

***RESOURCE EXCHANGE INTERNATIONAL, INC.***

***FINANCIAL STATEMENTS***

***WITH***

***INDEPENDENT AUDITORS' REPORT***

***YEARS ENDED DECEMBER 31, 2016 AND 2015***

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

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**INDEPENDENT AUDITOR'S 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, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2016 and 2015, 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 & Moracher LLP*

Colorado Springs, Colorado  
May 10, 2017

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

**ASSETS**

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 225,888	\$ 294,852
Investments	106,474	105,990
Interest in net assets of New Horizons Foundation, Inc.	25,295	27,995
Pledges and other receivables	57,443	114,824
Contributions receivable - related party	13,571	6,800
Prepaid expense	10,595	10,366
Deposits	<u>3,500</u>	<u>3,500</u>
<b>Total assets</b>	<u><u>\$ 442,766</u></u>	<u><u>\$ 564,327</u></u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 15,969	\$ 7,596
Rent payable	3,520	6,800
Accrued expense	<u>6,939</u>	<u>5,935</u>
Total liabilities	<u>26,428</u>	<u>20,331</u>

**Net assets**

Unrestricted	95,272	204,478
Unrestricted, board designated	<u>59,500</u>	<u>-</u>
Total unrestricted	154,772	204,478
Temporarily restricted	<u>261,566</u>	<u>339,518</u>
Total net assets	<u>416,338</u>	<u>543,996</u>

<b>Total liabilities and net assets</b>	<u><u>\$ 442,766</u></u>	<u><u>\$ 564,327</u></u>
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See accompanying notes and independent auditors' report

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 251,299	\$ 655,925	\$ 907,224
Non-cash contributions			
Gifts in kind	-	26,192	26,192
Contributed services	-	793,009	793,009
Investment income	1,277	-	1,277
Other income	2,399	-	2,399
Change in beneficial interest	(2,700)	-	(2,700)
	<u>252,275</u>	<u>1,475,126</u>	<u>1,727,401</u>
Net assets released from restrictions			
Program	1,553,078	(1,553,078)	-
<b>Total support and revenue</b>	<u>1,805,353</u>	<u>(77,952)</u>	<u>1,727,401</u>
<b>Expense</b>			
Program	<u>1,410,281</u>	<u>-</u>	<u>1,410,281</u>
Support			
Management and general	277,503	-	277,503
Fundraising	167,275	-	167,275
Total support	<u>444,778</u>	<u>-</u>	<u>444,778</u>
<b>Total expense</b>	<u>1,855,059</u>	<u>-</u>	<u>1,855,059</u>
<b>Change in net assets</b>	(49,706)	(77,952)	(127,658)
<b>Beginning net assets</b>	<u>204,478</u>	<u>339,518</u>	<u>543,996</u>
<b>Ending net assets</b>	<u><u>\$ 154,772</u></u>	<u><u>\$ 261,566</u></u>	<u><u>\$ 416,338</u></u>

See accompanying notes and independent auditors' report

**RESOURCE EXCHANGE INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 323,988	\$ 726,999	\$ 1,050,987
Non-cash contributions			
Gifts in kind	-	9,950	9,950
Contributed services	-	1,012,204	1,012,204
Investment income	1,048	-	1,048
Other income	2,700	-	2,700
Change in beneficial interest	(626)	-	(626)
	<u>327,110</u>	<u>1,749,153</u>	<u>2,076,263</u>
Net assets released from restrictions			
Program	1,603,431	(1,603,431)	-
<b>Total support and revenue</b>	<u>1,930,541</u>	<u>145,722</u>	<u>2,076,263</u>
<b>Expense</b>			
Program	<u>1,389,580</u>	<u>-</u>	<u>1,389,580</u>
Support			
Management and general	330,295	-	330,295
Fundraising	209,529	-	209,529
Total support	<u>539,824</u>	<u>-</u>	<u>539,824</u>
<b>Total expense</b>	<u>1,929,404</u>	<u>-</u>	<u>1,929,404</u>
<b>Change in net assets</b>	1,137	145,722	146,859
<b>Beginning net assets</b>	<u>203,341</u>	<u>193,796</u>	<u>397,137</u>
<b>Ending net assets</b>	<u><u>\$ 204,478</u></u>	<u><u>\$ 339,518</u></u>	<u><u>\$ 543,996</u></u>

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

	<u>2016</u>	<u>2015</u>
<b>Cash flow from operating activities</b>		
Change in net assets	\$ (127,658)	\$ 146,859
Adjustments to reconcile change in net assets to cash (used) provided by operations		
Non-cash items		
Depreciation and amortization	-	451
Unrealized and realized gain on investments	-	(130)
Change in beneficial interest in assets held by others	2,700	626
Changes in assets and liabilities		
Pledges and other receivables	57,381	(95,841)
Contributions receivable - related party	(6,771)	(6,800)
Inventory	-	4,286
Prepaid expense	(229)	(6,376)
Accounts payable	8,373	7,427
Rent payable	(3,280)	(680)
Accrued expense	1,004	5,935
Cash (used) provided by operating activities	<u>(68,480)</u>	<u>55,757</u>
<b>Cash flow from investing activities</b>		
Purchase of investments	(106,566)	(396)
Proceeds from sale of investments	106,082	5,102
Cash (used) provided by investing activities	<u>(484)</u>	<u>4,706</u>
<b>Change in cash</b>	(68,964)	60,463
<b>Beginning cash</b>	<u>294,852</u>	<u>234,389</u>
<b>Ending cash</b>	<u>\$ 225,888</u>	<u>\$ 294,852</u>

See accompanying notes and independent auditor's 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 the following:

- 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.

Resource Exchange International uses professional volunteers, such as doctors, nurses, English teachers, and business executives, to accomplish another significant part of its program. Most spend at least 9 to 10 days of actual service time on these short-term trips in which they use their professional skills to educate or train other professionals and students. For 2016, 54 people served in this capacity, which represents 503 days or approximately 3,520 hours of service. For 2015, 60 people served in this capacity, which represents 540 days or approximately 3,800 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 in 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**

**Estimates** - The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Classes of net assets** - The financial statements report amounts by the following classes of net assets:

- *Unrestricted net assets* are those currently available under the direction of the Board and those resources invested in furniture and equipment.
- *Temporarily restricted net assets* are those contributed with donor stipulations for specific operating purposes or programs.

**Definition of cash** - Cash consists of checking, savings, money market accounts, and certificates of deposit with initial maturity of 3 months or less.

**Pledges and other receivables** – Pledges, and other receivables, consist of unconditional promises to give from individuals and advances to employees. The promises to give are recorded as receivables and revenue and REI distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. All promises to give are expected to be collected within one year. Management closely monitors outstanding receivable balances and establishes an allowance for doubtful accounts based on its evaluation of collectability. All receivables at December 31, 2016 and 2015, were considered fully collectible, therefore, no allowance has been established.

**Investments** - Investments in equity securities with readily determinable fair values are reported at quoted market price with gains and losses included in the statement of activities. Investments in certificates of deposits are reported at cost. Donated investments are recorded at the estimated fair market value on the date of the gift.

**Furniture and equipment and depreciation** - Furniture and equipment are recorded at cost or, if donated, at estimated fair value at the date of receipt. Furniture and equipment donated with restrictions regarding their use and contributions of cash to acquire furniture and equipment are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided on the straight-line method over an estimated useful life ranging from three to seven years. Fixed asset purchases exceeding \$1,000 are capitalized with lesser amounts expensed in the year purchased.

**Support, revenue, reclassifications, and expenses** - Revenue is recognized when earned and support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to REI. Gifts of cash and other assets are reported as restricted support if received with donor stipulations limiting the use of the donation. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Expenses are recorded when costs are incurred. The costs of providing various program services and supporting activities have been summarized on a functional basis. Accordingly, certain costs, such as depreciation and salaries, have been allocated among the program services and supporting activities.

**Gifts in kind** - Gifts in kind consist mainly of donated books, pamphlets, and medical supplies. These items are inventoried by REI and then used in its resource exchange program.

**Lease expense** - Rent expense on escalating leases is recognized on a straight-line basis over the term of the lease.

**Allocations of expenses** - The costs of providing program services and supporting activities have been summarized on a functional basis in the statements of activities and schedules of functional expense. Accordingly, certain costs relating to more than one function, such as payroll and depreciation, have been allocated among the program services and supporting activities benefited.

**Reclassification** - Certain prior-year amounts have been reclassified to conform to the current year presentation

**NOTE 1 – CASH AND CASH EQUIVALENTS**

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

	<u>2016</u>	<u>2015</u>
Cash	\$ 24,869	\$ 13,415
Money market funds	201,019	281,437
	<u>\$ 225,888</u>	<u>\$ 294,852</u>

**NOTE 2 – CONCENTRATIONS OF CREDIT RISK**

Periodically, throughout the year, REI has cash deposits at a financial institution in excess of federally insured limits. REI has not experienced losses as a result of following this policy and believes it is not exposed to any significant credit risk.

**NOTE 3 – INVESTMENTS**

At December 31, investments consisted of:

	<u>2016</u>	<u>2015</u>
Certificates of deposit	\$ 106,474	\$ 105,990

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

**NOTE 3 – INVESTMENTS - Continued**

Investment income consisted of:

	<b>2016</b>	<b>2015</b>
Interest and dividends	\$ 1,277	\$ 918
Realized and unrealized gain	-	130
	<u>\$ 1,277</u>	<u>\$ 1,048</u>

**NOTE 4 – INTEREST IN NET ASSETS OF NEW HORIZONS FOUNDATION, INC.**

In 1993, REI - Vietnam transferred funds to New Horizons Foundation, Inc., a donor advised fund. The funds were committed for the project "Resource Exchange International, Inc. - Vietnam" with the purpose of providing charitable and educational services by qualified professionals in Vietnam. REI has access to the funds by requesting a disbursement and providing any required supporting documentation. The funds are held in mutual funds and securities and are carried at fair market value. The value of the funds included in the net assets of New Horizons Foundation, Inc. was \$25,295 and \$27,995 at December 31, 2016 and 2015, respectively.

**NOTE 5 – PREPAID EXPENSE**

At December 31, prepaid expense consisted of:

	<b>2016</b>	<b>2015</b>
Insurance	\$ 3,838	\$ 3,990
Contracted services	6,457	6,076
Rent	300	300
	<u>\$ 10,595</u>	<u>\$ 10,366</u>

**NOTE 6 – FURNITURE AND EQUIPMENT**

The following is a summary of furniture and equipment:

	<b>2016</b>	<b>2015</b>	<b>Estimated Useful Lives</b>
Computers and equipment	\$ 1,805	\$ 1,805	3-5 years
Furniture	10,052	10,052	7 years
	11,857	11,857	
Less accumulated depreciation	(11,857)	(11,857)	
	<u>\$ -</u>	<u>\$ -</u>	

Depreciation expense was \$451 for 2015.

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

**NOTE 7 – CONTRIBUTED SERVICES**

Several of REI's personnel are employees of other 501(c)(3) organizations with similar program objectives. These employees are "loaned" to REI under secondment agreements. REI records the value of services received for these personnel based on their salaries paid by the other organization. Included in expenses and temporarily restricted contributions was \$793,009 for 2016 and \$1,012,204, for 2015. In addition to these personnel, 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 8 – TEMPORARILY RESTRICTED ASSETS**

Changes in temporarily restricted assets for the years ended December 31, 2016 and 2015, consist of:

<b>2016</b>	<b>Beginning balance</b>	<b>Additions</b>	<b>Satisfied</b>	<b>Ending balance</b>
Cuba	\$ 14,088	\$ 2,610	\$ (5,379)	\$ 11,319
Djibouti	27,342	177,396	(186,198)	18,540
Egypt	35,078	81,520	(89,695)	26,903
Indonesia	87,642	153,861	(218,577)	22,926
Kazakhstan	6,848	4,725	(3,943)	7,630
Laos	2,507	308,586	(293,839)	17,254
Nepal	1,812	3,832	(1,130)	4,514
Vietnam	105,180	482,126	(498,778)	88,528
USA based	59,021	260,470	(255,539)	63,952
	<u>\$ 339,518</u>	<u>\$ 1,475,126</u>	<u>\$ (1,553,078)</u>	<u>\$ 261,566</u>

  

<b>2015</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Satisfied</b>	<b>Ending Balance</b>
Cuba	\$ 15,553	\$ 4,250	\$ (5,715)	\$ 14,088
Djibouti	16,033	212,649	(201,340)	27,342
Egypt	9,588	87,075	(61,585)	35,078
Indonesia	89,224	142,438	(144,020)	87,642
Kazakhstan	2,767	91,050	(86,969)	6,848
Philippines	130	-	(130)	-
Laos	6,923	310,110	(314,526)	2,507
Nepal	1,105	1,560	(853)	1,812
Vietnam	12,893	607,716	(515,429)	105,180
USA based	39,580	292,305	(272,864)	59,021
	<u>\$ 193,796</u>	<u>\$ 1,749,153</u>	<u>\$ (1,603,431)</u>	<u>\$ 339,518</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 unrestricted net assets. The balance can be transferred to the undesignated portion of unrestricted net assets at the Board's discretion. As of December 31, 2016, board designated net assets consist of:

Designated reserves	\$ 34,500
Designated emergency fund	25,000
Total	<u>\$ 59,500</u>

**NOTE 10 – OPERATING LEASES**

REI leases office space under a lease agreement expiring on August 31, 2017. REI's Vietnam office leases office space in Hanoi for \$300 per month. Rent expense for occupancy was \$61,320 for 2016 and \$61,320 for 2015. The office lease is an escalating lease. Amounts accrued in excess of amounts paid are recorded as rent payable.

A summary of office space lease expense is as follows:

	<u>2016</u>	<u>2015</u>
Corporate office - cash basis	\$ 61,000	\$ 58,400
Escalating lease adjustment	(3,280)	(680)
Vietnam	3,600	3,600
Total	<u>\$ 61,320</u>	<u>\$ 61,320</u>

In July 2012, REI entered into a 51-month lease for office equipment with quarterly payments of \$169. In October 2015, REI entered into a 63-month lease for office equipment with monthly payments of \$199. Equipment rent expense was \$3,255 for 2016 and \$2,501 2015.

Future minimum lease payments are:

<u>December 31,</u>	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total Minimum Payments</u>
2017	\$ 42,000	\$ 2,388	\$ 44,388
2018	-	2,388	2,388
2019	-	2,388	2,388
2020	-	2,388	2,388
2021	-	199	199
Total	<u>\$ 42,000</u>	<u>\$ 9,751</u>	<u>\$ 51,751</u>



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

**NOTE 11 – 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 markets, 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:

<b>December 31, 2016</b>				
<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	\$ 106,474	\$ 106,474	\$ -	\$ -
Interest in net assets of New Horizons Foundation, Inc.	\$ 25,295	\$ -	\$ -	\$ 25,295

The following is a reconciliation of beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheets using significant unobservable (Level 3) inputs as of December 31, 2016. The ending balance is calculated using the ending balance of REI's account as reported by New Horizons Foundation, Inc. Unrealized loss is recognized on the statement of activities as change in beneficial interest.

Balance, December 31, 2015	\$ 27,995
Unrealized loss	(2,700)
Balance, December 31, 2016	<u>\$ 25,295</u>

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

**NOTE 11 – 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:

<b>December 31, 2015</b>				
<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	\$ 105,990	\$ 105,990	\$ -	\$ -
Interest in net assets of New Horizons Foundation, Inc.	\$ 27,995	\$ -	\$ -	\$ 27,995

The following is a reconciliation of beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheets using significant unobservable (Level 3) inputs as of December 31, 2015. The ending balance is calculated using the ending balance of REI's account as reported by New Horizons Foundation, Inc. Unrealized gain is recognized on the statement of activities as change in beneficial interest.

Balance, December 31, 2014	\$ 28,621
Unrealized loss	(626)
Balance, December 31, 2015	<u>\$ 27,995</u>

**NOTE 12 – RELATED PARTY TRANSACTIONS**

REI's Board members contributed \$116,653 for 2016 and \$98,030 for 2015.

During 2016, REI provided \$34,288 in grants funds and \$120,700 in donated salaries to a nonprofit organization in Djibouti. The nonprofit has an eight member board, four of which are direct or seconded REI employees.

**NOTE 13 – POSTRETIREMENT BENEFITS**

REI sponsors a 403(b) plan for its employees. REI will match employees' contributions up to 4% of wages. Employer contributions were \$3,801 for 2016 and \$2,966 for 2015.

**NOTE 14 – 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, 2016, the information returns for three prior years are considered open for Internal Revenue Service examination.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 10, 2017, the date on which the financial statements were available to be issued.