

THE RWANDA SCHOOL
PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2010



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SUSAN E. GORANSON, C.P.A.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of The Rwanda School Project, Inc. (a California nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the years 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. The prior year summarized comparative information has been derived from the Agency's 2009 financial statements whose audit report, dated April 19, 2010, expressed an unqualified opinion on those financial statements.

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, 2010, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

SUSAN E. GORANSON, CPA

May 27, 2011
Santa Rosa, California

RWANDA SCHOOL PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(With Comparative Totals for December 31, 2009)

	2010	2009
ASSETS		
Current assets:		
Cash	\$ 44,231	\$ 44,613
Short term investments	-	59,538
Pledges receivable	-	33,062
Total current assets	44,231	137,213
Fixed assets:		
Land	75,000	75,000
Improvements	57,325	57,325
Construction in process	274,374	136,344
Total fixed assets	406,699	268,669
Total assets	\$ 450,930	\$ 405,882
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of note payable	\$ 13,331	\$ 46,475
Scholarship payable	-	2,325
Total current liabilities	13,331	48,800
Note payable, net of current portion	-	17,651
Note payable, related party	50,000	-
Total liabilities	63,331	66,451
Net assets:		
Unrestricted	387,599	4,980
Temporarily restricted	-	334,451
Total net assets	387,599	339,431
Total liabilities and net assets	\$ 450,930	\$ 405,882

The accompanying notes are an integral part of these financial statements

RWANDA SCHOOL PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
SUPPORT AND REVENUE:				
Individual contributions	\$ 31,284	\$ 17,700	\$ 48,984	\$ 49,673
Corporate contributions	84,179	-	84,179	63,304
Interest income	226	-	226	3,118
Other income	380	-	380	892
Net assets released from restriction	<u>352,151</u>	<u>(352,151)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>468,220</u>	<u>(334,451)</u>	<u>133,769</u>	<u>116,987</u>
EXPENSES:				
Program	76,826		76,826	43,617
Administration	<u>8,775</u>		<u>8,775</u>	<u>19,865</u>
Total expenses	<u>85,601</u>		<u>85,601</u>	<u>63,482</u>
 CHANGE IN NET ASSETS	 382,619	 (334,451)	 48,168	 53,505
 NET ASSETS, BEGINNING	 <u>4,980</u>	 <u>334,451</u>	 <u>339,431</u>	 <u>285,926</u>
 NET ASSETS, ENDING	 <u>\$ 387,599</u>	 <u>\$ -</u>	 <u>\$ 387,599</u>	 <u>\$ 339,431</u>

The accompanying notes are an integral part of these financial statements

RWANDA SCHOOL PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals For the Year Ended December 31, 2009)

	Program	Management and General	2010 Total	2009 Total
Personnel	\$ 43,790	\$ 2,426	\$ 46,216	\$ 25,470
Occupancy	6,023	-	6,023	8,500
Maintenance and yard	6,059	-	6,059	-
Telephone	582	-	582	170
Printing	411	-	411	-
Postage	1,337	-	1,337	627
Meals	4,142	-	4,142	2,748
School expense	3,258	-	3,258	7,832
Office supplies	600	1,106	1,706	743
Professional fees	600	2,000	2,600	2,000
Advertising	-	-	-	1,721
Fees and permits	2,737	50	2,787	3,611
Travel	2,089	-	2,089	-
Loan interest	-	2,932	2,932	7,921
Other operating expense	5,198	261	5,459	2,139
Total expenses	<u>\$ 76,826</u>	<u>\$ 8,775</u>	<u>\$ 85,601</u>	<u>\$ 63,482</u>

The accompanying notes are an integral part of these financial statements

RWANDA SCHOOL PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 48,168	\$ 53,505
Adjustments to reconcile change in net assets to cash from operations		
(Increase) decrease in:		
Accounts and grants receivable	59,539	-
Increase (decrease) in:		
Deferred revenue	<u>(2,325)</u>	<u>1,325</u>
Net cash provided by operating activities	<u>105,382</u>	<u>54,830</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in investments	33,062	116,894
Purchase of property and equipment	<u>(138,031)</u>	<u>(136,344)</u>
Net cash used by investing activities	<u>(104,969)</u>	<u>(19,450)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(50,795)	(35,874)
Borrowings on related party note payable	<u>50,000</u>	<u>-</u>
Net cash used by financing activities	<u>(795)</u>	<u>(35,874)</u>
NET INCREASE (DECREASE) IN CASH	(382)	(494)
CASH, beginning of year	<u>44,613</u>	<u>45,107</u>
CASH, end of year	<u>\$ 44,231</u>	<u>\$ 44,613</u>
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	<u>\$ 2,932</u>	<u>\$ 7,921</u>

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 Presentation – RSP reports information regarding its financial position and activities on an accrual basis according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of RSP to meet the stipulations or that become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be retained and invested permanently by RSP to use all or part of the investment return on these net assets for specified or unspecified purposes.

Net Assets Released from Restriction – Temporarily restricted net assets are "released" to unrestricted net assets when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Other Basis of Presentation Policies – Revenues or support are reported as increases in unrestricted net assets unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, RSP reports the revenue or support as unrestricted. Expenses are reported as decreased in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless restricted by explicit donor stipulation or by law.

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.

THE RWANDA SCHOOL PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2009.

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. 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.

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.

Income Taxes - The Organization is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The Internal Revenue Service has determined this Organization is not a private foundation under Section 509(a)(2). The Organization is liable for taxes on net advertising revenue as unrelated business income.

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, than an enterprise is entitled to economic benefits resulting from tax positions taken in tax returns.

If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. This standard also requires organizations to disclose additional quantitative and qualitative information in their financial statements about uncertain tax positions. The Organization's adoption of this standard did not have a material impact on the financial statements.

THE RWANDA SCHOOL PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes, continued - The Organization's evaluation on December 31, 2010 revealed no tax positions that would have a material impact on the financial statements. The Organization will file an unrelated business income tax return with a minimal liability. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that would have an impact of the financial statements.

Summarized Financial Information and Reclassifications - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with RSP's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

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:

2011	\$ <u>13,331</u>
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NOTE 4 NOTE PAYABLE

RSP has a note payable to a related party which originated during October 2010 and accruing interest at seven percent twelve months after inception. Payments, including principal and accrued interest at seven percent will begin when cash flow is stable. Future principal payments are as follows at December 31:

2012	\$ <u>50,000</u>
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NOTE 5 SUBSEQUENT EVENTS

RSP has evaluated subsequent events through May 27, 2011, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2010 that would have a material impact on the results of its operations or financial position.