

LINK HOUSTON
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2021

LINK HOUSTON
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INDEPENDENT AUDITORS' REPORT

Board of Directors
LINK Houston
Houston, Texas

Opinion

We have audited the financial statements of LINK Houston (the Organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year 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 LINK Houston as of December 31, 2021, and the results of its operations, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 LINK Houston and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 of 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.

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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 LINK Houston'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 LINK Houston'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.

A handwritten signature in black ink that reads "P. Hazard Samuels, PECC". The signature is written in a cursive, flowing style.

July 13, 2022

**LINK HOUSTON
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS

Current assets		
Cash	\$ 2,002,515	
Accounts Receivable	215,983	
Prepaid Expenses and Other	<u>16,550</u>	
Total Current Assets		\$ 2,235,048
Equipment and Furniture		
Equipment and Furniture	13,490	
Less Accumulated Depreciation	<u>5,968</u>	
Net Equipment and Furniture		7,522
Other Assets		
Deposit		<u>3,855</u>
Total Assets		\$ <u>2,246,425</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 690	
Accrued Salaries	<u>25,000</u>	
Total Current Liabilities		\$ <u>25,690</u>
Total Liabilities		<u>25,690</u>

NET ASSETS

Net Assets Without Donor Restrictions	1,981,419	
Net Assets With Donor Restrictions	<u>239,316</u>	
Total Net assets		<u>2,220,735</u>
Total Liabilities and Net Assets		\$ <u>2,246,425</u>

**LINK HOUSTON
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

WITHOUT DONOR RESTRICTIONS

SUPPORT

Contributions	\$ <u>1,339,244</u>	
Total Support		\$ 1,339,244
Net Assets Released from Restrictions		<u>96,041</u>
Total Support and Restrictions		<u>1,435,285</u>

EXPENSES

Programs Services		
Increase Transportation Access to Housing	77,750	
Ensure Inclusive Mobility	283,172	
Keep Communities United	<u>185,586</u>	
		546,508
Support Services		
Administrative	112,607	
Fundraising	<u>39,544</u>	
		<u>152,151</u>
Total Expenses		<u>698,659</u>

Change in Net Assets Without Donor Restrictions		<u>736,626</u>
Net Assets Without Donor Restrictions -Beginning of Year		<u>1,244,793</u>
Net Assets Without Donor Restrictions- End of Year		<u>\$ 1,981,419</u>

WITH DONOR RESTRICTIONS

SUPPORT

Contributions	\$ <u>335,357</u>	
Total Support		\$ 335,357
Net Assets Released from Restrictions		
Restrictions satisfied		<u>(96,041)</u>
Change in Net Assets With Donor Restrictions		239,316
Net Assets With Donor Restrictions -Beginning of Year		<u>-</u>
Net Assets Without Donor Restrictions- End of Year		<u>\$ 239,316</u>

**LINK HOUSTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Increase (Decrease) In Cash

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 975,942
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	2,628
Loss on Disposition of Equipment	259
Increase/Decrease in	
Accounts receivable	(215,983)
Prepaid Expenses	(12,467)
Increase/Decrease in	
Accounts Payable	(643)
Accrued Salaries	<u>2,433</u>
Net Cash Provided by Operating Activities	<u>752,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Equipment	300
Purchase Equipment and Furniture	<u>(6,498)</u>
Net Cash Used by Investing Activities	<u>(6,198)</u>
Net Increase in Cash	745,971
Cash, Beginning of Year	<u>1,256,544</u>
Cash, End of Year	<u>\$ 2,002,515</u>

**LINK HOUSTON
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Programs</u>			<u>Total</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Increase Transportation Access to Housing</u>	<u>Ensure Inclusive Mobility</u>	<u>Keep Communities United</u>				
Salaries & Wages	\$ 64,571	\$ 231,488	\$ 152,050	\$ 448,109	\$ 45,152	\$ 23,024	\$ 516,285
Payroll Taxes & Fringe							
Benefits	8,457	30,318	19,914	58,689	5,913	3,015	67,617
Professional Fees	500	6,231	3,681	10,412	58,590	12,000	81,002
Operating & Maintenance	1,427	5,116	3,360	9,903	998	508	11,409
Rent	1,864	6,682	4,389	12,935	1,303	665	14,903
Travel & Conferences	602	2,159	1,418	4,179	421	215	4,815
Depreciation	329	1,178	774	2,281	230	117	2,628
Total	\$ 77,750	\$ 283,172	\$ 185,586	\$ 546,508	\$ 112,607	\$ 39,544	\$ 698,659

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 provides education and advocacy services in the greater Houston region related to its mission.

LINK's programs are presently pursuing three primary focus areas to address mobility equity as follows:

Increase Transportation Access to Housing - Through community engagement and data analysis, LINK Houston advocates for high-quality, affordable, environmentally friendly transportation infrastructure – sidewalks, bikeways, and transit services – being within reach of the region's affordable housing. Many residents in Houston face a decreasing supply of affordable housing, increasing rents, and an eviction crisis. In order to address affordability for Houstonians, LINK Houston advocates for decision-makers to consider housing and transportation costs together as they work on improving affordability and developing new housing.

Ensure Inclusive Mobility - LINK Houston aims to improve the quantity and quality of mobility options, especially in communities of color where transportation infrastructure and service investments have lagged for decades. The organization continues to update and release the Equity in Transit reports to measure progress, provide data and lived experiences to community members to hold decision-makers accountable to the promises they make. LINK Houston advocates for improvement to high-frequency transit in areas with high demand for affordable transportation; lives saved among people walking and biking; and affordable, zero-to-low carbon emissions mobility options, especially for communities of color.

Keep Communities United - LINK Houston continues to partner with residents and non-profit organizations to advocate for mitigations in the proposed North Houston Highway Improvement Project. The organization co-filed a Title VI Civil Rights Complaint against the Texas Department of Transportation, resulting in a pause of the highway expansion. Additionally, LINK Houston continues to train community leaders to impact decision-making systems influencing long-term transportation planning and funding in the region to ensure investments in transportation infrastructure transform projects that maintain communities and provide access to important destinations and opportunity.

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.

Receivables - Receivables consist of grants and donations. Grants that are expected to be collected in more than a year have been discounted to reduce the expected cash flow to present value.

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 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.

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.

LINK HOUSTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, receivables and payable) are carried in the accompanying statement 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.

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.

Recent Accounting Pronouncements - In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which is a comprehensive new lease standard that amends various aspects of existing accounting guidance for leases. It will require recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 will be effective for LINK for fiscal year 2022. LINK is evaluating the impact that this new guidance will have on the financial statements and related note disclosures.

Date of Management Review - Subsequent events have been evaluated through July 13, 2022 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 - RECEIVABLES

Receivables consist of the following at December 31, 2021:

Grants	\$ 211,183
Other donations	<u>4,800</u>
 Total	 <u>\$ 215,983</u>

Grants receivable are expected to be collected as follows:

2022	\$ 206,000
2023	<u>5,500</u>
 Total	 211,500
Discounted amount	<u>(317)</u>
 Net	 <u>\$ 211,183</u>

NOTE 4 - EQUIPMENT AND FURNITURE

A summary of equipment and furniture at December 31, 2021 is as follows:

	Cost	Accumulated Depreciation	Net
Equipment	\$ 12,516	\$ (5,335)	\$ 7,181
Furniture	<u>974</u>	<u>(633)</u>	<u>341</u>
	<u>\$ 13,490</u>	<u>\$ (5,968)</u>	<u>\$ 7,522</u>

LINK HOUSTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - CONTRIBUTIONS

Contributions received for the year ended December 31, 2021 are as follows:

Foundations and corporations	\$ 1,639,257
Board of directors	11,230
Others	<u>24,114</u>
	<u>\$ 1,674,601</u>

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, 2021, LINK contributed \$10,079 to the plan.

NOTE 7 - OPERATING LEASE

LINK leases office space from a third party. Total leasing expenses amounted to \$14,903 for the year ended December 31, 2021. The lease expires in November 2022. All the leasing arrangements are recorded using the operating method. Future minimum payments under this arrangement as of December 31, 2021 consist of the following:

2022	\$ <u>16,173</u>
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NOTE 8 - PROFESSIONAL FEES

During the year ended December 31, 2021, LINK incurred \$33,500 in costs to contract professional search firm Koya Partners to hire a new executive director. These costs are included in professional fees in the administrative category in the statement of functional expenses.

NOTE 9 - 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, 2021.

NOTE 10 - 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, 2021, its deposits at the bank exceeded the FDIC limits by approximately \$1,753,000. Management believes any credit risk is low due to the financial strength of the financial institution.

NOTE 11 - 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.

LINK HOUSTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects LINK's financial assets as of December 31, 2021, 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, 2021	\$	2,218,498
Less those unavailable for general expenditure within one year		
Designated by the Board		1,305,000
Donations restricted by time		215,983
Donations restricted by purpose		<u>23,333</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>674,182</u>

LINK has \$674,182 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 13 - RISKS AND UNCERTAINTIES

The continuing COVID-19 pandemic and the geopolitical situation in Eastern Europe have affected the United States economy and led to a steep rise in inflation. Management believes this is a temporary condition that will be resolved in the future. However, management cannot determine the short or long term effect these factors may have on LINK's operations.

NOTE 14 - SUBSEQUENT EVENTS

LINK has evaluated subsequent events through July 13, 2022, 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.