

THE RWANDA SCHOOL PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2017

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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, 2017, 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.

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, 2017, 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, 2016, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

April 30, 2018

Santa Rosa, California

THE RWANDA SCHOOL PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(with summarized comparative totals for December 31, 2016)

ASSETS		2017	2016
Current assets:			
Cash		\$ 467,505	\$ 307,830
Short term investments		4	4
Employee loans		1,691	-
Total current assets		469,200	307,834
Fixed assets:			
Land		75,000	75,000
Buildings and improvements		929,713	642,733
Construction in process		-	238,291
Subtotal		1,004,713	956,024
Accumulated depreciation		(177,517)	(137,135)
Net fixed assets		827,196	818,889
Total assets		\$ 1,296,396	\$ 1,126,723

LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses		\$ 7,167	\$ 2,713
Net assets:			
Unrestricted		1,275,299	1,086,489
Temporarily restricted		13,930	37,521
Total net assets		1,289,229	1,124,010
Total liabilities and net assets		\$ 1,296,396	\$ 1,126,723

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(with summarized comparative totals for the year ended December 31, 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
SUPPORT AND REVENUE:				
Contributions	\$ 288,437		\$ 288,437	\$ 250,663
Grants	-	\$ 88,000	88,000	126,518
Tuition	79,006	-	79,006	79,660
Sponsorships	-	53,809	53,809	45,155
Other income	5,361	-	5,361	9,481
Interest income	95	-	95	79
Net assets released from restriction	165,400	(165,400)	-	-
Total support and revenue	<u>538,299</u>	<u>(23,591)</u>	<u>514,708</u>	<u>511,556</u>
EXPENSES:				
Program	317,970		317,970	249,601
Administration	27,972		27,972	21,453
Development/fundraising	3,547		3,547	10,330
Total expenses	<u>349,489</u>		<u>349,489</u>	<u>281,384</u>
CHANGE IN NET ASSETS	188,810	(23,591)	165,219	230,172
NET ASSETS, BEGINNING	<u>1,086,489</u>	<u>37,521</u>	<u>1,124,010</u>	<u>893,838</u>
NET ASSETS, ENDING	<u>\$ 1,275,299</u>	<u>\$ 13,930</u>	<u>\$ 1,289,229</u>	<u>\$ 1,124,010</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, 2017
(with summarized comparative totals for the year ended December 31, 2016)

	Program	Management and General	Development/ Fundraising	2017 Total	2016 Total
Personnel	\$ 149,673	\$ 16,630		\$ 166,303	\$ 130,861
Rwanda School expense	90,157	-		90,157	77,960
Telecommunications	1,447	-		1,447	1,069
Printing and advertising	1,450	118	\$ 2,352	3,920	5,071
Postage and shipping	41	301	-	342	516
Office supplies	2,816	2,039	-	4,855	3,447
Professional fees	6,147	6,390	1,195	13,732	18,540
Fees and permits	667	-	-	667	112
Transportation and Travel	9,675	-	-	9,675	7,286
Volunteer stipend and expenses	6,998	-	-	6,998	5,149
Depreciation	40,382	-	-	40,382	29,814
Other operating expense	8,517	2,494	-	11,011	1,559
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 317,970</u>	<u>\$ 27,972</u>	<u>\$ 3,547</u>	<u>\$ 349,489</u>	<u>\$ 281,384</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, 2017
(with summarized comparative totals for the year ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 165,219	\$ 230,172
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	40,382	29,814
(Increase) decrease in:		
Employee loans	(1,691)	1,748
Increase in:		
Accounts payable and accrued expenses	4,454	296
Net cash provided by operating activities	<u>208,364</u>	<u>262,030</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in investments	-	1,015
Purchase of property and equipment	(48,689)	(125,873)
Net cash used by operating activities	<u>(48,689)</u>	<u>(124,858)</u>
NET INCREASE IN CASH	159,675	137,172
CASH, beginning of year	<u>307,830</u>	<u>170,658</u>
CASH, end of year	<u>\$ 467,505</u>	<u>\$ 307,830</u>

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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
2017 – Secondary 1-6 (7th – 12th grades) - 137 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, 2017

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 \$1,500 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, 2017

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, 2016, from which the summarized information was derived.

THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 CONCENTRATION OF RISKS

Concentration of Credit Risk from Cash Deposits in Excess of Insured Limits – RSP maintains its American cash balances in one financial location. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017, RSP's uninsured cash balances total \$210,207.

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 are available for tuition scholarships and specific program related expenses. The balance at December 31, 2017 is \$13,930.

NOTE 5 SUBSEQUENT EVENTS

RSP has evaluated subsequent events April 30, 2018, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2017 that would have a material impact on the results of its operations or financial position.