

**RAFIKI FOUNDATION, INC.**  
**Eustis, Florida**

**ANNUAL FINANCIAL REPORT**  
**December 31, 2017 and 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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.*

Leesburg, Florida  
June 6, 2018

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and Cash Equivalents - Home Office	\$ 1,483,267	\$ 1,183,420
Cash and Cash Equivalents - Foreign	294,853	270,350
Total Cash and Cash Equivalents	<u>1,778,120</u>	<u>1,453,770</u>
Accounts Receivable	4,216	4,785
Prepaid Assets	76,703	130,395
Inventories	173,693	104,564
Investments	803,808	1,517,937
Construction in Progress	112,891	2,242,980
Property and Equipment (Net of Accumulated Depreciation of \$13,817,900 and \$12,280,942, respectively)	21,436,900	19,626,164
Contribution Receivable - Charitable Remainder Unitrust	80,858	72,092
Trademark (Net of Accumulated Amortization of \$3,752 and \$3,216, respectively)	4,290	4,826
Other Assets	-	10,000
<b>Total Assets</b>	<u><u>\$ 24,471,479</u></u>	<u><u>\$ 25,167,513</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 21,010	\$ 36,468
Accrued Expenses	59,639	7,188
<b>Total Liabilities</b>	<u>80,649</u>	<u>43,656</u>
<b>Net Assets</b>		
Unrestricted	21,865,012	22,332,610
Temporarily Restricted	2,525,818	2,791,247
<b>Total Net Assets</b>	<u>24,390,830</u>	<u>25,123,857</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 24,471,479</u></u>	<u><u>\$ 25,167,513</u></u>

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

**RAFIKI FOUNDATION, INC.**  
**Eustis, Florida**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues, Gains, and Other Support</b>			
Individual Contributions	\$ 2,332,118	\$ 5,548,470	\$ 7,880,588
Interest and Dividend Income	12,668	-	12,668
Net Realized and Unrealized Gain on Investments	70,180	-	70,180
Exchange Operations - Net of Direct Operating Expenses	12,364	-	12,364
Net Assets Released from Restrictions	5,813,899	(5,813,899)	-
<b>Total Revenues, Gains, and Other Support</b>	<u>8,241,229</u>	<u>(265,429)</u>	<u>7,975,800</u>
 <b>Functional Expenses</b>			
Program Services	7,957,211	-	7,957,211
Support Services	751,616	-	751,616
<b>Total Functional Expenses</b>	<u>8,708,827</u>	<u>-</u>	<u>8,708,827</u>
 <b>Decrease in Net Assets</b>	(467,598)	(265,429)	(733,027)
 <b>Net Assets, Beginning of Year</b>	<u>22,332,610</u>	<u>2,791,247</u>	<u>25,123,857</u>
 <b>Net Assets, End of Year</b>	<u><u>\$ 21,865,012</u></u>	<u><u>\$ 2,525,818</u></u>	<u><u>\$ 24,390,830</u></u>

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

**RAFIKI FOUNDATION, INC.**  
**Eustis, Florida**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2016**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues, Gains, and Other Support</b>			
Individual Contributions	\$ 2,360,262	\$ 5,651,092	\$ 8,011,354
Interest and Dividend Income	1,827	-	1,827
Net Realized and Unrealized Gain on Investments	97,015	-	97,015
Exchange Operations - Net of Direct Operating Expenses	(43,706)	-	(43,706)
Net Assets Released from Restrictions	6,157,236	(6,157,236)	-
<b>Total Revenues, Gains, and Other Support</b>	<u>8,572,634</u>	<u>(506,144)</u>	<u>8,066,490</u>
 <b>Functional Expenses</b>			
Program Services	7,957,904	-	7,957,904
Support Services	755,078	-	755,078
<b>Total Functional Expenses</b>	<u>8,712,982</u>	<u>-</u>	<u>8,712,982</u>
 <b>Decrease in Net Assets</b>	 (140,348)	 (506,144)	 (646,492)
 <b>Net Assets, Beginning of Year</b>	 <u>22,472,958</u>	 <u>3,297,391</u>	 <u>25,770,349</u>
 <b>Net Assets, End of Year</b>	 <u><u>\$ 22,332,610</u></u>	 <u><u>\$ 2,791,247</u></u>	 <u><u>\$ 25,123,857</u></u>

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

Eustis, Florida

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	Support			Program	Total Support and Program Services
	Fund- Raising	Management and General	Total Support Services	Program Services	
<b>Functional Expenses</b>					
Bank and Investment Fees	\$ -	\$ 58,130	\$ 58,130	\$ -	\$ 58,130
Computer	1,293	8,229	9,522	14,146	23,668
Education	-	-	-	430,940	430,940
Entertainment/Accomodations	254	304	558	457	1,015
Food Services	1,734	2,080	3,814	3,121	6,935
Fundraising	19,463	-	19,463	-	19,463
Insurance	6,656	16,561	23,217	33,632	56,849
Mini-mission	-	-	-	206,398	206,398
Miscellaneous	1,301	3,237	4,538	6,574	11,112
Missionary Field Expenses	-	-	-	526,652	526,652
Office Supplies	774	1,925	2,699	3,911	6,610
Payroll Expenses and Benefits	22,066	54,906	76,972	551,318	628,290
Postage and Shipping	2,274	9,094	11,368	54,590	65,958
Printing and Publishing	3,499	9,980	13,479	37,425	50,904
Professional Services	7,665	18,615	26,280	40,241	66,521
Projects	-	-	-	55,595	55,595
Property Taxes	-	3,068	3,068	-	3,068
Rent - Equipment	867	3,466	4,333	13,000	17,333
Repairs and Maintenance	7,698	19,156	26,854	38,899	65,753
RICE Program	-	-	-	204,596	204,596
Salaries	81,779	203,485	285,264	1,206,855	1,492,119
Security Services	-	7,302	7,302	-	7,302
Telephone	3,330	8,286	11,616	16,827	28,443
Travel	3,259	6,518	9,777	113,664	123,441
Utilities	3,478	8,653	12,131	17,848	29,979
Vehicles	356	885	1,241	1,797	3,038
Village, Children and Schools	-	-	-	2,981,221	2,981,221
<b>Total Functional Expenses Before Depreciation and Amortization</b>	<b>167,746</b>	<b>443,880</b>	<b>611,626</b>	<b>6,559,707</b>	<b>7,171,333</b>
<b>Depreciation and Amortization</b>	<b>536</b>	<b>139,454</b>	<b>139,990</b>	<b>1,397,504</b>	<b>1,537,494</b>
<b>Total Functional Expenses</b>	<b>\$ 168,282</b>	<b>\$ 583,334</b>	<b>\$ 751,616</b>	<b>\$ 7,957,211</b>	<b>\$ 8,708,827</b>

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



Eustis, Florida

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

	Support			Program	Total Support and Program Services
	Fund- Raising	Management and General	Total Support Services	Program Services	
<b>Functional Expenses</b>					
Bank and Investment Fees	\$ -	\$ 56,505	\$ 56,505	\$ -	\$ 56,505
Computer	314	2,256	2,570	3,877	6,447
Contract Services	-	16,838	16,838	-	16,838
Education	-	-	-	304,557	304,557
Entertainment/Accomodations	221	265	486	397	883
Food Services	2,064	2,477	4,541	3,715	8,256
Fundraising	12,471	-	12,471	-	12,471
Insurance	4,869	18,988	23,857	36,713	60,570
Mini-mission	-	-	-	297,003	297,003
Miscellaneous	1,518	5,920	7,438	11,446	18,884
Missionary Field Expenses	-	-	-	506,189	506,189
Office Supplies	1,069	4,172	5,241	8,067	13,308
Payroll Expenses and Benefits	19,588	76,385	95,973	705,075	801,048
Postage and Shipping	6,720	3,360	10,080	23,519	33,599
Printing and Publishing	11,389	5,637	17,026	39,459	56,485
Professional Services	6,594	21,428	28,022	44,324	72,346
Projects	-	-	-	115,342	115,342
Property Taxes	-	3,110	3,110	-	3,110
Rent - Equipment	5,347	2,674	8,021	18,715	26,736
Repairs and Maintenance	3,349	13,058	16,407	25,248	41,655
RICE Program	-	-	-	254,433	254,433
Salaries	51,066	199,131	250,197	1,210,652	1,460,849
Security Services	-	8,765	8,765	-	8,765
Telephone	2,131	8,311	10,442	16,070	26,512
Travel	2,268	4,535	6,803	153,157	159,960
Utilities	2,216	8,639	10,855	16,704	27,559
Vehicles	175	681	856	1,318	2,174
Village, Children and Schools	-	-	-	2,858,139	2,858,139
<b>Total Functional Expenses Before Depreciation and Amortization</b>	<b>133,369</b>	<b>463,135</b>	<b>596,504</b>	<b>6,654,119</b>	<b>7,250,623</b>
<b>Depreciation and Amortization</b>	<b>536</b>	<b>158,038</b>	<b>158,574</b>	<b>1,303,785</b>	<b>1,462,359</b>
<b>Total Functional Expenses</b>	<b>\$ 133,905</b>	<b>\$ 621,173</b>	<b>\$ 755,078</b>	<b>\$ 7,957,904</b>	<b>\$ 8,712,982</b>

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

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b><u>Reconciliation of Changes in Net Assets to Net Cash</u></b>		
<b><u>Provided by Operating Activities</u></b>		
Decrease in Net Assets	\$ (733,027)	\$ (646,492)
Reconciling Adjustments:		
Depreciation and Amortization	1,537,494	1,462,359
Net Realized and Unrealized (Gain) Loss on Investments	(70,180)	(97,015)
Net (Gain) Loss on Disposal of Assets	10,000	(650)
Decrease (Increase) in Accounts Receivable	569	(2,127)
Decrease (Increase) in Prepaid Expenses	53,692	2,669
Decrease (Increase) in Inventories	(69,129)	(11,266)
Decrease (Increase) in Contribution Receivable - Charitable Remainder Unitrust	(8,766)	3,795
Increase (Decrease) in Accounts Payable	(15,458)	23,008
Increase (Decrease) in Accrued Expenses	52,451	(36,380)
<b>Net Cash Provided by Operating Activities</b>	<u>757,646</u>	<u>697,901</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property and Equipment	(53,926)	(36,512)
Proceeds from Sale of Property and Equipment	-	650
Construction in Progress	(1,163,679)	(1,857,310)
Sales and Maturities of Investments	2,050,000	1,728,975
Purchase of Investments	(1,265,691)	(2,786,462)
<b>Net Cash Used in Investing Activities</b>	<u>(433,296)</u>	<u>(2,950,659)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	324,350	(2,252,758)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,453,770</u>	<u>3,706,528</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,778,120</u>	<u>\$ 1,453,770</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, 2017 and 2016**

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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.

**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. 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.

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.

**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 provide 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 \$574,377 and \$243,849 in excess of federally insured limits as of December 31, 2017 and 2016, 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.

**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. The Foundation received \$79,013 of contributed investments during the year ended December 31, 2017.

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).

RAFIKI FOUNDATION, INC.  
Eustis, Florida  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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**1. Summary of Significant Accounting Policies: (continued)**

**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, 2017 and 2016 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 and are stated at the lower of cost or market.

**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.

**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.

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

**Functional Expenses** – 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.

**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, for the years ending 2014, 2015, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

**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.

**RAFIKI FOUNDATION, INC.**  
**Eustis, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**1. Summary of Significant Accounting Policies: (concluded)**

**Subsequent Events** – The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date the financial statements were available to be issued on June 6, 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 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.

**3. Property and Equipment:**

Property and equipment as of December 31, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 2,021,373	\$ 2,021,373
Buildings and improvements – Foreign countries	27,258,220	24,015,278
Buildings and improvements – Home office	4,741,146	4,741,146
Furniture and equipment	993,944	975,973
Vehicles	<u>240,117</u>	<u>153,336</u>
	35,254,800	31,907,106
Less: Accumulated depreciation	<u>(13,817,900)</u>	<u>(12,280,942)</u>
Net Property and Equipment	<u>\$ 21,436,900</u>	<u>\$ 19,626,164</u>

Depreciation expense for the years ended December 31, 2017 and 2016, was \$1,536,958 and \$1,461,823, 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, 2017 and 2016 was \$536.

**4. 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, 2017 and 2016, approximately 5,780 and 5,095 hours, respectively, were donated in services performed by over 300 volunteers. These hours do not meet accounting guidelines for valuation and therefore have not been recorded on these financial statements.

**RAFIKI FOUNDATION, INC.**  
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**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 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 \$80,858 and \$72,092, respectively, which was recorded in 2017 and 2016 as a temporarily restricted contribution and as a 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, 2017 and 2016:

Balance at December 31, 2015	\$ 75,887
Total gains (unrealized and realized), net of fees	<u>(3,795)</u>
Balance at December 31, 2016	72,092
Total gains (unrealized and realized), net of fees	<u>8,766</u>
Balance at December 31, 2017	<u>\$ 80,858</u>

**6. 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 investments to be Level 1 investments. Investments consist solely of mutual funds as of December 31, 2017 and 2016.

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

Net assets consist of the following for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<b>Unrestricted Net Assets</b>		
Net Investment in Land, Property and Equipment	\$ 21,549,791	\$ 21,869,144
Undesignated, Unrestricted Net Assets	<u>315,221</u>	<u>463,466</u>
<b>Total Unrestricted Net Assets</b>	<u>21,865,012</u>	<u>22,332,610</u>
<b>Temporarily Restricted Net Assets</b>		
Construction	859,894	1,114,400
Medical Clinics	20,500	20,500
Mini-missions	37,798	49,546
Outreach	1,043,780	1,101,993
RALI USA	100,000	100,000
Home Office Relocation	6,277	4,621
10 <sup>th</sup> Presbyterian	28,224	35,560
Discretionary	348,487	292,535
Charitable Remainder Unitrust	<u>80,858</u>	<u>72,092</u>
<b>Total Temporarily Restricted Net Assets</b>	<u>2,525,818</u>	<u>2,791,247</u>
<b>Total Net Assets</b>	<u>\$ 24,390,830</u>	<u>\$ 25,123,857</u>

**8. Operating Leases:**

The Foundation leases copying machines, a folding machine, a weighing platform, printers, and a printing press that expire February 2018 through August 2022.

Rental expenses for these leases were \$189,959 and \$180,851 for the years ended December 31, 2017 and 2016, respectively. Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2017, are as follows:

<u>Year Ending</u>	
December 31, 2018	\$ 141,480
December 31, 2019	127,200
December 31, 2020	101,729
December 31, 2021	67,434
December 31, 2022	<u>29,770</u>
Total	<u>\$ 467,613</u>



**RAFIKI FOUNDATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**9. Construction in Progress:**

Construction in progress as of December 31, 2017 and 2016, are categorized as follows:

	<u>2017</u>	<u>2016</u>
Rafiki Village Nigeria	\$ -	\$ 337,052
Rafiki Village Malawi	-	681,307
Rafiki Village Ethiopia	20,543	-
Rafiki Village Tanzania	-	616,218
Rafiki Village Zambia	<u>92,348</u>	<u>608,403</u>
Total	<u>\$ 112,891</u>	<u>\$ 2,242,980</u>

**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, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Purpose Restrictions Accomplished:		
Children's Centers/Orphan Fund	\$ 2,532,577	\$ 1,850,967
Curriculum & Teacher's Training	39,569	25,367
10 <sup>th</sup> Presbyterian	38,109	-
Mini-missions	206,398	302,833
Pastor's Conference & General	-	2,660
Outreach	1,725,707	1,964,244
Village Constructions	<u>1,271,539</u>	<u>2,011,165</u>
Total	<u>\$ 5,813,899</u>	<u>\$ 6,157,236</u>

**11. Related Party Contributions:**

Board members and senior staff make voluntary contributions to the Foundation. Total contributions from these related parties were \$127,307 and \$198,158 for the years ended December 31, 2017 and 2016, respectively.