

**COMMUNITY RESOURCE
EXCHANGE, INC.**

**Financial Statements
For the Years Ended
September 30, 2024
and
September 30, 2023**

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Community Resource Exchange, Inc. ("CRE"), which comprise the statement of financial position as of September 30, 2024 and September 30, 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of CRE as of September 30, 2024 and September 30, 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 CRE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 CRE'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 from 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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards, 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 CRE'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 CRE'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.

Condon O'Meara McGinty + Donnelly LLP

February 12, 2025

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Financial Position

	September 30	
	2024	2023
Assets		
Assets		
Cash and cash equivalents	\$ 345,892	\$1,413,145
Certificates of deposit	489,720	853,143
Investments, at fair value	2,296,182	1,636,683
Foundation grants and unconditional promises to give	132,392	386,149
Consulting fees receivable, net	224,323	195,127
Government grants receivable	3,390	19,143
Accrued interest receivable	2,734	6,784
Prepaid expenses and other assets	66,433	65,659
Property and equipment, at cost, net	5,745	3,450
Total assets	\$3,566,811	\$4,579,283
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 157,637	\$ 295,576
Unearned revenue	90,849	49,346
Total liabilities	248,486	344,922
Net assets		
Without donor restrictions		
Operating	1,359,786	2,036,583
Board designated	1,501,354	1,501,354
Total without donor restrictions	2,861,140	3,537,937
With donor restrictions	457,185	696,424
Total net assets	3,318,325	4,234,361
Total liabilities and net assets	\$3,566,811	\$4,579,283

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Activities

	Year Ended September 30							
	2024				2023			
	Without Donor Restrictions		With Donor Restrictions	Total	Without Donor Restrictions		With Donor Restrictions	Total
Operating	Board Designated	Operating			Board Designated			
Revenue and support								
Consulting fees	\$ 1,350,089	\$ -	\$ -	\$ 1,350,089	\$1,466,672	\$ -	\$ -	\$1,466,672
Contributions of cash and other financial assets	15,989	-	15,000	30,989	104,383	-	47,493	151,876
Contributions of nonfinancial assets	13,587	-	-	13,587	8,400	-	-	8,400
Foundation and corporate grants	51,851	-	738,124	789,975	58,626	-	831,370	889,996
Government grants and contracts	3,390	-	-	3,390	659,843	-	-	659,843
Investment return, net – operating	65,418	-	-	65,418	90,559	-	-	90,559
Employee retention credits	-	-	-	-	687,689	-	-	687,689
Other	4,658	-	-	4,658	7,986	-	-	7,986
Net assets released from restrictions	992,363	-	(992,363)	-	817,390	-	(817,390)	-
Total revenue and support	<u>2,497,345</u>	<u>-</u>	<u>(239,239)</u>	<u>2,258,106</u>	<u>3,901,548</u>	<u>-</u>	<u>61,473</u>	<u>3,963,021</u>
Expenses								
Program services	2,829,033	-	-	2,829,033	3,239,328	-	-	3,239,328
Supporting activities								
Management and general	514,085	-	-	514,085	616,122	-	-	616,122
Fundraising	69,037	-	-	69,037	37,833	-	-	37,833
Total supporting activities	583,122	-	-	583,122	653,955	-	-	653,955
Total expenses	<u>3,412,155</u>	<u>-</u>	<u>-</u>	<u>3,412,155</u>	<u>3,893,283</u>	<u>-</u>	<u>-</u>	<u>3,893,283</u>
Increase (decrease) in net assets before investment return, net-non-operating	(914,810)	-	(239,239)	(1,154,049)	8,265	-	61,473	69,738
Investment return, net – non-operating	238,013	-	-	238,013	53,460	-	-	53,460
Increase (decrease) in net assets	(676,797)	-	(239,239)	(916,036)	61,725	-	61,473	123,198
Net assets, beginning of year	<u>2,036,583</u>	<u>1,501,354</u>	<u>696,424</u>	<u>4,234,361</u>	<u>1,974,858</u>	<u>1,501,354</u>	<u>634,951</u>	<u>4,111,163</u>
Net assets, end of year	<u>\$ 1,359,786</u>	<u>\$ 1,501,354</u>	<u>\$ 457,185</u>	<u>\$ 3,318,325</u>	<u>\$2,036,583</u>	<u>\$1,501,354</u>	<u>\$ 696,424</u>	<u>\$4,234,361</u>

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Functional Expenses

	Year Ended September 30							
	2024				2023			
	Program Services	Supporting Activities			Program Services	Supporting Activities		
Management and General		Fundraising	Total	Management and General		Fundraising	Total	
Payroll and related expenses								
Salaries and related expenses	\$ 1,862,729	\$ 416,120	\$ 55,416	\$ 2,334,265	\$ 2,098,365	\$ 487,750	\$ 27,934	\$ 2,614,049
Payroll taxes and benefits	435,613	36,848	4,040	476,501	550,526	46,489	1,953	598,968
Total payroll and related expenses	<u>2,298,342</u>	<u>452,968</u>	<u>59,456</u>	<u>2,810,766</u>	<u>2,648,891</u>	<u>534,239</u>	<u>29,887</u>	<u>3,213,017</u>
Other expenses								
Contracted services	169,203	9,791	1,073	180,067	191,793	13,156	555	205,504
Professional fees	33,071	5,625	617	39,313	30,786	5,687	237	36,710
Occupancy	119,465	20,282	2,224	141,971	63,469	11,580	489	75,538
Insurance	15,317	2,601	285	18,203	17,254	3,147	133	20,534
Office supplies	7,567	109	12	7,688	25,031	1,031	44	26,106
Subscriptions and memberships	72,972	7,990	4,204	85,166	65,468	9,009	4,751	79,228
Subcontractors and client expenses	44,418	-	-	44,418	61,169	-	-	61,169
Events and meetings	18,241	414	680	19,335	35,775	3,178	667	39,620
Marketing and communications	3,368	73	8	3,449	7,658	811	121	8,590
Staff development	22,225	2,073	227	24,525	68,685	10,053	494	79,232
Bank charges and other fees	22,403	3,744	205	26,352	21,170	3,833	438	25,441
Depreciation and amortization	2,441	415	46	2,902	2,179	398	17	2,594
Uncollectable accounts	-	8,000	-	8,000	-	20,000	-	20,000
Total other expenses	<u>530,691</u>	<u>61,117</u>	<u>9,581</u>	<u>601,389</u>	<u>590,437</u>	<u>81,883</u>	<u>7,946</u>	<u>680,266</u>
Total expenses	<u>\$ 2,829,033</u>	<u>\$ 514,085</u>	<u>\$ 69,037</u>	<u>\$ 3,412,155</u>	<u>\$ 3,239,328</u>	<u>\$ 616,122</u>	<u>\$ 37,833</u>	<u>\$ 3,893,283</u>

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Cash Flows

	Year Ended	
	September 30	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (916,036)	\$ 123,198
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	2,902	2,594
Realized (gain) on sale of investments	-	(49,256)
Unrealized (gain) on investments	(238,013)	(53,460)
Donated securities	-	(27,255)
Sale of donated securities	-	27,255
(Increase) decrease in assets		
Foundation grants and unconditional promises to give	253,757	(167,495)
Consulting fees receivable	(29,196)	119,359
Government grants receivable	15,753	155,699
Accrued interest receivable	4,050	(3,591)
Prepaid expenses and other assets	(774)	61,247
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(137,939)	(3,014)
Unearned revenue	<u>41,503</u>	<u>(168,335)</u>
Net cash provided by (used in) operating activities	<u>(1,003,993)</u>	<u>16,946</u>
Cash flows from investing activities		
Purchases of property and equipment	(5,197)	(2,118)
Proceeds from the maturity of certificates of deposit	363,423	751,295
Purchases of certificates of deposit	-	(23,034)
Proceeds from sales of investments	138,000	117,247
Purchases of investments	<u>(559,486)</u>	<u>(1,039,836)</u>
Net cash (used in) investing activities	<u>(63,260)</u>	<u>(196,446)</u>
Net (decrease) in cash and cash equivalents	(1,067,253)	(179,500)
Cash and cash equivalents, beginning of year	<u>1,413,145</u>	<u>1,592,645</u>
Cash and cash equivalents, end of year	<u>\$ 345,892</u>	<u>\$1,413,145</u>

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.**Notes to Financial Statements
September 30, 2024 and September 30, 2023****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 over 40 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.

Through consulting, coaching and leadership and management training programs, CRE strengthens organizations by focusing on the basics: effective leadership, high performing staff, financial stability, effective programs, and a culture of learning and continuous improvement. We know that a strong organizational foundation and a clear direction allows leadership and staff to focus their time and resources on making a difference in the communities they serve. When a CRE engagement is through, organizations are stronger and leaders are better able to achieve their goals. CRE harnesses the lessons learned from each engagement to develop strategies that benefit the social sector as a whole. CRE is proud to be the go-to partner annually for hundreds of organizations – large and small – working to create opportunity and catalyze change.

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**Financial reporting**

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

Without donor restrictions

- Operating - net assets that are used to account for the general activities of CRE.
- Board designated - 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.

With donor restrictions

Net assets with donor restrictions 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.

COMMUNITY RESOURCE EXCHANGE, INC.**Notes to Financial Statements (continued)
September 30, 2024 and September 30, 2023****Note 2 – Summary of significant accounting policies (continued)**Cash and cash equivalents

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

Certificates of deposit

CRE values certificates of deposit in the statement of financial position using a cost-based measure which approximates fair value.

Fair value measurements

CRE's investments are composed of exchange-traded funds and United States Treasuries. At September 30, 2024 and September 30, 2023, CRE's investments 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.

Foundation grants and unconditional promises to give

Pledges and contributions are recognized when a donor makes a promise to give to CRE that is unconditional. Grant and contributions that are restricted for purpose or the passage of time are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions as net assets released from restrictions.

Allowance for doubtful accounts

As of September 30, 2024 and September 30, 2023, CRE has an allowance of approximately \$144,000 and \$143,000, respectively, for any potentially uncollectible consulting fees. 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 expenditures for property and equipment in excess of \$1,000 with a useful life greater than one year.

Revenue recognition

Revenue from consulting fees is recorded when earned, which is at the time the service is provided. Unearned revenue represents primarily consulting fees received in advance of the performance of services. Revenue from government contracts and grants is recognized when costs are incurred or other services are performed.

COMMUNITY RESOURCE EXCHANGE, INC.**Notes to Financial Statements (continued)
September 30, 2024 and September 30, 2023****Note 2 – Summary of significant accounting policies (continued)**Contributions of nonfinancial assets

A number of volunteers, including board members, have donated significant amounts of their time in CRE's program services and supporting activities. These donated services have not been recorded in the accompanying statement of activities because they do not meet the criteria for recording such services.

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.

Allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain shared costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional category are allocated based on time and effort.

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. At times during the year, CRE's bank account balances exceeded the FDIC insurance limit. 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 these 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, 2024. 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.

Subsequent events

CRE has evaluated subsequent events and transactions for potential recognition or disclosure through February 12, 2025, which is the date the financial statements were available to be issued.

COMMUNITY RESOURCE EXCHANGE, INC.

Notes to Financial Statements (continued)
September 30, 2024 and September 30, 2023

Note 3 – Liquidity and availability of financial assets

CRE's cash flows are subject to seasonal fluctuations due to the timing of collections of consulting fees, grants, contracts and other revenue items.

As of September 30, 2024 and September 30, 2023, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditure were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 345,892	\$ 1,413,145
Certificates of deposit	489,720	853,143
Investments, at fair value	2,296,182	1,636,683
Foundation grants and unconditional promises to give	132,392	386,149
Consulting fees receivable, net	224,323	195,127
Government grants receivable	3,390	19,143
Accrued interest receivable	<u>2,734</u>	<u>6,784</u>
Total financial assets	3,494,633	4,510,174
Less: Board designated net assets	<u>1,501,354</u>	<u>1,501,354</u>
Total	<u>\$ 1,993,279</u>	<u>\$ 3,008,820</u>

At September 30, 2024 and September 30, 2023, CRE had Board-designated net assets of \$1,501,354 which are available for general expenditure with Board approval.

Note 4 – Investments, at fair value

Investments, at fair value, consisted of the following as of September 30, 2024 and September 30, 2023:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Exchange-traded funds - equity	\$ 710,289	\$ 930,117	\$ 698,887	\$ 739,836
U.S. Treasuries	<u>1,356,067</u>	<u>1,366,065</u>	<u>911,407</u>	<u>896,847</u>
Total	<u>\$2,066,356</u>	<u>\$2,296,182</u>	<u>\$1,610,294</u>	<u>\$1,636,683</u>

Investment return, net, consisted of the following for the years ended September 30, 2024 and September 30, 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 71,392	\$ 46,615
Unrealized gain	238,013	53,460
Realized gain on sales of investments	-	49,256
Fees	<u>(5,974)</u>	<u>(5,312)</u>
Total	<u>\$ 303,431</u>	<u>\$ 144,019</u>

COMMUNITY RESOURCE EXCHANGE, INC.

Notes to Financial Statements (continued)
September 30, 2024 and September 30, 2023

Note 4 – Investments, at fair value (continued)

Investment return, net, is summarized as follows for the years ended September 30, 2024 and September 30, 2023:

	<u>2024</u>	<u>2023</u>
Investment return, net – operating	\$ 65,418	\$ 90,559
Investment return, net – non-operating	<u>238,013</u>	<u>53,460</u>
Total	<u>\$ 303,431</u>	<u>\$ 144,019</u>

Note 5 – Foundation grants and unconditional promises to give

Foundation grants and unconditional promises to give consisted of the following as of September 30, 2024 and September 30, 2023:

	<u>2024</u>	<u>2023</u>
William T. Grant Foundation	\$ 76,660	\$ 153,330
Wallace Foundation	39,960	14,361
Comic Relief	9,525	-
Korean American Community Foundation	2,366	70,765
Robert Sterling Clark Foundation	-	82,500
Mary J. Hutchins Foundation	-	50,000
Other	<u>3,881</u>	<u>15,193</u>
Total	<u>\$ 132,392</u>	<u>\$ 386,149</u>

Note 6 – Property and equipment, net

As of September 30, 2024 and September 30, 2023, property and equipment and accumulated depreciation and amortization were as follows:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 201,615	\$ 201,615
Office equipment and furniture	<u>188,012</u>	<u>182,815</u>
	389,627	384,430
Less accumulated depreciation and amortization	<u>383,882</u>	<u>380,980</u>
Total property and equipment, net	<u>\$ 5,745</u>	<u>\$ 3,450</u>

Note 7 – Unearned revenue

Unearned revenue consists primarily of unearned consulting fees as of September 30, 2024 and September 30, 2023.

COMMUNITY RESOURCE EXCHANGE, INC.

**Notes to Financial Statements (continued)
September 30, 2024 and September 30, 2023**

Note 7 – Unearned revenue (continued)

The following table provides information about changes in the unearned revenue for the years ended September 30, 2024 and September 30, 2023:

	<u>2024</u>	<u>2023</u>
Unearned revenue, beginning of year	\$ 49,346	\$ 217,681
Revenue recognized that was included in unearned revenue at the beginning of the year	(49,346)	(217,681)
Increase in unearned revenue due to cash received during the year	<u>90,849</u>	<u>49,346</u>
Unearned revenue, end of year	<u>\$ 90,849</u>	<u>\$ 49,346</u>

Note 8 – Net assets with donor restrictions

As of September 30, 2024 and September 30, 2023, net assets with donor restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
Program restrictions	\$ 378,489	\$ 328,071
Time restrictions	<u>78,696</u>	<u>368,353</u>
Total	<u>\$ 457,185</u>	<u>\$ 696,424</u>

For the years ended September 30, 2024 and September 30, 2023, net assets released from restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
Program restrictions	\$ 637,988	\$ 569,473
Time restrictions	<u>354,375</u>	<u>247,917</u>
Total	<u>\$ 992,363</u>	<u>\$ 817,390</u>

Note 9 – Government grants

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 10 – 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 approximately \$106,000 for the year ended September 30, 2023. There was no employer contribution for 2024.

COMMUNITY RESOURCE EXCHANGE, INC.**Notes to Financial Statements (continued)
September 30, 2024 and September 30, 2023****Note 11 – Employee Retention Credits**

In response to the coronavirus emergency, the Coronavirus Aid, Relief and Economic Security Act and subsequent legislations (the “Acts”) were signed into law. The Acts provide, among other things, a refundable credit of certain of qualified wages per eligible employee for wages paid or incurred from March 13, 2020 through September 30, 2021. In connection therewith, such credits totaled \$687,689 and is recorded as revenue in the 2023 statement of activities.

Note 12 – Commitments

During October 2023, CRE entered into a license agreement for desk space on a month-to-month basis. The agreement calls for monthly payments of \$12,000.

Note 13 – 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.