

THE RWANDA SCHOOL PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2016

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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, 2016, 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 basis for our audit opinion.



Goranson and Associates, Inc.

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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, 2016, 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, 2015, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

September 14, 2017

Santa Rosa, California

THE RWANDA SCHOOL PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(with summarized comparative totals for December 31, 2015)

ASSETS		2016	2015
Current assets:			
Cash	\$	307,830	\$ 170,658
Short term investments		4	1,019
Employee loans		-	1,748
Total current assets		307,834	173,425
Fixed assets:			
Land		75,000	75,000
Buildings and improvements		642,733	641,671
Construction in process		238,291	113,480
Subtotal		956,024	830,151
Accumulated depreciation		(137,135)	(107,321)
Net fixed assets		818,889	722,830
Total assets	\$	1,126,723	\$ 896,255

LIABILITIES AND NET ASSETS

Current liabilities:			
Accounts payable and accrued expenses	\$	2,713	\$ 2,417
Net assets:			
Unrestricted		1,086,489	841,709
Temporarily restricted		37,521	52,129
Total net assets		1,124,010	893,838
Total liabilities and net assets	\$	1,126,723	\$ 896,255

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(with summarized comparative totals for the year ended December 31, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
SUPPORT AND REVENUE:				
Contributions	\$ 250,663		\$ 250,663	\$ 165,365
Grants	31,250	\$ 95,268	126,518	34,592
Tuition	79,660	-	79,660	59,356
Sponsorships	-	45,155	45,155	48,320
Other income	9,481	-	9,481	1,061
Interest income	79	-	79	57
Net assets released from restriction	155,031	(155,031)	-	-
Total support and revenue	<u>526,164</u>	<u>(14,608)</u>	<u>511,556</u>	<u>308,751</u>
EXPENSES:				
Program	249,601		249,601	239,974
Administration	21,453		21,453	21,772
Development/Fundraising	10,330		10,330	6,038
Total expenses	<u>281,384</u>		<u>281,384</u>	<u>267,784</u>
CHANGE IN NET ASSETS	244,780	(14,608)	230,172	40,967
NET ASSETS, BEGINNING	<u>841,709</u>	<u>52,129</u>	<u>893,838</u>	<u>852,871</u>
NET ASSETS, ENDING	<u>\$ 1,086,489</u>	<u>\$ 37,521</u>	<u>\$ 1,124,010</u>	<u>\$ 893,838</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, 2016
(with summarized comparative totals for the year ended December 31, 2015)

	Program	Management and General	Development/ Fundraising	2016 Total	2015 Total
Personnel	\$ 118,019	\$ 12,842		\$ 130,861	\$ 126,579
Rwanda School expense	77,960	-		77,960	71,688
Telecommunications	1,069	-		1,069	836
Printing and advertising	1,870	163	\$ 3,038	5,071	4,028
Postage and shipping	61	455	-	516	1,068
Office supplies	2,013	1,434	-	3,447	3,340
Professional fees	6,248	5,000	7,292	18,540	9,790
Fees and permits	112	-	-	112	1,437
Transportation and Travel	7,286	-	-	7,286	7,362
Volunteer stipend and expenses	5,149	-	-	5,149	5,079
Fundraising	-	-	-	-	3,530
Depreciation	29,814	-	-	29,814	31,183
Other operating expense	-	1,559	-	1,559	1,864
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 249,601</u>	<u>\$ 21,453</u>	<u>\$ 10,330</u>	<u>\$ 281,384</u>	<u>\$ 267,784</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, 2016
(with summarized comparative totals for the year ended December 31, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 230,172	\$ 40,967
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	29,814	30,489
(Increase) decrease in:		
Employee loans	1,748	1,521
Increase (decrease) in:		
Accounts payable and accrued expenses	296	2,225
Net cash provided by operating activities	262,030	75,202
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in investments	1,015	(1,019)
Purchase of property and equipment	(125,873)	(122,373)
Net cash used by operating activities	(124,858)	(123,392)
 NET (DECREASE) INCREASE IN CASH	137,172	(48,190)
 CASH, beginning of year	170,658	218,848
 CASH, end of year	\$ 307,830	\$ 170,658

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 7th grade) - 23 students
2011 – Secondary 1 & 2 (equivalent of 7th & 8th grades) - 43 students
2012 – Secondary 1, 2, & 3 (7th, 8th & 9th grades) - 70 students
2013 – Secondary 1-4 (7th -10th grades) - 86 students
2014 – Secondary 1-5 (7th – 11th grades) - 107 students
2015 – Secondary 1-6 (7th-12th grades) - 130 students
2016 – Secondary 1-6 (7th-12th grades) - 144 students

In Rwanda, the school year for secondary schools is January to November. However, most universities begin the school year in August or September. This creates a problem of a “gap year” for capable and qualified graduates. In order to keep our top graduates involved with the educational process, this LEARN. EMPOWER. LEAD. FUND is established for the purpose of assisting capable graduates of the Rwamagana Lutheran School during this calendar gap.

RSP's revenue and support comes primarily through donor contributions and non-governmental grants.

THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 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.

THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 RSP's 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.

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, 2015, from which the summarized information was derived.

THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 CONSTRUCTION IN PROCESS

Construction in Process is for a school dormitory that was almost completed at the end of the year. Expected completion of construction will be early 2017. The balance of Construction in Process is \$238,291 at December 31, 2016.

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 are available for tuition scholarships and specific program related expenses. The balance at December 31, 2016 is \$52,456.

NOTE 5 SUBSEQUENT EVENTS

RSP has evaluated subsequent events September 14, 2017, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2016 that would have a material impact on the results of its operations or financial position.