

THE RWANDA SCHOOL
PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2008



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Rwanda School Project
Sebastopol, California

We have audited the accompanying statement of financial position of The Rwanda School Project, Inc. (a California nonprofit organization) as of December 31, 2008 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of The Rwanda School Project management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Rwanda School Project as of December 31, 2008 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads 'Susan E. Goranson, CPA'. The signature is written in a cursive style.

June 15, 2009
Santa Rosa, California

THE RWANDA SCHOOL PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

ASSETS

Current assets:		
Cash	\$ 45,107	
Short-term investments	176,432	
Pledges receivable	<u>33,062</u>	
Total current assets		\$ 254,601
Fixed assets:		
Land	75,000	
Improvements	<u>57,325</u>	
Net fixed assets		<u>132,325</u>
Total assets		<u>\$ 386,926</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Current portion of note payable	\$ 31,795	
Scholarship payable	<u>1,000</u>	
Total current liabilities		\$ 32,795
Note payable, net of current portion		<u>68,205</u>
Total liabilities		101,000
Net assets:		
Unrestricted	1,862	
Temporarily restricted	<u>284,064</u>	
Total net assets		<u>285,926</u>
Total liabilities and net assets		<u>\$ 386,926</u>

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

SUPPORT AND REVENUE:		
Individual Contributions	29,500	
Corporate Contributions	118,552	
Interest income	1,862	
Other income	<u>6,900</u>	
Total support and revenue		\$ 156,814
EXPENSES:		
Program	58,027	
Administration	<u>3,479</u>	
Total expenses		<u>61,506</u>
CHANGE IN NET ASSETS		95,308
NET ASSETS, BEGINNING		<u>190,618</u>
NET ASSETS, ENDING		<u>\$ 285,926</u>

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Personnel costs	\$ 16,701	\$ 1,558	\$ 18,259
Classroom supplies	4,458	-	4,458
Library supplies	57	-	57
Telephone	-	62	62
Printing	-	506	506
Postage	84	-	84
Shipping	-	455	455
School expense	1,307	-	1,307
Supplies	-	246	246
Staff recruitment	49	-	49
Advertising	773	-	773
Fees and permits	912	-	912
Travel	-	283	283
Other operating expense	<u>33,686</u>	<u>369</u>	<u>34,055</u>
 Total expenses	 <u>\$ 58,027</u>	 <u>\$ 3,479</u>	 <u>\$ 61,506</u>

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 95,308
Adjustments to reconcile change in net assets to cash from operations	
(Increase) decrease in:	
Accounts receivable	(33,062)
Increase (decrease) in:	
Deferred revenue	<u>1,000</u>
Total cash provided by operations	<u>63,246</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in investments	(176,432)
Purchase of property and equipment	<u>(132,325)</u>
Total cash (used) provided by investing activities	<u>(308,757)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings on long-term debt	<u>100,000</u>
NET CHANGE IN CASH	(145,511)
CASH, beginning of year	<u>190,618</u>
CASH, end of year	<u>\$ 45,107</u>

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 ORGANIZATION

The Rwanda School Project, Inc (RSP) is a nonprofit international organization established in 2005. RSP is dedicated to starting secondary and continuing education schools in Rwanda to promote Rwanda's recovery, growth, and continuing peace. The organization's revenue and support comes primarily through donor contributions and non-governmental grants.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of Rwanda School Project have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations where the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Nearly all net assets are temporarily restricted for the creation of the school site in Rwanda.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Short-term investments – Short-term investments consist of certificates of deposit with terms of four to twelve months.

Fixed Assets - Acquisitions of capital items in excess of \$1,000 are capitalized. Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 25 years. All fixed assets are construction in progress as of December 31, 2008.

Revenue Recognition - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the evidence and /or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

THE RWANDA SCHOOL PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Donated Services and Items - A substantial number of volunteers have contributed hours to Rwanda School Project program services and fundraising campaigns during the year, however these donated services are not reflected in the financial statements since they do not require specialized services.

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 these estimates.

In-Kind Contributions - Donated property is reflected in the financial statements at the estimated fair market value at the date of receipt. If received, professional-level services are recorded on the books at the amount that RSP would expect to pay for such services.

Income Taxes - The Organization is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and is not required to file as an affiliate of a church organization.

NOTE 3 NOTE PAYABLE

RSP has a note payable to an individual which originated during October 2008 and is payable in one payment of \$3,500 of interest at seven percent six months after inception; twenty-four payments of \$4,477, including principal and interest at seven percent. Future principal payments are as follows at December 31:

2009	\$ 31,795
2010	50,554
2011	17,651