

THE RWANDA SCHOOL
PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2009 and 2008



TABLE OF CONTENTS

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



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Rwanda School Project
Sebastopol, California

We have audited the accompanying statements of financial position of The Rwanda School Project, Inc. (a California nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of The Rwanda School Project management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009 and 2008, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

SUSAN E. GORANSON, CPA

April 19, 2010
Santa Rosa, California

THE RWANDA SCHOOL PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 44,613 | \$ 45,107 |
| Short-term investments | 59,538 | 176,432 |
| Pledges receivable | <u>33,062</u> | <u>33,062</u> |
| Total current assets | 137,213 | 254,601 |
| Fixed assets: | | |
| Land | 75,000 | 75,000 |
| Improvements | 57,325 | |
| Construction in progress | <u>136,344</u> | <u>57,325</u> |
| Net fixed assets | <u>268,669</u> | <u>132,325</u> |
| Total assets | <u>\$ 405,882</u> | <u>\$ 386,926</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Current portion of note payable | \$ 46,475 | \$ 31,795 |
| Scholarship payable | <u>2,325</u> | <u>1,000</u> |
| Total current liabilities | 48,800 | 32,795 |
| Note payable, net of current portion | <u>17,651</u> | <u>68,205</u> |
| Total liabilities | <u>66,451</u> | <u>101,000</u> |
| Net assets: | | |
| Unrestricted | 4,980 | 1,862 |
| Temporarily restricted | <u>334,451</u> | <u>284,064</u> |
| Total net assets | <u>339,431</u> | <u>285,926</u> |
| Total liabilities and net assets | <u>\$ 405,882</u> | <u>\$ 386,926</u> |

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|---------------------------|-------------------|-------------------|
| SUPPORT AND REVENUE: | | |
| Individual contributions | \$ 49,673 | \$ 29,500 |
| Corporate contributions | 63,304 | 118,552 |
| Interest income | 3,118 | 1,862 |
| Other income | <u>892</u> | <u>6,900</u> |
| Total support and revenue | <u>116,987</u> | <u>156,814</u> |
| EXPENSES: | | |
| Program | 43,617 | 58,027 |
| Administration | <u>19,865</u> | <u>3,479</u> |
| Total expenses | <u>63,482</u> | <u>61,506</u> |
| CHANGE IN NET ASSETS | 53,505 | 95,308 |
| NET ASSETS, BEGINNING | <u>285,926</u> | <u>190,618</u> |
| NET ASSETS, ENDING | <u>\$ 339,431</u> | <u>\$ 285,926</u> |

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

| | <u>Program</u> | <u>Management and General</u> | 2009 <u>Total</u> |
|-------------------------|------------------|-----------------------------------|----------------------|
| Personnel costs | \$ 20,050 | \$ 5,420 | \$ 25,470 |
| Rent | 8,500 | - | 8,500 |
| Classroom supplies | 160 | - | 160 |
| Library supplies | 446 | - | 446 |
| Telephone | - | 170 | 170 |
| Printing | - | - | - |
| Postage | 627 | - | 627 |
| Shipping | - | - | - |
| School expense | 9,974 | - | 9,974 |
| Supplies | - | 743 | 743 |
| Professional fees | - | 2,000 | 2,000 |
| Advertising | 1,721 | - | 1,721 |
| Fees and permits | - | 3,611 | 3,611 |
| Travel | - | - | - |
| Loan interest | - | 7,921 | 7,921 |
| Other operating expense | <u>2,139</u> | <u>-</u> | <u>2,139</u> |
| Total expenses | <u>\$ 43,617</u> | <u>\$ 19,865</u> | <u>\$ 63,482</u> |

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

| | <u>Program</u> | <u>Management and General</u> | <u>2008 Total</u> |
|-------------------------|----------------------|-----------------------------------|-----------------------|
| Personnel costs | \$ 16,701 | \$ 1,558 | \$ 18,259 |
| Classroom supplies | 4,458 | - | 4,458 |
| Library supplies | 57 | - | 57 |
| Telephone | - | 62 | 62 |
| Printing | - | 506 | 506 |
| Postage | 84 | - | 84 |
| Shipping | - | 455 | 455 |
| School expense | 1,307 | - | 1,307 |
| Supplies | - | 246 | 246 |
| Staff recruitment | 49 | - | 49 |
| Advertising | 773 | - | 773 |
| Fees and permits | 912 | - | 912 |
| Travel | - | 283 | 283 |
| Other operating expense | <u>33,686</u> | <u>369</u> | <u>34,055</u> |
| Total expenses | <u>\$ 58,027</u> | <u>\$ 3,479</u> | <u>\$ 61,506</u> |

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 53,505 | \$ 95,308 |
| Adjustments to reconcile change in net assets to cash from operations | | |
| (Increase) decrease in: | | |
| Accounts receivable | - | (33,062) |
| Increase (decrease) in: | | |
| Deferred revenue | <u>1,325</u> | <u>1,000</u> |
| Total cash provided by operations | <u>54,830</u> | <u>63,246</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Change in investments | 116,894 | (176,432) |
| Purchase of property and equipment | <u>(136,344)</u> | <u>(132,325)</u> |
| Total cash (used) provided by investing activities | <u>(19,450)</u> | <u>(308,757)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Borrowings on long-term debt | <u>(35,874)</u> | <u>100,000</u> |
| NET CHANGE IN CASH | (494) | (145,511) |
| CASH, beginning of year | <u>45,107</u> | <u>190,618</u> |
| CASH, end of year | <u>\$ 44,613</u> | <u>\$ 45,107</u> |

The accompanying notes are an integral part of these financial statements

THE RWANDA SCHOOL PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 1 ORGANIZATION

The Rwanda School Project, Inc (RSP) is a nonprofit international organization established in 2005. RSP is dedicated to starting secondary and continuing education schools in Rwanda to promote Rwanda's recovery, growth, and continuing peace. The organization'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.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Short-term investments – Short-term investments consist of certificates of deposit with terms of four to twelve months.

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 25 years. All fixed assets are construction in progress as of December 31, 2009.

THE RWANDA SCHOOL PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 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.

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.

In-Kind Contributions - 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.

Income Taxes - The Organization is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and is not required to file as an affiliate of a church organization.

NOTE 3 NOTE PAYABLE

RSP has a note payable to an individual which originated during October 2008 and is payable in one payment of \$3,500 of interest at seven percent six months after inception; twenty-four payments of \$4,477, including principal and interest at seven percent. Future principal payments are as follows at December 31:

| | |
|------|-----------|
| 2010 | \$ 46,475 |
| 2011 | 16,651 |