

THE RWANDA SCHOOL PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expense	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

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, 2018, and the related statements of activities, functional expenses, 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 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, 2018, 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, 2017, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

May 6, 2019

Santa Rosa, CA

THE RWANDA SCHOOL PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(with summarized comparative totals for December 31, 2017)

ASSETS		2018	2017
Current assets:			
Cash	\$	452,064	\$ 467,505
Short term investments		4	4
Employee loans		674	1,691
Total current assets		452,742	469,200
Fixed assets:			
Land		75,000	75,000
Buildings and improvements		929,713	929,713
Subtotal		1,004,713	1,004,713
Accumulated depreciation		(213,579)	(177,517)
Net fixed assets		791,134	827,196
Total assets	\$	1,243,876	\$ 1,296,396

LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	\$	5,658	\$ 7,167
Net assets:			
Without donor restriction		1,166,011	1,275,299
With donor restriction		72,207	13,930
Total net assets		1,238,218	1,289,229
Total liabilities and net assets	\$	1,243,876	\$ 1,296,396

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(with summarized comparative totals for the year ended December 31, 2017)

	Without donor restriction	With donor restriction	2018 Total	2017 Total
SUPPORT AND REVENUE:				
Contributions	\$ 59,710	\$ 3,000	\$ 62,710	\$ 288,437
Grants	-	87,500	87,500	88,000
Tuition	74,224	-	74,224	79,706
Sponsorships	43,180	21,980	65,160	53,809
Other income	6,455	-	6,455	5,361
Interest income	633	-	633	95
Net assets released from restriction	54,203	(54,203)	-	-
Total support and revenue	<u>238,405</u>	<u>58,277</u>	<u>296,682</u>	<u>514,708</u>
EXPENSES:				
Program	310,189		310,189	317,970
Administration	30,004		30,004	27,972
Development/fundraising	7,500		7,500	3,547
Total expenses	<u>347,693</u>		<u>347,693</u>	<u>349,489</u>
CHANGE IN NET ASSETS	(109,288)	58,277	(51,011)	165,219
NET ASSETS, BEGINNING	<u>1,275,299</u>	<u>13,930</u>	<u>1,289,229</u>	<u>1,124,010</u>
NET ASSETS, ENDING	<u>\$ 1,166,011</u>	<u>\$ 72,207</u>	<u>\$ 1,238,218</u>	<u>\$ 1,289,229</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, 2018
(with summarized comparative totals for the year ended December 31, 2017)

	Program	Management and General	Development/ Fundraising	2018 Total	2017 Total
Personnel	\$ 167,004	\$ 17,678		\$ 184,682	\$ 166,303
Rwanda School expense	72,198	-		72,198	75,074
Telecommunications	1,085	-		1,085	1,447
Printing and advertising	1,827	148	\$ 2,963	4,938	3,920
Postage and shipping	103	757	-	860	342
Office supplies	2,879	2,085	-	4,964	4,855
Professional fees	5,918	7,633	4,537	18,088	13,732
Fees and permits	187	-	-	187	667
Transportation and Travel	6,899	-	-	6,899	9,675
Volunteer stipend and expenses	4,094	-	-	4,094	6,998
Building	11,933	-	-	11,933	15,083
Depreciation	36,062	-	-	36,062	40,382
Other operating expense	-	1,703	-	1,703	11,011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 310,189</u>	<u>\$ 30,004</u>	<u>\$ 7,500</u>	<u>\$ 347,693</u>	<u>\$ 349,489</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, 2018
(with summarized comparative totals for the year ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (51,011)	\$ 165,219
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	36,062	40,382
(Increase) decrease in:		
Employee loans	1,017	(1,691)
Increase in:		
Accounts payable and accrued expenses	(1,509)	4,454
Net cash (used) provided by operating activities	(15,441)	208,364
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(48,689)
Net cash used by operating activities	-	(48,689)
NET INCREASE IN CASH	(15,441)	159,675
CASH, beginning of year	467,505	307,830
CASH, end of year	\$ 452,064	\$ 467,505

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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. 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
2018 – Secondary 1-6 (7th – 12th grades) - 138 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 Leaders' 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, 2018

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 two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – 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.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of RSP's to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

Net assets Released from Restriction – Net assets with donor restriction are “released” to net assets without donor restriction 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 without donor restriction. Expenses are reported as decreased in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction 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, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

Allocation Methodology – Costs that benefit more than one program are allocated on the basis of usage.

Reclassifications – Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2017, from which the summarized information was derived.

NOTE 3 LIQUIDITY

The following reflects RSP's financial assets as of December 31, 2018 that are available for operations.

Financial assets at year end	
Cash and cash equivalents	\$ 452,064
Less donor restricted funds	<u>(72,207)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 379,857</u>

NOTE 4 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, 2018, RSP's uninsured cash balances total is \$190,439.

THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction at December 31, 2018 are available for tuition scholarships and specific program related expenses. The balance at December 31, 2018 is \$72,207.

NOTE 6 CHANGE IN ACCOUNTING PRINCIPLE

The financial statements have been changed to adopt ASU 2016-14, changing to the new language of “without donor restriction” and “with donor restriction.” This change has been applied to both the current year and the prior summarized information. As well, an addition to the summary of significant accounting policies in Note 2 has been written to disclose the allocation methodology used by RSP, and the new liquidity note has been added in Note 3. The prior year change was only in terminology from “unrestricted” and “temporarily restricted” to “without donor restriction” and with “donor restriction.” There was no change in the beginning net asset number.

NOTE 7 SUBSEQUENT EVENTS

RSP has evaluated subsequent events May 6, 2019, the date the financial statements were available to be issued and determined that there were no events occurring subsequent to December 31, 2018 that would have a material impact on the results of its operations or financial position.