

THE RWANDA SCHOOL PROJECT
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2021

(with summarized comparative totals as of
and for the year ended December 31, 2020)



**THE RWANDA SCHOOL PROJECT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Rwanda School Project
Santa Rosa, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Rwanda School Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Rwanda School Project and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Rwanda School Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rwanda School Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Rwanda School Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The other CPA firm has previously audited The Rwanda School Project's 2020 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated May 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harshmal & Company LLP

Oakland, California
April 29, 2022

FINANCIAL STATEMENTS

THE RWANDA SCHOOL PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(with summarized comparative totals as of December 31, 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 225,604	\$ 368,332
Short term investments	24,255	24,253
Employee advances	831	2,818
Fixed assets, net	1,037,687	858,563
Total assets	1,288,377	1,253,966
LIABILITIES		
Accounts payable and accrued expenses	4,679	5,032
Other liabilities	52	-
Total liabilities	4,731	5,032
NET ASSETS		
Without donor restrictions	1,249,165	996,873
With donor restrictions	34,481	252,061
Total net assets	1,283,646	1,248,934
Total liabilities and net assets	\$ 1,288,377	\$ 1,253,966

The accompanying notes are an integral part of these financial statements.

THE RWANDA SCHOOL PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(with summarized comparative totals for the year ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
REVENUE AND GAINS				
Contributions	\$ 53,946	\$ -	\$ 53,946	\$ 63,924
Grants	90,000	112,612	202,612	153,121
Tuition	86,785	-	86,785	44,036
Sponsorships	63,482	-	63,482	94,320
Other income	273	-	273	14,708
Interest income	124	-	124	493
Net assets released from restriction	<u>367,757</u>	<u>(367,757)</u>	<u>-</u>	<u>-</u>
Total revenues and gains	<u>662,367</u>	<u>(255,145)</u>	<u>407,222</u>	<u>370,602</u>
EXPENSES AND LOSSES				
Program	298,529	-	298,529	295,047
Management and general	67,593	-	67,593	25,718
Development/Fundraising	<u>6,388</u>	<u>-</u>	<u>6,388</u>	<u>6,038</u>
Total expenses and losses	<u>372,510</u>	<u>-</u>	<u>372,510</u>	<u>326,803</u>
Change in net assets	289,857	(255,145)	34,712	43,799
Net assets, beginning of year	996,873	252,061	1,248,934	1,205,135
Net assets, reclassification	<u>(37,565)</u>	<u>37,565</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year - reclassified	<u>959,308</u>	<u>289,626</u>	<u>1,248,934</u>	<u>1,205,135</u>
Net assets, end of year	<u>\$ 1,249,165</u>	<u>\$ 34,481</u>	<u>\$ 1,283,646</u>	<u>\$ 1,248,934</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, 2021
(with summarized comparative totals for the year ended December 31, 2020)

	<u>Program</u>	<u>Management and General</u>	<u>Development /Fundraising</u>	<u>Total 2021</u>	<u>Total 2020</u>
Personnel	\$ 112,101	\$ 57,581	\$ -	\$ 169,682	\$ 142,684
Rwanda school expense	107,468	-	-	107,468	64,547
Telecommunications	899	932	-	1,831	1,425
Printing and advertising	1,601	-	3,436	5,037	4,813
Postage and shipping	90	-	716	806	1,144
Office supplies	1,414	-	-	1,414	1,944
Professional fees	4,546	6,500	-	11,046	11,876
Fees, permits, and taxes	1,897	-	2,236	4,133	6,226
Transportation and travel	2,392	2,580	-	4,972	4,410
Volunteer stipend and expenses	321	-	-	321	5,096
Building	20,433	-	-	20,433	40,015
Depreciation	44,649	-	-	44,649	42,273
Event	718	-	-	718	350
	<u>\$ 298,529</u>	<u>\$ 67,593</u>	<u>\$ 6,388</u>	<u>\$ 372,510</u>	
Total expenses for 2021					
Total expenses for 2020	<u>\$ 295,047</u>	<u>\$ 25,718</u>	<u>\$ 6,038</u>		<u>\$ 326,803</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, 2021
(with summarized comparative totals for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 34,712	\$ 43,799
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation & Amortization	44,649	42,273
Unrealized loss/(gain) on investments	(2)	(49)
(Increase)/decrease in operating assets:		
Employee advance	1,987	(2,818)
Increase/(decrease) in operating liabilities:		
Accounts Payable and accrued expenses	(353)	484
Other liabilities	<u>52</u>	<u>-</u>
Net cash provided by/(used in) operating activities	<u>81,045</u>	<u>83,689</u>
<i>Cash flows from investing activities:</i>		
(Acquisition)/sale of investments	-	(24,200)
(Acquisition)/sale of fixed assets	<u>(223,773)</u>	<u>(94,670)</u>
Net cash provided by/(used in) by financing activities	<u>(223,773)</u>	<u>(118,870)</u>
Net change in cash and cash equivalents	(142,728)	(35,181)
Cash and cash equivalents, beginning of year	<u>368,332</u>	<u>403,513</u>
Cash and cash equivalents, end of year	<u>\$ 225,604</u>	<u>\$ 368,332</u>

The accompanying notes are an integral part of these financial statements.

**THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 250 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
2019 - Secondary 1-6 (7th - 12th grades) - 164 students
2020 - Secondary 1-6 (7th - 12th grades) - 189 students
2021-2022 - Secondary 1-6 (7th - 12th grades) - 189 students

The official school year in Rwanda has now changed from January-November to October-July. Since the school remained closed for eight months (due to COVID) and the students had to repeat the year, there was no graduation in 2020.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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.

**THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. 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.

D. 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.

E. 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.

F. 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.

G. 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 those estimates.

H. 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, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

I. Revenue Recognition

Effective January 1, 2020, RSP adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers. Under the new revenue recognition standard, Revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of goods at a point in time based on shipping terms and transfer of title. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods. Sales, value add, and other taxes collected concurrent with revenue-producing activities are excluded from revenue. The RSP does not expect a material impact to its statement of financial position and statement of activities on an ongoing basis from the adoption of the new standard.

J. Functional Allocation of Expense

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.

K. Allocation Methodology

Costs that benefit more than one program are allocated on the basis of usage. During the year, the following changes made in functional policy:

Personnel - Historically and arbitrarily, management and general has been 10% of the total. However, as the school has grown and duties changed, it has been categorized more appropriately per specific categories in the chart of accounts.

Telecommunications - Historically this was 62% Program and 38% Development/Fundraising. This division will now be categorized based on specific categories in the P & L.

L. Fair Value Measurement

RSP categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 - Inputs are quoted prices in active markets for identical assets;

Level 2 - Inputs are significant other observable inputs;

Level 3 - Inputs are significant unobservable inputs.

M. 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, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

N. 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, 2020, from which the summarized information was derived.

O. New accounting pronouncements

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for fiscal years beginning after December 15, 2021, which is the year ended June 30, 2023, with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The RSP maintains its cash and cash equivalents in various bank accounts, carrying balances of cash and cash equivalents as of December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents		
Exchange Bank	\$ 208,860	\$ 353,917
Bank of Kigali	15,412	13,788
Guaranty Trust Bank RWF	4,813	389
Guaranty Trust Bank USD	<u>(3,481)</u>	<u>238</u>
Total cash and cash equivalents	<u>\$ 225,604</u>	<u>\$ 368,332</u>

NOTE 4 - INVESTMENTS

The RSP's investment maintains by Edward Jones, carrying balances of investment as of December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Investments		
Cash	\$ 1	\$ 1
Invesco Govt Money Market A	<u>24,254</u>	<u>24,252</u>
Total investments	<u>\$ 24,255</u>	<u>\$ 24,253</u>

The investments held by the RSP are valued at fair value and ranked as Level 1.

**THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 - FIXED ASSETS

A summary of changes in fixed assets for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 75,000	\$ 75,000
Buildings and improvements	<u>1,294,667</u>	<u>1,070,894</u>
	1,369,667	1,145,894
Less: accumulated depreciation	<u>(331,980)</u>	<u>(287,331)</u>
Total fixed assets, net	<u>\$ 1,037,687</u>	<u>\$ 858,563</u>

Depreciation expense for the years ended December 31, 2021 and 2020 were \$44,649 and \$42,273 respectively.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The RSP monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The RSP had the following financial assets that could readily be made available within one year to fund expenses without limitations at December 31, 2021, and 2020:

<u>Financial Assets:</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 225,604	\$ 368,332
Investments	<u>24,255</u>	<u>24,253</u>
Total financial assets	<u>249,859</u>	<u>392,585</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>34,481</u>	<u>289,626</u>
Financial assets available to meet general expenditures within one year	<u>\$ 215,378</u>	<u>\$ 102,959</u>

NOTE 7 - 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, 2021, and 2020 RSP's uninsured cash balances total were \$0 and \$103,917 respectively.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTION

The grants from Segal Family, CG Charitable trust, and Sponsorships, which were earlier listed in restricted donor fund, have been moved to unrestricted donor funds since no such explicit restriction existed at the time of grant received. Net assets with donor restriction at December 31, 2021 are available for specific program related expenses. The balance at December 31, 2021 and 2020 were \$34,481 and \$289,626 respectively.

**THE RWANDA SCHOOL PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 - RECLASSIFICATION OF NET ASSETS

During the fiscal year ended December 31, 2021, the RSP found that the net assets With and Without Donor Restrictions were not adequately presented on its previous financial statements. As a result, \$37,565 prior period net assets reclassification has been made in the RSP's financial statements to record the proper balance of net assets With and Without Donor Restrictions at the year ended December 31, 2021.

NOTE 10 - SUBSEQUENT EVENTS

The management of the RSP has reviewed the results of operations for the period of time from its year ended December 31, 2021 through April 29, 2022 the date at which the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

In April 2022, the donors agreed on the management's resolution to set up an endowment fund to utilize the funds from the LEARN. EMPOWER. LEAD. FUND.

The COVID_19 pandemic is complex and rapidly evolving. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position and cash flows.