

**COMMUNITY RESOURCE  
EXCHANGE, INC.**

**Financial Statements  
For the Years Ended  
September 30, 2015  
and  
September 30, 2014**

Independent Auditor's Report

To the Board of Directors of  
Community Resource Exchange, Inc.

We have audited the accompanying financial statements of Community Resource Exchange, Inc. which comprise the statement of financial position as of September 30, 2015 and September 30, 2014 and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Community Resource Exchange, Inc. as of September 30, 2015 and September 30, 2014 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty + Donnelly LLP

February 9, 2016

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Statement of Financial Position**

Assets	September 30	
	2015	2014
Cash and cash equivalents	\$ 998,177	\$2,707,860
Investments, at fair value	1,971,051	102,279
Accrued interest receivable	3,669	-
Government grants and contracts receivable	216,582	191,890
Foundation grants, contracts, consulting fees and pledges receivable, net	253,519	130,771
Prepaid expenses and other assets	129,950	89,717
Property and equipment, at cost, net	97,512	113,611
<b>Total assets</b>	<b>\$3,670,460</b>	<b>\$3,336,128</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 315,359	\$ 267,519
Unearned revenue	153,059	110,975
Total liabilities	468,418	378,494
<b>Net assets</b>		
Unrestricted		
Operating	1,228,751	1,129,323
Board designated	1,474,195	1,474,195
Total unrestricted	2,702,946	2,603,518
Temporarily restricted	499,096	354,116
Total net assets	3,202,042	2,957,634
<b>Total liabilities and net assets</b>	<b>\$3,670,460</b>	<b>\$3,336,128</b>

See notes to financial statements.

**COMMUNITY RESOURCE EXCHANGE, INC.**

Statement of Activities

	Year Ended September 30					
	2015			2014		
	Unrestricted	Board Designated	Temporarily Restricted	Unrestricted	Board Designated	Temporarily Restricted
Operating	Total	Total	Operating	Total	Total	
<b>Revenue and support</b>						
Contributions	\$ 147,494	\$ -	\$ 24,273	\$ 171,767	\$ -	\$ 305,942
Donated goods and services	57,666	-	-	57,666	-	61,442
Special events, net of direct benefits to donors of \$18,155 and \$15,717 for 2015 and 2014, respectively	795	-	12,425	13,220	-	70,808
Foundation and corporate grants	20,700	-	734,553	755,253	-	82,797
Government grants and contracts	1,773,410	-	-	1,773,410	-	1,069,234
Consulting fees	951,097	-	30,000	981,097	-	871,194
Investment return (loss), net	(10,486)	-	-	(10,486)	-	5,000
Rental	120,126	-	-	120,126	-	114,513
Other	304	-	-	304	-	-
Net assets released from restrictions	656,271	-	(656,271)	-	-	(535,703)
Total revenue and support	<u>3,717,377</u>	<u>-</u>	<u>144,980</u>	<u>3,862,357</u>	<u>-</u>	<u>(280,900)</u>
<b>Expenses</b>						
Program services	<u>3,030,082</u>	<u>-</u>	<u>-</u>	<u>3,030,082</u>	<u>-</u>	<u>2,639,877</u>
Supporting services						
Management and general	561,011	-	-	561,011	-	447,065
Fundraising	26,856	-	-	26,856	-	29,453
Total supporting services	<u>587,867</u>	<u>-</u>	<u>-</u>	<u>587,867</u>	<u>-</u>	<u>476,518</u>
Total expenses	<u>3,617,949</u>	<u>-</u>	<u>-</u>	<u>3,617,949</u>	<u>-</u>	<u>3,116,395</u>
<b>Increase (decrease) in net assets</b>	99,428	-	144,980	244,408	238	(280,900)
Net assets, beginning of year	<u>1,129,323</u>	<u>1,474,195</u>	<u>354,116</u>	<u>2,957,634</u>	<u>1,474,195</u>	<u>635,016</u>
Net assets, end of year	<u>\$1,228,751</u>	<u>\$1,474,195</u>	<u>\$ 499,096</u>	<u>\$3,202,042</u>	<u>\$1,474,195</u>	<u>\$ 354,116</u>
				<u>\$1,129,323</u>	<u>\$ 354,116</u>	<u>\$2,957,634</u>

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Functional Expenses

	Year Ended September 30							
	2015		2014					
	Program Services	Supporting Services Management and General	Program Services	Supporting Services Management and General	Fundraising	Fundraising	Total	Total
<b>Payroll and related expenses</b>								
Salaries and related expenses	\$1,463,889	\$ 298,108	\$ 15,432	\$1,777,429	\$1,322,327	\$ 12,946	\$ 167,197	\$1,502,470
Payroll taxes and benefits	306,931	63,124	2,720	372,775	255,015	3,739	52,091	310,845
Total payroll and related expenses	<u>1,770,820</u>	<u>361,232</u>	<u>18,152</u>	<u>2,150,204</u>	<u>1,577,342</u>	<u>16,685</u>	<u>219,288</u>	<u>1,813,315</u>
<b>Other expenses</b>								
Conferences and meetings	20,806	16,151	195	37,152	26,561	1,407	3,976	31,944
Consultants	793,074	13,450	579	807,103	635,635	2,383	41,461	679,479
Professional fees	41,023	40,453	690	82,166	53,840	1,262	29,340	84,442
Office equipment and supplies	53,958	15,445	2,223	71,626	35,617	1,433	12,898	49,948
Occupancy	251,316	97,507	4,202	353,025	224,884	5,220	121,371	351,475
Staff and leadership development	19,232	-	-	19,232	12,204	-	-	12,204
Travel	2,267	82	4	2,353	4,267	2	41	4,310
Communications	6,469	2,514	108	9,091	10,242	488	5,347	16,077
Materials, including printing and publications	35,663	979	42	36,684	39,141	101	2,366	41,608
Bank charges and other fees	13,581	4,640	292	18,513	6,774	159	3,691	10,624
Depreciation and amortization	21,873	8,558	369	30,800	13,370	313	7,286	20,969
Total other expenses	<u>1,259,262</u>	<u>199,779</u>	<u>8,704</u>	<u>1,467,745</u>	<u>1,062,535</u>	<u>12,768</u>	<u>227,777</u>	<u>1,303,080</u>
<b>Total expenses</b>	<b>\$3,030,082</b>	<b>\$ 561,011</b>	<b>\$ 26,856</b>	<b>\$3,617,949</b>	<b>\$2,639,877</b>	<b>\$ 29,453</b>	<b>\$ 447,065</b>	<b>\$3,116,395</b>

See notes to financial statements.

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Statement of Cash Flows**

	<b>Year Ended</b>	
	<b>September 30</b>	
	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 244,408	\$ (280,662)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	30,800	20,969
Unrealized loss on investments	22,966	-
(Increase) decrease in assets		
Accrued interest receivable	(3,669)	2,404
Government grants and contracts receivable	(24,692)	19,404
Foundation grants, contracts, consulting fees and pledges receivable	(122,748)	334,091
Prepaid expenses and other assets	(40,233)	(15,276)
Increase in liabilities		
Accounts payable and accrued expenses	47,840	60,895
Unearned revenue	42,084	73,451
Net cash provided by operating activities	<u>196,756</u>	<u>215,276</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(14,701)	(28,988)
Proceeds from the maturity of certificates of deposit	522,273	684,121
Purchase of investments	(2,414,011)	-
Net cash provided by (used in) investing activities	<u>(1,906,439)</u>	<u>655,133</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,709,683)</b>	<b>870,409</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>2,707,860</u>	<u>1,837,451</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 998,177</u>	<u>\$2,707,860</u>

See notes to financial statements.

**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements  
September 30, 2015 and September 30, 2014****Note 1 – Nature of organization**

Community Resource Exchange, Inc. (“CRE”) is a nonprofit consulting firm that provides the strategies and tools needed to build sustainable, high-performing organizations that improve people’s lives and drive social change. CRE specializes in serving organizations that have deep roots in urban communities, particularly those groups working to fight poverty, promote equity, and expand opportunity. For 36 years, CRE has worked at the intersection of nonprofits and communities – building leaders and strengthening organizations to deliver impact. CRE provides customized local solutions that blend deep consulting experience and operational expertise to help leaders manage in an environment of complexity and change. CRE taps the transformative power of assessment, data, leadership, collaboration, and strategy to help organizations plan smartly, operate effectively and produce results.

**Note 2 – Summary of significant accounting policies****Net assets**

CRE reports information regarding its financial position and activities in three classes of net assets which are as follows:

**Unrestricted - Operating**

Operating net assets are used to account for the general activities of CRE.

**Unrestricted - Board designated**

During 1994, the Board of Directors of CRE created a fund to which a portion of CRE's unrestricted fund balance is to be reserved for emergencies, cash flow shortages, or other uses approved by the Board.

**Temporarily restricted**

Net assets of CRE which have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of CRE pursuant to those stipulations.

**Cash and cash equivalents**

CRE deems highly liquid instruments with original maturities of 90 days or less to be cash equivalents.

**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements (continued)  
September 30, 2015 and September 30, 2014****Note 2 – Summary of significant accounting policies (continued)****Fair value measurements**

At September 30, 2015 and September 30, 2014, CRE's certificates of deposit and exchange traded funds are classified in the highest level of the fair value hierarchy (Level 1). The quoted prices for these assets are in active markets for identical assets.

**Pledges and contributions receivable**

Contributions are recognized when the donor makes a promise to give to CRE that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions.

**Allowance for doubtful accounts**

As of September 30, 2015 and September 30, 2014, CRE has an allowance of \$34,129 and \$24,886, respectively, for any potentially uncollectible accounts receivable. The allowance is reflected net with CRE foundation grants, contracts, consulting fees and pledges receivable on the accompanying statement of financial position. The estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

**Property and equipment**

Office equipment and furniture acquisitions are stated at cost and depreciated on a straight line basis over an estimated useful life of five years. Leasehold improvements are stated at cost and amortized on a straight-line basis over the shorter of the lease term or their estimated useful life. CRE capitalizes all expenditures for leasehold improvements and office equipment in excess of \$1,000 with a useful life greater than one year. During the 2015 and 2014 fiscal years, fully depreciated property and equipment totaling \$29,402 and \$6,340, respectively, were removed from the books and records of CRE.

**Revenue recognition**

Revenue from government contracts and grants is recognized when costs are incurred or other services are performed and requisitions for reimbursements are submitted. Unearned revenue represents consulting fees received in advance of the performance of services.



**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements (continued)  
September 30, 2015 and September 30, 2014****Note 2 – Summary of significant accounting policies (continued)****Donated goods and services**

CRE recognizes donated goods and services which have an ascertainable value and are an integral part of CRE's program and support services. For the fiscal years ended September 30, 2015 and September 30, 2014, donated goods and services consisted of legal services totaling \$57,666 and \$61,442, respectively.

**Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

**Concentrations of credit risk**

CRE's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments and receivables. CRE places its cash and cash equivalents with what it believes to be quality financial institutions and CRE has not incurred any losses in these accounts to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to changes in interest rates, market volatility, liquidity and credit risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at September 30, 2015. CRE regularly monitors the collectability of its receivables. Accordingly, CRE believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivables.

**Subsequent events**

CRE has evaluated subsequent events and transactions for potential recognition or disclosure through February 9, 2016, which is the date the financial statements were available to be issued.

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)**  
**September 30, 2015 and September 30, 2014**

**Note 3 – Investments, at fair value**

Investments, at fair value, consisted of the following as of September 30, 2015 and September 30, 2014:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	\$1,539,179	\$1,539,179	\$ 102,279	\$ 102,279
Exchange traded funds	<u>454,838</u>	<u>431,872</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,994,017</u>	<u>\$1,971,051</u>	<u>\$ 102,279</u>	<u>\$ 102,279</u>

Investment return (loss), net, consisted of the following for the years ended September 30, 2015 and September 30, 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 1,713	\$ 1,896
Realized gains	10,767	3,104
Unrealized gains (loss)	<u>(22,966)</u>	<u>-</u>
Total	<u>\$ (10,486)</u>	<u>\$ 5,000</u>

**Note 4 – Government grants and contracts receivable**

Government grants and contracts receivable consist of the following as of September 30, 2015 and September 30, 2014:

	<u>2015</u>	<u>2014</u>
The City of New York Department of Youth and Community Development	\$ 97,049	\$ 91,865
The City of New York Department for the Aging	66,123	62,636
The City of New York Department of Health and Mental Health Public Health Solutions/HIV Care Services	23,415	33,350
The City of New York Department of Cultural Affairs	11,236	4,039
The City of New York Department of Small Business Services	10,130	-
New York City Housing Authority	<u>8,629</u>	<u>-</u>
Total	<u>\$ 216,582</u>	<u>\$ 191,890</u>

Reimbursement under government contracts and contracts is subject to audit by the various government agencies. The effect of any potential audit disallowances is not reflected in these financial statements.

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2015 and September 30, 2014**

**Note 5 – Foundation grants, contracts, consulting fees and pledges receivable, net**

Foundation grants, contracts, consulting fees and pledges receivable net, consisted of the following as of September 30, 2015 and September 30, 2014:

	<u>2015</u>	<u>2014</u>
Consulting fees	\$ 193,079	\$ 131,638
Bloomberg Philanthropies	50,000	-
Mary Hutchins Foundation	40,000	-
Tiger Foundation	1,200	-
Other	3,369	24,019
Allowance for doubtful accounts	<u>(34,129)</u>	<u>(24,886)</u>
Total	<u>\$ 253,519</u>	<u>\$ 130,771</u>

**Note 6 – Property and equipment, net**

As of September 30, 2015 and September 30, 2014, property and equipment and accumulated depreciation and amortization were as follows:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 201,615	\$ 201,615
Office equipment and furniture	<u>213,394</u>	<u>228,095</u>
	415,009	429,710
Less accumulated depreciation and amortization	<u>317,497</u>	<u>316,099</u>
Total property and equipment, net	<u>\$ 97,512</u>	<u>\$ 113,611</u>

**Note 7 – Temporarily restricted net assets**

As of September 30, 2015 and September 30, 2014, temporarily restricted net assets consisted of the following:

	<u>2015</u>	<u>2014</u>
Purpose restriction		
Consulting	\$ 380,972	\$ 324,606
Capital	3,417	4,803
Small Grants Program	1,845	1,845
Time restriction	<u>112,862</u>	<u>22,862</u>
Total	<u>\$ 499,096</u>	<u>\$ 354,116</u>

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2015 and September 30, 2014**

**Note 8 – Retirement plans**

CRE has 403(b) and 457(b) plans available to all eligible employees. CRE's contributions to the plans are at the discretion of the Board of Directors. CRE's contributions to the 403(b) plan were \$51,019 and \$55,876 for the years ended September 30, 2015 and September 30, 2014, respectively. CRE did not contribute to the 457(b) plan during the 2015 or 2014 fiscal years. In January 2015, the Board of Directors elected to terminate the 457(b) plan.

**Note 9 – Commitments**

CRE's lease for office space expires in December 2019. The following are the future annual minimum lease payments required under the lease agreement:

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 280,387
2017	287,396
2018	294,581
2019	301,946
2020	76,893
Total	<u>\$1,241,203</u>

The rental expense for CRE for the years ended September 30, 2015 and September 30, 2014 was approximately \$276,000 and \$269,000. CRE has a \$33,333 security deposit with the landlord which is included in prepaid expenses and other assets on the statement of financial position.

CRE has four subtenants whose license agreements renew annually at various times. These licenses can, at the discretion of CRE, be renewed at their anniversary date and either party may cancel the agreement with three months' notice. At September 30, 2015, the monthly payments for these subtenants total approximately \$7,154.

**Note 10 – Tax status**

CRE is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, CRE has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation under the meaning of Section 509(a)(1) of the Code.