

**Community Resource Exchange, Inc.**

**Financial Statements**

**September 30, 2007**



O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

## Independent Auditors' Report

### Board of Directors Community Resource Exchange, Inc.

We have audited the accompanying statement of financial position of Community Resource Exchange, Inc. ("CRE") as of September 30, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of CRE's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from CRE's fiscal 2006 financial statements and, in our report dated January 2, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the changes in its net assets and in its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*O'Connor Davies Munns & Dobbins, LLP*

February 11, 2008  
New York, New York

**Community Resource Exchange, Inc.**

Statement of Financial Position

September 30, 2007

(With comparative amounts at September 30, 2006)

	Unrestricted							
	Operating Fund	Board Designated Funds	Total	Temporarily Restricted	2007 Total	2006 Total		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 876,905	\$ 127,910	\$ 1,004,815	\$ -	\$ 1,004,815	\$ 1,132,284		
Investments	-	1,546,050	1,546,050	-	1,546,050	1,713,321		
Accrued interest receivable	-	14,807	14,807	-	14,807	15,022		
Grants receivable	1,120	-	1,120	-	1,120	200,000		
Government grants and contracts receivable	140,506	-	140,506	-	140,506	370,323		
Foundation contracts and consulting fees receivable	302,332	-	302,332	-	302,332	389,057		
Interfund (payable) receivable	(281,782)	(36,502)	(318,284)	318,284	-	-		
Prepaid expenses and other assets	54,929	-	54,929	8,000	62,929	55,097		
Leasehold improvements and office equipment, net	246,158	-	246,158	-	246,158	272,400		
	<u>\$ 1,340,168</u>	<u>\$ 1,652,265</u>	<u>\$ 2,992,433</u>	<u>\$ 326,284</u>	<u>\$ 3,318,717</u>	<u>\$ 4,147,504</u>		
<b>LIABILITIES AND NET ASSETS</b>								
Liabilities								
Accounts payable and accrued expenses	\$ 128,026	-	\$ 128,026	\$ -	\$ 128,026	\$ 182,330		
Deferred revenue	41,654	-	41,654	-	41,654	110,084		
Total Liabilities	169,680	-	169,680	-	169,680	292,414		
Net Assets								
Unrestricted	1,170,488	1,652,265	2,822,753	-	2,822,753	2,727,309		
Temporarily restricted	-	-	-	326,284	326,284	1,127,781		
Total Net Assets	1,170,488	1,652,265	2,822,753	326,284	3,149,037	3,855,090		
	<u>\$ 1,340,168</u>	<u>\$ 1,652,265</u>	<u>\$ 2,992,433</u>	<u>\$ 326,284</u>	<u>\$ 3,318,717</u>	<u>\$ 4,147,504</u>		

See notes to financial statements

**Community Resource Exchange, Inc.**

Statement of Activities

Year Ended September 30, 2007

(With summarized totals for the year ended September 30, 2006)

	Unrestricted		Board		Temporarily	2007	2006
	Operating	Designated	Total	Restricted	2007	Total	Total
	Fund	Funds			Total		
<b>PUBLIC SUPPORT AND REVENUE</b>							
Foundation and corporate grants	\$ 188,600	\$ -	\$ 188,600	\$ 21,450	\$ 210,050	\$ 964,661	
Government grants and contracts	1,205,871	-	1,205,871	-	1,205,871	3,447,505	
Individual contributions	279,792	-	279,792	10,000	289,792	81,037	
Foundation contracts and consulting fees	887,056	-	887,056	117,461	1,004,517	1,191,541	
In-kind contributions	-	-	-	-	-	7,658	
Investment income	91,263	-	91,263	-	91,263	59,543	
Interest income	18,498	-	18,498	-	18,498	20,555	
Conference room rentals	21,387	-	21,387	-	21,387	6,458	
Sale of publications	2,133	-	2,133	-	2,133	4,820	
Special events, net of costs of \$4,096	9,279	-	9,279	-	9,279	173,938	
Net assets released from restrictions	950,408	-	950,408	(950,408)	-	-	
<b>Total Public Support and Revenue</b>	<b>3,654,287</b>	<b>-</b>	<b>3,654,287</b>	<b>(801,497)</b>	<b>2,852,790</b>	<b>5,957,716</b>	
<b>EXPENSES</b>							
Program services	2,764,010	-	2,764,010	-	2,764,010	4,391,095	
Management and general	723,373	-	723,373	-	723,373	687,860	
Fundraising	71,460	-	71,460	-	71,460	113,640	
<b>Total Expenses</b>	<b>3,558,843</b>	<b>-</b>	<b>3,558,843</b>	<b>-</b>	<b>3,558,843</b>	<b>5,192,595</b>	
Change in Net Assets Before Interfund Transfers	95,444	-	95,444	(801,497)	(706,053)	765,121	
Interfund transfers	95,448	(95,448)	-	-	-	-	
Change in Net Assets	190,892	(95,448)	95,444	(801,497)	(706,053)	765,121	
<b>NET ASSETS</b>							
Beginning of year	979,596	1,747,713	2,727,309	1,127,781	3,855,090	3,089,969	
End of year	\$ 1,170,488	\$ 1,652,265	\$ 2,822,753	\$ 326,284	\$ 3,149,037	\$ 3,855,090	

**Community Resource Exchange, Inc.**

Statement of Functional Expenses

Year Ended September 30, 2007

(With summarized totals for the year ended September 30, 2006)

	Program Services	Management and General	Fundraising	2007 Total	2006 Total
<b>PERSONNEL</b>					
Salaries and related expenses	\$ 1,584,513	\$ 474,560	\$ 48,857	\$ 2,107,930	\$ 1,963,981
Employee benefits	<u>382,623</u>	<u>111,413</u>	<u>11,010</u>	<u>505,046</u>	<u>458,429</u>
Total Personnel Costs	1,967,136	585,973	59,867	2,612,976	2,422,410
<b>OTHER THAN PERSONNEL COSTS</b>					
Conferences and meetings	23,095	11,634	-	34,729	26,109
Consultants	342,420	31,265	602	374,287	203,345
Professional fees	-	22,250	-	22,250	34,314
Office equipment and supplies	36,315	10,575	1,045	47,935	64,674
Physical facilities, including rent, utilities and insurance	200,593	29,864	2,951	233,408	222,149
Staff and leadership development	26,984	1,188	5,530	33,702	18,218
Travel	4,345	506	-	4,851	10,703
Communications	17,237	5,019	496	22,752	30,041
Materials including printing and publications	36,009	15,291	-	51,300	85,983
Depreciation	33,682	9,808	969	44,459	41,098
Small grants and re-grants	<u>76,194</u>	<u>-</u>	<u>-</u>	<u>76,194</u>	<u>2,033,551</u>
Total Expenses	<u>\$ 2,764,010</u>	<u>\$ 723,373</u>	<u>\$ 71,460</u>	<u>\$ 3,558,843</u>	<u>\$ 5,192,595</u>

See notes to financial statements

**Community Resource Exchange, Inc.**

Statement of Cash Flows

Year Ended September 30, 2007

(With comparative amounts for the year ended September 30, 2006)

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (706,053)	\$ 765,121
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	44,459	41,098
Unrealized gain on investments	(5,726)	(203)
Changes in operating assets and liabilities		
Accrued interest receivable	215	3,052
Grants receivable	198,880	(80,000)
Government grants and contracts receivable	229,817	(229,243)
Foundation contracts and consulting fees receivable	86,725	260,690
Prepaid expenses and other current assets	(7,832)	67,768
Accounts payable and accrued expenses	(54,304)	68,971
Deferred revenue	(68,430)	110,084
	<u>(282,249)</u>	<u>1,007,338</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of leasehold improvements and equipment	(18,220)	(198,764)
Purchase of investments	(872,000)	(1,234,000)
Sales and redemption of investments	1,045,000	1,085,414
	<u>154,780</u>	<u>(347,350)</u>
Net Cash Provided (Used) by Investing Activities		
	(127,469)	659,988
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>1,132,284</u>	<u>472,296</u>
End of year	<u>\$ 1,004,815</u>	<u>\$ 1,132,284</u>

See notes to financial statements

## Community Resource Exchange, Inc.

### Notes to Financial Statements

#### 1. Organization and Taxation

Community Resource Exchange, Inc. ("CRE") is a not-for-profit corporation that supports non-profit organizations in the New York City region through management and technical assistance, research on capacity building, information and resources. CRE is a charitable organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

#### 2. Summary of Significant Accounting Policies

##### *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### *Basis of Presentation*

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CRE and changes therein are classified as permanently restricted, temporarily restricted or unrestricted. CRE did not have any permanently restricted net assets.

##### *Cash and Cash Equivalents*

For the purposes of the statements of cash flows, CRE considers all money market funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

##### *Investments*

Investments consist of corporate bonds which are reported at fair value determined on the basis of quoted market values.

##### *Leasehold Improvements and Office Equipment*

Office equipment and furniture acquisitions are stated at cost and depreciated on a straight line basis over their estimated useful lives. 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.

# Community Resource Exchange, Inc.

## Notes to Financial Statements

### 2. Summary of Significant Accounting Policies *(continued)*

#### *Promises to Give*

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

#### *Revenue Recognition*

Revenues from government contracts and grants are recognized when costs are incurred or other services are performed and requisitions for reimbursements are submitted.

#### *Summarized Prior-Period Information*

The financial statements include certain prior year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CRE's financial statements for the year ended September 30, 2007, from which the summarized information was derived.

### 3. Investments

The cost and fair value of investments held at September 30, 2007 and 2006 were as follows:

	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Corporate bonds	<u>\$ 1,552,000</u>	<u>\$ 1,546,050</u>	<u>\$ 1,725,000</u>	<u>\$ 1,713,321</u>

## Community Resource Exchange, Inc.

### Notes to Financial Statements

#### 4. Government Grants and Contracts Receivable

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

	<u>2007</u>	<u>2006</u>
Department of Youth and Community Development / LANY	\$ 40,613	\$ 17,156
The City of New York Department for the Aging	82,413	8,724
U.S. Department of Health and Human Services Medical and Health Research Association of New York City, Inc.	-	237,074
U.S. Department of Health and Human Services Office of Minority Health	<u>17,480</u>	<u>107,369</u>
	<u>\$ 140,506</u>	<u>\$ 370,323</u>

#### 5. Foundation Contracts and Consulting Fees Receivable

Foundation contracts and consulting fees receivable consist of the following as of September 30:

	<u>2007</u>	<u>2006</u>
New York City Center for Charter School Excellence/OWN	\$ -	\$ 10,000
Charles Hayden Foundation	3,238	-
Enterprise Foundation	-	30,750
Fund for Social Change	4,381	4,381
New York Community Trust	15,334	460
Partnership for After School Education	12,127	-
YOUTH, Inc.	31,605	11,940
United Neighborhood Houses	4,272	4,049
Union Square Awards	13,431	11,659
United Way of New York City	22,935	-
Other foundation contracts	-	6,004
Consulting fees	<u>195,009</u>	<u>309,814</u>
	<u>\$ 302,332</u>	<u>\$ 389,057</u>

**Community Resource Exchange, Inc.**

Notes to Financial Statements

**6. Leasehold Improvements and Office Equipment**

Leasehold improvements and office equipment consists of the following at September 30:

	<u>2007</u>	<u>2006</u>
Leasehold improvements	\$ 184,490	\$ 174,490
Office equipment / furniture	<u>186,440</u>	<u>178,222</u>
	370,930	352,712
Accumulated depreciation	<u>124,772</u>	<u>80,312</u>
	<u>\$ 246,158</u>	<u>\$ 272,400</u>

**7. Temporarily Restricted Net Assets**

As of September 30, 2007 and 2006, temporarily restricted net assets consisted of the following:

	<u>2007</u>	<u>2006</u>
Purpose restriction:		
Student Intern Program	\$ 578	\$ 30,000
Fundraising Institute (with CUNY)	102,250	361,456
Projects under CRE's Community and Sector Initiative	75,000	246,640
Documentation of CRE's Leadership Caucus	5,000	5,000
Workplans with Brooklyn Youth organizations	-	27,912
CRE's "Reality Checks" Small Grants Program	14,261	78,533
Equipment, office and Conference Center development	-	11,912
Consulting work with funder-designated client organizations	114,195	167,578
	<u>15,000</u>	<u>198,750</u>
Time restriction:		
	<u>15,000</u>	<u>198,750</u>
Total	<u>\$ 326,284</u>	<u>\$ 1,127,781</u>

## Community Resource Exchange, Inc.

### Notes to Financial Statements

#### 7. Temporarily Restricted Net Assets *(continued)*

Certain programs carried on by CRE are funded by third party contributions or grants. The use of these funds is restricted to the designated program for which the revenue was received. During the years ended September 30, 2007 and 2006, approximately \$149,000 and \$955,000 were secured to provide consulting services to build the capacity of community-based organizations, to operate a small grant program, to support the publication of an article about CRE's leadership development program, to support the development of CRE's Community and Sector Initiatives, to support a multi-year collaboration with CUNY to train program staff in youth-serving organizations in fund development, and to support CRE's development of a Community Conference Center. To carry out these programs and activities, approximately \$950,400 and \$470,000, respectively, of program related expenses were incurred by CRE during the year ended September 30, 2007 and 2006 and were therefore released from restrictions.

#### 8. Concentration of Credit Risk and Other Financial Information

CRE makes short-term investments in money market accounts. Balances usually exceed the maximum coverage provided by the Federal Deposit Insurance Corporation (FDIC) on insured depositor accounts.

CRE has significant investments in corporate bonds in major banks and is therefore subject to concentrations of credit risk. Investments are made by investment managers engaged by CRE and investments are monitored for CRE by an investment advisor.

#### 9. Employee Benefit Plan

CRE has a 403(b) and 457(b) plan available to its employees. The 403(b) plan covers all employees with a minimum of one year of service. The 457(b) covers employees with a minimum of 20 years of service. CRE voluntarily decides the size of its contribution. CRE contributions amounted to approximately \$97,465 and \$83,171 for the years ended September 30, 2007 and 2006, respectively.

Community Resource Exchange, Inc.

Notes to Financial Statements

10. Board Designated Funds

Board designated funds consisted of the following at September 30,

	<u>2007</u>	<u>2006</u>
Reserve Fund - for use only at the Board's discretion to handle shortfalls in funding	\$ 534,700	\$ 614,700
Program Expansion Fund - for use in supporting future program expansions	1,094,713	1,094,713
Capital Fund	<u>22,852</u>	<u>38,300</u>
	<u>\$ 1,652,265</u>	<u>\$ 1,747,713</u>

11. Lease Commitment

CRE's lease for office space expires on May 7, 2020. During fiscal year 2007 CRE made an addendum to the original lease agreement, which has been reflected in financial statements. The rental expense for CRE for the years ended September 30, 2007 and 2006 was approximately \$200,000 and \$189,598, respectively. Future minimum annual rental payments for the operating lease through the expiration of the lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 213,898
2009	219,245
2010	224,727
2011	230,345
2012	236,104
2013-2020	<u>2,213,653</u>
	<u>\$ 3,337,972</u>