

RAFIKI FOUNDATION, INC.
Eustis, Florida

ANNUAL FINANCIAL REPORT
December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
Rafiki Foundation, Inc.
Eustis, Florida

Opinion

We have audited the accompanying financial statements of Rafiki Foundation, Inc. (a nonprofit organization, referred to as "the Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 Rafiki Foundation, Inc. as of December 31, 2020 and 2019, 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 (US GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Rafiki Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with US GAAP, 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 Foundation'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 it is not a guarantee that an audit conducted in accordance with GAAS 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, including omissions, 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 GAAS, 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 Foundation'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 Foundation'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.

Crippen & Co., LLP

Leesburg, Florida
July 15, 2021

Eustis, Florida

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and Cash Equivalents - Home Office	\$ 3,032,031	\$ 609,579
Cash and Cash Equivalents - Foreign	157,421	130,549
Total Cash and Cash Equivalents	<u>3,189,452</u>	<u>740,128</u>
Accounts Receivable	122	1,807
Prepaid Assets	88,551	84,389
Inventories	139,032	128,933
Investments	289,585	1,091,672
Total Current Assets	<u>3,706,742</u>	<u>2,046,929</u>
Noncurrent Assets		
Construction in Progress	499,339	541,188
Property and Equipment, Net	18,355,598	19,509,034
Contribution Receivable - Charitable Remainder Unitrust	83,073	81,368
Trademark, Net	2,682	3,218
Total Noncurrent Assets	<u>18,940,692</u>	<u>20,134,808</u>
Total Assets	<u>\$ 22,647,434</u>	<u>\$ 22,181,737</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 39,914	\$ 22,812
Accrued Expenses	2,110	15,742
Total Current Liabilities	<u>42,024</u>	<u>38,554</u>
Total Liabilities	<u>42,024</u>	<u>38,554</u>
Net Assets		
Without Donor Restrictions	19,242,641	19,729,724
With Donor Restrictions	3,362,769	2,413,459
Total Net Assets	<u>22,605,410</u>	<u>22,143,183</u>
Total Liabilities and Net Assets	<u>\$ 22,647,434</u>	<u>\$ 22,181,737</u>

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

RAFIKI FOUNDATION, INC.
Eustis, Florida
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains (Losses), and Other Support			
Individual Contributions	\$ 3,472,198	\$ 5,702,089	\$ 9,174,287
Interest and Dividend Income	13,306	-	13,306
Net Realized and Unrealized Loss on Investments	(14,437)	-	(14,437)
Education and Curriculum Income	30,612	-	30,612
Exchange Operations - Net of Direct Operating Expenses	(71,330)	-	(71,330)
Net Assets Released from Restrictions	4,752,779	(4,752,779)	-
Total Revenues, Gains (Losses), and Other Support	<u>8,183,128</u>	<u>949,310</u>	<u>9,132,438</u>
Functional Expenses			
Program Services	7,786,766	-	7,786,766
Support Services	883,445	-	883,445
Total Functional Expenses	<u>8,670,211</u>	<u>-</u>	<u>8,670,211</u>
(Decrease) Increase in Net Assets	(487,083)	949,310	462,227
Net Assets, Beginning of Year	<u>19,729,724</u>	<u>2,413,459</u>	<u>22,143,183</u>
Net Assets, End of Year	<u>\$ 19,242,641</u>	<u>\$ 3,362,769</u>	<u>\$ 22,605,410</u>

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

RAFIKI FOUNDATION, INC.
Eustis, Florida
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains (Losses), and Other Support			
Individual Contributions	\$ 2,432,209	\$ 5,513,531	\$ 7,945,740
Interest and Dividend Income	25,263	-	25,263
Net Realized and Unrealized Gain on Investments	75,004	-	75,004
Exchange Operations - Net of Direct Operating Expenses	(42,578)	-	(42,578)
Net Assets Released from Restrictions	5,914,750	(5,914,750)	-
Total Revenues, Gains (Losses), and Other Support	8,404,648	(401,219)	8,003,429
Functional Expenses			
Program Services	8,554,954	-	8,554,954
Support Services	801,398	-	801,398
Total Functional Expenses	9,356,352	-	9,356,352
Decrease in Net Assets	(951,704)	(401,219)	(1,352,923)
Net Assets, Beginning of Year	20,681,428	2,814,678	23,496,106
Net Assets, End of Year	\$ 19,729,724	\$ 2,413,459	\$ 22,143,183

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

Eustis, Florida

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	Support			Program	Total Support and Program Services
	Fund- Raising	Management and General	Total Support Services	Program Services	
Functional Expenses					
Bank and Investment Fees	\$ -	\$ 58,366	\$ 58,366	\$ -	\$ 58,366
Computer	3,070	12,827	15,897	32,799	48,696
Contract Services	-	15,709	15,709	-	15,709
Education	6,762	-	6,762	351,309	358,071
Entertainment/Accommodations	173	207	380	311	691
Food Services	1,188	1,426	2,614	2,139	4,753
Fundraising	32,150	-	32,150	-	32,150
Insurance	12,814	29,900	42,714	42,714	85,428
Mini-missions	-	-	-	87,681	87,681
Miscellaneous	2,780	5,387	8,167	17,800	25,967
Missionary Field Expenses	792	1,535	2,327	412,587	414,914
Office Supplies	1,831	3,551	5,382	11,223	16,605
Payroll Expenses and Benefits	30,574	59,231	89,805	535,342	625,147
Postage and Shipping	2,321	9,287	11,608	38,618	50,226
Printing and Publishing	3,053	4,311	7,364	36,645	44,009
Professional Services	7,815	16,834	24,649	46,284	70,933
Projects	-	-	-	17,803	17,803
Property Taxes	-	4,818	4,818	-	4,818
Rent - Equipment	883	3,530	4,413	13,238	17,651
Repairs and Maintenance	12,873	24,946	37,819	78,864	116,683
RICE Program	-	-	-	99,062	99,062
Salaries	102,730	199,097	301,827	1,357,784	1,659,611
Security Services	882	1,709	2,591	5,403	7,994
Telephone	3,448	6,682	10,130	21,123	31,253
Travel	355	711	1,066	11,575	12,641
Utilities	3,142	6,090	9,232	19,253	28,485
Vehicles	269	522	791	1,651	2,442
Villages, Children, and Schools	-	-	-	3,050,822	3,050,822
Total Functional Expenses Before Depreciation and Amortization	229,905	466,676	696,581	6,292,030	6,988,611
Depreciation and Amortization	536	186,328	186,864	1,494,736	1,681,600
Total Functional Expenses	\$ 230,441	\$ 653,004	\$ 883,445	\$ 7,786,766	\$ 8,670,211

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

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	<u>Support</u>			<u>Program</u>	<u>Total Support and Program Services</u>
	<u>Fund- Raising</u>	<u>Management and General</u>	<u>Total Support Services</u>	<u>Program Services</u>	
Functional Expenses					
Bank and Investment Fees	\$ -	\$ 63,650	\$ 63,650	\$ -	\$ 63,650
Computer	1,513	7,970	9,483	34,177	43,660
Contract Services	-	1,850	1,850	-	1,850
Education	26,926	295	27,221	357,411	384,632
Entertainment/Accommodations	293	352	645	527	1,172
Food Services	2,035	2,441	4,476	3,662	8,138
Fundraising	16,186	-	16,186	-	16,186
Insurance	11,381	26,556	37,937	37,937	75,874
Mini-missions	-	-	-	233,167	233,167
Miscellaneous	683	1,120	1,803	22,691	24,494
Missionary Field Expenses	-	-	-	450,884	450,884
Office Supplies	1,870	3,066	4,936	9,195	14,131
Payroll Expenses and Benefits	35,393	57,994	93,387	587,257	680,644
Postage and Shipping	2,607	10,432	13,039	39,277	52,316
Printing and Publishing	3,834	5,672	9,506	48,211	57,717
Professional Services	10,413	19,630	30,043	53,467	83,510
Projects	-	-	-	33,431	33,431
Property Taxes	-	4,146	4,146	-	4,146
Rent - Equipment	1,014	4,057	5,071	15,213	20,284
Repairs and Maintenance	9,162	15,015	24,177	45,049	69,226
RICE Program	-	-	-	188,355	188,355
Salaries	109,183	178,962	288,145	1,282,366	1,570,511
Security Services	1,266	2,074	3,340	6,223	9,563
Telephone	3,922	6,429	10,351	19,287	29,638
Travel	2,067	4,134	6,201	98,403	104,604
Utilities	3,576	5,862	9,438	18,618	28,056
Vehicles	262	429	691	1,288	1,979
Villages, Children, and Schools	-	-	-	3,474,860	3,474,860
Total Functional Expenses Before Depreciation and Amortization	243,586	422,136	665,722	7,060,956	7,726,678
Depreciation and Amortization	536	135,140	135,676	1,493,998	1,629,674
Total Functional Expenses	\$ 244,122	\$ 557,276	\$ 801,398	\$ 8,554,954	\$ 9,356,352

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

Eustis, Florida

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash Received from Donors	\$ 9,174,267	\$ 7,940,981
Cash Received from Investments	3,415	25,263
Cash Received from Education and Curriculum	30,612	-
Cash Used for Exchange Operations	(79,060)	(28,778)
Cash Used for Functional Expenses	(6,989,303)	(7,808,048)
Net Cash Provided by Operating Activities	<u>2,139,931</u>	<u>129,418</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(175,732)	(48,563)
Construction in Progress	(310,047)	(347,547)
Sales and Maturities of Investments	1,398,474	719,172
Purchase of Investments	(603,302)	(1,249,242)
Net Cash Provided by (Used in) Investing Activities	<u>309,393</u>	<u>(926,180)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,449,324	(796,762)
Cash and Cash Equivalents, Beginning of Year	<u>740,128</u>	<u>1,536,890</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,189,452</u>	<u>\$ 740,128</u>
Supplemental Disclosures of Noncash Investing and Financing Activities		
Construction in Progress Transfers	<u>\$ 351,896</u>	<u>\$ 1,107,103</u>
Reconciliation in Increase (Decrease) of Net Assets to Net Cash Provided by Operating Activities		
Increase (Decrease) in Net Assets	\$ 462,227	\$ (1,352,923)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,681,600	1,629,674
Unrealized Loss (Gain) on Investments	6,915	(75,004)
Changes in Assets and Liabilities Affecting Operations:		
Accounts Receivable and Other Current Assets	(2,477)	28,162
Inventories	(10,099)	13,800
Contribution Receivable - Charitable Remainder Unitrust	(1,705)	(6,753)
Accounts Payable and Accrued Expenses	3,470	(107,538)
Net Cash Provided by Operating Activities	<u>\$ 2,139,931</u>	<u>\$ 129,418</u>

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

NOTES TO FINANCIAL STATEMENTS

RAFIKI FOUNDATION, INC.
Eustis, Florida
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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1. Summary of Significant Accounting Policies:

Organization and Purpose – Rafiki is a Swahili word meaning “friend.” The Rafiki Foundation, Inc. (the Foundation) is a not-for-profit corporation and was established to befriend the needy in developing countries in Africa spiritually, educationally, and physically. The Foundation established Rafiki Villages in ten African countries and sends qualified individuals to serve in these centers. The Foundation’s goal is to help Africans know God and raise their standard of living with excellence and integrity. This is achieved through five programs: Bible study, Christian classical education, orphan care, a widows program, and teacher training.

Basis of Presentation – The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, support and revenue, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations. Assets restricted solely through actions of the Board are reported as net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Net Assets with Donor Restrictions: Net assets that are subject to donor-imposed stipulations. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the assets be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents – For purposes of the cash flow statements, the Foundation includes cash accounts and highly liquid investments with original maturities of three months or less as cash and cash equivalents. The Foundation provides quarterly funding to its African Villages. The Foundation had cash deposits of \$55,003 and \$85,683 in excess of federally insured limits as of December 31, 2020 and 2019, respectively. The Foundation believes that there is no significant risk with respect to these deposits, because they are funded to the African Villages within one month of year end and have never experienced any losses on such accounts.

Receivables and Bad Debt – No allowance for bad debts has been established as of December 31, 2020 and 2019, as it is management’s opinion that no losses will be incurred.

Inventories – Inventories consist of products made by widows in Africa for sale in the Exchange shop and online. Inventories are stated at the lower of cost or net realizable value. Provisions, when required, are made to reduce excess and obsolete inventories to net realizable value.

RAFIKI FOUNDATION, INC.
Eustis, Florida
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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1. Summary of Significant Accounting Policies (continued):

Investments – Investments consist of marketable securities stated at fair value at quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Contributed investments are recorded at their fair value at the date of donation. No contributed investments were received during the years ended December 31, 2020 and 2019.

Property and Equipment – Depreciation of property and equipment is provided over the estimated useful lives (3 to 40 years) of the respective assets on a straight-line basis. Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are valued at cost with the exception of certain contributed furniture, equipment, and vehicles, which are stated at the fair market value at the date the contributions were received.

Beneficial Interest in Split Interest Agreement – The Foundation is a beneficiary of the remainder interest in a charitable remainder trust fund, which is held by a third party as trustee. The Foundation has recorded the contribution and beneficial interest related to this trust fund at fair value, which is estimated as the net present value of the estimated future amount to be received.

Donated Goods and Services – A substantial amount of goods and services has been contributed to the Foundation to help carry out its activities. The value of these contributions is not recorded in the accompanying financial statements since it is generally not susceptible to objective measurement or valuation.

Functional Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Exchange Operations – The Foundation purchases handcrafts from its widows program and sells the products in its stores and online to provide support for the widows program. Revenues earned are recorded as earned at the time of purchase and are shown net of direct operating expense on the statement of activities.

Shipping and Handling Costs – The Foundation classifies all freight paid for exchange shop purchases as cost of sales in the period incurred.

Exchange Rates – Foreign operations have been converted to U.S. dollars for purposes of presenting financial statements. Exchange rate gains and losses as a result of conversion to dollars are included in the Foundation's expenses.

RAFIKI FOUNDATION, INC.
Eustis, Florida
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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1. Summary of Significant Accounting Policies (concluded):

Income Taxes – The Foundation is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been classified as an organization other than a private foundation under the Internal Revenue Code.

The Foundation’s Form 990, Return of Organization Exempt from Income Tax is subject to examination by the IRS, generally for three years after filing.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting Pronouncement – In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers. The guidance requires a five-step process to revenue recognition, including performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. This guidance was implemented January 1, 2019, using full retrospective approach to adoption.

Reclassifications – Certain accounts in the 2019 financial statements have been reclassified for comparative purposes to conform with the 2020 financial statements.

Date of Management’s Review – Management has evaluated subsequent events through July 15, 2021, the date on which the financial statements were available to be issued.

2. Conditional Promises to Give:

Rafiki missionaries ask members of their church, families, and others to submit pledge cards with donations they intend to give to support their mission for a period of two years while overseas. These pledges are contingent upon the fact that the missionaries stay with Rafiki for the completion of their term of service, and as such do not meet the criteria for revenue recognition under U.S. GAAP and are not reflected as contributions in the statement of activities until pledges are collected.

3. Construction in Progress:

Construction in progress as of December 31, 2020 and 2019, are categorized as follows:

	<u>2020</u>	<u>2019</u>
Rafiki Village Rwanda	\$ 87,296	\$ 66,500
Rafiki Village Ethiopia	196,493	264,262
Rafiki Village Ghana	-	2,600
Rafiki Village Tanzania	194,464	189,464
Rafiki Headquarters	<u>21,086</u>	<u>18,362</u>
Total	<u>\$ 499,339</u>	<u>\$ 541,188</u>

RAFIKI FOUNDATION, INC.
Eustis, Florida
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

4. Property and Equipment:

Property and equipment as of December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 2,024,886	\$ 2,021,373
Buildings and Improvements – Foreign Countries	28,723,462	28,334,468
Buildings and Improvements – Home Office	4,742,145	4,741,146
Furniture and Equipment	1,273,472	1,235,665
Vehicles	249,412	153,098
	<u>37,013,377</u>	<u>36,485,750</u>
Less: Accumulated Depreciation	<u>(18,657,779)</u>	<u>(16,976,716)</u>
Net Property and Equipment	<u>\$ 18,355,598</u>	<u>\$ 19,509,034</u>

Depreciation expense was \$1,681,064 and \$1,629,138 for the years ended December 31, 2020 and 2019, respectively.

The Foundation capitalized costs of \$8,042 associated with obtaining a trademark. The trademark is amortized over fifteen years. Amortization expense was \$536 for the years ended December 31, 2020 and 2019.

5. Charitable Remainder Unitrust:

During 2004, a donor established a trust with a brokerage firm naming the Foundation as a 50% beneficiary of a charitable remainder unitrust. Under terms of the split-interest agreement, the donor will receive 5% of the net fair market value of the assets quarterly until the donor's death. At the time of the donor's death, the trust is to terminate, and the remaining trust assets are to be distributed to the beneficiaries. Based on the donor's life expectancy and a 5% discount rate, the present value of future benefits expected to be received by the Foundation was estimated to be \$83,073 and \$81,368 as of December 31, 2020 and 2019, respectively. Holding gains and losses are recorded as contributions without donor restrictions.

The following table sets forth a summary of changes in the fair value of the split interest agreement, which is a Level 3 asset, for the years ended December 31, 2020 and 2019:

Balance as of December 31, 2018	\$ 74,615
Total gains (unrealized and realized), net of fees	<u>6,753</u>
Balance as of December 31, 2019	81,368
Total gains (unrealized and realized), net of fees	<u>1,705</u>
Balance as of December 31, 2020	<u>\$ 83,073</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

6. Fair Value Measurements:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and significant to fair value measurement and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Fair value of investments as of December 31, 2020 and 2019, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2020</u>				
Equities	\$ 289,585	\$ 289,585	\$ -	\$ -
Charitable Remainder Unitrust	<u>83,073</u>	<u>-</u>	<u>-</u>	<u>83,073</u>
Total	<u>\$ 372,658</u>	<u>\$ 289,585</u>	<u>\$ -</u>	<u>\$ 83,073</u>
<u>December 31, 2019</u>				
Equities	\$ 1,091,672	\$ 1,091,672	\$ -	\$ -
Charitable Remainder Unitrust	<u>81,368</u>	<u>-</u>	<u>-</u>	<u>81,368</u>
Total	<u>\$ 1,173,040</u>	<u>\$ 1,091,672</u>	<u>\$ -</u>	<u>\$ 81,368</u>

7. Net Assets Released from Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors during the years ended December 31, 2020 and 2019, as follows:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished:		
Children's Centers/Orphan Fund	\$ 3,030,500	\$ 2,931,750
Curriculum & Teacher's Training	60,666	128,846
10 th Presbyterian	17,803	22,722
Mini-missions	87,680	233,167
RALI USA and Discretionary	-	582,876
Outreach	1,462,703	1,623,609
Village Construction	<u>93,427</u>	<u>391,780</u>
Total	<u>\$ 4,752,779</u>	<u>\$ 5,914,750</u>

RAFIKI FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
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8. Net Assets:

Net assets consist of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Net Assets Without Donor Restrictions:		
Net Investment in Land, Property and Equipment	\$ 18,854,937	\$ 20,050,222
Charitable Remainder Unitrust	83,073	81,368
Undesignated, Unrestricted Net Assets	<u>304,631</u>	<u>(401,866)</u>
Total Net Assets Without Donor Restrictions	<u>19,242,641</u>	<u>19,729,724</u>
Net Assets With Donor Restrictions:		
Construction	2,137,872	1,394,844
Mini-missions	81,458	105,092
Outreach	809,778	888,634
Discretionary	40,000	-
Rosemary Jensen Bible Foundation	249,821	-
Other	<u>43,840</u>	<u>24,889</u>
Total Net Assets With Donor Restrictions	<u>3,362,769</u>	<u>2,413,459</u>
Total Net Assets	<u>\$ 22,605,410</u>	<u>\$ 22,143,183</u>

9. Operating Leases:

The Foundation leases copying machines, a folding machine, a weighing platform, printers, and a printing press that expire at various dates through December 2025.

Rental expenses for these leases were \$208,724 and \$219,407 for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2020, are as follows:

<u>Year Ending</u>	
December 31, 2021	\$ 154,648
December 31, 2022	116,984
December 31, 2023	84,615
December 31, 2024	84,379
December 31, 2025	<u>26,420</u>
Total	<u>\$ 467,046</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

10. Volunteer Services:

The impact of volunteer services performed at overseas locations cannot be adequately determined; however, the hours of volunteer services received at headquarters in Eustis, Florida have been determined. In the year ended December 31, 2020 and 2019, approximately 456 and 4,507 hours, respectively, were donated in services performed by over 200 and 170 volunteers, respectively. These hours do not meet accounting guidelines for valuation and therefore have not been recorded on these financial statements.

11. Related Party Contributions:

Board members and senior staff make voluntary contributions to the Foundation. Total contributions from these related parties were \$349,856 and \$126,810 for the years ended December 31, 2020 and 2019, respectively.

12. Liquidity:

The following reflects the Foundation's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Financial Assets at Year-End	\$ 3,650,783	\$ 1,999,364
Less those Unavailable for General Expenditures within One Year, Due to Contractual or Donor-Imposed Restrictions:		
Charitable Remainder Unitrust Due in More than One Year	<u>83,073</u>	<u>81,368</u>
Financial Assets Available to Meet Cash Needs for General Expenditure within One Year	<u>\$ 3,567,710</u>	<u>\$ 1,917,996</u>

13. Commitments and Contingencies:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) pandemic. The outbreak of COVID-19 is affecting communities, business operations, as well as the US economy and financial markets. The full extent to which COVID-19 will affect the Foundation is uncertain at this time and will depend on new information that may emerge concerning COVID-19 and the actions to contain and treat its impact and the economic impact on local, regional, national and international markets.