

LINK HOUSTON
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
DECEMBER 31, 2020

LINK HOUSTON
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INDEPENDENT AUDITORS' REPORT

Board of Directors
LINK Houston
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of LINK Houston, which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, cash flows and functional expenses for the year then ended, and the notes to the financial statements.

Management's responsibility for 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 presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 of 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 LINK Houston'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 LINK Houston'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 LINK Houston as of December 31, 2020 and changes in net assets, cash flows and functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.



June 21, 2021

**LINK HOUSTON
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS

Cash	\$ 1,256,544	
Prepaid Expenses	<u>4,083</u>	
Total Current Assets		\$ 1,260,627

Equipment and Furniture		
Equipment and Furniture	8,754	
Less Accumulated Depreciation	<u>4,543</u>	
Net Equipment and Furniture		4,211
Deposit		<u>3,855</u>
Total Assets		\$ <u>1,268,693</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 1,333	
Accrued Salaries	<u>22,567</u>	
Total Current Liabilities		\$ <u>23,900</u>
Total Liabilities		<u>23,900</u>

NET ASSETS

Net Assets Without Donor Restrictions	1,244,793	
Net Assets With Donor Restrictions	<u>-</u>	
Total Net assets		<u>1,244,793</u>
Total Liabilities and Net Assets		\$ <u>1,268,693</u>

**LINK HOUSTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

WITHOUT DONOR RESTRICTIONS

SUPPORT AND REVENUE

Contributions	\$ 1,064,955	
Other Revenue	<u>1,400</u>	
Total Support and Revenue		\$ 1,066,355
Net Assets Released from Restrictions		<u>117,750</u>
Total Support, Revenue and Restrictions		<u>1,184,105</u>

EXPENSES

Programs Services		
Ensure Better Transit	191,884	
Improve Safety and Accessibility to Pedestrians and Bicyclists	96,918	
Keep Community United	167,560	
Housing and Transportation	<u>151,414</u>	
		607,776

Support Services		
Administrative	54,111	
Fundraising	<u>22,195</u>	
		<u>76,306</u>

Total Expenses		<u>684,082</u>
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Change in Net Assets Without Donor Restrictions		<u>500,023</u>
Net Assets Without Donor Restrictions -Beginning of Year		<u>744,770</u>
Net Assets Without Donor Restrictions- End of Year		<u>\$ 1,244,793</u>

WITH DONOR RESTRICTIONS

SUPPORT

Contributions	\$ <u>60,000</u>	
Total Support		\$ 60,000

Net Assets Released from Restrictions		
Restrictions satisfied		<u>(117,750)</u>

Change in Net Assets With Donor Restrictions		(57,750)
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Net Assets With Donor Restrictions -Beginning of Year		<u>57,750</u>
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Net Assets Without Donor Restrictions- End of Year		<u>\$ -</u>
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See accompanying notes.

**LINK HOUSTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Increase (Decrease) In Cash

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 442,273
Adjustments to Reconcile Change in Net Assets Without Donor Restrictions to Net Cash Provided by Operating Activities	
Depreciation	1,750
Increase in	
Prepaid Expenses	(1,736)
Increase in	
Accounts Payable	77
Accrued Salaries	<u>2,938</u>
Net Cash Provided by Operating Activities	<u>445,302</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment and Furniture	<u>(1,222)</u>
Net Cash Used by Investing Activities	<u>(1,222)</u>

Net Increase in Cash	444,080
Cash, beginning of year	<u>812,464</u>
Cash, end of year	<u>\$ 1,256,544</u>

LINK HOUSTON
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Programs</u>				<u>Total</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Ensure Better Transit</u>	<u>Improve Safety & Accessibility for Pedestrians and Bicyclists</u>	<u>Keep Communities United</u>	<u>Housing and Transportation</u>				
Salaries and wages	\$ 150,247	\$ 74,614	\$ 135,728	\$ 116,539	\$ 477,128	\$ 32,560	\$ 15,467	\$ 525,155
Payroll Taxes & Fringe	19,427	9,648	17,550	15,069	61,694	4,209	2,002	67,905
Benefits	11,103	7,140	4,250	11,190	33,683	14,934	-	48,617
Professional Fees	3,069	1,524	2,772	2,380	9,745	666	3,902	14,313
Operating & Maintenance	4,744	2,356	4,285	3,680	15,065	1,028	488	16,581
Rent	2,378	1,181	2,148	1,845	7,552	515	245	8,312
Travel & Conferences	501	249	453	389	1,592	109	49	1,750
Depreciation	415	206	374	322	1,317	90	42	1,449
Insurance	191,884	96,918	167,560	151,414	607,776	54,111	22,195	684,082
Total	\$ 191,884	\$ 96,918	\$ 167,560	\$ 151,414	\$ 607,776	\$ 54,111	\$ 22,195	\$ 684,082

See accompanying notes.

LINK HOUSTON
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND OPERATIONS

LINK Houston (LINK), is a Texas non-profit organization that was organized in March 2017. Its mission is to ensure a diverse and robust transportation network for all people to connect to opportunity. LINK will provide education and advocacy services in the greater Houston region related to its mission.

LINK is in the development phase of its mission. All costs related to the start up of its operations and the development of its programs have been expensed. LINK's programs are presently pursuing four primary focus areas to address mobility equity as follows:

- Ensure better transit service
- Improve pedestrian and bicycle safety and access
- Keep community united
- Housing and transportation

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. LINK follows the guidance in Accounting Standards for Not-For-Profit Entities. Accordingly, LINK is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Cash - Cash consists of all cash or cash equivalents at financial institutions with maturities of three months or less.

Equipment - Equipment and furniture and equipment are recorded at cost. Additions costing over \$500 are capitalized. Repairs are expensed. Depreciation is recorded on the straight-line over the estimated useful life of the asset for five years.

Impairment of Long-Lived assets - The authoritative guidance requires that long-lived assets and certain identifiable intangibles held and used by be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The guidance has not materially affected LINK's reported financial position, activities or cash flows.

Contributions - Contributions in the form of cash and services are recorded as support in the period received and valued at fair market value at the date of donation. Conditional promises to give are not recognized until the condition on which it depends have been met. Services are performed for LINK by its board of directors who receive no compensation for their efforts. The value of their donated services is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for accounting recognition.

Revenues - Other revenue is recognized when the performance obligation has been satisfied.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated. The most critical estimates are the functional allocation of expenses.

Fair Value Measurements - The financial statements are presented under the authoritative guidance regarding Fair Value Measurements. The guidance establishes a single authoritative definition of fair value, sets a framework for measuring fair value and requires additional disclosures about fair value measurement. LINK did not elect the fair value option for measurement of any other eligible assets or liabilities. LINK's financial instruments (primarily cash and payable) are carried in the accompanying statements of financial position at amounts which reasonably approximate fair value.

Allocation of Expenses - Expenditures incurred have been summarized on a functional basis and by natural categories in the Statement of Functional Expenses based on management's estimates.

LINK HOUSTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Tax - LINK is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that normally receives a substantial part of its support from a government unit or from the general public as described in Section 170(b)(1)(A)(vi) and is other than a private foundation. Therefore, no provision for federal income tax has been included in these financial statements.

Date of Management Review - Subsequent events have been evaluated through June 21, 2021 which is the date the financial statements were available to be issued. Based on this evaluation, no adjustments are required to the financial statements.

NOTE 3 - EQUIPMENT AND FURNITURE

A summary of equipment and furniture at December 31, 2020 is as follows:

	Cost	Accumulated Depreciation	Net
Equipment	\$ 7,780	\$ (4,105)	\$ 3,675
Furniture	974	(438)	536
	\$ 8,754	\$ (4,543)	\$ 4,211

NOTE 4 - CONTRIBUTIONS

Contributions received for the year ended December 31, 2020 are as follows:

Foundations	\$ 1,016,500
Board of directors	7,075
Paycheck Protection Program	85,200
Others	16,180
	\$ 1,124,955

In April 2020, LINK was granted a loan from Amegy Bank in the aggregate amount of \$85,200 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. LINK's payroll and other eligible expenses were paid with the proceeds from the loan and the loan was forgiven in December 2020. LINK is accounting for the forgiveness of the loan under the Financial Accounting Standards Board Accounting Standards Codification 958-605 whereby the loan is considered a conditional contribution and recognized as revenue when the conditions have been met or explicitly waived.

NOTE 5 - LEASING TRANSACTIONS

LINK leases office space from a third party. Total leasing expenses amounted to \$16,581 for the year ended December 31, 2020. All the leasing arrangements are recorded using the operating method. Future minimum payments under this arrangement as of December 31, 2020 consist of the following:

2021	\$ 4,837
2022	3,637
Total	\$ 8,474

LINK HOUSTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - DEFERRED COMPENSATION PLAN

LINK established a Savings Incentive Match Plan for Employees or SIMPLA IRA which covers all eligible employees. For the year ending December 31, 2020, LINK contributed \$9,938 to the plan.

NOTE 7 - INCOME TAX UNCERTAINTIES

LINK is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to Federal income taxes. LINK has reviewed its filing positions. LINK did not have any unrecognized tax positions that do not meet the more likely than not criterion. Accordingly, there was no effect on LINK's financial condition or results of operations for the period ended December 31, 2020.

NOTE 8 - CREDIT RISK CONCENTRATION

LINK maintains a cash balance at a financial institution. The account at the financial institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2020, its deposits at the bank exceeded the FDIC limits by approximately \$1,007,000. Management believes any credit risk is low due to the financial strength of the financial institution.

NOTE 9 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATION

LINK operates in Houston, Texas. Future operations could be affected by changes in economic and other conditions in that geographical area or the demand for its services.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects LINK's financial assets as of December 31, 2020, reduced by amounts not available for general use because of designations or certain restrictions within one year of the statement of financial position date.

Financial assets at December 31, 2020	\$	1,256,544
Less those unavailable for general expenditure within one year Designated by the Board		<u>180,000</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>1,076,544</u>

LINK has \$1,076,544 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. LINK manages liquidity needed for operations primarily through budgets of monthly cash inflows and outflows. Cash outflows are planned accordingly so as to not exceed expected inflows.

NOTE 11 - RISKS AND UNCERTAINTIES

During March 2020, the local economy has experienced a downturn due to the coronavirus and the decline in the demand for oil. Management believes this is a temporary condition that will be resolved in the future. However, management can not determine the long or short term effect it may have on LINK's operations.

NOTE 12 - SUBSEQUENT EVENTS

LINK has evaluated subsequent events through June 21, 2021, the date which the financial statements were available for issue. Based on the evaluation, no adjustments or additional disclosures were required by the accompanying financial statements.