



RESOURCE EXCHANGE INTERNATIONAL

RESOURCE EXCHANGE INTERNATIONAL, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Resource Exchange International, Inc.
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of Resource Exchange International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Resource Exchange International, Inc. as of December 31, 2022 and 2021, and the changes in its net assets 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Resource Exchange International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Resource Exchange International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITORS' REPORT – CONTINUED
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Auditors' 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 auditors' 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, including omissions, 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 Resource Exchange International Inc.'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 Resource Exchange International Inc.'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.

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Emphasis of Matter

Adoption of New Accounting Standard

As discussed in the notes to the financial statements, in 2022, Resource Exchange International, Inc. adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). Our conclusion is not modified with respect to these matters.

Erickson, Brown & Kloster, LLC

Colorado Springs, Colorado
May 8, 2023

RESOURCE EXCHANGE INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS

	2022	2021
Current Assets		
Cash and Cash Equivalents	\$ 98,465	\$ 530,676
Promises to Give	174,124	145,040
Investments	853,418	844,562
Prepaid Expense	23,999	28,507
Total Current Assets	<u>1,150,006</u>	<u>1,548,785</u>
Non-Current Assets		
Deposits	3,467	3,467
Property and Equipment, Net	75,297	5,644
Intangible Assets, Net	<u>-</u>	<u>748</u>
Total Assets	<u><u>\$ 1,228,770</u></u>	<u><u>\$ 1,558,644</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 47,906	\$ 30,221
Rent Payable	5,380	5,380
Capital Lease Payable	-	1,113
Operating Lease Liabilities	43,707	-
Accrued Expense	10,308	9,627
Total Current Liabilities	<u>107,301</u>	<u>46,341</u>
Non-Current Liabilities		
Operating Lease Liabilities (Net of Current Portion)	<u>30,549</u>	<u>-</u>
Total Non-Current Liabilities	<u>30,549</u>	<u>-</u>
Total Liabilities	<u>137,850</u>	<u>46,341</u>
Net Assets		
Without Donor Restrictions		
Undesignated	454,082	607,729
Board Designated	<u>25,000</u>	<u>25,000</u>
Total Without Donor Restrictions	<u>479,082</u>	<u>632,729</u>
With Donor Restrictions	<u>611,838</u>	<u>879,574</u>
Total Net Assets	<u>1,090,920</u>	<u>1,512,303</u>
Total Liabilities and Net Assets	<u><u>\$ 1,228,770</u></u>	<u><u>\$ 1,558,644</u></u>

See Accompanying Notes to Financial Statements

RESOURCE EXCHANGE INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 450,704	\$ 2,007,285	\$ 2,457,989
Grants	30,000	50,979	80,979
Investment Income, Net	(96,192)	-	(96,192)
	384,512	2,058,264	2,442,776
Net Assets Released from Restrictions	2,326,000	(2,326,000)	-
Total Support and Revenue	<u>2,710,512</u>	<u>(267,736)</u>	<u>2,442,776</u>
Expenses			
Program	2,336,529	-	2,336,529
Support			
Management and General	214,254	-	214,254
Fundraising	313,376	-	313,376
Total Support	527,630	-	527,630
Total Expenses	<u>2,864,159</u>	<u>-</u>	<u>2,864,159</u>
Change in Net Assets	(153,647)	(267,736)	(421,383)
Beginning Net Assets	<u>632,729</u>	<u>879,574</u>	<u>1,512,303</u>
Ending Net Assets	<u>\$ 479,082</u>	<u>\$ 611,838</u>	<u>\$ 1,090,920</u>

See Accompanying Notes to Financial Statements

RESOURCE EXCHANGE INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 565,083	\$ 2,072,925	\$ 2,638,008
Grants	-	31,548	31,548
Investment Income, Net	89,442	-	89,442
Other Income	265	-	265
	<u>654,790</u>	<u>2,104,473</u>	<u>2,759,263</u>
Net Assets Released from Restrictions	1,945,576	(1,945,576)	-
Total Support and Revenue	<u>2,600,366</u>	<u>158,897</u>	<u>2,759,263</u>
Expenses			
Program	<u>1,875,614</u>	<u>-</u>	<u>1,875,614</u>
Support			
Management and General	215,785	-	215,785
Fundraising	259,792	-	259,792
Total Support	<u>475,577</u>	<u>-</u>	<u>475,577</u>
Total Expenses	<u>2,351,191</u>	<u>-</u>	<u>2,351,191</u>
Change in Net Assets	249,175	158,897	408,072
Beginning Net Assets	<u>383,554</u>	<u>720,677</u>	<u>1,104,231</u>
Ending Net Assets	<u><u>\$ 632,729</u></u>	<u><u>\$ 879,574</u></u>	<u><u>\$ 1,512,303</u></u>

See Accompanying Notes to Financial Statements

RESOURCE EXCHANGE INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct Salaries, Benefits, and Taxes	\$ 1,579,318	\$ 131,646	\$ 204,627	\$ 1,915,591
Travel, Lodging, and Related Costs	323,304	-	31,396	354,700
Direct Grants and Gifts	99,664	-	-	99,664
Professional Services	203	38,403	4,506	43,112
Staff Recruiting and Development	47,146	20	-	47,166
Entertainment	16,532	2,131	-	18,663
Donor and Public Relations	25,330	1,333	10,096	36,759
Conferences and Meetings	45,061	8,421	17,380	70,862
Occupancy	37,768	8,093	8,093	53,954
Equipment and Software	24,010	4,036	852	28,898
Insurance	16,862	5,621	-	22,483
Depreciation	-	2,623	-	2,623
Marketing	62,645	-	15,416	78,061
Amortization	-	748	-	748
Office Expenses	26,757	5,044	21,010	52,811
Dues and Fees	31,929	6,120	-	38,049
Interest	-	15	-	15
Total Expenses	<u>\$ 2,336,529</u>	<u>\$ 214,254</u>	<u>\$ 313,376</u>	<u>\$ 2,864,159</u>
Percent of Total Expenses	<u>82%</u>	<u>7%</u>	<u>11%</u>	<u>100%</u>

See Accompanying Notes to Financial Statements

RESOURCE EXCHANGE INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program	Management and General	Fundraising	Total
Direct Salaries, Benefits, and Taxes	\$ 1,291,012	\$ 118,551	\$ 163,008	\$ 1,572,571
Travel, Lodging, and Related Costs	151,258	-	32,305	183,563
Direct Grants and Gifts	244,773	-	-	244,773
Professional Services	161	17,974	2,336	20,471
Staff Recruiting and Development	86,805	-	-	86,805
Entertainment	7,086	1,875	-	8,961
Donor and Public Relations	-	-	30,606	30,606
Conferences and Meetings	8,032	3,480	-	11,512
Occupancy	17,788	25,412	7,624	50,824
Equipment and Software	15,246	9,543	-	24,789
Insurance	13,112	8,742	-	21,854
Depreciation	-	3,198	-	3,198
Marketing	641	1,177	-	1,818
Amortization	-	1,282	-	1,282
Office Expenses	11,038	15,774	23,900	50,712
Dues and Fees	28,650	8,717	-	37,367
Interest	12	60	13	85
Total Expenses	<u>\$ 1,875,614</u>	<u>\$ 215,785</u>	<u>\$ 259,792</u>	<u>\$ 2,351,191</u>
Percent of Total Expenses	<u>80%</u>	<u>9%</u>	<u>11%</u>	<u>100%</u>

See Accompanying Notes to Financial Statements

RESOURCE EXCHANGE INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	2022	2021
Cash Flow from Operating Activities		
Change in Net Assets	\$ (421,383)	\$ 408,072
Adjustments to Reconcile Change in Net Assets to		
Cash (Used) Provided by Operations		
Non-cash Items		
Depreciation	2,623	3,198
Amortization	748	1,282
Right of Use Assets - Operating Leases	(72,276)	-
Unrealized/Realized Loss (Gain) on Investments	118,151	(75,686)
Donated Securities	(9,773)	(19,371)
Changes in Assets and Liabilities		
Promises to Give	(29,084)	(8,243)
Prepaid Expense	4,508	(17,753)
Accounts Payable	17,685	25,166
Capital Lease Payable	(1,113)	(1,850)
Operating Lease Liabilities	74,256	-
Accrued Expense	681	(876)
Cash (Used) Provided by Operating Activities	<u>(314,977)</u>	<u>313,939</u>
Cash Flow from Investing Activities		
Purchase of Investments	(238,384)	(431,433)
Proceeds from Sale of Investments	121,150	15,297
Cash Used by Investing Activities	<u>(117,234)</u>	<u>(416,136)</u>
Change in Cash and Cash Equivalents	(432,211)	(102,197)
Beginning Cash and Cash Equivalents	<u>530,676</u>	<u>632,873</u>
Ending Cash and Cash Equivalents	<u><u>\$ 98,465</u></u>	<u><u>\$ 530,676</u></u>

See Accompanying Notes to Financial Statements

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization – Resource Exchange International, Inc. (REI) is incorporated under the laws of the State of Florida, is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and is not a private foundation under section 509(a)(2) of the IRC. REI operates primarily on contributions from individuals.

The mission of REI is to engage, encourage, equip, and empower people in developing nations to strengthen the strategic sectors of their countries. REI accomplishes this mission through

- providing education and training to individuals in developing and emerging societies to strengthen their capabilities and help them build their nations,
- encouraging and facilitating international economic development and cross-cultural exchange,
- promoting international goodwill and understanding through technical, educational, and cultural exchange.

REI's volunteer professionals work side-by-side with local professionals to plan forums such as visiting professorships, short-term seminars and conferences, cultural exchange programs, and long-term on-site cooperative ventures. REI provides technical and advisory assistance through partnerships with change agents and strategic institutions such as governmental entities, universities, technical schools, and medical clinics. Programs are currently active in Africa, Asia, and the Middle East. These programs include training in the English language, medicine and health care, economics and business, and agriculture.

REI uses professional volunteers, such as doctors, nurses, English teachers, and business executives, as well as student volunteers to accomplish significant aspects of its annual programs. Typically, most of the volunteers spend 5 to 10 days or more of actual service time on short-term trips on which they use their skills to educate or train other professionals and students in the countries in which REI works. In 2022, primarily in the second half of the year, as COVID-19 travel restrictions lifted, REI was able to resume short-term professional team trips. During these trips, 20 people served a total of 277 working days, which represented 2,216 hours of service. Additionally, as was the case in 2021, in 2022 REI had 12 individuals volunteer their services in remote online teaching and training, which represented approximately 102 hours of actual training. Comparably, in 2021, due to COVID-19 visa restrictions, only 10 people served in the traditional short-term team capacity, which represented 64 days or approximately 488 hours of service, and 11 people volunteered their services in remote online teaching and training, which represented 440 hours of actual training. Both 2020 and 2021 represent significantly less activity in the volunteer arena than typical non-COVID years, with 2022 starting to pick up again but still not at normal levels. For example, in 2019, 84 people served 784 days or approximately 5,460 hours of service in short-term team capacity. Even though significant to the overall program, the value of the time contributed by these individuals has not and cannot be included as a part of contributed services for purposes of the statement of activities.

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REI is affiliated with various national organizations in developing countries throughout the world. Although REI employees in these countries work with those entities, the entities are not under REI's control. Accordingly, assets acquired, and expenditures made on behalf of those entities, are treated as grants and not consolidated in these financial statements.

Cash and Cash Equivalents – For purposes of the statements of cash flows, REI considers all highly liquid investments available for current use, with an initial maturity of three months or less to be cash equivalents.

Investments – Investments in marketable securities, with readily determinable fair values and all investments in debt securities, are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as an increase in net assets with restrictions and are released when restrictions are met either by passage of time or by use in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Promises to Give – Unconditional promises to give, that are expected to be collected within one year, are recorded at net realizable value. Unconditional promises to give, that are expected to be collected in future years, are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

REI uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management analysis of specific promises made.

Property and Equipment – REI capitalizes property and equipment over \$5,000, while lesser amounts are expensed, and purchased property and equipment and capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions, regarding their use and contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions. For absent donor stipulations, regarding how long those donated assets must be maintained, REI reports expirations of donor restrictions when the donated or acquired assets are placed in service. REI reclassifies net assets with restrictions to net assets without restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful life of the item ranging from five to thirty years.

Lease Accounting – REI determines whether to account for its leases as operating or finance leases depending on the underlying terms of the lease agreement. This determination of classification can be complex and requires significant judgment relating to certain information including the estimated fair value and remaining economic life of the asset, REI's cost of funds, minimum lease payments, and other lease terms.

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Intangible Assets – REI's intangible assets consist of software which is recorded at cost and amortized over the expected useful life.

Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an emergency evacuation fund.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees, and payments under cost-reimbursable contracts, received in advance, are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions – Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

Income Tax Status – REI is exempt, under Section 501(c)(3) of the Internal Revenue Code, from tax on income derived from donations, income generated by activities carried on in furtherance of its exempt purpose, and certain other specified income and, in addition, is qualified to receive tax deductible contributions.

Management believes that, based on evaluation of its tax position, any liability as a result of uncertain tax positions would not be material. Management continually evaluates expiring statutes of limitations, changes in the tax laws, and new authoritative rulings to assist in evaluating its tax position. Accrued interest and penalties associated with uncertain tax positions, if any, would be recognized as part of the income tax position.

Estimates – The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

New Accounting Pronouncement – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. FASB Accounting Standards Codification (ASC) 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize right-to-use (ROU) assets and lease liabilities on the statement of financial position and provide enhanced disclosures for operating leases. REI adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2017-11, *Leases (Topic 842): Targeted Improvements*. REI did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to retained earnings as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The most significant effects of adopting FASB ASC 842 were the recognition of \$111,497 of operating lease ROU assets and a total of \$111,729 of current and long-term operating lease liabilities on the statement of financial position as of January 1, 2022. No cumulative effect adjustment to retained earnings as of January 1, 2022, was necessary.

NOTE 1 – AVAILABILITY AND LIQUIDITY

REI's financial policies, stated in the budget approved by the Board of Directors, include a goal of maintaining financial assets to meet 180 days of normal operating expenses. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The promises to give are subject to time restrictions but will be collected within one year. The following reflects REI's financial assets as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 98,465	\$ 530,676
Promises to Give	174,124	145,040
Investments	<u>853,418</u>	<u>844,562</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u><u>\$ 1,126,007</u></u>	<u><u>\$ 1,520,278</u></u>
Average Normal Operating Expenses for 180 Days	\$ 361,180	\$ 240,838

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONCENTRATIONS

Credit Risk - Financial instruments, which subject REI to a concentration of credit risk, consist of demand deposits placed with a financial institution. At certain times during the fiscal year, REI had funds on deposit with a financial institution in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. REI has not experienced any losses as a result of this policy.

NOTE 3 – CASH AND CASH EQUIVALENTS

As of December 31, cash and cash equivalents consisted of the following:

	2022	2021
Cash	\$ 23,169	\$ 33,256
Money Market Funds	75,296	497,420
	<u>\$ 98,465</u>	<u>\$ 530,676</u>

NOTE 4 – INVESTMENTS

As of December 31, investments consisted of the following:

	2022	2021
Bond Funds	\$ 21,933	\$ 154,606
Equity Funds	526,648	447,273
Exchange Traded Funds	304,837	242,683
	<u>\$ 853,418</u>	<u>\$ 844,562</u>

For the years ended December 31, investment income consisted of the following:

	2022	2021
Interest and Dividends	\$ 21,959	\$ 16,871
(Loss) Gain on Investments	(118,151)	72,571
	<u>\$ (96,192)</u>	<u>\$ 89,442</u>

NOTE 5 – PREPAID EXPENSE

As of December 31, prepaid expense consisted of the following:

	2022	2021
Insurance	\$ 10,279	\$ 12,796
Contracted Services	13,720	12,137
Leases	-	3,574
	<u>\$ 23,999</u>	<u>\$ 28,507</u>

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – PROPERTY AND EQUIPMENT

As of December 31, property and equipment consisted of the following:

	2022	2021
Computers and Equipment	\$ 9,174	\$ 9,174
Furniture	10,052	10,052
Leasehold Improvements	8,620	8,620
Operating Lease Right of Use Assets	72,276	-
	<u>100,122</u>	<u>27,846</u>
Less: Accumulated Depreciation	(24,825)	(22,202)
	<u><u>\$ 75,297</u></u>	<u><u>\$ 5,644</u></u>

Depreciation expense was \$2,623 and \$3,198 for the years ended December 31, 2022 and 2021, respectively.

NOTE 7 – INTANGIBLE ASSETS

As of December 31, intangible assets consisted of the following:

	2022	2021
Software	\$ 3,847	\$ 3,847
Less: Accumulated Amortization	(3,847)	(3,099)
	<u><u>\$ -</u></u>	<u><u>\$ 748</u></u>

Amortization expense was \$748 and \$1,282 for the years ended December 31, 2022 and 2021, respectively.

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions for the years ended December 31, 2022 and 2021 consisted of the following:

2022	Beginning Balance	Additions	Satisfied	Reclass	Ending Balance
Djibouti	\$ 128,821	\$ 314,085	\$ (366,361)	\$ -	\$ 76,545
Egypt	13,261	60,740	(44,153)	-	29,848
Indonesia	137,970	370,032	(447,190)	(8,481)	52,331
Kazakhstan	32,298	98,379	(105,159)	-	25,518
Laos	117,035	185,265	(268,240)	-	34,060
Mongolia	23,553	62,611	(66,518)	-	19,646
Nepal	286	186	(323)	-	149
Vietnam	225,428	393,809	(428,243)	-	190,994
USA Based	200,922	573,157	(599,813)	8,481	182,747
	<u>\$ 879,574</u>	<u>\$ 2,058,264</u>	<u>\$ (2,326,000)</u>	<u>\$ -</u>	<u>\$ 611,838</u>

2021	Beginning Balance	Additions	Satisfied	Reclass	Ending Balance
Djibouti	\$ 110,740	\$ 304,712	\$ (286,631)	\$ -	\$ 128,821
Egypt	20,972	42,879	(50,590)	-	13,261
Indonesia	209,823	576,281	(648,134)	-	137,970
Kazakhstan	31,535	102,652	(101,889)	-	32,298
Laos	59,515	226,195	(168,675)	-	117,035
Mongolia	-	23,922	(369)	-	23,553
Nepal	286	-	-	-	286
Vietnam	147,493	346,888	(264,410)	(4,543)	225,428
USA Based	140,313	480,944	(424,878)	4,543	200,922
	<u>\$ 720,677</u>	<u>\$ 2,104,473</u>	<u>\$ (1,945,576)</u>	<u>\$ -</u>	<u>\$ 879,574</u>

NOTE 9 – BOARD DESIGNATED NET ASSETS

Amounts designated by the Board of Directors for specific future needs are treated as board designated net assets without donor restrictions. The balance can be transferred to the undesignated portion of net assets, without donor restrictions, at the Board's discretion. As of December 31, board designated net assets consisted of the following:

	2022	2021
Designated Emergency Evacuation Fund	<u>\$ 25,000</u>	<u>\$ 25,000</u>

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – NONCASH INVESTING ACTIVITIES

During the years ended December 31, 2022 and 2021, REI received donations of securities with a total value of \$9,773 and \$19,371, respectively.

NOTE 11 – ALLOCATION OF FUNCTIONAL EXPENSES

The financial statements report certain categories of expense that are attributable to one or more program or supporting functions of REI. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, amortization, interest, professional services, marketing, dues/fees, equipment purchases, office expenses and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

NOTE 12 – LEASES

REI leases office space for its operations. The lease has initial terms of 5 years with a 2 year extension attached, and is classified as an operating lease with fixed payments. Only the initial 5-year term has been considered in determining the lease term and related lease payments. The total rent expense recognized for the year ended December 31, 2022, was \$43,900. The weighted-average remaining lease term is 1.67 years and the weighted-average discount rate is 1.04%.

The future maturity of the leases are as follows:

Year Ending December 31,	
2023	\$ 44,236
2024	30,642
Total Undiscounted Cash Flows	<u>74,878</u>
Less: Present Value Discount	<u>(622)</u>
Total Lease Liabilities	<u><u>\$ 74,256</u></u>

Leases with an initial term of 12 months or less are not recorded on the statement of financial position. REI recognizes lease expense for these leases on a straight-line basis over the lease term. REI has two month-to-month leases for office space overseas, one in Vietnam and one in Egypt. Rent expense for occupancy in these locations was \$5,700 and \$4,354 in 2022 and \$3,600 and \$8,214 in 2021, respectively.

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – LEASES - Continued

REI also leases equipment that has not been recognized as right of use assets or lease liabilities because of the immaterial nature of the leased items. Equipment lease expense was \$4,936 for 2022 and \$6,485 for 2021.

Future minimum lease payments are:

<u>Year Ending December 31,</u>	
2023	\$ 2,988
2024	2,988
2025	2,988
2026	1,245
	\$ 10,209

NOTE 13 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value using three different levels of inputs. The levels are described as follows:

Level 1 Inputs: Quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 Inputs: Other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in an active market, or quoted market prices for identical or similar assets or liabilities in markets that are not active).

Level 3 Inputs: Unobservable (e.g., a company's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The following is a summary of the major categories of assets measured at fair value on a recurring basis during the year ended December 31, 2022:

<u>Description</u>	<u>Fair Value</u>	<u>Fair Value Inputs</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bond Funds	\$ 21,933	\$ 21,933	\$ -	\$ -
Equity Funds	526,648	526,648	-	-
Exchange Traded Funds	304,837	304,837	-	-
	\$ 853,418	\$ 853,418	\$ -	\$ -

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – FAIR VALUE MEASUREMENTS - Continued

The following is a summary of the major categories of assets measured at fair value on a recurring basis during the year ended December 31, 2021:

Description	Fair Value	Fair Value Inputs		
		Level 1	Level 2	Level 3
Bond Funds	\$ 154,606	\$ 154,606	\$ -	\$ -
Equity Funds	447,273	447,273	-	-
Exchange Traded Funds	242,683	242,683		
	<u>\$ 844,562</u>	<u>\$ 844,562</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 14 – RELATED PARTY TRANSACTIONS

REI's board members contributed \$19,220 and \$24,450 for the years ended December 31, 2022 and 2021, respectively.

During 2022, REI provided \$23,130 in grant funds and \$258,452 in other support to a nonprofit organization in Djibouti. During 2021, REI provided \$10,000 in grant funds and \$212,355 in other support. The nonprofit has a ten-member board, four of which are either direct REI employees or staff or are a member of REI's Board of Directors.

During 2022, REI provided \$66,625 in grant funds and \$280,310 in donated salaries to a nonprofit organization in Indonesia. During 2021, REI provided \$212,177 in grant funds and \$306,269 in donated salaries. The nonprofit has a two-member founding board, one of which is a direct or seconded REI employee.

NOTE 15 – POSTRETIREMENT BENEFITS

REI has implemented a 403(b) plan which matches employees' contributions up to 3% of wages. Employer contributions were \$32,395 for 2022 and \$26,936 for 2021.

NOTE 16 – INFORMATION RETURNS

REI's information returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, the information returns for three prior years are considered open for Internal Revenue Service examination.

RESOURCE EXCHANGE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 17 – RISKS AND UNCERTAINTIES

Coronavirus (COVID-19) Pandemic

In December 2019, an outbreak of a strain of Coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic, and multiple jurisdictions in the U.S. declared a state of emergency.

The extent of the continuing impact of COVID-19 on REI's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact of travel restrictions, and the impact on our staff and members, none of which can be reasonably predicted. At this point, the extent to which COVID-19 may impact REI's financial condition or results of operations is uncertain.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report, the date on which the financial statements were available to be issued.