

# 2023

Rafiki Foundation, Inc.

Financial Statements and  
Independent Auditor's Report

December 31, 2023 and 2022

**RAFIKI FOUNDATION, INC.  
EUSTIS, FLORIDA**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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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. (the Foundation), a non-profit organization, which comprise the statements of financial position as of December 31, 2023 and 2022, 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 the Foundation as of December 31, 2023 and 2022, and the changes in its 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 audits 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 Foundation 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 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## CERTIFIED PUBLIC ACCOUNTANTS

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

## INDEPENDENT AUDITOR'S REPORT

### **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 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 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.



June 28, 2024  
Ocala, Florida

**RAFIKI FOUNDATION, INC.**  
**EUSTIS, FLORIDA**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>Current Assets</b>		
Cash and Cash Equivalents - Home Office	\$ 4,794,065	\$ 3,801,825
Cash and Cash Equivalents - Foreign	125,895	122,666
Total Cash and Cash Equivalents	<u>4,919,960</u>	<u>3,924,491</u>
Prepaid Assets	65,928	96,860
Inventories	151,252	181,494
<b>Total Current Assets</b>	<u>5,137,140</u>	<u>4,202,845</u>
<b>Non-Current Assets</b>		
Property and Equipment, Net	16,144,232	17,383,383
Contribution Receivable - Charitable		
Remainder Unitrust	92,049	82,373
Trademark, Net	1,074	1,610
Operating Lease Right-of-Use Assets	<u>455,270</u>	<u>580,215</u>
<b>Total Non-Current Assets</b>	<u>16,692,625</u>	<u>18,047,581</u>
<b>Total Assets</b>	<u><u>21,829,765</u></u>	<u><u>22,250,426</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	76,767	34,072
Accrued Expenses	63,607	21,897
Due to Rafiki Classical Academy	12,976	-
Operating Lease Liabilities, Current Portion	<u>134,644</u>	<u>124,945</u>
<b>Total Current Liabilities</b>	<u>287,994</u>	<u>180,914</u>
<b>Long-Term Liabilities</b>		
Operating Lease Liabilities, Less Current Portion	<u>320,626</u>	<u>455,270</u>
<b>Total Long-Term Liabilities</b>	<u>320,626</u>	<u>455,270</u>
<b>Total Liabilities</b>	<u>608,620</u>	<u>636,184</u>
<b>Net Assets</b>		
Without Donor Restrictions	19,310,083	19,565,759
With Donor Restrictions	<u>1,911,062</u>	<u>2,048,483</u>
<b>Total Net Assets</b>	<u>21,221,145</u>	<u>21,614,242</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 21,829,765</u></u>	<u><u>\$ 22,250,426</u></u>

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

**RAFIKI FOUNDATION, INC.**  
**EUSTIS, FLORIDA**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains (Losses), and Other Support</b>			
Individual Contributions	\$ 5,441,045	\$ 5,857,186	\$ 11,298,231
Interest Income	92,008	-	92,008
Education and Curriculum Income	-	57,987	57,987
Widows Exchange Operations	-	201,215	201,215
Net Assets Released from Restrictions	6,253,809	(6,253,809)	-
<b>Total Revenues, Gains (Losses), and Other Support</b>	<u>11,786,862</u>	<u>(137,421)</u>	<u>11,649,441</u>
<b>Functional Expenses</b>			
Program Services	11,054,363	-	11,054,363
Support Services	988,175	-	988,175
<b>Total Functional Expenses</b>	<u>12,042,538</u>	<u>-</u>	<u>12,042,538</u>
<b>Increase (Decrease) in Net Assets</b>	(255,676)	(137,421)	(393,097)
<b>Net Assets, Beginning of Year</b>	<u>19,565,759</u>	<u>2,048,483</u>	<u>21,614,242</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 19,310,083</u></u>	<u><u>\$ 1,911,062</u></u>	<u><u>\$ 21,221,145</u></u>

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

**RAFIKI FOUNDATION, INC.**  
**EUSTIS, FLORIDA**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains (Losses), and Other Support</b>			
Individual Contributions	\$ 3,564,710	\$ 5,853,166	\$ 9,417,876
Interest Income	15,708	-	15,708
Education and Curriculum Income	-	57,475	57,475
Widows Exchange Operations	-	197,267	197,267
Net Assets Released from Restrictions	6,920,424	(6,920,424)	-
<b>Total Revenues, Gains (Losses), and Other Support</b>	<u>10,500,842</u>	<u>(812,516)</u>	<u>9,688,326</u>
<b>Functional Expenses</b>			
Program Services	10,624,407	-	10,624,407
Support Services	888,654	-	888,654
<b>Total Functional Expenses</b>	<u>11,513,061</u>	<u>-</u>	<u>11,513,061</u>
<b>Increase (Decrease) in Net Assets</b>	(1,012,219)	(812,516)	(1,824,735)
<b>Net Assets, Beginning of Year</b>	<u>20,577,978</u>	<u>2,860,999</u>	<u>23,438,977</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 19,565,759</u></u>	<u><u>\$ 2,048,483</u></u>	<u><u>\$ 21,614,242</u></u>

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

**RAFIKI FOUNDATION, INC.**  
**EUSTIS, FLORIDA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023**

	Support			Program	
	Fund- Raising	Management and General	Total Support Services	Program Services	Total Support and Program Services
<b>Functional Expenses</b>					
Bank and Investment Fees	\$ -	\$ 81,447	\$ 81,447	\$ -	\$ 81,447
Computer	6,083	39,790	45,873	70,134	116,007
Education	25,087	-	25,087	798,233	823,320
Entertainment/Accommodations	302	363	665	544	1,209
Food Services	3,206	3,847	7,053	5,771	12,824
Fundraising	40,951	-	40,951	-	40,951
Insurance	20,421	47,648	68,069	68,069	136,138
Mini-Missions	-	-	-	171,470	171,470
Miscellaneous	759	975	1,734	20,612	22,346
Missionary Field Expenses	4,966	6,360	11,326	502,366	513,692
Office Supplies	1,300	1,665	2,965	7,736	10,701
Postage and Shipping	3,175	12,698	15,873	52,710	68,583
Printing and Publishing	6,739	12,998	19,737	110,483	130,220
Professional Services	6,651	13,699	20,350	39,636	59,986
Projects	-	-	-	10,543	10,543
Property Taxes	-	6,162	6,162	-	6,162
Rent - Equipment	1,230	4,918	6,148	18,444	24,592
Repairs and Maintenance	14,038	17,978	32,016	83,525	115,541
RICE Program	-	-	-	214,462	214,462
Salaries and Related Expenses	159,251	203,947	363,198	2,226,531	2,589,729
Security Services	1,380	1,768	3,148	8,214	11,362
Telephone	1,992	2,551	4,543	11,850	16,393
Travel	1,824	3,649	5,473	85,162	90,635
Utilities	4,446	5,694	10,140	26,452	36,592
Vehicles	68	87	155	405	560
Villages, Children, and Schools	-	-	-	4,796,376	4,796,376
Widows Exchange	-	-	-	294,984	294,984
<b>Total Functional Expenses Before Depreciation and Amortization</b>	<b>303,869</b>	<b>468,244</b>	<b>772,113</b>	<b>9,624,712</b>	<b>10,396,825</b>
Depreciation and Amortization	536	215,526	216,062	1,429,651	1,645,713
<b>Total Functional Expenses</b>	<b>\$ 304,405</b>	<b>\$ 683,770</b>	<b>\$ 988,175</b>	<b>\$ 11,054,363</b>	<b>\$ 12,042,538</b>

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



**RAFIKI FOUNDATION, INC.**  
**EUSTIS, FLORIDA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	Support			Program	
	Fund- Raising	Management and General	Total Support Services	Program Services	Total Support and Program Services
<b>Functional Expenses</b>					
Bank and Investment Fees	\$ -	\$ 77,352	\$ 77,352	\$ -	\$ 77,352
Computer	5,998	32,951	38,949	62,217	101,166
Contract Services	-	70	70	-	70
Education	14,675	-	14,675	687,651	702,326
Entertainment/Accommodations	422	506	928	759	1,687
Food Services	2,646	3,175	5,821	4,762	10,583
Fundraising	34,152	-	34,152	-	34,152
Insurance	10,393	24,249	34,642	34,642	69,284
Medical Center	-	-	-	838	838
Mini-Missions	-	-	-	165,642	165,642
Miscellaneous	2,393	3,210	5,603	20,697	26,300
Missionary Field Expenses	2,194	2,943	5,137	510,407	515,544
Office Supplies	2,103	2,822	4,925	12,386	17,311
Postage and Shipping	2,495	9,979	12,474	42,468	54,942
Printing and Publishing	6,437	11,719	18,156	99,608	117,764
Professional Services	9,012	16,046	25,058	52,085	77,143
Projects	-	-	-	34,875	34,875
Property Taxes	-	4,976	4,976	-	4,976
Rent - Equipment	1,273	5,094	6,367	19,102	25,469
Repairs and Maintenance	10,254	13,756	24,010	60,385	84,395
RICE Program	-	-	-	181,018	181,018
Salaries and Related Expenses	143,734	192,827	336,561	2,243,948	2,580,509
Security Services	1,346	1,806	3,152	7,930	11,082
Telephone	1,868	2,506	4,374	11,001	15,375
Travel	1,219	2,437	3,656	85,322	88,978
Utilities	4,386	5,885	10,271	25,831	36,102
Vehicles	548	735	1,283	3,229	4,512
Villages, Children, and Schools	-	-	-	4,531,411	4,531,411
Widows Exchange	-	-	-	198,554	198,554
<b>Total Functional Expenses Before Depreciation and Amortization</b>	<b>257,548</b>	<b>415,044</b>	<b>672,592</b>	<b>9,096,768</b>	<b>9,769,360</b>
Depreciation and Amortization	536	215,526	216,062	1,527,639	1,743,701
<b>Total Functional Expenses</b>	<b>\$ 258,084</b>	<b>\$ 630,570</b>	<b>\$ 888,654</b>	<b>\$ 10,624,407</b>	<b>\$ 11,513,061</b>

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

**RAFIKI FOUNDATION, INC.**  
**EUSTIS, FLORIDA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Donors	\$ 11,288,555	\$ 9,422,537
Interest Received	92,008	15,708
Cash Received from Education and Curriculum	57,987	57,475
Cash Used for Widows Exchange Operations	(63,527)	(24,285)
Cash Used for Employees, Supplies, and Vendors	(9,973,529)	(9,553,929)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,401,494</b>	<b>(82,494)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property and Equipment	(406,025)	(540,392)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(406,025)</b>	<b>(540,392)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>995,469</b>	<b>(622,886)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>3,924,491</b>	<b>4,547,377</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 4,919,960</b>	<b>\$ 3,924,491</b>
<b><u>Reconciliation in Decrease of Net Assets to Net</u></b>		
<b><u>Cash Provided by (Used in) Operating Activities</u></b>		
Decrease in Net Assets	\$ (393,097)	\$ (1,824,735)
Adjustments to Reconcile Increase (Decrease) in Net Assets to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	1,645,713	1,743,701
Changes in Assets and Liabilities Affecting Operations:		
Accounts Receivable and Other Current Assets	-	10,771
Inventories	30,242	(22,998)
Prepaid Assets	30,932	-
Contribution Receivable - Charitable		
Remainder Unitrust	(9,676)	4,556
Accounts Payable and Accrued Expenses	84,404	6,211
Due to Related-Party	12,976	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 1,401,494</b>	<b>\$ (82,494)</b>
<b><u>Supplemental Disclosures of Non-Cash Investing and</u></b>		
<b><u>Financing Activities</u></b>		
Construction in Progress Transfers	\$ -	\$ 459,546
Right-of-Use Assets Obtained in Exchange for		
Operating Lease Liabilities	\$ -	\$ 663,804

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

**RAFIKI FOUNDATION, INC.**  
**EUSTIS, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note 1 - Summary of Significant Accounting Policies**

**Organization and Purpose**

Rafiki is a Swahili word meaning “friend”. 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 six programs: Bible study, Christian classical education, orphan care, outreach, 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 (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.
- **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. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**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. There were no deposits in excess of federally insured limits related to the Home Office as of December 31, 2023 and 2022, respectively. The Foundation maintains cash balances in banks overseas for its African Villages of \$125,895 and \$122,666 as of December 31, 2023 and 2022, respectively. These balances are not insured by the Federal Deposit Insurance Corporation. The Foundation has not experienced any loss in these accounts.

**Receivables and Credit Losses**

No allowance for credit losses has been established as of December 31, 2023 and 2022, as it is management’s opinion that no losses will be incurred.

**RAFIKI FOUNDATION, INC.**  
**EUSTIS, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Inventories**

Inventories consist of primarily 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.

**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.

**Education and Curriculum**

The Foundation prints and sells education and curriculum material through its online store. Revenues earned are recorded as earned at the time of purchase and are shown on the statement of activities.

**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 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.

**RAFIKI FOUNDATION, INC.**  
**EUSTIS, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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.

**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 Internal Revenue Service, generally for three years after filing.

**Use of Estimates**

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

**Date of Management's Review**

Management has evaluated subsequent events through June 28, 2024, the date on which the financial statements were available to be issued.

**Recently Adopted Accounting Standard**

In February 2016, the Financial Accounting Standards Board (FASB) issued new guidance on the measurement of current expected credit losses (CECL) on financial instruments. The new guidance has replaced the incurred loss methodology of recognizing credit losses on financial instruments with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument. Effective January 1, 2023, the Foundation adopted Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* [Accounting Standards Codification (ASC) 326] (CECL) using the modified retrospective method. Accordingly, financial information for years prior to the date of initial application has not been adjusted. There was no impact to the Foundation's change in net assets for the current year to this standard. The Foundation does not expect ASC 326 to have a significant impact on its financial condition or results of operations on an ongoing basis.

**Note 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 GAAP and are not reflected as contributions in the statement of activities until pledges are collected.

**RAFIKI FOUNDATION, INC.**  
**EUSTIS, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note 3 - Property and Equipment**

Property and equipment as of December 31, 2023 and 2022, are as follows:

	<b>2023</b>	<b>2022</b>
Land	\$ 2,038,386	\$ 2,038,386
Buildings and Improvements – Foreign Countries	30,072,113	29,867,486
Buildings and Improvements – Home Office	5,764,746	5,764,746
Furniture and Equipment	1,569,620	1,436,295
Vehicles	461,204	395,045
Construction in Progress – Home Office	1,914	-
	39,907,983	39,501,958
Less Accumulated Depreciation	(23,763,751)	(22,118,575)
<b>Net Property and Equipment</b>	<b>\$ 16,144,232</b>	<b>\$ 17,383,383</b>

Depreciation expense was \$1,645,176 and \$1,743,165 for the years ended December 31, 2023 and 2022, respectively.

**Note 4 - Trademark**

The Foundation capitalized costs of \$8,042 associated with obtaining a trademark. The trademark is amortized over 15 years. Amortization expense was \$536 for the years ended December 31, 2023 and 2022.

**Note 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 \$92,049 and \$82,373 as of December 31, 2023 and 2022, 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, 2023 and 2022.

Balance as of December 31, 2021	\$ 86,929
Total Losses (Unrealized and Realized), Net of Fees	(4,556)
Balance as of December 31, 2022	82,373
Total Gains (Unrealized and Realized), Net of Fees	9,676
<b>Balance as of December 31, 2023</b>	<b>\$ 92,049</b>

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**Note 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. See Note 5 for a summary of the change in value for Level 3 inputs related to the Charitable Remainder Unitrust. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Fair value of investments as of December 31, 2023 and 2022, are as follows:

Fair Values as of December 31, 2023				
	Fair Value	Level 1	Level 2	Level 3
Charitable Remainder Unitrust	\$ 92,049	\$ -	\$ -	\$ 92,049
<b>Total</b>	<b>\$ 92,049</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 92,049</b>

  

Fair Values as of December 31, 2022				
	Fair Value	Level 1	Level 2	Level 3
Charitable Remainder Unitrust	\$ 82,373	\$ -	\$ -	\$ 82,373
<b>Total</b>	<b>\$ 82,373</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 82,373</b>

**Note 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, 2023 and 2022, as follows:

	2023	2022
Purpose Restrictions Accomplished:		
Children's Centers/Orphan Fund	\$ 3,597,108	\$ 4,134,088
Curriculum and Teacher's Training	139,719	73,853
10 <sup>th</sup> Presbyterian	10,160	21,640
Mini-Missions	171,470	165,642
Outreach (Missionaries)	1,964,090	2,031,417
Discretionary	25	-
Home Office Construction	3,157	5,295
Village Construction	368,080	488,489
<b>Total</b>	<b>\$ 6,253,809</b>	<b>\$ 6,920,424</b>

**Note 8 - Net Assets**

Net assets consist of the following for the years ended December 2023 and 2022:

	2023	2022
Net Assets Without Donor Restrictions:		
Net Investment in Land, Property, and Equipment	\$ 16,144,232	\$ 17,383,385
Charitable Remainder Unitrust	92,049	82,373
Undesignated, Unrestricted Net Assets	3,073,802	2,100,001
<b>Total Net Assets Without Donor Restrictions</b>	<b>19,310,083</b>	<b>19,565,759</b>

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	<b>2023</b>	<b>2022</b>
Net Assets with Donor Restrictions:		
Construction	\$ -	\$ 363,430
Mini-Missions	106,005	93,113
Outreach (Missionaries)	1,511,600	1,285,188
Discretionary	79,975	80,000
Rosemary Jensen Bible Foundation	197,367	218,138
Other	16,115	8,614
Total Net Assets With Donor Restrictions	<u>1,911,062</u>	<u>2,048,483</u>
<b>Total Net Assets</b>	<u><b>\$ 21,221,145</b></u>	<u><b>\$ 21,614,242</b></u>

**Note 9 - Operating Leases**

The Foundation leases copying machines, a folding machine, a weighing platform, printers, facilities, and a printing press. The Foundation assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Foundation generally accounts for non-lease components, such as maintenance, separately from lease components. Certain leases may include one or more options to renew the term of the lease. Only lease options that the Foundation believes are reasonably certain to be exercised are included in the measurement of right-of-use (ROU) assets and lease liabilities.

The adoption of ASC 842 resulted in the recognition of ROU assets and corresponding operating lease liabilities totaling \$663,804 on the statement of financial position as of January 1, 2022, related to a folding machine and printing presses, which were classified as operating leases under the previous ASC 840 guidance. The lease agreements did not contain any residual value guarantees or material restrictive covenants. The Foundation calculated the operating lease liability amounts using an incremental borrowing rate of 7.50% for all operating leases, which was the Prime rate in effect as of implementation of the leases. The weighted average remaining lease term for the operating leases was 38 months and 50 months at December 31, 2023 and 2022, respectively.

The ROU asset and lease liabilities as of December 31, 2023, are as follows:

<b>Leases</b>	<b>Classification</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Assets</b>			
Operating Lease Assets	Operating Lease ROU Assets	\$ 455,270	\$ 580,215
<b>Total Lease Assets</b>		<u><u>\$ 455,270</u></u>	<u><u>\$ 580,215</u></u>
<b>Current Liabilities</b>			
Operating Lease Liabilities	Operating Lease Liabilities	\$ 134,644	\$ 124,945
<b>Total Current Lease Liabilities</b>		<u><u>\$ 134,644</u></u>	<u><u>\$ 124,945</u></u>
<b>Long-Term Liabilities</b>			
Operating Lease Liabilities	Operating Lease Liabilities	\$ 320,626	\$ 455,270
<b>Total Long-Term Lease Liabilities</b>		<u><u>\$ 320,626</u></u>	<u><u>\$ 455,270</u></u>



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Future maturities of the lease liabilities as of December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 164,224
2025	160,038
2026	147,480
2027	41,700
Thereafter	-
Total Lease Payments	513,442
Less: Imputed Interest	(58,172)
<b>Total Lease Liabilities</b>	<b>\$ 455,270</b>

In addition to the folding machine and printing presses, the Foundation leases equipment and facilities that did not fall under the ASC 842 guidance. The Foundation recognizes the lease expense on a straight-line basis.

Rental expenses for these leases were \$184,229 and \$331,705 for the years ended December 31, 2023 and 2022, respectively. Amounts related to rentals are allocated to Education, Printing and Publishing, and Rent - Equipment on the Statement of Functional Expenses.

The Foundation recognized \$124,945 and 118,024 in amortization expense related to the ROU assets for the years ended December 31, 2023 and 2022, respectively.

**Note 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 years ended December 31, 2023 and 2022, approximately 2,950 and 3,534 hours, respectively, were donated in services performed by approximately 56 and 92 volunteers, respectively. These hours do not meet accounting guidelines for valuation and, therefore, have not been recorded on the financial statements.

**Note 11 - Related-Party Contributions**

Board members and senior staff make voluntary contributions to the Foundation. Total contributions from these related parties were \$177,402 and \$99,178 for the years ended December 31, 2023 and 2022, respectively.

**Note 12 - Rafiki Classical Academy**

During 2023, Rafiki Classical Academy (RCA) began operations to operate a classical Christian school to serve as the model school utilizing the Foundation's classical Christian curriculum. RCA entered into an agreement with the Foundation to lease facilities. Total rental income under this agreement was \$6,895 for the year ended December 31, 2023. The Foundation provided services and goods totaling \$16,071 for the year ended December 31, 2023. Additionally, the Foundation received funds on behalf of the RCA totaling \$314,645 and transferred \$301,669 to RCA during the year ended December 31, 2023. The remaining balance of \$12,976 is shown as Due to Related-Party as of December 31, 2023.

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**Note 13 - Concentration Risk**

The Foundation had one donor that accounted for approximately 21% of total contributions for the year ended December 31, 2023. The Foundation had one donor that accounted for approximately 11% of total contributions for the year ended December 31, 2022. Contributions received from these donors totaled \$2,306,544 and \$1,000,000 for the years ended December 31, 2023 and 2022, respectively.

**Note 14 - Retirement Plan**

The Rafiki Foundation, Inc. 401(k) plan is a contributory plan covering substantially all employees and was adopted by the Foundation as of January 1, 2011. Employees are eligible to participate in the plan on the date of hire. The Foundation may make profit-sharing contributions during the plan year. Employees who have completed 1,000 hours of service are eligible for the profit-sharing contribution. No profit-sharing contributions were made for the years ended December 31, 2023 and 2022. Total expense was approximately \$600 for the years ended December 31, 2023 and 2022, respectively.

**Note 15 - Liquidity**

The following reflects the Foundation's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2023 and 2022.

	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>Financial Assets at Year-End</b>	\$ 4,985,888	\$ 4,021,351
Less those Unavailable for General Expenditures Within		
One Year, Due to Contractual or Donor-Imposed		
Restrictions:		
Restricted by Donor with Time or Purpose Restrictions	1,911,062	2,048,483
Charitable Remainder Unitrust Due in More Than		
One Year	<u>92,049</u>	<u>82,373</u>
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	<u>\$ 2,982,777</u>	<u>\$ 1,890,495</u>

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