



Financial Statements
December 31, 2013
(With Comparative Totals for December 31, 2012)

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 statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. 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 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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited HousingLink's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 18, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in black ink and is positioned above the typed name of the firm.

Minneapolis, Minnesota
July 29, 2014

HousingLink
Statements of Financial Position
December 31, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	\$ 374,233	\$ 403,102
Accounts receivable	42,304	7,505
Grants receivable	100,000	167,500
Prepaid expenses	981	1,248
Equipment and leasehold improvements, less accumulated depreciation and amortization of \$101,159 in 2013 and \$100,394 in 2012	637	1,402
	\$ 518,155	\$ 580,757
Liabilities and Net Assets		
Accounts payable	\$ 2,022	\$ 6,170
Accrued expenses and other liabilities	40,894	32,474
Deferred revenue	3,106	6,398
	46,022	45,042
Net Assets		
Unrestricted		
Board designated	328,682	328,682
Undesignated	42,574	32,680
	371,256	361,362
Temporarily restricted	100,877	174,353
	472,133	535,715
	\$ 518,155	\$ 580,757

HousingLink
Statements of Activities

Year Ended December 31, 2013 (With Comparative Totals for 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	
Support and Revenue				
Contracts for services	\$ 233,479	\$ -	\$ 233,479	\$ 280,267
Grants	170,566	80,000	250,566	384,958
In-kind contributions	125,833	-	125,833	127,091
Interest income	1,389	-	1,389	1,684
Miscellaneous income	45,332	-	45,332	45,075
Net assets released from restrictions	153,476	(153,476)	-	-
Total support and revenue	<u>730,075</u>	<u>(73,476)</u>	<u>656,599</u>	<u>839,075</u>
Expenses				
Program services	585,589	-	585,589	653,254
Management and general	125,867	-	125,867	114,221
Fundraising	8,725	-	8,725	8,797
Total expenses	<u>720,181</u>	<u>-</u>	<u>720,181</u>	<u>776,272</u>
Change in Net Assets	9,894	(73,476)	(63,582)	62,803
Net Assets, Beginning of Year	<u>361,362</u>	<u>174,353</u>	<u>535,715</u>	<u>472,912</u>
Net Assets, Ending of Year	<u><u>\$ 371,256</u></u>	<u><u>\$ 100,877</u></u>	<u><u>\$ 472,133</u></u>	<u><u>\$ 535,715</u></u>

HousingLink
 Statements of Functional Expenses
 Year Ended December 31, 2013 (With Comparative Totals for 2012)

	2013				2012
	Program Services	Management and General	Fundraising	Total	
Salaries	\$ 296,256	\$ 54,863	\$ 4,685	\$ 355,804	\$ 388,721
Payroll Benefits and Processing Fees	80,286	13,224	945	94,455	91,205
Occupancy	21,239	3,442	317	24,998	25,295
Office Supplies	811	143	11	965	599
Postage	2,467	400	37	2,904	834
Printing and Copying	3,460	828	820	5,108	3,023
Dues and Subscriptions	2,947	478	44	3,469	4,340
Professional Fees	40,501	6,563	606	47,670	76,594
Accounting Fees	15,209	2,464	227	17,900	18,125
Mileage and Parking	3,152	286	8	3,446	2,184
Education and Training	360	116	598	1,074	550
Advertising and Marketing	87,729	36,928	-	124,657	125,089
Meeting Expenses	526	851	-	1,377	1,422
Telecommunication	22,622	3,666	338	26,626	25,920
Miscellaneous Expenses	176	667	12	855	3,036
Insurance	1,439	233	22	1,694	1,861
Operating and Maintenance	5,779	588	47	6,414	5,452
Depreciation	630	127	8	765	2,022
	<u>\$ 585,589</u>	<u>\$ 125,867</u>	<u>\$ 8,725</u>	<u>\$ 720,181</u>	<u>\$ 776,272</u>
	<u>81%</u>	<u>18%</u>	<u>1%</u>	<u>100%</u>	

HousingLink
 Statements of Cash Flows
 Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	\$ (63,582)	\$ 62,803
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation	765	2,022
Changes in operating assets and liabilities		
Accounts receivable	(34,799)	(3,741)
Grants receivable	67,500	(67,500)
Prepaid expenses	267	(69)
Accounts payable	(4,148)	(35)
Accrued expenses and other liabilities	8,420	2,651
Deferred revenue	(3,292)	1,683
	(28,869)	(2,186)
Net Cash used for Operating Activities	(28,869)	(2,186)
Net Change in Cash and Cash Equivalents	(28,869)	(2,186)
Cash and Cash Equivalents, Beginning of Year	403,102	405,288
Cash and Cash Equivalents, End of Year	\$ 374,233	\$ 403,102

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.

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, 2012, from which the summarized information was derived.

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 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 for the years ended December 31, 2013 and 2012.

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, 2013 and 2012. 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 restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement 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. HousingLink did not have any permanently restricted net assets at December 31, 2014 and 2013.

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 \$125,000 for the years ended December 31, 2013 and 2012.

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 their exempt purposes.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through July 29, 2014, 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 their office and storage space expiring in 2015.

Future minimum lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2014	\$ 27,634
2015	<u>9,276</u>
	<u>\$ 36,910</u>

Total lease expense for the years ended December 31, 2013 and 2012 totaled \$24,770 and \$24,874, respectively.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Technical assistance	\$ 80,000	\$ 80,000
General operations timing restriction	-	40,000
Support of housing referral tool project	877	32,103
Greater MN pilot program	20,000	20,000
Foreclosure reporting	-	<u>2,250</u>
Total	<u>\$ 100,877</u>	<u>\$ 174,353</u>

Net assets were released from restrictions as follows during the years ended December 31, 2013 and 2012:

	2013	2012
Technical assistance	\$ 80,000	\$ 160,000
General operations timing restriction	40,000	40,000
Greater MN pilot program	-	20,000
Support of housing referral tool project	31,226	14,767
Foreclosure reporting	2,250	4,500
Total	\$ 153,476	\$ 239,267

Note 4 - In-Kind Contributions

In-kind contributions are comprised of professional services and goods which are recorded at fair market value at date of donation. Donated services and goods include the following:

	2013	2012
Advertising	\$ 121,833	\$ 122,091
Audit services	4,000	3,850
Legal services	-	1,150
Total	\$ 125,833	\$ 127,091

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, 2013 and 2012.

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 37% of the Organization's total support and revenue for the year ended December 31, 2013 was derived from two funding sources. Approximately 32% of the Organization's total support and revenue for the year ended December 31, 2012 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.