

RAFIKI FOUNDATION, INC.
Eustis, Florida

ANNUAL FINANCIAL REPORT
December 31, 2019 and 2018

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Independent Auditors' Report

Board of Directors
Rafiki Foundation, Inc.
Eustis, Florida

We have audited the accompanying financial statements of Rafiki Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, 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.

Auditors' 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 auditors' 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 a basis for our audit opinion.



Opinion

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, 2019 and 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.

Crippen & Co., LLP

Leesburg, Florida

June 10, 2020

RAFIKI FOUNDATION, INC.
Eustis, Florida
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

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ASSETS

	2019	2018
Current Assets		
Cash and Cash Equivalents - Home Office	\$ 609,579	\$ 1,339,469
Cash and Cash Equivalents - Foreign	130,549	197,421
Total Cash and Cash Equivalents	740,128	1,536,890
Accounts Receivable	1,807	3,801
Prepaid Assets	84,389	110,557
Inventories	128,933	142,733
Investments	1,091,672	486,598
Total Current Assets	2,046,929	2,280,579
Noncurrent Assets		
Construction in Progress	522,826	1,282,382
Property and Equipment, Net	19,527,396	20,000,868
Contribution Receivable - Charitable		
Remainder Unitrust	81,368	74,615
Trademark, Net	3,218	3,754
Total Noncurrent Assets	20,134,808	21,361,619
Total Assets	\$ 22,181,737	\$ 23,642,198

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 22,812	\$ 28,339
Accrued Expenses	15,742	117,753
Total Current Liabilities	38,554	146,092
Total Liabilities	38,554	146,092
Net Assets		
Without Donor Restrictions	19,729,724	20,681,428
With Donor Restrictions	2,413,459	2,814,678
Total Net Assets	22,143,183	23,496,106
Total Liabilities and Net Assets	\$ 22,181,737	\$ 23,642,198

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	<u>8,404,648</u>	<u>(401,219)</u>	<u>8,003,429</u>
 Functional Expenses			
Program Services	8,554,954	-	8,554,954
Support Services	801,398	-	801,398
Total Functional Expenses	<u>9,356,352</u>	<u>-</u>	<u>9,356,352</u>
 Decrease in Net Assets	 (951,704)	 (401,219)	 (1,352,923)
 Net Assets, Beginning of Year	 <u>20,681,428</u>	 <u>2,814,678</u>	 <u>23,496,106</u>
 Net Assets, End of Year	 <u>\$ 19,729,724</u>	 <u>\$ 2,413,459</u>	 <u>\$ 22,143,183</u>

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

RAFIKI FOUNDATION, INC.
Eustis, Florida
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

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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	\$ 2,133,500	\$ 6,411,303	\$ 8,544,803
Interest and Dividend Income	30,818	-	30,818
Net Realized and Unrealized Loss on Investments	(118,061)	-	(118,061)
Exchange Operations - Net of Direct Operating Expenses	(52,150)	-	(52,150)
Net Assets Released from Restrictions	6,041,585	(6,041,585)	-
Total Revenues, Gains (Losses), and Other Support	<u>8,035,692</u>	<u>369,718</u>	<u>8,405,410</u>
Functional Expenses			
Program Services	8,521,986	-	8,521,986
Support Services	778,148	-	778,148
Total Functional Expenses	<u>9,300,134</u>	<u>-</u>	<u>9,300,134</u>
(Decrease) Increase in Net Assets	(1,264,442)	369,718	(894,724)
Net Assets, Beginning of Year	<u>21,945,870</u>	<u>2,444,960</u>	<u>24,390,830</u>
Net Assets, End of Year	<u>\$ 20,681,428</u>	<u>\$ 2,814,678</u>	<u>\$ 23,496,106</u>

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

Eustis, Florida

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	Support			Program	Total Support and Program Services
	Fund- Raising	Management and General	Total Support Services	Program Services	
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.

RAFIKI FOUNDATION, INC.

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Eustis, Florida

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

	Support		Program	Total Support and Program Services	
	Fund- Raising	Management and General	Program Services		
Functional Expenses					
Bank and Investment Fees	\$ -	\$ 67,752	\$ 67,752	\$ -	\$ 67,752
Computer	837	5,656	6,493	112,178	118,671
Contract Services	-	271	271	-	271
Education	29,360	33	29,393	368,343	397,736
Entertainment/Accommodations	315	378	693	567	1,260
Food Services	2,132	2,559	4,691	3,838	8,529
Fundraising	23,283	-	23,283	-	23,283
Insurance	9,653	15,171	24,824	40,110	64,934
Mini-missions	-	-	-	295,323	295,323
Miscellaneous	554	872	1,426	23,469	24,895
Missionary Field Expenses	-	-	-	611,807	611,807
Office Supplies	2,437	3,831	6,268	10,129	16,397
Payroll Expenses and Benefits	35,021	55,037	90,058	587,996	678,054
Postage and Shipping	2,605	10,423	13,028	74,507	87,535
Printing and Publishing	3,148	4,773	7,921	40,573	48,494
Professional Services	8,233	15,565	23,798	38,811	62,609
Projects	-	-	-	25,489	25,489
Property Taxes	-	3,677	3,677	-	3,677
Rent - Equipment	729	2,914	3,643	10,929	14,572
Repairs and Maintenance	7,519	11,818	19,337	31,242	50,579
RICE Program	-	-	-	226,699	226,699
Salaries	111,109	174,666	285,775	1,250,966	1,536,741
Telephone	4,313	6,781	11,094	17,926	29,020
Travel	2,412	4,824	7,236	130,356	137,592
Utilities	4,159	6,538	10,697	17,761	28,458
Vehicles	433	681	1,114	1,799	2,913
Villages, Children, and Schools	-	-	-	3,198,302	3,198,302
Total Functional Expenses Before Depreciation and Amortization	248,252	394,220	642,472	7,119,120	7,761,592
Depreciation and Amortization	536	135,140	135,676	1,402,866	1,538,542
Total Functional Expenses	\$ 248,788	\$ 529,360	\$ 778,148	\$ 8,521,986	\$ 9,300,134

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Cash Received from Donors	\$ 7,940,981	\$ 8,528,779
Cash Received from Investments	25,263	30,818
Cash Used for Exchange Operations	(28,778)	(21,190)
Cash Used for Functional Expenses	(7,808,048)	(7,730,003)
Net Cash Provided by Operating Activities	<u>129,418</u>	<u>808,404</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(48,563)	(33,545)
Proceeds from Sale of Property and Equipment	-	2,055
Construction in Progress	(347,547)	(1,239,975)
Sales and Maturities of Investments	719,172	1,855,641
Purchase of Investments	(1,249,242)	(1,633,810)
Net Cash Used in Investing Activities	<u>(926,180)</u>	<u>(1,049,634)</u>
Net Decrease in Cash and Cash Equivalents	(796,762)	(241,230)
Cash and Cash Equivalents, Beginning of Year	<u>1,536,890</u>	<u>1,778,120</u>
Cash and Cash Equivalents, End of Year	<u>\$ 740,128</u>	<u>\$ 1,536,890</u>
Supplemental Disclosures of Noncash Investing and Financing Activities		
Construction in Progress Transfers	<u>\$ 1,107,103</u>	<u>\$ 70,484</u>
Reconciliation in Decrease of Net Assets to Net Cash Provided by Operating Activities		
Decrease in Net Assets	\$ (1,352,923)	\$ (894,724)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,629,674	1,538,542
Noncash contributions	-	(22,682)
Realized and Unrealized (Gain) Loss on Investments	(75,004)	118,061
Changes in Assets and Liabilities Affecting Operations:		
Accounts Receivable and Other Current Assets	28,162	(33,439)
Inventories	13,800	30,960
Contribution Receivable - Charitable Remainder Unitrust	(6,753)	6,243
Accounts Payable and Accrued Expenses	(107,538)	65,443
Net Cash Provided by Operating Activities	<u>\$ 129,418</u>	<u>\$ 808,404</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, 2019 and 2018

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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 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.

Change in Accounting Principle – On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 during the year ended December 31, 2018 and has adjusted the presentation in these financial statements accordingly. As required by ASU 2016-14, the Foundation is required to reclassify amounts that were previously reported as temporarily restricted net assets for donor-restricted property and equipment with implied time restrictions that expired over the useful life of the asset. Those amounts are now classified as net assets without donor restrictions as the related assets have been placed in service.

Basis of Presentation – The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles (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.

RAFIKI FOUNDATION, INC.
Eustis, Florida
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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1. Summary of Significant Accounting Policies (continued):

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 beginning in January. Prior to the quarterly funding, cash and cash equivalents occasionally exceed FDIC insurance limits. The Foundation had cash deposits of \$85,683 and \$808,506 in excess of federally insured limits as of December 31, 2019 and 2018, 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.

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.

Receivables and Bad Debt – No allowance for bad debts has been established as of December 31, 2019 and 2018 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.

Investments – Investments in marketable securities are stated at fair market value at quoted market prices. Contributed investments are recorded at their fair value at the date of donation. No contributed investments were received during the year ended December 31, 2019. The Foundation received \$22,682 of contributed investments during the year ended December 31, 2018.

FASB Accounting Standards Codification 820 (ASC 820), *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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.

RAFIKI FOUNDATION, INC.
Eustis, Florida
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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1. Summary of Significant Accounting Policies (concluded):

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.

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.

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.

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.

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

New Accounting Pronouncement – In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers. The new 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 new guidance was implemented January 1, 2019, using full retrospective approach to adoption. There was no material impact to the financial statements for the years ended December 31, 2019 and 2018.

2. Conditional Promises to Give:

Rafiki missionaries ask members of their church, families, and others to submit pledge cards indicating the 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. For this reason, they are not reflected as contributions in the statement of activities until the pledges are collected.

RAFIKI FOUNDATION, INC.
Eustis, Florida
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

3. Property and Equipment:

Property and equipment as of December 31, 2019 and 2018, are as follows:

	2019	2018
Land	\$ 2,021,373	\$ 2,021,373
Buildings and Improvements – Foreign Countries	28,334,468	27,311,133
Buildings and Improvements – Home Office	4,741,146	4,741,146
Furniture and Equipment	1,254,027	1,200,235
Vehicles	153,098	74,887
	<u>36,504,112</u>	<u>35,348,774</u>
Less: Accumulated Depreciation	<u>(16,976,716)</u>	<u>(15,347,906)</u>
Net Property and Equipment	<u>\$ 19,527,396</u>	<u>\$ 20,000,868</u>

Depreciation expense for the years ended December 31, 2019 and 2018, was \$1,629,138 and \$1,538,006, respectively.

The Foundation capitalized costs of \$8,042 associated with obtaining a trademark. The trademark is amortized over fifteen years. Amortization expense for the years ended December 31, 2019 and 2018 was \$536.

4. 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 \$81,368 and \$74,615 as of December 31, 2019 and 2018, 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, 2019 and 2018:

Balance as of December 31, 2017	\$ 80,858
Total losses (unrealized and realized), net of fees	<u>(6,243)</u>
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	<u>\$ 81,368</u>

RAFIKI FOUNDATION, INC.
Eustis, Florida
NOTES TO FINANCIAL STATEMENTS
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5. Investments:

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets' quoted prices for identical assets or liabilities in active markets.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value of investments as of December 31, 2019 and 2018, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2019</u>				
Equities	\$ 1,091,672	\$ 1,091,672	\$ -	\$ -
Total	<u>\$ 1,091,672</u>	<u>\$ 1,091,672</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2018</u>				
Equities	\$ 486,598	\$ 486,598	\$ -	\$ -
Total	<u>\$ 486,598</u>	<u>\$ 486,598</u>	<u>\$ -</u>	<u>\$ -</u>

6. Net Assets:

Net assets consist of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Net Assets Without Donor Restrictions:		
Net Investment in Land, Property and Equipment	\$ 20,050,222	\$ 21,283,250
Charitable Remainder Unitrust	81,368	74,615
Undesignated, Unrestricted Net Assets	<u>(401,866)</u>	<u>(676,437)</u>
Total Net Assets Without Donor Restrictions	<u>19,729,724</u>	<u>20,681,428</u>
Net Assets With Donor Restrictions:		
Construction	1,394,844	1,149,244
Medical Clinics	-	20,500
Mini-missions	105,092	51,498
Outreach	888,634	1,072,339
RALI USA	-	100,000
Home Office Relocation	-	6,277
IT Development	-	(2,388)
10 th Presbyterian	24,889	28,723
Discretionary	-	388,485
Total Net Assets With Donor Restrictions	<u>2,413,459</u>	<u>2,814,678</u>
Total Net Assets	<u>\$ 22,143,183</u>	<u>\$ 23,496,106</u>

RAFIKI FOUNDATION, INC.
Eustis, Florida
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

7. Operating Leases:

The Foundation leases copying machines, a folding machine, a weighing platform, printers, and a printing press that expire February 2018 through March 2025.

Rental expenses for these leases were \$219,407 and \$210,048 for the years ended December 31, 2019 and 2018, respectively. Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2019, are as follows:

<u>Year Ending</u>	
December 31, 2020	\$ 170,500
December 31, 2021	138,172
December 31, 2022	100,508
December 31, 2023	68,139
December 31, 2024	67,903
Thereafter	<u>11,317</u>
Total	<u>\$ 556,539</u>

8. Construction in Progress:

Construction in progress as of December 31, 2019 and 2018, are categorized as follows:

	<u>2019</u>	<u>2018</u>
Rafiki Village Nigeria	\$ -	\$ 8,100
Rafiki Village Liberia	-	500,062
Rafiki Village Rwanda	66,500	125,000
Rafiki Village Ethiopia	264,262	230,816
Rafiki Village Ghana	2,600	-
Rafiki Village Tanzania	189,464	108,750
Rafiki Village Zambia	-	<u>309,654</u>
Total	<u>\$ 522,826</u>	<u>\$ 1,282,382</u>

9. 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, 2019 and 2018, approximately 4,507 and 5,433 hours, respectively, were donated in services performed by over 170 and 270 volunteers, respectively. These hours do not meet accounting guidelines for valuation and therefore have not been recorded on these financial statements.

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10. 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, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Purpose Restrictions Accomplished:		
Children's Centers/Orphan Fund	\$ 2,931,750	\$ 2,721,644
Curriculum & Teacher's Training	128,846	51,439
10 th Presbyterian	22,722	21,325
Mini-missions	233,167	295,323
RALI USA and Discretionary	582,876	-
IT Development	-	102,388
Outreach	1,623,609	1,575,245
Village Construction	<u>391,780</u>	<u>1,274,221</u>
Total	<u>\$ 5,914,750</u>	<u>\$ 6,041,585</u>

11. Related Party Contributions:

Board members and senior staff make voluntary contributions to the Foundation. Total contributions from these related parties were \$126,810 and \$145,975 for the years ended December 31, 2019 and 2018, respectively.

12. Liquidity:

The following reflects the Foundation's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Financial Assets at Year-End	\$ 1,999,364	\$ 2,355,194
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>81,368</u>	<u>74,615</u>
Financial Assets Available to Meet Cash Needs for General Expenditure within One Year	<u>\$ 1,917,996</u>	<u>\$ 2,280,579</u>

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13. Subsequent Event:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of our report causing significant declines in the financial markets and economic activity overall. The disclosure of this event is required due to the potential significant effect on economies during 2020 and forward. The ultimate effect of these items on the Foundation is expected to be significant but is not quantifiable at this time.

Management has evaluated subsequent events through June 10, 2020, the date on which the financial statements were available to be issued.