

**COMMUNITY RESOURCE  
EXCHANGE, INC.**

**Financial Statements  
For the Years Ended  
September 30, 2020  
and  
September 30, 2019**

**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, 2020 and September 30, 2019 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***

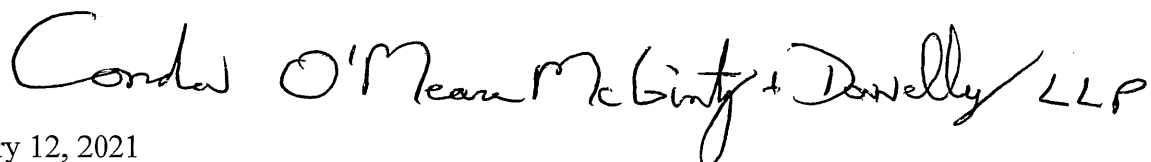
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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, 2020 and September 30, 2019 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.



January 12, 2021

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Statement of Financial Position**

|  | <b>September 30</b> |                    |
|--|---------------------|--------------------|
|  | <b>2020</b>         | <b>2019</b>        |
| <b>Assets</b>                            |                     |                    |
| <b>Assets</b>                            |                     |                    |
| Cash and cash equivalents                | \$2,585,113         | \$1,902,363        |
| Certificates of deposit                  | 796,601             | 1,516,275          |
| Investments, at fair value               | 718,653             | 669,337            |
| Foundation grants and pledges receivable | 199,909             | 522,655            |
| Consulting fees receivable, net          | 378,196             | 302,048            |
| Government grants receivable             | 131,742             | 88,620             |
| Accrued interest receivable              | 4,160               | 9,001              |
| Prepaid expenses and other assets        | 128,536             | 187,044            |
| Property and equipment, at cost, net     | 10,508              | 27,561             |
| <b>Total assets</b>                      | <b>\$4,953,418</b>  | <b>\$5,224,904</b> |
| <b>Liabilities and Net Assets</b>        |                     |                    |
| <b>Liabilities</b>                       |                     |                    |
| Accounts payable and accrued expenses    | \$ 297,758          | \$ 420,247         |
| Unearned revenue                         | 196,173             | 228,922            |
| Loan payable                             | 587,241             | -                  |
| Total liabilities                        | 1,081,172           | 649,169            |
| <b>Net assets</b>                        |                     |                    |
| Without donor restrictions               |                     |                    |
| Operating                                | 1,764,002           | 1,726,816          |
| Board designated                         | 1,501,354           | 1,501,354          |
| Total without donor restrictions         | 3,265,356           | 3,228,170          |
| With donor restrictions                  | 606,890             | 1,347,565          |
| Total net assets                         | 3,872,246           | 4,575,735          |
| <b>Total liabilities and net assets</b>  | <b>\$4,953,418</b>  | <b>\$5,224,904</b> |

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Activities

Year Ended September 30

|   | 2020                       |                    |                         |                    | 2019                       |                    |                         |                    |
|---|----------------------------|--------------------|-------------------------|--------------------|----------------------------|--------------------|-------------------------|--------------------|
|   | Without Donor Restrictions |                    | With Donor Restrictions | Total              | Without Donor Restrictions |                    | With Donor Restrictions | Total              |
|   | Operating                  | Board Designated   |                         |                    | Operating                  | Board Designated   |                         |                    |
| <b>Revenue and support</b>  |                            |                    |                         |                    |                            |                    |                         |                    |
| Consulting fees   | \$1,395,988                | \$ -               | \$ -                    | \$1,395,988        | \$2,141,265                | \$ -               | \$ 5,000                | \$2,146,265        |
| Contributions   | 101,152                    | -                  | 28,000                  | 129,152            | 140,327                    | -                  | 27,500                  | 167,827            |
| Donated services  | 42,873                     | -                  | -                       | 42,873             | 13,354                     | -                  | -                       | 13,354             |
| Special events (net of direct benefits to donors of \$137,608 in 2020)        | 59,389                     | -                  | -                       | 59,389             | -                          | -                  | 324,897                 | 324,897            |
| Foundation and corporate grants   | 4,388                      | -                  | 822,500                 | 826,888            | 17,929                     | -                  | 682,878                 | 700,807            |
| Government grants and contracts   | 944,795                    | -                  | -                       | 944,795            | 846,159                    | -                  | -                       | 846,159            |
| Investment return, net – operating  | 93,662                     | -                  | -                       | 93,662             | 155,142                    | -                  | -                       | 155,142            |
| Rental  | 56,283                     | -                  | -                       | 56,283             | 106,801                    | -                  | -                       | 106,801            |
| Other   | 16,201                     | -                  | -                       | 16,201             | -                          | -                  | -                       | -                  |
| Net assets released from restrictions   | <u>1,591,175</u>           | <u>-</u>           | <u>(1,591,175)</u>      | <u>-</u>           | <u>1,127,977</u>           | <u>-</u>           | <u>(1,127,977)</u>      | <u>-</u>           |
| Total revenue and support   | <u>4,305,906</u>           | <u>-</u>           | <u>(740,675)</u>        | <u>3,565,231</u>   | <u>4,548,954</u>           | <u>-</u>           | <u>(87,702)</u>         | <u>4,461,252</u>   |
| <b>Expenses</b>   |                            |                    |                         |                    |                            |                    |                         |                    |
| Program services  | <u>3,483,208</u>           | <u>-</u>           | <u>-</u>                | <u>3,483,208</u>   | <u>3,383,761</u>           | <u>-</u>           | <u>-</u>                | <u>3,383,761</u>   |
| Supporting activities   |                            |                    |                         |                    |                            |                    |                         |                    |
| Management and general  | 734,393                    | -                  | -                       | 734,393            | 765,619                    | -                  | -                       | 765,619            |
| Fundraising   | <u>51,527</u>              | <u>-</u>           | <u>-</u>                | <u>51,527</u>      | <u>165,322</u>             | <u>-</u>           | <u>-</u>                | <u>165,322</u>     |
| Total supporting activities   | <u>785,920</u>             | <u>-</u>           | <u>-</u>                | <u>785,920</u>     | <u>930,941</u>             | <u>-</u>           | <u>-</u>                | <u>930,941</u>     |
| Total expenses  | <u>4,269,128</u>           | <u>-</u>           | <u>-</u>                | <u>4,269,128</u>   | <u>4,314,702</u>           | <u>-</u>           | <u>-</u>                | <u>4,314,702</u>   |
| Increase (decrease) in net assets before investment return, net-non-operating | 36,778                     | -                  | (740,675)               | (703,897)          | 234,252                    | -                  | (87,702)                | 146,550            |
| Investment return, net – non-operating  | <u>408</u>                 | <u>-</u>           | <u>-</u>                | <u>408</u>         | <u>(84,805)</u>            | <u>-</u>           | <u>-</u>                | <u>(84,805)</u>    |
| Increase (decrease) in net assets   | <u>37,186</u>              | <u>-</u>           | <u>(740,675)</u>        | <u>(703,489)</u>   | <u>149,447</u>             | <u>-</u>           | <u>(87,702)</u>         | <u>61,745</u>      |
| Net assets, beginning of year   | <u>1,726,816</u>           | <u>1,501,354</u>   | <u>1,347,565</u>        | <u>4,575,735</u>   | <u>1,577,369</u>           | <u>1,501,354</u>   | <u>1,435,267</u>        | <u>4,513,990</u>   |
| Net assets, end of year   | <u>\$1,764,002</u>         | <u>\$1,501,354</u> | <u>\$ 606,890</u>       | <u>\$3,872,246</u> | <u>\$1,726,816</u>         | <u>\$1,501,354</u> | <u>\$ 1,347,565</u>     | <u>\$4,575,735</u> |

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Functional Expenses

|                                     | Year Ended September 30 |  |                  |                     |                     |  |                   |                     |
|-------------------------------------|-------------------------|--|------------------|---------------------|---------------------|--|-------------------|---------------------|
|                                     | 2020                    |  |                  |                     | 2019                |  |                   |                     |
|                                     | Program<br>Services     | Supporting Activities<br>Management<br>and |                  |                     | Program<br>Services | Supporting Activities<br>Management<br>and |                   |                     |
| General                             |                         | Fundraising                                | Total            | General             |                     | Fundraising                                | Total             |                     |
| <b>Payroll and related expenses</b> |                         |  |                  |                     |                     |  |                   |                     |
| Salaries and related expenses       | \$ 2,205,981            | \$ 475,354                                 | \$ 29,669        | \$ 2,711,004        | \$ 2,043,520        | \$ 474,204                                 | \$ 61,899         | \$ 2,579,623        |
| Payroll taxes and benefits          | 543,601                 | 82,508                                     | 6,601            | 632,710             | 482,548             | 82,634                                     | 9,535             | 574,717             |
| Total payroll and related expenses  | <u>2,749,582</u>        | <u>557,862</u>                             | <u>36,270</u>    | <u>3,343,714</u>    | <u>2,526,068</u>    | <u>556,838</u>                             | <u>71,434</u>     | <u>3,154,340</u>    |
| <b>Other expenses</b>               |                         |  |                  |                     |                     |  |                   |                     |
| Contracted services                 | 155,933                 | 36,528                                     | 2,922            | 195,383             | 119,081             | 21,104                                     | 69,064            | 209,249             |
| Professional fees                   | 50,789                  | 17,393                                     | 1,391            | 69,573              | 28,460              | 25,944                                     | 750               | 55,154              |
| Occupancy                           | 253,036                 | 83,359                                     | 6,669            | 343,064             | 292,733             | 107,234                                    | 12,373            | 412,340             |
| Insurance                           | 10,463                  | 3,440                                      | 275              | 14,178              | 8,832               | 3,235                                      | 373               | 12,440              |
| Office equipment                    | 5,127                   | 1,624                                      | 130              | 6,881               | 5,692               | 1,951                                      | 225               | 7,868               |
| Office supplies                     | 23,889                  | 3,271                                      | 262              | 27,422              | 36,866              | 5,979                                      | 863               | 43,708              |
| Subscriptions and memberships       | 43,678                  | 9,721                                      | 1,527            | 54,926              | 30,216              | 8,278                                      | 1,564             | 40,058              |
| Subcontractors and client expenses  | 97,717                  | -  | -                | 97,717              | 198,011             | -  | -                 | 198,011             |
| Events and meetings                 | 16,792                  | 1,922                                      | 46               | 18,760              | 28,765              | 9,039                                      | 4,732             | 42,536              |
| Marketing and communications        | 18,836                  | 4,995                                      | 284              | 24,115              | 34,520              | 6,614                                      | 973               | 42,107              |
| Staff development                   | 19,260                  | 1,648                                      | 132              | 21,040              | 26,599              | 1,947                                      | 225               | 28,771              |
| Bank charges and other fees         | 22,653                  | 7,337                                      | 1,196            | 31,186              | 27,789              | 10,086                                     | 1,895             | 39,770              |
| Depreciation and amortization       | 15,453                  | 5,293                                      | 423              | 21,169              | 20,129              | 7,370                                      | 851               | 28,350              |
| Total other expenses                | <u>733,626</u>          | <u>176,531</u>                             | <u>15,257</u>    | <u>925,414</u>      | <u>857,693</u>      | <u>208,781</u>                             | <u>93,888</u>     | <u>1,160,362</u>    |
| <b>Total expenses</b>               | <b>\$ 3,483,208</b>     | <b>\$ 734,393</b>                          | <b>\$ 51,527</b> | <b>\$ 4,269,128</b> | <b>\$ 3,383,761</b> | <b>\$ 765,619</b>                          | <b>\$ 165,322</b> | <b>\$ 4,314,702</b> |

See notes to financial statements.

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Statement of Cash Flows**

|   | <b>Year Ended</b>         |                           |
|---|---------------------------|---------------------------|
|   | <b>September 30</b>       |                           |
|   | <u><b>2020</b></u>        | <u><b>2019</b></u>        |
| <b>Cash flows from operating activities</b>   |                           |                           |
| Increase (decrease) in net assets   | \$ (703,489)              | \$ 61,745                 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities |                           |                           |
| Depreciation and amortization   | 21,169                    | 28,350                    |
| Realized (gain) on sale of investments  | (46,796)                  | (107,914)                 |
| Unrealized (gain) loss on investments   | (408)                     | 84,805                    |
| Donated securities  | -                         | (15,336)                  |
| Sale of donated securities  | -                         | 15,336                    |
| (Increase) decrease in assets   |                           |                           |
| Foundation grants and pledges receivable  | 322,746                   | 137,856                   |
| Consulting fees receivable  | (76,148)                  | 389,413                   |
| Government grants receivable  | (43,122)                  | (28,302)                  |
| Accrued interest receivable   | 4,841                     | (5,654)                   |
| Prepaid expenses and other assets   | 58,508                    | (63,909)                  |
| Increase (decrease) in liabilities  |                           |                           |
| Accounts payable and accrued expenses   | (122,489)                 | (28,782)                  |
| Unearned revenue  | (32,749)                  | 58,841                    |
| Net cash provided by (used in) operating activities   | <u>(617,937)</u>          | <u>526,449</u>            |
| <b>Cash flows from investing activities</b>   |                           |                           |
| Purchases of property and equipment   | (4,116)                   | (12,282)                  |
| Proceeds from the maturity of certificates of deposit   | 732,000                   | 971,394                   |
| Purchases of certificates of deposit  | (12,326)                  | (1,013,000)               |
| Proceeds from sales of investments  | 181,154                   | 278,472                   |
| Purchases of investments  | (183,266)                 | (262,138)                 |
| Net cash provided by (used in) investing activities   | <u>713,446</u>            | <u>(37,554)</u>           |
| <b>Cash flows from financing activities</b>   |                           |                           |
| Proceeds from loan payable  | <u>587,241</u>            | <u>-</u>                  |
| Net increase in cash and cash equivalents   | <b>682,750</b>            | <b>488,895</b>            |
| <b>Cash and cash equivalents, beginning of year</b>   | <u><b>1,902,363</b></u>   | <u><b>1,413,468</b></u>   |
| <b>Cash and cash equivalents, end of year</b>   | <u><b>\$2,585,113</b></u> | <u><b>\$1,902,363</b></u> |

See notes to financial statements.

**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements  
September 30, 2020 and September 30, 2019****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. 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.

**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements (continued)  
September 30, 2020 and September 30, 2019****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, 2020 and September 30, 2019, 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, 2020 and September 30, 2019, CRE has an allowance of approximately \$120,000 and \$105,000, 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, 2020 and September 30, 2019****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, 2020 and September 30, 2019, donated services consisted of legal services totaling \$42,873 and \$13,354, 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, 2020 and September 30, 2019****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, 2020. 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.

**Risks and uncertainties**

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the coronavirus (COVID-19). The economic impact of the coronavirus on CRE's future financial operations is not readily determinable.

**Subsequent events**

CRE has evaluated subsequent events and transactions for potential recognition or disclosure through January 12, 2021, which is the date the financial statements were available to be issued.

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)**  
**September 30, 2020 and September 30, 2019**

**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, 2020 and 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:

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| Financial assets   |                     |                     |
| Cash and cash equivalents  | \$ 2,585,113        | \$ 1,902,363        |
| Certificates of deposit  | 796,601             | 1,516,275           |
| Investments, at fair value   | 718,653             | 669,337             |
| Foundation grants and pledges receivable                                 | 199,909             | 522,655             |
| Consulting fees receivable, net  | 378,196             | 302,048             |
| Government grants receivable   | 131,742             | 88,620              |
| Accrued interest receivable  | 4,160               | 9,001               |
| Total financial assets   | <u>4,814,374</u>    | <u>5,010,299</u>    |
| Less: Board designated net assets  | (1,501,354)         | (1,501,354)         |
| Receivables expected to be collected after<br>the subsequent fiscal year | -                   | (6,000)             |
| Total  | <u>\$ 3,313,020</u> | <u>\$ 3,502,945</u> |

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

Investments, at fair value, consisted of the following as of September 30, 2020 and September 30, 2019:

|                       | <u>2020</u> |                   | <u>2019</u> |                   |
|-----------------------|-------------|-------------------|-------------|-------------------|
|                       | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> |
| Exchange traded funds | \$ 627,566  | \$ 718,653        | \$ 578,658  | \$ 669,337        |

Investment return, net, consisted of the following for the years ended September 30, 2020 and September 30, 2019:

|                           | <u>2020</u>      | <u>2019</u>      |
|---------------------------|------------------|------------------|
| Interest and dividends    | \$ 51,771        | \$ 52,415        |
| Unrealized gains (losses) | 408              | (84,805)         |
| Realized gains            | 46,796           | 107,914          |
| Fees                      | (4,905)          | (5,187)          |
| Total                     | <u>\$ 94,070</u> | <u>\$ 70,337</u> |

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2020 and September 30, 2019**

**Note 4 – Investments, at fair value (continued)**

Investment return, net, is summarized as follows for the years ended September 30, 2020 and September 30, 2019:

|  | <u>2020</u>      | <u>2019</u>      |
|--|------------------|------------------|
| Investment return, net – operating     | \$ 93,662        | \$ 155,442       |
| Investment return, net – non-operating | <u>408</u>       | <u>(84,805)</u>  |
| Total                                  | <u>\$ 94,070</u> | <u>\$ 70,337</u> |

**Note 5 – Government grants receivable**

Government grants receivable as of September 30, 2020 and September 30, 2019 consist of amounts due from the City of New York Department of Youth and Community Development for \$131,742 and \$88,620, respectively. The government grants and contracts receivable at September 30, 2020 are expected to be collected in 2021.

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, 2020 and September 30, 2019:

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| Ford Foundation                                  | \$ -              | \$ 30,750         |
| Korean American Community Foundation             | 31,943            | 17,728            |
| Mary J. Hutchins Foundation                      | -                 | 50,000            |
| New York Community Trust                         | -                 | 65,000            |
| New York Foundation                              | -                 | 13,464            |
| New York Life Foundation                         | -                 | 150,000           |
| Research Foundation of the City University of NY | -                 | 9,949             |
| Robert Sterling Clark Foundation                 | 82,500            | 82,500            |
| Other  | <u>85,466</u>     | <u>103,264</u>    |
| Total  | <u>\$ 199,909</u> | <u>\$ 522,655</u> |

**COMMUNITY RESOURCE EXCHANGE, INC.**

**Notes to Financial Statements (continued)  
September 30, 2020 and September 30, 2019**

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

As of September 30, 2020 and September 30, 2019, property and equipment and accumulated depreciation and amortization were as follows:

|  | <u>2020</u>      | <u>2019</u>      |
|--|------------------|------------------|
| Leasehold improvements                         | \$ 201,615       | \$ 201,615       |
| Office equipment and furniture                 | <u>174,709</u>   | <u>170,593</u>   |
|  | 376,324          | 372,208          |
| Less accumulated depreciation and amortization | <u>365,816</u>   | <u>344,647</u>   |
| Total property and equipment, net              | <u>\$ 10,508</u> | <u>\$ 27,561</u> |

**Note 8 – Loan payable**

In April 2020, CRE applied for and received \$587,241 under the Paycheck Protection Program (“PPP”) which is a business loan program established under the Coronavirus Aid, Relief and Economic Security Act. CRE has elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and CRE is legally released. CRE believes it has spent all of the proceeds in accordance with the terms of PPP loan program and expects to have the loan forgiven in its entirety during the 2021 fiscal year. Any amounts not forgiven are subject to interest at a fixed rate of .98% for a two-year term.

**Note 9 – Net assets with donor restrictions**

As of September 30, 2020 and September 30, 2019, net assets with donor restrictions consisted of the following:

|                      | <u>2020</u>       | <u>2019</u>        |
|----------------------|-------------------|--------------------|
| Program restrictions | \$ 257,779        | \$1,078,453        |
| Time restrictions    | <u>349,111</u>    | <u>269,112</u>     |
| Total                | <u>\$ 606,890</u> | <u>\$1,347,565</u> |

**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 \$97,790 and \$98,280 for the years ended September 30, 2020 and September 30, 2019, respectively.

**COMMUNITY RESOURCE EXCHANGE, INC.****Notes to Financial Statements (continued)  
September 30, 2020 and September 30, 2019****Note 11 – Commitments**

During May 2020, CRE extended the term of its office lease for a period of three months which expired August 6, 2020 and is now leasing the space on a month-to-month basis. The rental expense for CRE for the years ended September 30, 2020 and September 30, 2019 was approximately \$330,000 and \$359,000. 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 a subtenant whose license agreement expired March 31, 2020 is now subletting on a month-to-month basis. At September 30, 2020 and September 30, 2019, the license rental revenue associated with these agreements totaled \$45,470 and \$80,827, respectively, and is included in rental revenue on the statement of activities.

**Note 12 – 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.