

THE RWANDA SCHOOL
PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2011



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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, 2011, 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 Organization's 2010 financial statements whose audit report, dated May 27, 2011, 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, 2011, 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

March 12, 2011
Santa Rosa, California

RWANDA SCHOOL PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011
(With Comparative Totals for December 31, 2010)

	2011	2010
ASSETS		
Current assets:		
Cash	\$ 75,504	\$ 44,231
Fixed assets:		
Land	75,000	75,000
Buildings and improvements	337,573	57,325
Construction in process	44,387	274,374
Subtotal	456,960	406,699
Accumulated depreciation	(11,604)	-
Net fixed assets	445,356	406,699
Total assets	\$ 520,860	\$ 450,930
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of note payable	\$ 39,311	\$ 13,331
Note payable, related party	-	50,000
Total liabilities	39,311	63,331
Unrestricted net assets	481,549	387,599
Total liabilities and net assets	\$ 520,860	\$ 450,930

The accompanying notes are an integral part of these financial statements

RWANDA SCHOOL PROJECT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (With Comparative Totals for the Year Ended December 31, 2010)

	2011 <u>Total</u>	2010 <u>Total</u>
SUPPORT AND REVENUE:		
Individual contributions	\$ 99,682	\$ 48,984
Corporate contributions	123,099	84,179
Interest income	48	226
Other income	<u>5,000</u>	380
Total support and revenue	<u>227,829</u>	<u>133,769</u>
EXPENSES:		
Program	119,449	76,826
Administration	<u>14,430</u>	<u>8,775</u>
Total expenses	<u>133,879</u>	<u>85,601</u>
CHANGE IN NET ASSETS	93,950	48,168
NET ASSETS, BEGINNING	<u>387,599</u>	<u>339,431</u>
NET ASSETS, ENDING	<u>\$ 481,549</u>	<u>\$ 387,599</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, 2011
(With Comparative Totals For the Year Ended December 31, 2010)

	<u>Program</u>	<u>Management and General</u>	<u>2011 Total</u>	<u>2010 Total</u>
Personnel	\$ 69,638		\$ 69,638	\$ 46,216
Occupancy	-		-	6,023
Maintenance and yard	1,350		1,350	6,059
Telephone	620		620	582
Printing and advertising	963		963	411
Postage	-	\$ 1,223	1,223	1,337
Meals	6,780	-	6,780	4,142
School expense	9,462	-	9,462	3,258
Computers	3,309	-	3,309	-
Volunteer expenses	3,625	-	3,625	
Office supplies	3,768	1,073	4,841	1,706
Professional fees	-	2,000	2,000	2,600
Fees and permits	-	3,983	3,983	2,787
Transportation	5,139	1,075	6,214	2,089
Loan interest	-	4,140	4,140	2,932
Depreciation	11,604	-	11,604	-
Other operating expense	3,191	936	4,127	5,459
Total expenses	<u>\$ 119,449</u>	<u>\$ 14,430</u>	<u>\$ 133,879</u>	<u>\$ 85,601</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, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 93,950	\$ 48,168
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	11,604	-
(Increase) decrease in:		
Accounts and grants receivable	-	59,539
Increase (decrease) in:		
Deferred revenue	-	(2,325)
Net cash provided by operating activities	<u>105,554</u>	<u>105,382</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in investments	-	33,062
Purchase of property and equipment	(50,261)	(138,031)
Net cash used by investing activities	<u>(50,261)</u>	<u>(104,969)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(24,020)	(50,795)
Borrowings on related party note payable	-	50,000
Net cash used by financing activities	<u>(24,020)</u>	<u>(795)</u>
NET INCREASE (DECREASE) IN CASH	31,273	(382)
CASH, beginning of year	<u>44,231</u>	<u>44,613</u>
CASH, end of year	<u>\$ 75,504</u>	<u>\$ 44,231</u>
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	<u>\$ 4,140</u>	<u>\$ 2,932</u>

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011

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, 2010.

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.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an Organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in their federal and state exempt Organization tax returns are more likely than not to be sustained upon examination.

The Rwanda School Project's evaluation on December 31, 2011 revealed no tax positions that would have a material impact on the financial statements. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

THE RWANDA SCHOOL PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2010, from which the summarized information was derived.

NOTE 3 NOTE PAYABLE

RSP has a note payable to a related party which originated during October 2010 and began accruing interest at seven percent six months after inception. Payments, including principal and accrued interest at seven percent will begin when cash flow is stable. Payments began in April 2011 and ceased after three payments. The balance at December 31, 2011 is \$39,311. Future principal payments are as follows at December 31:

2012	\$ <u>39,311</u>
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NOTE 5 SUBSEQUENT EVENTS

RSP has evaluated subsequent events through March 12, 2012, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2011 that would have a material impact on the results of its operations or financial position.