Financial Statements
December 31, 2011

HousingLink

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
HousingLink
Minneapolis, Minnesota

We have audited the accompanying statement of financial position of HousingLink (Organization) as of December 31, 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's December 31, 2010 financial statements and, in our report dated July 21, 2011, we expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Minneapolis, Minnesota
August 13, 2012

	2011	2010
Assets		
Cash and cash equivalents	$ 405,288	$ 500,748
Accounts receivable	3,764	39,098
Grants receivable	100,000	46,750
Prepaid expenses	1,179	5,764
Equipment and leasehold improvements, less accumulated depreciation and amortization of $98,372	3,424	7,129
	$ 513,655	$ 599,489
Liabilities and Net Assets		
Accounts payable	$ 6,205	$ 5,656
Accrued expenses and other	29,823	23,249
Deferred revenue	4,715	-
	40,743	28,905
Net Assets		
Board designated	328,682	328,682
Unrestricted, undesignated	17,360	150,964
Total unrestricted net assets	346,042	479,646
Temporarily restricted	126,870	90,938
	472,912	570,584
	$ 513,655	$ 599,489

	2011			
	Unrestricted	Temporarily Restricted	Total	2010
Support and Revenue				
Contracts for services	$ 233,275	$ -	$ 233,275	$ 228,250
Grants	108,651	210,000	318,651	545,667
In-kind contributions	89,676	-	89,676	42,786
Interest income	3,450	-	3,450	4,203
Miscellaneous income	28,697	-	28,697	27,009
Net assets released from restrictions	174,068	(174,068)	-	-
Total support and revenue	637,817	35,932	673,749	847,915
Expenses				
Program services	609,826	-	609,826	578,568
Management and general	149,907	-	149,907	183,341
Fundraising	11,688	-	11,688	17,885
Total expenses	771,421	-	771,421	779,794
Change in Net Assets	(133,604)	35,932	(97,672)	68,121
Net Assets, Beginning of Year	479,646	90,938	570,584	502,463
Net Assets, Ending of Year	$ 346,042	$ 126,870	$ 472,912	$ 570,584

	2011				
	Program Services	Management and General	Fundraising	Total	2010
Salaries	$ 358,076	$ 36,984	$ 6,700	$ 401,760	$ 459,521
Occupancy	41,652	6,125	687	48,464	38,246
Office Supplies	1,394	402	32	1,828	1,197
Postage	923	49	100	1,072	607
Printing and Copying	2,217	1,654	1,184	5,055	3,842
Dues and Subscriptions	2,472	1,079	260	3,811	4,238
Professional Fees	61,924	27,905	320	90,149	102,280
Payroll and Accounting	58,467	11,092	1,476	71,035	70,262
Mileage and Parking	3,657	1,205	9	4,871	1,700
Education and Training	1,685	4,616	195	6,496	702
Advertising and Marketing	35,261	48,919	-	84,180	43,955
Meeting Expenses	314	2,158	-	2,472	2,824
Telecommunication	29,883	3,911	536	34,330	34,202
Miscellaneous Expenses	1,649	1,712	28	3,389	2,762
Insurance	2,051	196	37	2,284	1,173
Operating and Maintenance	4,831	1,633	56	6,520	1,927
Computer Equipment and Software	-	-	-	-	2,685
Depreciation and Amortization	3,370	267	68	3,705	7,671
Total Expenses	$ 609,826	$ 149,907	$ 11,688	$ 771,421	$ 779,794
	79%	19%	2%	100%	

	2011	2010
Operating Activities		
Change in net assets	$ (97,672)	$ 68,121
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	3,705	7,670
Changes in assets and liabilities		
Accounts receivable	35,334	(26,690)
Grants receivable	(53,250)	(11,520)
Prepaid expenses	4,585	(1,229)
Accounts payable	549	2,300
Accrued expenses	6,574	(7,878)
Deferred revenue	4,715	-
Net Cash from (used for) Operating Activities	(95,460)	30,774
Net Change in Cash and Cash Equivalents	(95,460)	30,774
Cash and Cash Equivalents, Beginning of Year	500,748	469,974
Cash and Cash Equivalents, End of Year	$ 405,288	$ 500,748

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

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.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* (includes previous Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization has no permanently restricted net assets.

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.

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. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Accounts Receivable

Receivables for fees for service contracts represent amounts due to the Organization for services performed.

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, 2011.

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.

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.

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with the provision of FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles (GAAP).

FASB ASC 820-10 defines fair value at the exchange that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also establishes a fair value hierarchy, 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 inputs other than quoted prices included within Level 2 that observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Income Taxes

The Organization has exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

The Organization undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic ASC 740-10 (previously Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). As of December 31, 2011, no amounts were recorded as a result of this analysis. If the Organization is subject to interest or penalties on underpaid income taxes, they will be recorded as income tax expense. Under normal circumstances, the Organization is no longer subject to Federal and state tax examinations by tax authorities for years before 2008.

Donated Services

In accordance with FASB ASC 958, *Not-for-Profit Entities* (includes previous SFAS No. 116, *Accounting for Contributions Received and Contributions Made*), 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.

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.

Reclassifications

Certain items on the 2010 financial statements have been reclassified to conform with the current year presentation.

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, 2010, from which the summarized information was derived.

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2011:

General operations timing restriction	$	80,000
Support of Housing Referral Tool Project		46,870
Total	$	126,870

Net assets released from restrictions during the year ended December 31, 2011 are as follows:

General operations timing restriction	$	172,923
Foreclosure reporting		1,145
Total	$	174,068

Note 3 - 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 24% of the Organization's total support and revenue for the year ended December 31, 2011, 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 4 - 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, 2011.

Note 5 - 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, goods and office space include the following:

Legal services	$	8,050
Audit services		3,400
Advertising		78,226
Total	$	89,676

Note 6 - Subsequent Events

The Organization has evaluated subsequent events through August 13, 2012, the date which the financial statements were available to be issued. During this period, the Organization did not have any material recognizable subsequent events.