



# RESOURCE EXCHANGE INTERNATIONAL

*RESOURCE EXCHANGE INTERNATIONAL, INC.*

*FINANCIAL STATEMENTS*

*WITH*

*INDEPENDENT AUDITORS' REPORT*

*YEARS ENDED DECEMBER 31, 2020 AND 2019*

**OSBORNE, PARSONS & ROSACKER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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**OSBORNE, PARSONS & ROSACKER, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITORS' REPORT**

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

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, 2020 and 2019, and the related statements of activities, functional expense, 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.

**Auditors' 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.

**INDEPENDENT AUDITORS' REPORT - CONTINUED**  
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**Opinion**

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, 2020 and 2019, 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.

*Osborne, Parsons & Neachan LLP*

Colorado Springs, Colorado  
May 11, 2021

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

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 632,873	\$ 415,542
Promises to Give	136,797	123,641
Investments	333,369	110,419
Prepaid Expense	10,754	17,096
Total Current Assets	<u>1,113,793</u>	<u>666,698</u>
<b>Non-Current Assets</b>		
Deposits	3,467	3,467
Property and Equipment, Net	8,842	10,374
Intangible Assets, Net	<u>2,030</u>	<u>3,313</u>
<b>Total Assets</b>	<u><u>\$ 1,128,132</u></u>	<u><u>\$ 683,852</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts Payable	\$ 5,055	\$ 4,070
Rent Payable	5,380	4,938
Capital Lease Payable	2,963	4,740
Accrued Expense	10,503	11,251
Total Current Liabilities	<u>23,901</u>	<u>24,999</u>
<b>Net Assets</b>		
Without Donor Restrictions		
Undesignated	358,554	193,636
Board Designated	25,000	25,000
Total Without Donor Restrictions	<u>383,554</u>	<u>218,636</u>
With Donor Restrictions	720,677	440,217
Total Net Assets	<u>1,104,231</u>	<u>658,853</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,128,132</u></u>	<u><u>\$ 683,852</u></u>

See Accompanying Notes and Independent Auditors' Report

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 444,552	\$ 1,604,837	\$ 2,049,389
Grants	-	47,606	47,606
Federal Grants	164,700	-	164,700
Investment Income	43,267	-	43,267
	<u>652,519</u>	<u>1,652,443</u>	<u>2,304,962</u>
Net Assets Released from Restrictions	1,371,983	(1,371,983)	-
<b>Total Support and Revenue</b>	<u>2,024,502</u>	<u>280,460</u>	<u>2,304,962</u>
<b>Expense</b>			
Program	<u>1,379,049</u>	<u>-</u>	<u>1,379,049</u>
Support			
Management and General	238,903	-	238,903
Fundraising	<u>241,632</u>	<u>-</u>	<u>241,632</u>
Total Support	<u>480,535</u>	<u>-</u>	<u>480,535</u>
<b>Total Expense</b>	<u>1,859,584</u>	<u>-</u>	<u>1,859,584</u>
<b>Change in Net Assets</b>	164,918	280,460	445,378
<b>Beginning Net Assets</b>	<u>218,636</u>	<u>440,217</u>	<u>658,853</u>
<b>Ending Net Assets</b>	<u><u>\$ 383,554</u></u>	<u><u>\$ 720,677</u></u>	<u><u>\$ 1,104,231</u></u>

See Accompanying Notes and Independent Auditors' Report

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 413,616	\$ 1,719,111	\$ 2,132,727
Investment Income	5,043	-	5,043
	418,659	1,719,111	2,137,770
Net Assets Released from Restrictions	1,774,124	(1,774,124)	-
<b>Total Support and Revenue</b>	2,192,783	(55,013)	2,137,770
<b>Expense</b>			
Program	1,544,489	-	1,544,489
Support			
Management and General	367,319	-	367,319
Fundraising	238,831	-	238,831
Total Support	606,150	-	606,150
<b>Total Expense</b>	2,150,639	-	2,150,639
<b>Change in Net Assets</b>	42,144	(55,013)	(12,869)
<b>Beginning Net Assets</b>	176,492	495,230	671,722
<b>Ending Net Assets</b>	\$ 218,636	\$ 440,217	\$ 658,853

See Accompanying Notes and Independent Auditors' Report

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct Salaries, Benefits, and Taxes	1,101,113	156,459	161,525	1,419,097
Travel, Lodging, and Related Costs	79,074	5,538	20,779	105,391
Direct Grants and Gifts	89,937	-	-	89,937
Professional Services	3,470	14,491	1,650	19,611
Staff Recruiting and Development	25,542	-	42	25,584
Entertainment	6,825	1,771	28,367	36,963
Conferences and Meetings	16,572	666	-	17,238
Occupancy	13,244	24,280	6,622	44,146
Equipment and Software	3,093	6,786	-	9,879
Insurance	10,331	6,887	-	17,218
Depreciation	1,490	1,192	298	2,980
Marketing	777	981	-	1,758
Amortization	641	513	128	1,282
Office Expenses	7,581	12,849	22,205	42,635
Dues and Fees	19,280	6,427	-	25,707
Interest	79	63	16	158
Total Expenses	<u>\$ 1,379,049</u>	<u>\$ 238,903</u>	<u>\$ 241,632</u>	<u>\$ 1,859,584</u>
Percent of Total Expenses	<u>74%</u>	<u>13%</u>	<u>13%</u>	<u>100%</u>

See Accompanying Notes and Independent Auditors' Report



**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct Salaries, Benefits, and Taxes	1,111,753	285,618	164,122	1,561,493
Travel, Lodging, and Related Costs	256,145	1,340	28,310	285,795
Direct Grants and Gifts	53,425	-	-	53,425
Professional Services	4,071	15,028	3,100	22,199
Staff Recruiting and Development	43,880	-	641	44,521
Entertainment	4,811	1,506	7,380	13,697
Conferences and Meetings	9,164	3,041	-	12,205
Occupancy	12,445	22,816	6,223	41,484
Equipment and Software	6,528	10,049	-	16,577
Insurance	7,651	5,101	-	12,752
Depreciation	934	747	187	1,868
Marketing	1,902	2,893	-	4,795
Amortization	267	214	53	534
Office Expenses	7,056	10,761	28,792	46,609
Dues and Fees	24,343	8,114	-	32,457
Interest	114	91	23	228
Total Expenses	<u>\$ 1,544,489</u>	<u>\$ 367,319</u>	<u>\$ 238,831</u>	<u>\$ 2,150,639</u>
Percent of Total Expenses	<u>72%</u>	<u>17%</u>	<u>11%</u>	<u>100%</u>

See Accompanying Notes and Independent Auditors' Report

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

	<u>2020</u>	<u>2019</u>
<b>Cash Flow from Operating Activities</b>		
Change in Net Assets	\$ 445,378	\$ (12,869)
Adjustments to Reconcile Change in Net Assets to		
Cash Provided (Used) by Operations		
Non-cash Items		
Depreciation	2,980	1,868
Amortization	1,282	534
Unrealized/Realized (Gain) Loss on Investments	(34,655)	528
Changes in Assets and Liabilities		
Promises to Give	(13,156)	7,435
Prepaid Expense	6,342	5,306
Accounts Payable	985	(24,520)
Rent Payable	442	1,921
Capital Lease Payable	(1,777)	(1,707)
Accrued Expense	(748)	488
Cash Provided (Used) by Operating Activities	<u>407,073</u>	<u>(21,016)</u>
<b>Cash Flow from Investing Activities</b>		
Purchase of Investments	(387,671)	(1,952)
Proceeds from Sale of Investments	199,378	28,510
Purchase of Fixed Assets	(1,449)	(5,921)
Purchase of Intangible Assets	-	(3,847)
Cash (Used) Provided by Investing Activities	<u>(189,742)</u>	<u>16,790</u>
<b>Change in Cash and Cash Equivalents</b>	217,331	(4,226)
<b>Beginning Cash and Cash Equivalents</b>	<u>415,542</u>	<u>419,768</u>
<b>Ending Cash and Cash Equivalents</b>	<u><u>\$ 632,873</u></u>	<u><u>\$ 415,542</u></u>

See Accompanying Notes and Independent Auditors' Report

**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, with both cash donations and contributed services being significant.

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, to accomplish another significant part of its program each year. Typically, most of the volunteers spend at least 9 to 10 days of actual service time on short-term trips in which they use their professional skills to educate or train other professionals and students in the countries in which REI works. However, due to visa restrictions related to the COVID 19 pandemic, for 2020, only one trip early in the year was possible. During this trip, 6 people served in this capacity, which represents 56 days and 390 hours. In addition, REI had 14 people volunteer their services in remote online teaching and training, which represented 560 hours of preparation and actual training. For 2019, 84 people served in the traditional capacity, which represents 784 days or approximately 5,460 hours of service. 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.

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 control. Accordingly, assets acquired, and expenditures made on behalf of those entities, are treated as grants, and not consolidated in these financial statements.

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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 \$1,000, while lesser amounts are expensed and purchased property and equipment is 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 estimated useful lives ranging from five to thirty years.

**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.

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*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.

**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.

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**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 120 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 the REI's financial assets as of December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Cash and Cash Equivalents	\$ 632,873	\$ 415,542
Promises to Give	136,797	123,641
Investments	333,369	110,419
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 1,103,039</u>	<u>\$ 649,602</u>
Average Normal Operating Expenses for 120 Days	\$ 155,088	\$ 164,780

**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:

	<b>2020</b>	<b>2019</b>
Cash	\$ 35,011	\$ 38,440
Money Market Funds	597,862	377,102
	<u>\$ 632,873</u>	<u>\$ 415,542</u>

**NOTE 4 – INVESTMENTS**

As of December 31, investments consisted of the following:

	<b>2020</b>	<b>2019</b>
Bond Funds	\$ 123,093	\$ -
Equity Funds	210,276	-
Certificates of Deposit	-	110,419
	<u>\$ 333,369</u>	<u>\$ 110,419</u>

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – INVESTMENTS - Continued**

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

	<u>2020</u>	<u>2019</u>
Interest and Dividends	\$ 8,612	\$ 5,572
Gain (Loss) on Investments	34,655	(529)
	<u>\$ 43,267</u>	<u>\$ 5,043</u>

**NOTE 5 – PREPAID EXPENSE**

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

	<u>2020</u>	<u>2019</u>
Insurance	\$ 7,509	\$ 11,404
Contracted Services	3,245	2,202
Leases	-	1,743
Travel	-	1,747
	<u>\$ 10,754</u>	<u>\$ 17,096</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

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

	<u>2020</u>	<u>2019</u>
Computers and Equipment	\$ 9,174	\$ 7,726
Furniture	10,052	10,052
Leasehold Improvements	8,620	8,620
	<u>27,846</u>	<u>26,398</u>
Less: Accumulated Depreciation	(19,004)	(16,024)
	<u>\$ 8,842</u>	<u>\$ 10,374</u>

Depreciation expense was \$2,980 and \$1,868 for the years ended December 31, 2020 and 2019, respectively.

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – INTANGIBLE ASSETS**

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

	<b>2020</b>	<b>2019</b>
Software	\$ 3,847	\$ 3,847
Less: Accumulated Amortization	(1,817)	(534)
	<u>\$ 2,030</u>	<u>\$ 3,313</u>

Amortization expense was \$1,282 and \$534 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Changes in net assets with donor restrictions for the years ended December 31, 2020 and 2019 consisted of the following:

<b>2020</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Satisfied</b>	<b>Reclass</b>	<b>Ending Balance</b>
Cuba	\$ 4,042	\$ -	\$ (4,042)	\$ -	\$ -
Djibouti	47,274	241,556	(178,090)	-	110,740
Egypt	3,896	54,442	(37,366)	-	20,972
Indonesia	140,747	414,826	(345,750)	-	209,823
Kazakhstan	15,222	91,404	(75,091)	-	31,535
Laos	28,312	102,865	(71,662)	-	59,515
Nepal	710	252	(676)	-	286
Vietnam	95,217	340,098	(287,822)	-	147,493
USA Based	104,797	407,000	(371,484)	-	140,313
	<u>\$ 440,217</u>	<u>\$ 1,652,443</u>	<u>\$ (1,371,983)</u>	<u>\$ -</u>	<u>\$ 720,677</u>

<b>2019</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Satisfied</b>	<b>Reclass</b>	<b>Ending Balance</b>
Cuba	\$ 7,010	\$ 1,032	\$ (4,000)	\$ -	\$ 4,042
Djibouti	91,085	218,756	(262,567)	-	47,274
Egypt	1,370	26,595	(24,069)	-	3,896
Indonesia	94,154	399,861	(353,268)	-	140,747
Kazakhstan	3,007	20,647	(19,014)	10,582	15,222
Laos	59,612	102,571	(120,513)	(13,358)	28,312
Nepal	1,590	1,629	(2,509)	-	710
Vietnam	166,806	470,104	(500,676)	(41,017)	95,217
USA Based	70,596	477,916	(487,508)	43,793	104,797
	<u>\$ 495,230</u>	<u>\$ 1,719,111</u>	<u>\$ (1,774,124)</u>	<u>\$ -</u>	<u>\$ 440,217</u>



**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**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:

	<u>2020</u>	<u>2019</u>
Designated Emergency Evacuation Fund	\$ 25,000	\$ 25,000

**NOTE 10 – CONTRIBUTED SERVICES**

REI also receives contributed services from many volunteers throughout the year. These latter contributed services, related to various administrative and program areas, do not meet the criteria for financial statement inclusion under current accounting standards.

**NOTE 11 - NONCASH INVESTING ACTIVITIES**

During the years ended December 31, 2020 and 2019, REI received donations of securities with a total value of \$11,363 and \$27,241, respectively.

**NOTE 12 – ALLOCATION OF FUNCTIONAL EXPENSE**

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 13 – OPERATING LEASES**

REI leases office space under an escalating lease agreement expiring on August 31, 2022. Monthly amounts are approximately \$2,846 to \$3,412. REI's Vietnam office leases office space in Hanoi for \$300 per month. Rent expense for occupancy was \$44,146 for 2020 and \$41,484 for 2019. Amounts accrued in excess of amounts paid are recorded as rent payable.

A summary of office space lease expense is as follows:

	<u>2020</u>	<u>2019</u>
Corporate Office	\$ 37,266	\$ 37,884
Vietnam	3,600	3,600
Egypt	3,280	-
	<u>\$ 44,146</u>	<u>\$ 41,484</u>

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 – OPERATING LEASES - Continued**

REI leases various office equipment under non-cancelable lease agreements and payments can adjust annually. Equipment rent expense was \$6,450 for 2020 and \$6,496 for 2019.

Future minimum lease payments are:

<u>Year Ending December 31,</u>	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total Minimum Payments</u>
2021	\$ 40,944	\$ 3,468	\$ 44,412
2022	28,589	3,468	32,057
2023	-	2,890	2,890
	<u>\$ 69,533</u>	<u>\$ 9,826</u>	<u>\$ 79,359</u>

**NOTE 14 – 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 the major categories of assets measured at fair value on a recurring basis during the year ended December 31, 2020:

<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	\$ 123,093	\$ 123,093	\$ -	\$ -
Equity Funds	210,276	210,276	-	-
	<u>\$ 333,369</u>	<u>\$ 333,369</u>	<u>\$ -</u>	<u>\$ -</u>

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 – FAIR VALUE MEASUREMENTS - Continued**

The following is a summary the major categories of assets measured at fair value on a recurring basis during the year ended December 31, 2019:

<b>Description</b>	<b>Fair Value</b>	<b>Fair Value Inputs</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Certificates of Deposit	\$ 110,419	\$ 110,419	\$ -	\$ -

**NOTE 15 – RELATED PARTY TRANSACTIONS**

REI's Board members contributed \$46,644 and \$39,824, for the years ended December 31, 2020 and 2019, respectively.

During 2020, REI provided \$101 in grant funds and \$147,410 in donated salaries to a nonprofit organization in Djibouti. During 2019, REI provided \$13,000 in grant funds and \$147,410 in donated salaries. 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 2020, REI provided \$84,399 in grant funds and \$193,435 in donated salaries to a nonprofit organization in Indonesia. During 2019, REI provided \$24,121 in grant funds and \$216,434 in donated salaries. The nonprofit has a two-member founding board, one of which is a direct or seconded REI employee.

During 2020, REI provided \$1,669 in grant funds to a nonprofit organization in Vietnam.

**NOTE 16 – POSTRETIREMENT BENEFITS**

REI has implemented a 403(b) plan which matches employees' contributions up to 3% of wages. Employer contributions were \$25,710 for 2020 and \$20,065 for 2019.

**NOTE 17 – 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, 2020, the information returns for three prior years are considered open for Internal Revenue Service examination.

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 18 – 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. have declared a state of emergency.

The extent of the 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 19 – SUBSEQUENT EVENTS**

On January 6, 2021, a large grant totaling \$78,000 was paid by REI to an organization in Indonesia.

Management has evaluated subsequent events through May 11, 2021, the date on which the financial statements were available to be issued.