

RAFIKI FOUNDATION, INC.
DECEMBER 31, 2015 AND 2014

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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, 2015 and 2014, 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 audit. 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 audits to obtain reasonable assurance about whether the financial statements are free of 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, 2015 and 2014, 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on page 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Greenlee, Furray, Rice, Brown, Garner, + Donofrio
Certified Public Accountants

Mount Dora, Florida
April 13, 2016

RAFIKI FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS		
	2015	2014
Cash	\$ 2,180,963	\$ 1,482,388
Cash in foreign bank accounts	421,396	326,974
Short term investments	1,104,168	135,248
Total cash and short term investments	3,706,527	1,944,610
Accounts receivable	2,658	7,170
Prepaid expenses	133,063	86,250
Inventories	93,298	62,958
Long-term investments	363,435	3,078,743
Construction in progress	1,006,690	1,158,805
Property and equipment, net of depreciation	20,430,455	19,969,443
Contribution receivable - charitable remainder unitrust	75,887	74,218
Trademark (net of amortization)	5,362	5,898
Other Assets	11,250	-
Total Assets	\$ 25,828,625	\$ 26,388,095
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 13,460	\$ 55,509
Accrued liabilities	43,568	345,259
Net pension benefit obligations	...	378,547
Total Liabilities	57,028	779,315
Net Assets:		
Unrestricted	22,474,206	21,549,345
Temporarily restricted	3,297,391	4,059,435
Total Net Assets	25,771,597	25,608,780
Total Liabilities and Net Assets	\$ 25,828,625	\$ 26,388,095

The auditors' report and accompanying notes are an integral part of these financial statements.

RAFIKI FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support:			
Individual contributions	\$ 2,144,998	\$ 6,764,975	\$ 8,909,973
Interest and dividend income	40,262	...	40,262
Net realized and unrealized gain on investments	(50,532)	...	(50,532)
Exchange operations - Net of direct operating expenses	(39,808)	...	(39,808)
Net assets released from restrictions	7,527,019	(7,527,019)	...
Total Revenues, Gains, and Other Support	\$ 9,621,939	\$ (762,044)	\$ 8,859,895
Expenses:			
Programs	\$ 7,850,197	\$...	\$ 7,850,197
Support services	846,881	...	846,881
Total Expenses	8,697,078	...	8,697,078
Change in Net Assets	924,861	(762,044)	162,817
Net assets, January 1, 2015	21,549,345	4,059,435	25,608,780
NET ASSETS, DECEMBER 31, 2015	\$ 22,474,206	\$ 3,297,391	\$ 25,771,597

RAFIKI FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support:			
Individual contributions	\$ 2,081,581	\$ 6,844,092	\$ 8,925,673
Interest and dividend income	78,949	...	78,949
Net realized and unrealized gain on investments	110,075	...	110,075
Exchange operations - Net of direct operating expenses	(42,407)	...	(42,407)
Net assets released from restrictions	7,201,321	(7,201,321)	...
Total Revenues, Gains, and Other Support	\$ 9,429,519	\$ (357,229)	\$ 9,072,290
Expenses:			
Program	\$ 8,363,315	\$...	\$ 8,363,315
Support services	935,481	...	935,481
Total Expenses	9,298,796	...	9,298,796
Change in Net Assets	130,723	(357,229)	(226,506)
Net assets, January 1, 2014	21,418,622	4,416,664	25,835,286
NET ASSETS, DECEMBER 31, 2014	\$ 21,549,345	\$ 4,059,435	\$ 25,608,780

RAFIKI FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities:		
Change in net assets	\$ 162,817	\$ (226,506)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and amortization	1,347,274	1,332,185
Net realized and unrealized gain on investments	50,533	(104,119)
Decrease (increase) in accounts receivable	4,512	(6,086)
Decrease (increase) in prepaid expenses	(46,813)	1,305
Decrease (increase) in inventories	(30,340)	(18,085)
Decrease (increase) in contribution receivable - Charitable remainder unitrust	(1,669)	(4,194)
Increase (decrease) in accounts payable	(42,049)	22,713
Increase (decrease) in accrued liabilities	14,092	(22,963)
Increase (decrease) in benefit obligations	(694,330)	381,067
Net Cash Provided by Operating Activities	<u>764,027</u>	<u>1,355,317</u>
Cash Flows From Investing Activities:		
Proceeds from sale/maturity of investments	4,667,651	2,176,863
Purchase of investments	(2,023,678)	(2,093,167)
Construction in progress	(1,505,066)	(645,427)
Purchase of property and equipment	(141,017)	(1,343,804)
Net Cash Used in Investing Activities	<u>997,890</u>	<u>(1,905,535)</u>
Net Increase (Decrease) in Cash	<u>1,761,917</u>	<u>(550,218)</u>
Cash and short-term investments at beginning of year	\$ 1,944,610	\$ 2,494,828
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR	<u><u>3,706,527</u></u>	<u><u>\$ 1,944,610</u></u>

RAFIKI FOUNDATION, INC.
STATEMENT OF EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2015

	Support Services			Total	Total Program and Support Services
	Programs	Admin- istration	Fund- raising		
Personnel Expenses:					
Salaries and wages	\$ 1,248,645	\$ 222,567	\$ 82,756	\$ 305,323	\$ 1,553,968
Payroll taxes	48,058	8,566	3,185	11,751	59,809
Employee benefits	537,119	88,252	32,815	121,067	658,186
Total Personnel Expenses	1,833,822	319,385	118,756	438,141	2,271,963
Other Expenses:					
Children's & Medical Centers	2,824,513	...	...	...	2,824,513
Computer	7,824	3,713	1,381	5,094	12,918
Contract services	16,326	13,450	1,257	14,707	31,033
Depreciation and amortization	1,239,705	79,601	27,968	107,569	1,347,274
Entertainment/ accommodations	534	118	534	652	1,186
Food services	3,384	752	3,384	4,136	7,520
Fund raising	...	...	32,341	32,341	32,341
Insurance	31,468	14,939	5,554	20,493	51,961
Bank and investment fees	...	72,633	...	72,633	72,633
Education	397,439	...	...	...	397,439
Mini-mission	351,556	...	...	...	351,556
Miscellaneous	9,957	4,727	1,758	6,485	16,442
Office supplies	10,773	5,114	1,902	7,016	17,789
Missionary field expenses	591,996	...	...	...	591,996
Projects	36,191	...	...	...	36,191
Postage and shipping	50,361	23,908	8,890	32,798	83,159
Printing and publishing	26,933	...	6,734	6,734	33,667
Professional services	47,750	19,486	5,929	25,415	73,165
Property taxes	1,884	894	332	1,226	3,110
Rent - Equipment	14,801	7,027	2,613	9,640	24,441
Repairs/maintenance	34,598	16,425	6,107	22,532	57,130
RICE program	170,072	...	...	...	170,072
Security services	7,511	3,566	1,326	4,892	12,403
Telephone	17,040	8,090	3,008	11,098	28,138
Travel	106,117	...	11,791	11,791	117,908
Utilities	17,492	8,304	3,087	11,391	28,883
Vehicles	150	71	26	97	247
Total Other Expenses	6,016,375	282,818	125,922	408,740	6,425,115
TOTAL EXPENSES	\$ 7,850,197	\$ 602,203	\$ 244,678	\$ 846,881	\$ 8,697,078

RAFIKI FOUNDATION, INC.
STATEMENT OF EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Support Services			Total	Program and Support Services
	Programs	Admin- istration	Fund- raising			Total
Personnel Expenses:					
Salaries and wages	\$ 1,242,210	\$ 209,728	\$ 77,982	\$ 287,710	\$ 1,529,920
Payroll taxes	46,812	7,903	2,939	10,842	57,654
Employee benefits	1,070,214	175,844	65,383	241,227	1,311,441
Total Personnel Expenses	2,359,236	393,475	146,304	539,779	2,899,015
Other Expenses:					
Children's & Medical Centers	2,661,461	...	...	...	2,661,461
Computer	3,479	1,651	614	2,265	5,744
Contract services	15,782	13,003	1,215	14,218	30,000
Depreciation and amortization	1,224,120	78,790	29,275	108,065	1,332,185
Entertainment/ accommodations	626	139	626	765	1,391
Food services	4,947	1,099	4,947	6,046	10,993
Fund raising	...	...	7,232	7,232	7,232
Insurance	26,804	12,725	4,731	17,456	44,260
Bank and investment fees	...	70,574	...	70,574	70,574
Education	484,962	...	...	...	484,962
Mini-mission	378,202	...	...	...	378,202
Miscellaneous	3,912	1,857	691	2,548	6,460
Office supplies	10,172	4,829	1,795	6,624	16,796
Missionary field expenses	663,632	...	...	...	663,632
Projects	17,846	...	...	...	17,846
Postage and shipping	43,648	20,721	7,705	28,426	72,074
Printing and publishing	48,534	...	12,134	12,134	60,668
Professional services	73,133	31,591	10,452	42,043	115,176
Property taxes	1,854	880	327	1,207	3,061
Rent - Equipment	30,800	14,622	5,437	20,059	50,859
Repairs/maintenance	32,505	15,431	5,738	21,169	53,674
RICE program	164,477	...	...	...	164,477
Security services	3,956	1,878	698	2,576	6,532
Telephone	17,395	8,258	3,071	11,329	28,724
Travel	71,906	...	7,990	7,990	79,896
Utilities	19,363	9,192	3,418	12,610	31,973
Vehicles	563	267	99	366	929
Total Other Expenses	6,004,079	287,507	108,195	395,702	6,399,781
TOTAL EXPENSES	\$ 8,363,315	\$ 680,982	\$ 254,499	\$ 935,481	\$ 9,298,796

RAFIKI FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 1: Summary of Significant Accounting Policies

A. 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.

B. Cash and equivalents - Cash, for purposes of the cash flow statements, includes cash accounts and highly liquid investments with original maturities of three months or less.

C. 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.

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).

D. Exchange rates - Day-to-day 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.

E. Receivables/bad debt - At December 31, 2015 and 2014, no allowance for bad debts has been established as it is management's opinion that no losses will be incurred.

F. Inventory - Inventory is stated at the lower of cost or market and consists of items for sale in the Exchange shop and online.

G. Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. 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:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations. Assets restricted solely through actions of the Board are reported as unrestricted net assets. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

RAFIKI FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations 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.

H. 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 \$500 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.

I. 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.

J. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Functional costs - The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 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 United States generally accepted accounting standards. For this reason they are not reflected as contributions in the statement of activities until the pledges are collected.

Note 3: Property, Equipment and Depreciation

	<u>2015</u>	<u>2014</u>
Land	\$ 2,021,373	\$ 2,021,373
Buildings and improvements – Foreign countries	23,415,078	21,757,897
Buildings and improvements – Home office	4,741,146	4,741,146
Furniture and equipment	961,257	810,738
Vehicles	<u>115,358</u>	<u>115,358</u>
	31,254,213	29,446,512
Less: Accumulated depreciation	<u>(10,823,757)</u>	<u>(9,477,069)</u>
Net Property and Equipment	<u>\$ 20,430,455</u>	<u>\$ 19,969,443</u>

RAFIKI FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

The Foundation is amortizing its trademark over fifteen years. Depreciation and amortization expense for the 2015 and 2014 years was \$1,347,274 and \$1,332,185 respectively.

Note 4: Pension Plans

The Rafiki Foundation, Inc. instituted two separate defined benefit retirement plans, one effective January 1, 2001 for Rafiki Foundation Incorporated (Home Office) and the second effective August 1, 2000 for Rafiki Foundation Overseas Staff (Overseas Staff) covering those employees meeting specified eligibility requirements. The plans were frozen in 2010 after which no further benefits or credited service accrued under the plan. The plans were consolidated as of September 2014. The Foundation is in the process of terminating the plan and satisfying its obligation. Each Participant's Accrued Benefit as of that date shall continue to vest according to the graded vesting schedule of Plan Section 5.6(b). Benefits are based primarily upon years of service with the Foundation and their compensation rates near retirement. The Foundation's funding policy is to contribute to the plan the annual actuarially required amounts.

Generally accepted accounting principles require the Foundation to recognize the funded position of its plan (the difference between the fair value of plan assets and the projected benefit obligation) in the statement of financial position. The Foundation recognized an operating expense item of \$858,010 as of December 31, 2015 and an operating expense item of \$68,126 as of December 31, 2014, which have been reported in the statements of activities as a decrease in unrestricted net assets.

Following is a summary of plan information as provided by the consulting actuary at fiscal year 2015:

	<u>Consolidated</u> <u>Plan</u>
Change in projected benefit obligation:	
Projected benefit obligation, beginning of year	\$ 4,605,102
Interest cost	...
Amendments	33,197
Actuarial (gain) loss	...
Benefits paid	<u>(4,878,246)</u>
Projected benefit obligation, end of year	<u>\$...</u>
Change in plan assets:	
Fair value of plan assets, beginning of year	\$ 4,226,555
Actual return on plan assets	(4,584)
Transfer from Overseas Plan	...
Employer Contributions	658,743
Benefits paid	(4,878,246)
Expenses Paid from the Trust	<u>(2,469)</u>
Fair value of plan assets, end of year	<u>\$...</u>
Funded Status – benefit obligation in excess of plan assets (liability on statement of financial position)	<u>\$...</u>
Accumulated benefit obligation	<u>\$...</u>

RAFIKI FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
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Components of net periodic benefit cost and other amounts recognized in unrestricted net assets:	
Interest cost	\$ 33,197
Expected return on plan assets	(20,787)
Amortization of net loss	845,600
Total net periodic pension cost before settlement	<u>\$ 858,010</u>
Settlement	267,786
Net Periodic Pension Cost	<u>\$ 1,125,796</u>
Weighted-average assumptions used to determine benefit obligations:	
Discount rate	N/A
Weighted-average assumptions used to determine net periodic benefit cost:	
Discount rate	N/A
Expected long-term return on plan assets	N/A

No summary of plan information is provided as the plan was terminated during the 2015 fiscal year.

Note 5: 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, 2015 and 2014, approximately 4,057 and 4,945 hours, respectively, were donated in services performed by over 300 volunteers. These hours do not meet accounting guidelines for valuing them and therefore have not been recorded on these financial statements.

Note 6: Income Taxes

The Internal Revenue Service has recognized Rafiki Foundation, Inc. as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income earned in furtherance of the Foundation's tax-exempt purpose is exempt from federal and state income taxes and, therefore, these financial statements include no provision or liability for income taxes. The foundation follows the reporting and disclosure guidance for uncertainty in income taxes as defined in FASB ASC 740. The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of December 31, 2015, the Foundation had no uncertain tax positions

RAFIKI FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

that qualify for recognition or disclosure in the financial statements. Generally, the IRS may review the returns for the past three years.

Note 7: 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 donors will receive 5% of the net fair market value of the assets quarterly until their death. At the time of the donors' death, the trust is to terminate, and the remaining trust assets are to be distributed to the beneficiaries. Based on the donors' life expectancy and a 5% discount rate, the present value of future benefits expected to be received by the Foundation was estimated to be \$75,887 and \$74,218, respectively, which was recorded in 2015 and 2014 as a temporarily restricted contribution and as contribution receivable – charitable remainder unitrust.

The following table sets forth a summary of changes in the fair value of the split interest agreement, which are Level 3 assets, for the years ended December 31, 2015 and 2014:

Balance, at December 31, 2013	\$ 70,024
Total gains (unrealized and realized), net of fees	<u>4,194</u>
Balance, at December 31, 2014	74,218
Total gains (unrealized and realized), net of fees	<u>1,669</u>
Balance, at December 31, 2015	<u>\$ 75,887</u>

Note 8: Long-Term 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 that the Foundation has the ability to access.

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 that the Foundation has the ability to access.

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

The Foundation considers all its long-term investments to be level one investments.

RAFIKI FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Long-term investments consist of the following:

	2015 <u>Level 1</u>	2014 <u>Level 1</u>
Government agencies	\$...	\$ 420,629
Mutual funds	363,435	1,129,451
Corporate bonds	...	762,650
Equities	...	275,029
Asset backed securities	<u>...</u>	<u>490,984</u>
 Total	 <u>\$ 363,435</u>	 <u>\$ 3,058,419</u>

Note 9: Cash Balance Credit Risk

The Foundation has cash deposits in excess of FDIC insurance limits of \$1,628,053.

Note 10: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Program Activities:		
Construction	\$ 1,616,783	\$ 2,049,046
Medical Clinics	20,500	18,802
Mini-Missions	57,790	85,027
Outreach	1,185,295	1,506,064
Pastor's Conference	...	4,850
Home Office Relocation	4,621	4,621
I.T. Development	...	75,220
Dr. Bob Jensen Memorial	100,210	93,587
Discretionary	236,305	148,000
Time Restricted	<u>75,887</u>	<u>74,218</u>
	<u>\$ 3,297,391</u>	<u>\$ 4,059,435</u>

Note 11: Lease Commitments

Rafiki Foundation leases two copying machines, a folding machine, a weighing platform, printers and a printing press under operating leases. Minimum future lease payments due over the terms of the leases are as follows:

2016	\$ 90,761
2017	82,356
2018	<u>26,258</u>
Total	<u>\$ 199,375</u>

RAFIKI FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 12: Construction in Progress

Construction in progress is categorized as follows:

	<u>2015</u>	<u>2014</u>
Rafiki Village Ethiopia	\$...	\$...
Rafiki Village Ghana	...	172,858
Rafiki Village Nigeria	...	...
Rafiki Village Malawi	542,737	146,906
Rafiki Village Kenya	...	440,512
Rafiki Village Liberia	31,169	247,717
Rafiki Village Rwanda	...	150,812
Rafiki Village Tanzania	243,617	...
Rafiki Village Zambia	189,166	...
Rafiki Village Uganda	...	...
	<u>\$1,006,689</u>	<u>\$ 513,378</u>

Note 13: Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

	<u>2015</u>	<u>2014</u>
Purpose Restrictions Accomplished:		
Children's Centers/Orphan Fund	\$ 2,865,461	\$ 1,755,329
Curriculum & teacher's training	145,392	755,439
I.T. Development	75,221	74,779
Mini-missions	362,471	395,640
Pastor's Conference & General	10,407	
Outreach	2,421,463	2,212,647
Village constructions	<u>1,646,604</u>	<u>2,007,487</u>
	<u>\$ 7,527,019</u>	<u>7,201,321</u>

Note 14: Subsequent Events

FASB ASC 855-10 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. The Foundation has evaluated subsequent events for potential recognition and/or disclosure in the December 31, 2015 financial statements through April 13, 2016, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

RAFIKI FOUNDATION, INC.
SCHEDULE OF REVENUES AND DIRECT EXPENSES – EXCHANGE OPERATION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Net sales	\$ 122,012	\$ 130,718
Cost of goods sold	<u>(31,038)</u>	<u>(58,215)</u>
Gross Profit	<u>90,974</u>	<u>72,503</u>
Other Revenues:		
Shipping collected	1,918	3,780
Donations	<u>2,607</u>	<u>594</u>
Total Other Revenue	<u>4,525</u>	<u>4,374</u>
Total Revenue	<u>95,499</u>	<u>76,877</u>
Direct Operating Expenses:		
Payroll & related expenses	101,708	76,807
Miscellaneous	17,486	13,323
Shipping	12,858	26,213
Supplies	<u>3,255</u>	<u>2,941</u>
Total Direct Operating Expenses	<u>135,307</u>	<u>119,284</u>
REVENUES LESS DIRECT EXPENSES	<u>\$ (39,808)</u>	<u>\$ (42,407)</u>

Note: The Foundation does not allocate overhead expenses such as rent and utilities and administrative expenses to the Exchange Operation.