COMMUNITY RESOURCE EXCHANGE, INC.

Financial Statements
For the Years Ended
September 30, 2023
and
September 30, 2022

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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, 2023 and September 30, 2022 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, 2023 and September 30, 2022, 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.

Gordon O'Meara McGinty + Donnelly LLP

February 20, 2024

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Financial Position

Assets

	September 30	
	2023	2022*
Assets		
Cash and cash equivalents	$1,413,145	$1,592,645
Certificates of deposit	853,143	1,551,210
Investments, at fair value	1,636,683	641,572
Foundation grants and unconditional promises to give	386,149	218,654
Consulting fees receivable, net	195,127	314,486
Government grants receivable	19,143	174,842
Accrued interest receivable	6,784	3,193
Prepaid expenses and other assets	65,659	126,906
Property and equipment, at cost, net	3,450	3,926
Total assets	**$4,579,283**	**$4,627,434**

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	$ 295,576	$ 298,590
Unearned revenue	49,346	217,681
Total liabilities	344,922	516,271
Net assets		
Without donor restrictions		
Operating	2,036,583	1,974,858
Board designated	1,501,354	1,501,354
Total without donor restrictions	3,537,937	3,476,212
With donor restrictions	696,424	634,951
Total net assets	4,234,361	4,111,163
Total liabilities and net assets	**$4,579,283**	**$4,627,434**

* Restated

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Activities

	Year Ended September 30							
	2023				2022*			
	Without Donor Restrictions				Without Donor Restrictions			
	Operating	Board Designated	With Donor Restrictions	Total	Operating	Board Designated	With Donor Restrictions	Total
Revenue and support								
Consulting fees	$ 1,466,672	$ -	$ -	$ 1,466,672	$1,761,612	$ -	$ -	$1,761,612
Contributions of cash and other financial assets	104,383	-	47,493	151,876	145,611	-	-	145,611
Contributions of nonfinancial assets	8,400	-	-	8,400	8,079	-	-	8,079
Foundation and corporate grants	58,626	-	831,370	889,996	4,295	-	890,292	894,587
Government grants and contracts	659,843	-	-	659,843	1,262,845	-	-	1,262,845
Investment return, net – operating	90,559	-	-	90,559	68,156	-	-	68,156
Employee retention credits	687,689	-	-	687,689	-	-	-	-
Other	7,986	-	-	7,986	5,572	-	-	5,572
Net assets released from restrictions	817,390	-	(817,390)	-	932,820	-	(932,820)	-
Total revenue and support	3,901,548	-	61,473	3,963,021	4,188,990	-	(42,528)	4,146,462
Expenses								
Program services	3,239,328	-	-	3,239,328	3,264,392	-	-	3,264,392
Supporting activities								
Management and general	616,122	-	-	616,122	650,798	-	-	650,798
Fundraising	37,833	-	-	37,833	45,883	-	-	45,883
Total supporting activities	653,955	-	-	653,955	696,681	-	-	696,681
Total expenses	3,893,283	-	-	3,893,283	3,961,073	-	-	3,961,073
Increase (decrease) in net assets before investment return, net-non-operating	8,265	-	61,473	69,738	227,917	-	(42,528)	185,389
Investment return, net – non-operating	53,460	-	-	53,460	(262,545)	-	-	(262,545)
Increase (decrease) in net assets	**61,725**	**-**	**61,473**	**123,198**	**(34,628)**	**-**	**(42,528)**	**(77,156)**
Net assets, beginning of year	**1,974,858**	**1,501,354**	**634,951**	**4,111,163**	**2,009,486**	**1,501,354**	**677,479**	**4,188,319**
Net assets, end of year	**$ 2,036,583**	**$ 1,501,354**	**$ 696,424**	**$ 4,234,361**	**$1,974,858**	**$1,501,354**	**$ 634,951**	**$4,111,163**

* Restated

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Functional Expenses

	Year Ended September 30							
	2023				2022			
		Supporting Activities				Supporting Activities		
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Payroll and related expenses								
Salaries and related expenses	$ 2,098,365	$ 487,750	$ 27,934	$ 2,614,049	$ 2,280,132	$ 495,599	$ 32,908	$ 2,808,639
Payroll taxes and benefits	550,526	46,489	1,953	598,968	555,118	57,335	2,170	614,623
Total payroll and related expenses	2,648,891	534,239	29,887	3,213,017	2,835,250	552,934	35,078	3,423,262
Other expenses								
Contracted services	191,793	13,156	555	205,504	122,121	25,291	958	148,370
Professional fees	30,786	5,687	237	36,710	26,702	5,898	223	32,823
Occupancy	63,469	11,580	489	75,538	49,725	10,983	416	61,124
Insurance	17,254	3,147	133	20,534	14,947	3,302	126	18,375
Office supplies	25,031	1,031	44	26,106	19,188	383	13	19,584
Subscriptions and memberships	65,468	9,009	4,751	79,228	63,933	8,352	5,856	78,141
Subcontractors and client expenses	61,169	-	-	61,169	51,700	-	-	51,700
Events and meetings	35,775	3,178	667	39,620	14,626	2,563	389	17,578
Marketing and communications	7,658	811	121	8,590	6,122	583	1,522	8,227
Staff development	68,685	10,053	494	79,232	30,175	3,904	148	34,227
Bank charges and other fees	21,170	3,833	438	25,441	25,266	5,581	1,115	31,962
Depreciation and amortization	2,179	398	17	2,594	4,637	1,024	39	5,700
Uncollectable accounts	-	20,000	-	20,000	-	30,000	-	30,000
Total other expenses	590,437	81,883	7,946	680,266	429,142	97,864	10,805	537,811
Total expenses	**$ 3,239,328**	**$ 616,122**	**$ 37,833**	**$ 3,893,283**	**$ 3,264,392**	**$ 650,798**	**$ 45,883**	**$ 3,961,073**

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Statement of Cash Flows

	Year Ended September 30	
	2023	2022
Cash flows from operating activities		
Increase (decrease) in net assets	$ 123,198	$ (77,156)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	2,594	5,700
Forgiveness of loan	-	(587,242)
Realized (gain) on sale of investments	(49,256)	(32,899)
Unrealized (gain) loss on investments	(53,460)	262,545
Donated securities	(27,255)	(25,227)
Sale of donated securities	27,255	25,227
(Increase) decrease in assets		
Foundation grants and unconditional promises to give	(167,495)	72,769
Consulting fees receivable	119,359	122,145
Government grants receivable	155,699	(112,215)
Accrued interest receivable	(3,591)	1,554
Prepaid expenses and other assets	61,247	(16,539)
(Decrease) in liabilities		
Accounts payable and accrued expenses	(3,014)	(67,086)
Unearned revenue	(168,335)	(193,777)
Net cash provided by (used in) operating activities	16,946	(622,201)
Cash flows from investing activities		
Purchases of property and equipment	(2,118)	(1,399)
Proceeds from the maturity of certificates of deposit	751,295	446,000
Purchases of certificates of deposit	(23,034)	(343,856)
Proceeds from sales of investments	117,247	110,657
Purchases of investments	(1,039,836)	(123,621)
Net cash provided by (used in) investing activities	(196,446)	87,781
Net (decrease) in cash and cash equivalents	**(179,500)**	**(534,420)**
Cash and cash equivalents, beginning of year	**1,592,645**	**2,127,065**
Cash and cash equivalents, end of year	**$1,413,145**	**$1,592,645**

See notes to financial statements.

COMMUNITY RESOURCE EXCHANGE, INC.

Notes to Financial Statements
September 30, 2023 and September 30, 2022

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, 2023 and September 30, 2022

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. At September 30, 2023 and September 30, 2022, 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.

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, 2023 and September 30, 2022, CRE has an allowance of approximately $143,000 and $130,000, 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 all expenditures for property and equipment in excess of $1,000 with a useful life greater than one year.

Note 2 – Summary of significant accounting policies (continued)

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.

Contributions of nonfinancial assets

CRE recognizes donated services which have an ascertainable value and are an integral part of CRE's programs and supporting activities. For the fiscal years ended September 30, 2023 and September 30, 2022, donated services consisted of legal services totaling $8,400 and $3,088, respectively. Legal services are value and reported at the estimated fair value based on current rates for similar legal services. The legal services were from attorneys for administrative issues. CRE also received other miscellaneous contributed nonfinancial assets in 2022 valued at $4,991.

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, 2023. CRE regularly monitors the collectability of its receivables. Accordingly, CRE believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, certificates of deposit, investments and receivables.

COMMUNITY RESOURCE EXCHANGE, INC.

Notes to Financial Statements (continued)
September 30, 2023 and September 30, 2022

Note 2 – Summary of significant accounting policies (continued)

Restatement

A $150,000 fiscal year 2021 contribution was originally recorded as being without donor restrictions. The contribution did have donor restrictions and accordingly, the net assets for the earliest year presented have been restated to reflect the contribution as such. This restatement did not have any effect on net assets in total.

Subsequent events

CRE has evaluated subsequent events and transactions for potential recognition or disclosure through February 20, 2024, which is the date the financial statements were available to be issued.

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, 2023 and September 30, 2022, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditure were as follows:

	2023	2022
Financial assets		
Cash and cash equivalents	$ 1,413,145	$ 1,592,645
Certificates of deposit	853,143	1,551,210
Investments, at fair value	1,636,683	641,572
Foundation grants and unconditional promises to give	386,149	218,654
Consulting fees receivable, net	195,127	314,486
Government grants receivable	19,143	174,842
Accrued interest receivable	6,784	3,193
Total financial assets	4,510,174	4,496,602
Less: Board designated net assets	1,501,354	1,501,354
Total	$ 3,008,820	$ 2,995,248

At September 30, 2023 and September 30, 2022, CRE had Board-designated net assets of $1,501,354 which are available for general expenditure with Board approval.

COMMUNITY RESOURCE EXCHANGE, INC.

Notes to Financial Statements (continued)
September 30, 2023 and September 30, 2022

Note 4 – Investments, at fair value

Investments, at fair value, consisted of the following as of September 30, 2023 and September 30, 2022:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Exchange-traded funds - equity	$ 698,887	$ 739,836	$ 638,448	$ 641,572
U.S. Treasuries	911,407	896,847	-	-
Total	$1,610,294	$1,636,683	$ 638,448	$ 641,572

Investment return, net, consisted of the following for the years ended September 30, 2023 and September 30, 2022:

	2023	2022
Interest and dividends	$ 46,615	$ 40,649
Unrealized gain (loss)	53,460	(262,545)
Realized gain on sales of investments	49,256	32,899
Fees	(5,312)	(5,392)
Total	$ 144,019	$ (194,389)

Investment return, net, is summarized as follows for the years ended September 30, 2023 and September 30, 2022:

	2023	2022
Investment return, net – operating	$ 90,559	$ 68,156
Investment return, net – non-operating	53,460	(262,545)
Total	$ 144,019	$ (194,389)

Note 5 – Government grants receivable

Government grants receivable as of September 30, 2023 and September 30, 2022 consist of amounts due from the City of New York Department of Youth and Community Development for $19,143 and $174,842, respectively. The government grants and contracts receivable at September 30, 2023 are expected to be collected in 2024.

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.

COMMUNITY RESOURCE EXCHANGE, INC.

Notes to Financial Statements (continued)
September 30, 2023 and September 30, 2022

Note 6 – Foundation grants and unconditional promises to give

Foundation grants and unconditional promises to give consisted of the following as of September 30, 2023 and September 30, 2022:

	2023	2022
William T. Grant Foundation	$ 153,330	$ 32,500
Robert Sterling Clark Foundation	82,500	165,000
Korean American Community Foundation	70,765	-
Mary J. Hutchins Foundation	50,000	-
Wallace Foundation	14,361	-
Other	15,193	21,154
Total	$ 386,149	$ 218,654

Note 7 – Property and equipment, net

As of September 30, 2023 and September 30, 2022, property and equipment and accumulated depreciation and amortization were as follows:

	2023	2022
Leasehold improvements	$ 201,615	$ 201,615
Office equipment and furniture	182,815	180,697
	384,430	382,312
Less accumulated depreciation and amortization	380,980	378,386
Total property and equipment, net	$ 3,450	$ 3,926

Note 8 – Loan payable

On February 22, 2021, CRE received a second Paycheck Protection Program loan totaling $587,242, under similar terms as the first PPP loan CRE received. CRE elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and CRE is legally released. On November 16, 2021, the SBA authorized the second PPP loan to be forgiven and it is considered paid in full. As a result, has recorded the loan as part of government grants and contracts revenue in the 2022 statement of activities.

COMMUNITY RESOURCE EXCHANGE, INC.

Notes to Financial Statements (continued)
September 30, 2023 and September 30, 2022

Note 9 – Net assets with donor restrictions

As of September 30, 2023 and September 30, 2022, net assets with donor restrictions consisted of the following:

	2023	2022
Program restrictions	$ 328,071	$ 333,964
Time restrictions	368,353	300,987
Total	$ 696,424	$ 634,951

For the years ended September 30, 2023 and September 30, 2022, net assets released from restrictions consisted of the following:

	2023	2022
Program restrictions	$ 569,473	$ 647,593
Time restrictions	247,917	285,227
Total	$ 817,390	$ 932,820

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 and $113,000 for the years ended September 30, 2023 and September 30, 2022, respectively.

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 May 2020, CRE extended the term of its existing office lease for a period of three months which expired August 6, 2020 and leased the space on a month-to-month basis until June 2023. The rental expense for CRE for the years ended September 30, 2023 and September 30, 2022 was approximately $45,000 and $61,000. CRE had a $33,333 security deposit with the landlord which is included in prepaid expenses and other assets on the 2022 statement of financial position. During August 2023, the security deposit was returned to CRE.

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 $10,000.

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.