

# THE RWANDA SCHOOL PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2014

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Rwanda School Project  
Santa Rosa, California

We have audited the accompanying financial statements of the Rwanda School Project, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year 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 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 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.



## 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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Rwanda School Project's financial statements December 31, 2013 for the year ended, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 20, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Goranson and Associates, Inc.*

May 12, 2015

Santa Rosa, California

THE RWANDA SCHOOL PROJECT  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014  
(with summarized comparative totals for December 31, 2013)

ASSETS		2014	2013
Current assets:			
Cash		\$ 218,848	\$ 145,089
Accounts receivable		-	8,580
Employee loans		3,269	-
Total current assets		222,117	153,669
Fixed assets:			
Land		75,000	75,000
Buildings and improvements		632,778	459,858
Construction in process		-	67,421
Subtotal		707,778	602,279
Accumulated depreciation		(76,832)	(50,379)
Net fixed assets		630,946	551,900
Total assets		\$ 853,063	\$ 705,569

LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses		\$ 192	\$ 2,976
Total liabilities		192	2,976
Net assets:			
Unrestricted		777,220	650,137
Temporarily restricted		75,651	52,456
Total net assets		852,871	702,593
Total liabilities and net assets		\$ 853,063	\$ 705,569

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(with summarized comparative totals for the year ended December 31, 2013)

	Unrestricted	Temporarily Restricted	2014 Total	2013 Total
SUPPORT AND REVENUE:				
Tuition	\$ 47,485	\$ 39,238	\$ 86,723	\$ 94,826
Contributions	181,181	100,536	281,717	260,898
Grants	-	15,000	15,000	36,079
Interest income	70	-	70	23
Other income	600	-	600	4,304
Net assets released from restriction	131,579	(131,579)	-	-
Total support and revenue	<u>360,915</u>	<u>23,195</u>	<u>384,110</u>	<u>396,130</u>
EXPENSES:				
Program	188,086		188,086	177,456
Administration	29,204		29,204	27,399
Fundraising	16,542		16,542	16,598
Total expenses	<u>233,832</u>		<u>233,832</u>	<u>221,453</u>
CHANGE IN NET ASSETS	127,083	23,195	150,278	174,677
NET ASSETS, BEGINNING	<u>650,137</u>	<u>52,456</u>	<u>702,593</u>	<u>527,916</u>
NET ASSETS, ENDING	<u>\$ 777,220</u>	<u>\$ 75,651</u>	<u>\$ 852,871</u>	<u>\$ 702,593</u>

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(with summarized comparative totals for the year ended December 31, 2013)

	Program	Management and General	Fundraising	2014 Total	2013 Total
Personnel	\$ 90,997	\$ 10,981	\$ 15,423	\$ 117,401	\$ 108,072
Rwanda School expense	56,943	-	-	56,943	71,721
Telecommunications	312	3,209	-	3,521	883
Printing and advertising	-	3,419	-	3,419	2,935
Postage and shipping	1,141	138	-	1,279	1,242
Office supplies	-	355	-	355	2,196
Professional fees	5,411	5,000	-	10,411	2,250
Fees and permits	-	4,206	-	4,206	2,925
Transportation and Travel	7,446	-	-	7,446	2,539
Loan interest	-	-	-	-	945
Fundraising expenses	-	-	1,119	1,119	-
Depreciation	25,836	-	-	25,836	22,777
Other operating expense	-	1,896	-	1,896	2,968
Total expenses	<u>\$ 188,086</u>	<u>\$ 29,204</u>	<u>\$ 16,542</u>	<u>\$ 233,832</u>	<u>\$ 221,453</u>

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(with summarized comparative totals for the year ended December 31, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 150,278	\$ 174,677
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	26,453	22,777
(Increase) decrease in:		
Accounts and grants receivable	8,580	(3,580)
Employee loans	(3,269)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,784)	2,976
Net cash provided by operating activities	179,258	196,850
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(105,499)	(80,246)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	-	(15,155)
NET INCREASE (DECREASE) IN CASH	73,759	101,449
CASH, beginning of year	145,089	43,640
CASH, end of year	\$ 218,848	\$ 145,089
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	\$ -	\$ 945

The accompanying notes are an integral part of these financial statements



THE RWANDA SCHOOL PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE 1 ORGANIZATION

The Rwanda School Project, (RSP) is a nonprofit international organization established in 2005. RSP is dedicated to secondary and continuing education schools in Rwanda to promote Rwanda's recovery, growth, and continuing peace. In Rwanda, a nation of disaster is becoming a nation of hope. RSP is building a better future. In agreement with the Lutheran Church of Rwanda, RSP started a Junior-Senior High School in eastern Rwanda in 2010 with a curriculum that focuses on sustainability. With a total future enrollment of about 500 students, the school uses Expeditionary Learning as its pedagogical foundation, and classes are in English. The school is open to students of any ethnic group, nationality, religion, or social class and makes efforts to recruit a diverse student population. Enrollment for all school years to date is as follows:

2010 – Secondary 1 (equivalent of 7<sup>th</sup> grade) - 23 students  
2011 – Secondary 1 & 2 (equivalent of 7<sup>th</sup> & 8<sup>th</sup> grades) - 43 students  
2012 – Secondary 1, 2, & 3 (7<sup>th</sup>, 8<sup>th</sup> & 9<sup>th</sup> grades) – 70 students  
2013 – Secondary 1-4 (7<sup>th</sup> -10<sup>th</sup> grades) – 86 students  
2014 – Secondary 1-5 (7<sup>th</sup> – 11<sup>th</sup> grades) – 107 students  
2015 – Secondary 1-6 (7<sup>th</sup>-12<sup>th</sup> grades) – 130 students

RSP'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.

THE RWANDA SCHOOL PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, RSP considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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 30 years.

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.

THE RWANDA SCHOOL PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes – RSP is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined RSP is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of RSP considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to RSP’s status as a not-for-profit entity. Management believes RSP met the requirements to maintain its tax-exempt status and has not income subject to unrelated business income tax; therefore no provision for income taxes has been provided in these financial statements. RSP’s tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Comparative Financial Information – 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, 2013, from which the summarized information was derived.

NOTE 3 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2014 are available for tuition scholarships and construction of school facilities.

NOTE 4 SUBSEQUENT EVENTS

RSP has evaluated subsequent events through May 12, 2015, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2014 that would have a material impact on the results of its operations or financial position.