

*Financial statements of:*

**HOUSINGLINK**

Years ended  
December 31, 2021 and 2020

	Page
Independent auditor's report	1
Financial statements:	
Statements of financial position	2
Statements of activities and changes in net assets	3
Statements of cash flows	4
Statements of functional expenses	5
Notes to financial statements	6-11



Suite 1600  
100 Washington Avenue South  
Minneapolis, MN 55401-2192

P 612.332.5500 F 612.332.1529 C 612-616-7521  
www.sdkcpa.com

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
HousingLink  
Minneapolis, Minnesota

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of HousingLink which comprise the statements of financial position as of December 31, 2021 and 2020, the related 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HousingLink as of December 31, 2021 and 2020, 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. 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 Housing Link 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.

#### 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that rise 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 Responsibility

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 & Silver Ltd.*

Minneapolis, MN  
May 24, 2022

	<u>2021</u>	<u>2020</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 697,680	\$ 720,108
Accounts receivable	142,240	364,639
Grants receivable	125,000	50,000
Prepaid expenses	<u>3,778</u>	<u>2,297</u>
Total current assets	<u>968,698</u>	<u>1,137,044</u>
Capitalized software development	<u>487,184</u>	<u>487,184</u>
Total assets	<u>\$ 1,455,882</u>	<u>\$ 1,624,228</u>
<b>Liabilities and net assets:</b>		
Current liabilities:		
Accounts payable	\$ 42,518	\$ 107,797
Accrued expenses and other liabilities	61,007	49,025
Deferred revenue	<u>4,690</u>	<u>17,128</u>
Total current liabilities	108,215	173,950
Long-term, Paycheck Protection Program loan	<u>-</u>	<u>109,300</u>
Total liabilities	<u>108,215</u>	<u>283,250</u>
Net assets:		
Without donor restrictions:		
Board designated, operating reserve	342,000	270,000
Undesignated	<u>842,667</u>	<u>622,872</u>
Total without donor restrictions	1,184,667	892,872
With donor restrictions	<u>163,000</u>	<u>448,106</u>
Total net assets	<u>1,347,667</u>	<u>1,340,978</u>
Total liabilities and net assets	<u>\$ 1,455,882</u>	<u>\$ 1,624,228</u>

**HOUSINGLINK**

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and support:						
Contracts for services	\$ 1,175,053		\$ 1,175,053	\$ 1,483,084		\$ 1,483,084
Grants and contributions	123,591	\$ 277,986	401,577	297,021	\$ 597,863	894,884
Paycheck Protection Program loan forgiveness	109,300		109,300	-		-
In-kind contributions	46,112	-	46,112	31,088	-	31,088
Interest income	1,621	-	1,621	2,157	-	2,157
Miscellaneous income	8,658	-	8,658	15,988	-	15,988
Net assets released from restrictions	563,092	(563,092)		778,995	(778,995)	-
Total revenue and support	<u>2,027,427</u>	<u>(285,106)</u>	<u>1,742,321</u>	<u>2,608,333</u>	<u>(181,132)</u>	<u>2,427,201</u>
Expenses:						
Program services	1,569,178		1,569,178	1,907,394		1,907,394
Management and general	135,976		135,976	72,768		72,768
Fundraising	30,478		30,478	48,069		48,069
Total expenses	<u>1,735,632</u>		<u>1,735,632</u>	<u>2,028,231</u>		<u>2,028,231</u>
Change in net assets	291,795	(285,106)	6,689	580,102	(181,132)	398,970
Net assets, beginning	892,872	448,106	1,340,978	312,770	629,238	942,008
Net assets, ending	<u>\$ 1,184,667</u>	<u>\$ 163,000</u>	<u>\$ 1,347,667</u>	<u>\$ 892,872</u>	<u>\$ 448,106</u>	<u>\$ 1,340,978</u>

See notes to financial statements.

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,689	\$ 398,970
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Forgiveness of paycheck protection program loan	(109,300)	-
Changes in operating assets and liabilities:		
Accounts receivable	222,399	(305,653)
Grants receivable	(75,000)	150,000
Prepaid expenses	(1,481)	738
Accounts payable	(65,279)	93,524
Accrued expenses and other liabilities	11,982	16,188
Deferred revenue	(12,438)	16,073
	<u>(22,428)</u>	<u>369,840</u>
Net cash (used in) provided by operating activities		
Cash flows provided by financing activities, proceeds from Paycheck Protection Program loan		<u>109,300</u>
Net change in cash and cash equivalents	(22,428)	479,140
Cash and cash equivalents, beginning of year	<u>720,108</u>	<u>240,968</u>
Cash and cash equivalents, end of year	<u>\$ 697,680</u>	<u>\$ 720,108</u>

	2021				2020			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Employee services	\$ 776,149	\$ 106,231	\$ 11,842	\$ 894,222	\$ 703,654	\$ 54,489	\$ 13,103	\$ 771,246
Occupancy	18,637	2,240	302	21,179	23,778	1,759	523	26,060
Program services	19,219	547	19	19,785	66,679	311	6	66,996
Postage	4,368	107	-	4,475	255	16	143	414
Printing and copying	15,897	-	911	16,808	409	8	822	1,239
Dues and subscriptions	4,053	179	169	4,401	3,358	2,218	211	5,787
Professional fees	612,019	11,840	14,667	638,526	1,030,794	3,726	16,681	1,051,201
Accounting fees	24,537	2,997	667	28,201	25,133	2,679	544	28,356
Mileage and parking	1,096	12	259	1,367	254	-	-	254
Education and training	530	4,132	-	4,662	-	2,321	-	2,321
Advertising and marketing	54,229	-	-	54,229	16,637	-	15,544	32,181
Meeting expenses	83	727	-	810	113	380	-	493
Telecommunication	2,818	920	15	3,753	3,148	164	43	3,355
Miscellaneous expenses	1,623	2,185	1,250	5,058	2,044	2,901	-	4,945
Insurance	3,433	451	-	3,884	2,571	185	51	2,807
Operating and maintenance	30,487	3,408	377	34,272	28,567	1,611	398	30,576
<b>Total expenses</b>	<b>\$ 1,569,178</b>	<b>\$ 135,976</b>	<b>\$ 30,478</b>	<b>\$ 1,735,632</b>	<b>\$ 1,907,394</b>	<b>\$ 72,768</b>	<b>\$ 48,069</b>	<b>\$ 2,028,231</b>



**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. 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, 2021 and 2020.

**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, 2021 and 2020. 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 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 software development:**

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 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.

**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.

**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.

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

## Advertising costs:

Advertising costs are expensed as incurred and were \$54,229 and \$32,181 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

## COVID-19 and Paycheck Protection Program loan:

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

The Organization received a Paycheck Protection Program loan from the Small Business Administration for \$109,300 on April 21, 2020. Under the program the loan can be forgiven if the funds are spent on eligible expenses. On April 12, 2021, the loan was forgiven by the Small Business Administration and included in income in the statement of activities for the year ended December 31, 2021.

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

COVID-19 and Paycheck Protection Program loan (continued):

HousingLink was contracted by Minnesota Housing to create a central online application for the COVID-19 Housing Assistance Program, this resulted in a one million dollar one time increase in the budget in the year ended December 31, 2020. The Organization’s team used their expertise in equity-based software design to create the online application and provided user support to agencies processing applications. The Organization’s user support team also helped the agencies download and archive all their data to hold for audit purposes at the end of the program.

Subsequent events:

Management has evaluated for subsequent events through May 24, 2022, the date the financial statements were available for issuance.

2. Liquidity:

The following represents the Organization’s financial assets at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 697,680	\$ 720,108
Accounts receivable	142,240	364,639
Grants receivable	<u>125,000</u>	<u>50,000</u>
Total financial assets	<u>964,920</u>	<u>1,134,747</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	163,000	448,106
Less net assets with purpose restrictions to be met in less than a year	(163,000)	(448,106)
Designated net assets by the board	<u>342,000</u>	<u>270,000</u>
	<u>342,000</u>	<u>270,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 622,920</u>	<u>\$ 864,747</u>

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. Leases:

The Organization has an operating lease through July 2022, with monthly payments of \$1,775. Total lease expense, including common area maintenance costs totaled \$21,179 and \$26,060, for the years ended December 31, 2021 and 2020, respectively.

## 4. Net assets with donor restrictions:

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

	<u>2021</u>	<u>2020</u>
Housing Hub	\$ -	\$ 113,750
Beyond Backgrounds	163,000	329,024
General operations timing restriction	<u>-</u>	<u>5,332</u>
	<u>\$ 163,000</u>	<u>\$ 448,106</u>

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

	<u>2021</u>	<u>2020</u>
Housing Hub	\$ 93,750	\$ 136,250
Landlord education	15,485	29,514
Counseling	10,000	15,000
Black, indigenous and POC communities	-	50,000
General operations timing restriction	5,333	213,828
Beyond Backgrounds	<u>438,524</u>	<u>334,403</u>
	<u>\$ 563,092</u>	<u>\$ 778,995</u>

## 5. Board designated, operating reserve:

The Organization's Board of Directors approved the designation of net assets of \$342,000 and \$270,000 as of December 31, 2021 and 2020 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.

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. Donated services and materials were:

	<u>2021</u>	<u>2020</u>
Advertising	<u>\$ 46,112</u>	<u>\$ 31,088</u>

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, 2021 and 2020.

9. 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. The Organization’s total support derived from three and four funding sources at December 31, 2021 and 2020, accounted for approximately 38% and 53%, respectively. The Organizations receivables derived from three and four funding sources at December 31, 2021 and 2020, accounted for approximately 75% and 88%, respectively.