

# THE RWANDA SCHOOL PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2015

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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 corporation), which comprise the statements of financial position as of December 31, 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.



**Goranson and Associates, Inc.**

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

## 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, 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.

## Report on Summarized Comparative Information

We have previously audited The Rwanda School Project's financial statements for the year ended December 31, 2014, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Goranson and Associates, Inc.*

May 6, 2016

Santa Rosa, California

THE RWANDA SCHOOL PROJECT  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015  
(with summarized comparative totals for December 31, 2014)

ASSETS		2015	2014
Current assets:			
Cash	\$	170,658	\$ 218,848
Short term investments		1,019	-
Employee loans		1,748	3,269
Total current assets		173,425	222,117
Fixed assets:			
Land		75,000	75,000
Buildings and improvements		641,671	632,778
Construction in process		113,480	-
Subtotal		830,151	707,778
Accumulated depreciation		(107,321)	(76,832)
Net fixed assets		722,830	630,946
Total assets	\$	896,255	\$ 853,063

LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	\$	2,417	\$ 192
Total liabilities		2,417	192
Net assets:			
Unrestricted		841,709	777,220
Temporarily restricted		52,129	75,651
Total net assets		893,838	852,871
Total liabilities and net assets	\$	896,255	\$ 853,063

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(with summarized comparative totals for the year ended December 31, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
SUPPORT AND REVENUE:				
Tuition	\$ 64,591	\$ 43,085	\$ 107,676	\$ 86,723
Contributions	122,116	43,249	165,365	281,717
Grants	-	34,592	34,592	15,000
Interest income	57	-	57	70
Other income	1,061	-	1,061	600
Net assets released from restriction	144,448	(144,448)	-	-
Total support and revenue	<u>332,273</u>	<u>(23,522)</u>	<u>308,751</u>	<u>384,110</u>
EXPENSES:				
Program	239,974		239,974	188,086
Administration	21,772		21,772	29,204
Fundraising	6,038		6,038	16,542
Total expenses	<u>267,784</u>		<u>267,784</u>	<u>233,832</u>
CHANGE IN NET ASSETS	64,489	(23,522)	40,967	150,278
NET ASSETS, BEGINNING	<u>777,220</u>	<u>75,651</u>	<u>852,871</u>	<u>702,593</u>
NET ASSETS, ENDING	<u>\$ 841,709</u>	<u>\$ 52,129</u>	<u>\$ 893,838</u>	<u>\$ 852,871</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, 2015  
(with summarized comparative totals for the year ended December 31, 2014)

	Program	Management and General	Fundraising	2015 Total	2014 Total
Personnel	\$ 113,921	\$ 12,658		\$ 126,579	\$ 117,401
Rwanda School expense	71,688	-		71,688	56,943
Telecommunications	836	-		836	3,521
Printing and advertising	1,260	260	\$ 2,508	4,028	3,419
Postage and shipping	36	1,032	-	1,068	1,279
Office supplies	2,477	863	-	3,340	355
Professional fees	4,790	5,000	-	9,790	10,411
Fees and permits	1,342	95	-	1,437	4,206
Transportation and Travel	7,362	-	-	7,362	7,446
Volunteer expenses	5,079	-	-	5,079	-
Fundraising expenses	-	-	3,530	3,530	1,119
Depreciation	31,183	-	-	31,183	25,836
Other operating expense	-	1,864	-	1,864	1,896
<b>Total expenses</b>	<u>\$ 239,974</u>	<u>\$ 21,772</u>	<u>\$ 6,038</u>	<u>\$ 267,784</u>	<u>\$ 233,832</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, 2015  
(with summarized comparative totals for the year ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 40,967	\$ 150,278
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	30,489	26,453
(Increase) decrease in:		
Accounts and grants receivable	-	8,580
Employee loans	1,521	(3,269)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,225	(2,784)
Net cash provided by operating activities	<u>75,202</u>	<u>179,258</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,019)	-
Purchase of property and equipment	<u>(122,373)</u>	<u>(105,499)</u>
Net cash used by operating activities	<u>(123,392)</u>	<u>(105,499)</u>
NET (DECREASE) INCREASE IN CASH	(48,190)	73,759
CASH, beginning of year	<u>218,848</u>	<u>145,089</u>
CASH, end of year	<u>\$ 170,658</u>	<u>\$ 218,848</u>

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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, 2015

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.

Fair Value Measures – RSP reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

The three level of the fair value hierarchy under GAAP are:

*Level 1* – Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.

*Level 2* – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

*Level 3* – Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

Investments – Investments are made up of mutual funds and are reported at their fair values in the statement of financial position. The fair value of the equities securities are based upon quoted prices in active markets (Level 1 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statement of activities as net realized and unrealized gains on investments.

THE RWANDA SCHOOL PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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 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.

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.

THE RWANDA SCHOOL PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 2        SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2014, from which the summarized information was derived.

NOTE 3        FAIR VALUE MEASUREMENTS AND INVESTMENTS

The following table presents the assets and liabilities recognized in the accompanying statements of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at December 31, 2015:

	Total	Level 1
Mutual funds	\$     1,019	\$     1,019

There were no earnings at December 31, 2015 from investments.

NOTE 4        CONSTRUCTION IN PROCESS

Construction in Process is for a school dormitory that was not complete at the end of the year. The construction is anticipated to be complete by the end of the next fiscal year. The balance of Construction in Process is \$113,480 at December 31, 2015.

NOTE 5        TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 are available for tuition scholarships and specific program related expenses. The balance at December 31, 2015 is \$52,129.

THE RWANDA SCHOOL PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 6        SUBSEQUENT EVENTS

RSP has evaluated subsequent events May 6, 2016, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2015 that would have a material impact on the results of its operations or financial position.