

**COMMUNITY RESOURCE  
EXCHANGE, INC.**

**Financial Statements  
For the Years Ended  
September 30, 2019  
and  
September 30, 2018**



**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, 2019 and September 30, 2018 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, 2019 and September 30, 2018 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 7, 2020



**COMMUNITY RESOURCE EXCHANGE, INC.**

**Statement of Financial Position**

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Assets</b>		
Cash and cash equivalents	\$1,902,363	\$1,413,468
Certificates of deposit	1,516,275	1,474,669
Investments, at fair value	669,337	662,562
Foundation grants and pledges receivable	522,655	660,511
Consulting fees receivable, net	302,048	691,461
Government grants receivable	88,620	60,318
Accrued interest receivable	9,001	3,347
Prepaid expenses and other assets	187,044	123,135
Property and equipment, at cost, net	27,561	43,629
<b>Total assets</b>	<b>\$5,224,904</b>	<b>\$5,133,100</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 420,247	\$ 449,029
Unearned revenue	228,922	170,081
Total liabilities	649,169	619,110
<b>Net assets</b>		
Without donor restrictions		
Operating	1,726,816	1,577,369
Board designated	1,501,354	1,501,354
Total without donor restrictions	3,228,170	3,078,723
With donor restrictions	1,347,565	1,435,267
Total net assets	4,575,735	4,513,990
<b>Total liabilities and net assets</b>	<b>\$5,224,904</b>	<b>\$5,133,100</b>

See notes to financial statements.



COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Activities

	Year Ended September 30					
	2019			2018		
	Without Donor Restrictions	Board Designated	With Donor Restrictions	Without Donor Restrictions	Board Designated	With Donor Restrictions
	Operating	Total	Operating	Total	Operating	Total
<b>Revenue and support</b>						
Consulting fees	\$2,141,265	\$ -	\$ 5,000	\$2,146,265	\$ -	\$ -
Contributions	140,327	-	27,500	167,827	-	37,550
Donated services	13,354	-	-	13,354	-	9,629
Special events	-	-	324,897	324,897	-	5,880
Foundation and corporate grants	17,929	-	682,878	700,807	-	1,656,809
Government grants and contracts	846,159	-	-	846,159	-	841,539
Investment return, net	70,337	-	-	70,337	-	94,404
Rental	106,801	-	-	106,801	-	109,574
Net assets released from restrictions	1,127,977	-	(1,127,977)	-	-	(1,083,384)
Total revenue and support	4,464,149	-	(87,702)	4,376,447	-	616,855
<b>Expenses</b>						
Program services	3,383,761	-	-	3,383,761	-	-
Supporting activities						
Management and general	765,619	-	-	765,619	-	-
Fundraising	165,322	-	-	165,322	-	-
Total supporting activities	930,941	-	-	930,941	-	-
Total expenses	4,314,702	-	-	4,314,702	-	-
<b>Increase (decrease) in net assets before transfer</b>	149,447	-	(87,702)	61,745	-	616,855
<b>Transfer</b>						
	-	-	-	-	150,000	-
<b>Increase (decrease) net assets</b>	149,447	-	(87,702)	61,745	150,000	616,855
<b>Net assets, beginning of year</b>	1,577,369	1,501,354	1,435,267	4,513,990	1,351,354	818,412
<b>Net assets, end of year</b>	\$1,726,816	\$1,501,354	\$ 1,347,565	\$4,575,735	\$1,501,354	\$ 1,435,267

See notes to financial statements.





**COMMUNITY RESOURCE EXCHANGE, INC.**

**Statement of Functional Expenses**

**Year Ended September 30**

	<b>2019</b>				<b>2018</b>				
	<b>Supporting Activities</b>		<b>Program Services</b>	<b>Total</b>	<b>Supporting Activities</b>		<b>Program Services</b>	<b>Total</b>	
	<b>Management and General</b>	<b>Fundraising</b>			<b>Management and General</b>	<b>Fundraising</b>			
<b>Payroll and related expenses</b>									
Salaries and related expenses	\$ 474,204	\$ 61,899	\$ 2,579,623	\$ 474,440	\$ 42,233	\$ 2,064,128	\$ 474,440	\$ 42,233	\$ 2,580,801
Payroll taxes and benefits	82,634	9,535	574,717	82,634	6,528	485,517	104,452	6,528	596,497
Total payroll and related expenses	<u>556,838</u>	<u>71,434</u>	<u>3,154,340</u>	<u>556,838</u>	<u>48,761</u>	<u>2,549,645</u>	<u>578,892</u>	<u>48,761</u>	<u>3,177,298</u>
<b>Other expenses</b>									
Contracted services	21,104	69,064	209,249	21,104	1,828	83,060	11,271	1,828	96,159
Professional fees	25,944	750	55,154	25,944	720	27,401	11,528	720	39,649
Occupancy	107,234	12,373	412,340	107,234	8,003	264,109	128,043	8,003	400,155
Insurance	3,235	373	12,440	3,235	268	8,853	4,292	268	13,413
Office equipment	1,951	225	7,868	1,951	150	5,317	2,401	150	7,868
Office supplies	5,979	863	43,708	5,979	420	35,460	6,572	420	42,452
Subscriptions and memberships	8,278	1,564	40,058	8,278	1,190	27,378	9,276	1,190	37,844
Subcontractors and client expenses	-	-	198,011	-	-	121,671	-	-	121,671
Events and meetings	9,039	4,732	42,536	9,039	5,630	32,675	6,379	5,630	44,684
Marketing and communications	6,614	973	42,107	6,614	1,764	36,819	10,066	1,764	48,649
Staff development	1,947	225	28,771	1,947	397	29,047	6,356	397	35,800
Bank charges and other fees	10,086	1,895	39,770	10,086	964	18,552	7,970	964	27,486
Depreciation and amortization	7,370	851	28,350	7,370	588	19,420	9,416	588	29,424
Total other expenses	<u>208,781</u>	<u>93,888</u>	<u>1,160,362</u>	<u>208,781</u>	<u>21,922</u>	<u>709,762</u>	<u>213,570</u>	<u>21,922</u>	<u>945,254</u>
<b>Total expenses</b>	<b>\$ 765,619</b>	<b>\$ 165,322</b>	<b>\$ 4,314,702</b>	<b>\$ 765,619</b>	<b>\$ 70,683</b>	<b>\$ 3,259,407</b>	<b>\$ 792,462</b>	<b>\$ 70,683</b>	<b>\$ 4,122,552</b>

See notes to financial statements.



## COMMUNITY RESOURCE EXCHANGE, INC.

## Statement of Cash Flows

	Year Ended September 30	
	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 61,745	\$1,030,535
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	28,350	29,424
Realized (gain) on sale of investments	(107,914)	-
Unrealized (gain) loss on investments	84,805	(70,319)
Donated securities	(15,336)	(25,050)
Sale of donated securities	15,336	25,050
(Increase) decrease in assets		
Foundation grants and pledges receivable	137,856	(451,235)
Consulting fees receivable	389,413	(308,863)
Government grants and contracts receivable	(28,302)	(17,463)
Accrued interest receivable	(5,654)	1,497
Prepaid expenses and other assets	(63,909)	25,227
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(28,782)	128,526
Unearned revenue	58,841	29,760
Net cash provided by operating activities	<u>526,449</u>	<u>397,089</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(12,282)	(13,905)
Proceeds from the maturity of certificates of deposit	971,394	450,799
Purchases of certificates of deposit	(1,013,000)	(486,000)
Proceeds from sales of investments	278,472	-
Purchases of investments	(262,138)	(12,196)
Net cash (used in) investing activities	<u>(37,554)</u>	<u>(61,302)</u>
<b>Net increase in cash and cash equivalents</b>	<b>488,895</b>	<b>335,787</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>1,413,468</u></b>	<b><u>1,077,681</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$1,902,363</u></b>	<b><u>\$1,413,468</u></b>

See notes to financial statements.



**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements  
September 30, 2019 and September 30, 2018****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 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. Today, CRE is proud to be the go-to partner annually for over 500 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. During 2018, CRE transferred \$150,000 from Operating to Board Designated. There were no transfers in 2019.



**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements (continued)  
September 30, 2019 and September 30, 2018****Note 2 – Summary of significant accounting policies (continued)**Financial reporting (continued)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.

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 reports certificates of deposit in the statement of financial position which are valued using a cost-based measure.

Fair value measurements

CRE's investments are composed of exchange-traded funds. At September 30, 2019 and September 30, 2018, 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 a donor makes a promise to give to CRE that is unconditional. 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, 2019 and September 30, 2018, CRE has an allowance of approximately \$105,000 and \$106,000, 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.





**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements (continued)  
September 30, 2019 and September 30, 2018****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 property and equipment in excess of \$1,000 with a useful life greater than one year.

**Revenue recognition**

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

**Donated services**

CRE recognizes donated services which have an ascertainable value and are an integral part of CRE's program and supporting activities. For the fiscal years ended September 30, 2019 and September 30, 2018, donated services consisted of legal services totaling \$13,354 and \$9,629, 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.

**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.



**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements (continued)  
September 30, 2019 and September 30, 2018****Note 2 – Summary of significant accounting policies (continued)**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, 2019. 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.

Recent accounting pronouncement*Not-for-Profit Financial Statement Presentation*

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not for Profit Entities*. In 2019, CRE adopted the provisions of this guidance which include presentation of two classes of net assets rather than the previously required three: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets, in 2018. The guidance also requires enhanced disclosures for Board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification in one location. CRE applied the changes retrospectively to 2018.

Subsequent events

CRE has evaluated subsequent events and transactions for potential recognition or disclosure through February 7, 2020, which is the date the financial statements were available to be issued.



**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2019 and September 30, 2018**

**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, 2019, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditure were as follows:

Financial assets		
Cash and cash equivalents		\$ 1,902,363
Certificates of deposit		1,516,275
Investments, at fair value		669,337
Foundation grants and pledges receivable		522,655
Consulting fees receivable, net		302,048
Government grants receivable		88,620
Accrued interest receivable		<u>9,001</u>
Total financial assets		5,010,299
Less: Board designated net assets		(1,501,354)
Receivables expected to be collected after 2020		<u>(6,000)</u>
Total		<u>\$ 3,502,945</u>

**Note 4 – Investments, at fair value**

Investments, at fair value, consisted of the following as of September 30, 2019 and September 30, 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Exchange traded funds	<u>\$ 578,658</u>	<u>\$ 669,337</u>	<u>\$ 487,078</u>	<u>\$ 662,562</u>

Investment return, net, consisted of the following for the years ended September 30, 2019 and September 30, 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 52,415	\$ 28,462
Unrealized gains (losses)	(84,805)	70,319
Realized gains	107,914	-
Fees	<u>(5,187)</u>	<u>(4,377)</u>
Total	<u>\$ 70,337</u>	<u>\$ 94,404</u>



**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2019 and September 30, 2018**

**Note 5 – Government grants and contracts receivable**

Government grants and contracts receivable as of September 30, 2019 and September 30, 2018 consist of amounts due from the City of New York Department of Youth and Community Development for \$88,620 and \$60,318, respectively. The government grants and contracts receivable at September 30, 2019 are expected to be collected in 2020.

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 6 – Foundation grants and pledges receivable**

Foundation grants and pledges receivable consisted of the following as of September 30, 2019 and September 30, 2018:

	<u>2019</u>	<u>2018</u>
Ford Foundation	\$ 30,750	\$ 41,530
Korean American Community Foundation	17,728	-
Mary J. Hutchins Foundation	50,000	-
New York Community Trust	65,000	130,000
New York Foundation	13,464	12,000
New York Life Foundation	150,000	300,000
Research Foundation of the City University of NY	9,949	-
Robert Sterling Clark Foundation	82,500	165,000
Other	<u>103,264</u>	<u>11,981</u>
Total	<u>\$ 522,655</u>	<u>\$ 660,511</u>

Except for \$6,000, foundation grants and pledges receivable at September 30, 2019 are expected to be collected in 2020.

**Note 7 – Property and equipment, net**

As of September 30, 2019 and September 30, 2018, property and equipment and accumulated depreciation and amortization were as follows:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 201,615	\$ 201,615
Office equipment and furniture	<u>170,593</u>	<u>158,311</u>
	372,208	359,926
Less accumulated depreciation and amortization	<u>344,647</u>	<u>316,297</u>
Total property and equipment, net	<u>\$ 27,561</u>	<u>\$ 43,629</u>

During the 2018 fiscal year, fully depreciated property and equipment totaling \$100,259 was removed from the books and records of CRE.





**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2019 and September 30, 2018**

**Note 8 – Net assets with donor restrictions**

As of September 30, 2019 and September 30, 2018, net assets with donor restrictions consisted of the following:

	2019	2018
Program restrictions	\$1,078,453	\$1,131,988
Time restrictions	269,112	303,279
Total	\$1,347,565	\$1,435,267

**Note 9 – 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 \$98,280 and \$100,209 for the years ended September 30, 2019 and September 30, 2018, respectively.

**Note 10 – Commitments**

CRE's lease for its current office space expires in May 2020 with total minimum lease payments required in 2020 of \$182,075. CRE is currently negotiating a new lease for office space. The rental expense for CRE for the years ended September 30, 2019 and September 30, 2018 was approximately \$359,000 and \$344,000. 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 subtenants whose license agreements expired December 31, 2019 are now on a month-to-month basis. In addition, CRE has subtenants which are paying on a month-to-month basis. At September 30, 2019 and September 30, 2018, the license rental revenue associated with these agreements totaled \$80,827 and \$78,300, respectively, and is included in rental revenue on the statement of activities.

**Note 11 – 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.

