

**COMMUNITY RESOURCE  
EXCHANGE, INC.**

**Financial Statements  
For the Years Ended  
September 30, 2016  
and  
September 30, 2015**

**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, 2016 and September 30, 2015 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, 2016 and September 30, 2015 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 15, 2017

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Statement of Financial Position**

**Assets**

	<b>September 30</b>	
	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 726,190	\$ 998,177
Certificates of deposit	1,295,491	1,539,179
Investments, at fair value	488,864	431,872
Accrued interest receivable	2,942	3,669
Government grants and contracts receivable	537,889	216,582
Foundation grants, contracts, consulting fees and pledges receivable, net	313,486	253,519
Prepaid expenses and other assets	114,934	129,950
Property and equipment, at cost, net	86,150	97,512
<b>Total assets</b>	<b>\$3,565,946</b>	<b>\$3,670,460</b>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable and accrued expenses	\$ 446,795	\$ 315,359
Unearned revenue	135,058	153,059
Total liabilities	581,853	468,418

**Net assets**

Unrestricted		
Operating	1,228,751	1,228,751
Board designated	1,351,354	1,474,195
Total unrestricted	2,580,105	2,702,946
Temporarily restricted	403,988	499,096
Total net assets	2,984,093	3,202,042
<b>Total liabilities and net assets</b>	<b>\$3,565,946</b>	<b>\$3,670,460</b>

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Activities

	Year Ended September 30						
	2016			2015			
	Unrestricted	Board Designated	Temporarily Restricted	Unrestricted	Board Designated	Temporarily Restricted	
Operating	Designated	Restricted	Operating	Designated	Restricted	Total	
<b>Revenue and support</b>							
Contributions	\$ 162,332	\$ -	\$ 25,014	\$ 187,346	\$ -	\$ 24,273	\$ 171,767
Donated goods and services	19,671	-	-	19,671	-	-	57,666
Special events, net of direct benefits to donors of \$25,417 and \$18,155 for 2016 and 2015, respectively	17,212	-	18,150	35,362	-	12,425	13,220
Foundation and corporate grants	18,769	-	540,225	558,994	-	734,553	755,253
Government grants and contracts	1,717,701	-	-	1,717,701	-	-	1,773,410
Consulting fees	1,025,857	-	6,000	1,031,857	-	30,000	981,097
Investment return (loss), net	75,668	-	-	75,668	-	-	(10,486)
Rental	128,491	-	-	128,491	-	-	120,126
Other	300	-	-	300	-	-	304
Net assets released from restrictions	684,497	-	(684,497)	656,271	-	(656,271)	-
Total revenue and support	<u>3,850,498</u>	<u>-</u>	<u>(95,108)</u>	<u>3,755,390</u>	<u>-</u>	<u>144,980</u>	<u>3,862,357</u>
<b>Expenses</b>							
Program services	3,285,001	-	-	3,285,001	-	-	3,030,082
Supporting services							
Management and general	661,327	-	-	661,327	-	-	561,011
Fundraising	27,011	-	-	27,011	-	-	26,856
Total supporting services	688,338	-	-	688,338	-	-	587,867
Total expenses	<u>3,973,339</u>	<u>-</u>	<u>-</u>	<u>3,973,339</u>	<u>-</u>	<u>-</u>	<u>3,617,949</u>
<b>Increase (decrease) in net assets before transfer</b>	<b>(122,841)</b>	<b>-</b>	<b>(95,108)</b>	<b>(217,949)</b>	<b>-</b>	<b>144,980</b>	<b>244,408</b>
<b>Transfer</b>	<u>122,841</u>	<u>(122,841)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase (decrease) in net assets</b>	<b>-</b>	<b>(122,841)</b>	<b>(95,108)</b>	<b>(217,949)</b>	<b>-</b>	<b>144,980</b>	<b>244,408</b>
<b>Net assets, beginning of year</b>	<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>2,957,634</u>
<b>Net assets, end of year</b>	<u>\$1,228,751</u>	<u>\$1,351,354</u>	<u>\$ 403,988</u>	<u>\$2,984,093</u>	<u>\$1,474,195</u>	<u>\$ 499,096</u>	<u>\$3,202,042</u>

See notes to financial statements.

**COMMUNITY RESOURCE EXCHANGE, INC.**

Statement of Functional Expenses

Year Ended September 30

	2016			2015			
	Supporting Services			Supporting Services			
	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising	Total
<b>Payroll and related expenses</b>							
Salaries and related expenses	\$ 1,725,895	\$ 316,731	\$ 9,722	\$ 1,463,889	\$ 298,108	\$ 15,432	\$1,777,429
Payroll taxes and benefits	<u>352,663</u>	<u>103,226</u>	<u>2,647</u>	<u>306,931</u>	<u>63,124</u>	<u>2,720</u>	<u>372,775</u>
Total payroll and related expenses	<u>2,078,558</u>	<u>419,957</u>	<u>12,369</u>	<u>1,770,820</u>	<u>361,232</u>	<u>18,152</u>	<u>2,150,204</u>
<b>Other expenses</b>							
Consultants	160,741	12,087	410	139,813	13,436	579	153,828
Professional fees	26,251	16,984	436	41,022	40,454	690	82,166
Occupancy	224,057	144,513	3,705	244,289	94,801	4,085	343,175
Insurance	9,652	6,170	158	7,026	2,706	117	9,849
Office equipment	6,239	3,818	98	5,837	2,145	92	8,074
Office supplies	34,146	7,246	344	48,863	5,781	249	54,893
Subscriptions and memberships	22,436	8,994	1,778	26,153	7,519	1,883	35,555
Subcontractors and client expenses	579,874	-	-	653,276	-	-	653,276
Events and meetings	24,394	2,325	3,220	20,228	16,167	195	36,590
Marketing and communications	39,067	18,043	3,467	19,903	3,609	156	23,668
Staff development	45,368	-	-	17,358	-	-	17,358
Bank charges and other fees	12,555	7,109	665	13,621	4,603	289	18,513
Depreciation and amortization	21,663	14,081	361	21,873	8,558	369	30,800
Total other expenses	<u>1,206,443</u>	<u>241,370</u>	<u>14,642</u>	<u>1,259,262</u>	<u>199,779</u>	<u>8,704</u>	<u>1,467,745</u>
<b>Total expenses</b>	<u>\$ 3,285,001</u>	<u>\$ 661,327</u>	<u>\$ 27,011</u>	<u>\$ 3,030,082</u>	<u>\$ 561,011</u>	<u>\$ 26,856</u>	<u>\$3,617,949</u>

See notes to financial statements.

## COMMUNITY RESOURCE EXCHANGE, INC.

## Statement of Cash Flows

	Year Ended	
	September 30	
	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ (217,949)	\$ 244,408
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	36,105	30,800
Unrealized (gain) loss on investments	(48,696)	22,966
(Increase) decrease in assets		
Accrued interest receivable	727	(3,669)
Government grants and contracts receivable	(321,307)	(24,692)
Foundation grants, contracts, consulting fees and pledges receivable	(59,967)	(122,748)
Prepaid expenses and other assets	15,016	(40,233)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	131,436	47,840
Unearned revenue	(18,001)	42,084
Net cash provided by (used in) operating activities	<u>(482,636)</u>	<u>196,756</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(24,743)	(14,701)
Proceeds from the maturity of certificates of deposit	773,725	522,273
Purchases of certificates of deposit	(530,037)	(1,959,173)
Purchases of investments	(8,296)	(454,838)
Net cash provided by (used in) investing activities	<u>210,649</u>	<u>(1,906,439)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(271,987)</b>	<b>(1,709,683)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>998,177</u></b>	<b><u>2,707,860</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 726,190</u></b>	<b><u>\$ 998,177</u></b>

See notes to financial statements.

**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements  
September 30, 2016 and September 30, 2015****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 37 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.

CRE's consultants work one-to-one with clients, providing customized solutions that meet the needs of each client's distinct situation. We have four main service lines: Strategy and Planning, Organizational Management, Talent and Innovation, and Leadership and Development. In FY16, we were privileged to work with over 300 nonprofits across New York City's five boroughs and beyond, with budgets ranging from less than \$100,000 to \$200 million, from near start-ups to those with more than 100 years of service. Many of these are returning clients.

Each year, CRE raises funds from corporations, foundations, government entities, and individuals to allow us to offer our services at no cost to our clients or at subsidized rates.

**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**

Unrestricted monies or assets contributed to CRE which are designated by the Board of Directors to provide long-term financial support for uses including investments and emergencies. Use of these funds requires Board approval. During 2016, CRE transferred \$122,841 from board-designated to operating. The 2016 transfer was in accordance with pre-approved Board spending on investments in CRE's client service and financial sustainability under our Go-Forward Plan.

**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements (continued)  
September 30, 2016 and September 30, 2015****Note 2 – Summary of significant accounting policies (continued)**Net assets (continued)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.

Certificates of deposit

CRE reports certificates of deposit in the statement of financial position which are valued using a cost-based measure, consisting of the original cost plus accrued interest.

Fair value measurements

At September 30, 2016 and September 30, 2015, CRE's 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 unconditional. All other non-permanent 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, 2016 and September 30, 2015, CRE has an allowance of \$34,988 and \$34,129, respectively, for any potentially uncollectible accounts receivable. The allowance is reflected net with CRE's 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.



**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements (continued)  
September 30, 2016 and September 30, 2015****Note 2 – Summary of significant accounting policies (continued)****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 2015 fiscal year, fully depreciated property and equipment totaling \$29,402 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. Unearned revenue represents consulting fees received in advance of the performance of services.

**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, 2016 and September 30, 2015, donated goods and services consisted of legal services totaling \$19,671 and \$57,666, 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, certificates of deposit, investments and receivables. CRE places its cash, cash equivalents and certificates of deposit 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, 2016. 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, certificates of deposit, investments and receivables.

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2016 and September 30, 2015**

**Note 2 – Summary of significant accounting policies (continued)**

Reclassifications

Certain items in the 2015 fiscal year financial statements have been reclassified for comparative purposes only.

Subsequent events

CRE has evaluated subsequent events and transactions for potential recognition or disclosure through February 15, 2017, which is the date the financial statements were available to be issued.

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

Investments, at fair value, consisted of the following as of September 30, 2016 and September 30, 2015:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Exchange traded funds	<u>\$ 463,134</u>	<u>\$ 488,864</u>	<u>\$ 454,838</u>	<u>431,872</u>

Investment return (loss), net, consisted of the following for the years ended September 30, 2016 and September 30, 2015:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 26,972	\$ 12,480
Unrealized gains (losses)	<u>48,696</u>	<u>(22,966)</u>
Total	<u>\$ 75,668</u>	<u>\$ (10,486)</u>

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2016 and September 30, 2015**

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

Government grants and contracts receivable consist of the following as of September 30, 2016 and September 30, 2015:

	<u>2016</u>	<u>2015</u>
The City of New York Department of Youth and Community Development	\$ 528,524	\$ 97,049
The City of New York Department for the Aging	186	66,123
The City of New York Department of Health and Mental Health Public Health Solutions/HIV Care Services	-	23,415
The City of New York Department of Cultural Affairs	1,300	11,236
The City of New York Department of Small Business Services	-	10,130
New York City Housing Authority	<u>7,879</u>	<u>8,629</u>
Total	<u>\$ 537,889</u>	<u>\$ 216,582</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. Management is of the opinion that any potential disallowances will not be material to the accompanying financial statements.

**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, 2016 and September 30, 2015:

	<u>2016</u>	<u>2015</u>
Consulting fees	\$ 293,383	\$ 193,079
Bloomberg Philanthropies	44,938	50,000
Mary Hutchins Foundation	-	40,000
Tiger Foundation	-	1,200
Other	10,153	3,369
Allowance for doubtful accounts	<u>(34,988)</u>	<u>(34,129)</u>
Total	<u>\$ 313,486</u>	<u>\$ 253,519</u>

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2016 and September 30, 2015**

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

As of September 30, 2016 and September 30, 2015, property and equipment and accumulated depreciation and amortization were as follows:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 201,615	\$ 201,615
Office equipment and furniture	<u>238,137</u>	<u>213,394</u>
	439,752	415,009
Less accumulated depreciation and amortization	<u>353,602</u>	<u>317,497</u>
Total property and equipment, net	<u>\$ 86,150</u>	<u>\$ 97,512</u>

**Note 7 – Temporarily restricted net assets**

As of September 30, 2016 and September 30, 2015, temporarily restricted net assets consisted of the following:

	<u>2016</u>	<u>2015</u>
Purpose restriction		
Consulting	\$ 352,210	\$ 380,972
Capital	2,071	3,417
Small Grants Program	1,845	1,845
Time restriction	<u>47,862</u>	<u>112,862</u>
Total	<u>\$ 403,988</u>	<u>\$ 499,096</u>

**Note 8 – Retirement plan**

CRE has a 403(b) plan available to all eligible employees. CRE's contributions to the plan are at the discretion of the Board of Directors. CRE's contributions were \$61,626 and \$51,019 for the years ended September 30, 2016 and September 30, 2015, respectively.

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2016 and September 30, 2015**

**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>
2017	\$ 287,396
2018	294,581
2019	301,946
2020	<u>76,893</u>
Total	<u>\$ 960,816</u>

The rental expense for CRE for the years ended September 30, 2016 and September 30, 2015 was approximately \$283,000 and \$276,000. 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 three subtenants whose license agreements expire June 30, 2017 and renew annually. 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, 2016, the monthly payments for these subtenants total approximately \$6,000.

**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.