138,716
Liabilities and net assets:		
Current liabilities:		
Accounts payable	**$ 19,542**	$ 19,811
Accrued expenses and other liabilities	**30,821**	55,291
Deferred revenue	**3,166**	4,338
Lease liability, current	**23,303**	23,640
Total current liabilities	**76,832**	103,080
Lease liability, net of current	**24,819**	46,428
Total liabilities	**101,651**	149,508
Net assets:		
Without donor restrictions:		
Board designated, reserves	**152,000**	452,625
Undesignated	**263,586**	343,583
Total without donor restrictions	**415,586**	796,208
With donor restrictions	**201,031**	193,000
Total net assets	**616,617**	989,208
Total liabilities and net assets	**$ 718,268**	$ 1,138,716

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	2023			2022		
	Without donor restrictions	**With donor restrictions**	**Total**	Without donor restrictions	With donor restrictions	Total
Revenue and support:						
Contracts for services	**$ 459,168**		**$ 459,168**	$ 452,443		$ 452,443
Grants and contributions	**180,988**	**$ 310,000**	**490,988**	100,586	$ 332,000	432,586
In-kind contributions	**33,890**	**-**	**33,890**	59,830	-	59,830
Interest income	**728**	**-**	**728**	794	-	794
Miscellaneous income	**10,285**	**-**	**10,285**	9,426	-	9,426
Net assets released from restrictions	**301,969**	**(301,969)**	**-**	302,000	(302,000)	-
Total revenue and support	**987,028**	**8,031**	**995,059**	925,079	30,000	955,079
Expenses:						
Program services	**1,119,546**		**1,119,546**	1,062,610		1,062,610
Management and general	**183,027**		**183,027**	176,255		176,255
Fundraising	**65,077**		**65,077**	74,673		74,673
Total expenses	**1,367,650**		**1,367,650**	1,313,538		1,313,538
Change in net assets	**(380,622)**	**8,031**	**(372,591)**	(388,459)	30,000	(358,459)
Net assets, beginning	**796,208**	**193,000**	**989,208**	1,184,667	163,000	1,347,667
Net assets, ending	**$ 415,586**	**$ 201,031**	**$ 616,617**	$ 796,208	$ 193,000	$ 989,208

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	2023	2022
Cash flows from operating activities:		
Change in net assets	**$ (372,591)**	$ (358,459)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Amortization	**40,599**	
Changes in operating assets and liabilities:		
Accounts receivable	**(2,316)**	116,355
Grants receivable	**10,000**	-
Prepaid expenses	**3,028**	(6,637)
Accounts payable	**(269)**	(22,707)
Accrued expenses and other liabilities	**(24,470)**	(5,716)
Deferred revenue	**(1,172)**	(352)
Right-of-use assets and lease liabilities	**672**	280
Net cash used in operating activities	**(346,519)**	(277,236)
Cash and cash equivalents, beginning of year	**420,444**	697,680
Cash and cash equivalents, end of year	**$ 73,925**	$ 420,444

See notes to financial statements.

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	2023				2022			
	Program services	**Management and general**	**Fundraising**	**Total**	Program services	Management and general	Fundraising	Total
Employee services	**$ 718,661**	**$ 128,474**	**$ 23,076**	**$ 870,211**	$ 739,187	$ 127,453	$ 23,184	$ 889,824
Occupancy	**21,781**	**4,180**	**696**	**26,657**	20,131	3,793	635	24,559
Program services	**30,245**	**1,150**	**-**	**31,395**	15,114	399	-	15,513
Postage	**-**	**283**	**-**	**283**	41	45	-	86
Printing and copying	**244**	**223**	**3,383**	**3,850**	615	-	2,111	2,726
Dues and subscriptions	**4,013**	**1,054**	**-**	**5,067**	4,795	3,002	14	7,811
Professional fees	**217,063**	**29,665**	**19,018**	**265,746**	178,477	25,999	16,574	221,050
Accounting fees	**20,847**	**3,379**	**592**	**24,818**	23,102	3,944	714	27,760
Mileage and parking	**1,871**	**96**	**-**	**1,967**	1,739	376	263	2,378
Education and training	**13,159**	**5,699**	**-**	**18,858**	19,295	1,891	-	21,186
Advertising and marketing	**18,898**	**-**	**16,070**	**34,968**	31,444	-	30,365	61,809
Meeting expenses	**1,121**	**2,644**	**951**	**4,716**	490	1,979	124	2,593
Telecommunication	**4,953**	**1,656**	**125**	**6,734**	4,510	1,434	95	6,039
Amortization	**40,599**	**-**	**-**	**40,599**	-	-	-	-
Credit losses	**-**	**-**	**-**	**-**	7,526	-	-	7,526
Miscellaneous expenses	**5,740**	**2,686**	**-**	**8,426**	724	4,765	-	5,489
Insurance	**3,271**	**899**	**95**	**4,265**	4,294	740	132	5,166
Operating and maintenance	**17,080**	**939**	**1,071**	**19,090**	11,126	435	462	12,023
Total expenses	**$ 1,119,546**	**$ 183,027**	**$ 65,077**	**$ 1,367,650**	$ 1,062,610	$ 176,255	$ 74,673	$ 1,313,538

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. For trade receivables, the allowance for credit losses is based on management's assessment of the collectability of specific customer accounts, the aging of the accounts receivable, historical experience and other currently available evidence. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due to the Organization could be adversely affected. No allowance was deemed necessary as of December 31, 2023 and 2022.

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, 2023 and 2022. 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 $5,000 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.

Leases:

The Organization records leases in accordance with Accounting Standards Update No. 2016-02, Leases (Topic 842). The Organization's leases with terms of more than twelve months will be required to be recognized as assets and liabilities.

The Organization elected the short-term lease exemption for certain qualifying leases with lease terms of twelve months or less and, accordingly, did not record ROU assets and lease liabilities. These leases with initial terms of less than twelve months are recorded directly to occupancy expense on a straight-line basis over the term of the lease. Rent expense is recognized on a straight-line basis for operating leases over the lease term.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2020-07 (Update), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This update affects the presentation and disclosure of nonfinancial assets. The amendments in this Update require that a Not-for-Profit:

(1) present contributed nonfinancial assets as a separate line in the statement of activities, apart from contributions of cash and other financial assets, and

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

Leases (continued):

(2) disclose:

a. a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, and
b. for each category of contributed nonfinancial assets recognized (as identified in (a)):
   i. qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a not-for-profit will disclose a description of the programs or other activities in which those assets were used.

   ii. The not-for-profit's policy about monetizing rather than utilizing contributed nonfinancial assets.
   iii. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
   i. A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition.
   ii. The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. This update was implemented in 2022 and has been reflected in the presentation of these financial statements. The update has been applied retrospectively to all periods presented.

Capitalized software:

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 is amortized on a straight-line basis over the estimated useful lives of the software, estimated to be 7 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.

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

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 $34,968 and $61,808 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022.

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.

Change in accounting principle:

In July 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The guidance creates a new “current expected credit loss” (CECL) model applicable to trade accounts receivable and allowance for credit losses. Under the CECL model, the allowance for expected credit losses reflects the entity’s current estimate of the contractual cash flows not expected to be collected, based on its assessment of credit risk as of the reporting date. There was no effect on net position related to the adoption of the standard as of January 1, 2023.

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 30, 2024, the date the financial statements were available for issuance.

2. Liquidity:

The following represents the Organization's financial assets at December 31, 2023 and 2022:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	**$ 73,925**	$ 420,444
Accounts receivable	**28,201**	25,885
Grants receivable	**115,000**	125,000
Total financial assets	**217,126**	571,329
Less amounts not available to be used within one year:		
Net assets with donor restrictions	**201,031**	193,000
Less net assets with purpose restrictions to be met in less than a year	**(201,031)**	(193,000)
Designated net assets by the board	**152,000**	452,625
	152,000	452,625
Financial assets available to meet general expenditures over the next twelve months	**$ 65,126**	$ 118,704

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. Capitalized software:

Capitalized software consists of the following at December 31:

	2023	2022
Wait List Central software	**$ 487,184**	$ 487,184
Less accumulated amortization	**(40,599)**	-
Total capitalized software	**$ 446,585**	$ 487,184

4. Leases:

The Organization leases office space under a non-cancellable operating lease through December 2025. The Organization is also responsible for its share of common area operating expenses, including common area maintenance costs. Total occupancy expense, including common area maintenance costs, was $27,328 and $24,558 for the years ended December 31, 2023 and 2022, respectively.

The future minimum lease payments under the noncancelable office space lease with terms greater than one year are listed below as of December 31, 2023:

Year	Amount
2024	$ 24,360
2025	25,200
Total minimum lease payments	49,560
Less amount representing interest	(1,438)
Present value of lease liabilities	$ 48,122

5. Net assets with donor restrictions:

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

	2023	2022
Beyond Backgrounds	**$ 6,000**	$ 188,000
Rental housing database	**-**	2,500
Strategic Planning	**60,000**	-
General operations, timing	**116,250**	2,500
Website redesign	**18,781**	-
	$ 201,031	$ 193,000

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

	2023	2022
Beyond Backgrounds	**$ 207,000**	$ 279,500
ERA local government	**-**	5,000
General operations, timing	**46,250**	5,000
Rental housing database	**17,500**	12,500
Website redesign	**31,219**	-
	$ 301,969	$ 302,000

6. Board designated, reserves:

The Organization's Board of Directors approved the designation of net assets of $102,000 and $317,625 as of December 31, 2023 and 2022, respectively, 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. In addition, the Organization has a risk fund reserve of $50,000 as of December 31, 2023.

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. A significant number of advertising services are contributed to the Organization. These donated services that are used in the Organization's programming are valued at the typically charged rates reported by the individuals or organizations providing the services. Donated services and materials were:

	2023	2022
Advertising	**$ 31,640**	$ 57,486
Legal fees	**2,250**	2,344
	$ 33,890	$ 59,830

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, 2023 and 2022.

9. Concentrations:

Substantially all support and revenue are received from individuals, charitable organizations, foundations and governmental entities; therefore, the continuation of certain programs of the Organization is dependent upon future funding. Of the Organization's total support, three funding sources for the years ended December 31, 2023 and 2022, accounted for approximately 86% and 77%, respectively.

10. Accounts receivable, deferred revenue and contract balances:

Opening and closing balances for contract assets, and accounts receivable arising from contracts with customers include:

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable, trade	**$ 28,201**	$ 25,885	$ 142,240

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. There were no contract assets at December 31, 2023, 2022 or January 1, 2022.

Upon receipt of a prepayment from a customer, the Organization recognizes deferred revenue in the amount of the prepayment for its performance obligation to transfer goods and services in the future. The following table provides information about significant changes in deferred revenue for the year ended December 31, 2023 and 2022:

	2023	2022
Deferred revenue, beginning of year:	**$ 4,338**	$ 4,690
Revenue recognized included in deferred revenue at the beginning of year	**(4,338)**	(4,690)
Increases in deferred revenue due to cash received during the year	**3,166**	4,338
Deferred revenue, end of year	**$ 3,166**	$ 4,338