

2024

Rafiki Foundation, Inc.

Financial Statements and
Independent Auditor's Report

Years Ended December 31, 2024 and 2023

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

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

YEARS ENDED DECEMBER 31, 2024 AND 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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.

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.

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,

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To the Board of Directors
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Eustis, Florida

INDEPENDENT AUDITOR'S REPORT

therefore, 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.

Purvis Gray

July 1, 2025
Ocala, Florida

RAFIKI FOUNDATION, INC.
EUSTIS, FLORIDA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Current Assets		
Cash and Cash Equivalents - Home Office	\$ 4,244,544	\$ 4,794,065
Cash and Cash Equivalents - Foreign	99,826	125,895
Total Cash and Cash Equivalents	4,344,370	4,919,960
Accounts Receivable	424	-
Prepaid Assets	75,262	65,928
Inventories	193,547	151,252
Total Current Assets	4,613,603	5,137,140
Non-Current Assets		
Property and Equipment, Net	15,088,124	16,144,232
Contribution Receivable - Charitable Remainder Unitrust	107,966	92,049
Trademark, Net	538	1,074
Operating Lease Right-of-Use Assets	320,626	455,270
Total Non-Current Assets	15,517,254	16,692,625
Total Assets	20,130,857	21,829,765
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	68,756	76,767
Accrued Expenses	126,095	63,607
Due to Rafiki Classical Academy	-	12,976
Operating Lease Liabilities, Current Portion	140,885	134,644
Total Current Liabilities	335,736	287,994
Long-Term Liabilities		
Operating Lease Liabilities, Less Current Portion	179,741	320,626
Total Long-Term Liabilities	179,741	320,626
Total Liabilities	515,477	608,620
Net Assets		
Without Donor Restrictions	17,918,718	19,310,083
With Donor Restrictions	1,696,662	1,911,062
Total Net Assets	19,615,380	21,221,145
Total Liabilities and Net Assets	\$ 20,130,857	\$ 21,829,765

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

RAFIKI FOUNDATION, INC.
EUSTIS, FLORIDA
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains (Losses), and Other Support			
Individual Contributions	\$ 4,866,280	\$ 5,159,576	\$ 10,025,856
Interest Income	93,182	-	93,182
Education and Curriculum Income	-	74,849	74,849
Widows Exchange Operations	-	200,648	200,648
Net Assets Released from Restrictions	5,649,473	(5,649,473)	-
Total Revenues, Gains (Losses), and Other Support	10,608,935	(214,400)	10,394,535
Functional Expenses			
Program Services	10,937,135	-	10,937,135
Support Services	1,063,165	-	1,063,165
Total Functional Expenses	12,000,300	-	12,000,300
Increase (Decrease) in Net Assets	(1,391,365)	(214,400)	(1,605,765)
Net Assets, Beginning of Year	19,310,083	1,911,062	21,221,145
Net Assets, End of Year	\$ 17,918,718	\$ 1,696,662	\$ 19,615,380

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains (Losses), and Other Support			
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)	-
Total Revenues, Gains (Losses), and Other Support	11,786,862	(137,421)	11,649,441
Functional Expenses			
Program Services	11,054,363	-	11,054,363
Support Services	988,175	-	988,175
Total Functional Expenses	12,042,538	-	12,042,538
Increase (Decrease) in Net Assets	(255,676)	(137,421)	(393,097)
Net Assets, Beginning of Year	19,565,759	2,048,483	21,614,242
Net Assets, End of Year	\$ 19,310,083	\$ 1,911,062	\$ 21,221,145

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

RAFIKI FOUNDATION, INC.
EUSTIS, FLORIDA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	<u>Support</u>			<u>Program</u>	
	<u>Fund- Raising</u>	<u>Management and General</u>	<u>Total Support Services</u>	<u>Program Services</u>	<u>Total Support and Program Services</u>
Functional Expenses					
Bank and Investment Fees	\$ -	\$ 76,306	\$ 76,306	\$ -	\$ 76,306
Computer	6,458	40,494	46,952	71,755	118,707
Education	49,480	-	49,480	799,541	849,021
Entertainment/Accommodations	88	105	193	158	351
Food Services	3,495	4,194	7,689	6,292	13,981
Fundraising	41,249	-	41,249	-	41,249
Insurance	17,828	41,599	59,427	59,427	118,854
Mini-Missions	-	-	-	228,142	228,142
Miscellaneous	3,493	3,331	6,824	37,309	44,133
Missionary Field Expenses	740	706	1,446	529,949	531,395
Office Supplies	2,403	2,292	4,695	10,991	15,686
Postage and Shipping	3,060	12,238	15,298	51,547	66,845
Printing and Publishing	4,453	8,426	12,879	71,619	84,498
Professional Services	7,890	13,502	21,392	40,262	61,654
Projects	-	-	-	8,960	8,960
Property Taxes	-	9,346	9,346	-	9,346
Rent - Equipment	1,270	5,081	6,351	19,055	25,406
Repairs and Maintenance	14,506	13,834	28,340	66,346	94,686
RICE Program	-	-	-	289,083	289,083
Salaries and Related Expenses	219,367	209,201	428,568	2,168,495	2,597,063
Security Services	1,755	1,674	3,429	8,028	11,457
Telephone	2,487	2,372	4,859	11,375	16,234
Travel	3,277	6,554	9,831	89,734	99,565
Utilities	6,314	6,022	12,336	28,880	41,216
Vehicles	109	104	213	500	713
Villages, Children, and Schools	-	-	-	4,739,837	4,739,837
Widows Exchange	-	-	-	187,173	187,173
Total Functional Expenses Before Depreciation and Amortization	389,722	457,381	847,103	9,524,458	10,371,561
Depreciation and Amortization	536	215,526	216,062	1,412,677	1,628,739
Total Functional Expenses	\$ 390,258	\$ 672,907	\$ 1,063,165	\$ 10,937,135	\$ 12,000,300

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

	<u>Support</u>			<u>Program</u>	
	<u>Fund- Raising</u>	<u>Management and General</u>	<u>Total Support Services</u>	<u>Program Services</u>	<u>Total Support and Program Services</u>
Functional Expenses					
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
Total Functional Expenses Before Depreciation and Amortization	303,869	468,244	772,113	9,624,712	10,396,825
Depreciation and Amortization	536	215,526	216,062	1,429,651	1,645,713
Total Functional Expenses	\$ 304,405	\$ 683,770	\$ 988,175	\$ 11,054,363	\$ 12,042,538

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

RAFIKI FOUNDATION, INC.
EUSTIS, FLORIDA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities		
Cash Received from Donors	\$ 10,009,515	\$ 11,288,555
Interest Received	93,182	92,008
Cash Received from Education and Curriculum	74,849	57,987
Cash Used for Widows Exchange Operations	(28,819)	(63,527)
Cash Used for Employees, Supplies, and Vendors	(10,152,222)	(9,973,529)
Net Cash Provided by (Used in) Operating Activities	<u>(3,495)</u>	<u>1,401,494</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(473,300)	(406,025)
Construction in Progress	(98,795)	-
Net Cash Provided by (Used in) Investing Activities	<u>(572,095)</u>	<u>(406,025)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(575,590)	995,469
Cash and Cash Equivalents, Beginning of Year	<u>4,919,960</u>	<u>3,924,491</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,344,370</u></u>	<u><u>\$ 4,919,960</u></u>
<u>Reconciliation in Increase (Decrease) of Net Assets to Net</u>		
<u>Cash Provided by (Used in) Operating Activities</u>		
Decrease in Net Assets	\$ (1,605,765)	\$ (393,097)
Adjustments to Reconcile Increase (Decrease) in Net Assets to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	1,628,739	1,645,713
Changes in Assets and Liabilities Affecting Operations:		
Accounts Receivable and Other Current Assets	(424)	-
Inventories	(42,295)	30,242
Prepaid Assets	(9,334)	30,932
Contribution Receivable - Charitable		
Remainder Unitrust	(15,917)	(9,676)
Accounts Payable and Accrued Expenses	54,477	84,404
Due to Related-Party	(12,976)	12,976
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (3,495)</u></u>	<u><u>\$ 1,401,494</u></u>

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

RAFIKI FOUNDATION, INC.
EUSTIS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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, 2024 and 2023, respectively. The Foundation maintains cash balances in banks overseas for its African Villages of \$99,826 and \$125,895 as of December 31, 2024 and 2023, 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, 2024 and 2023, as it is management’s opinion that no losses will be incurred.

RAFIKI FOUNDATION, INC.
EUSTIS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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, 2024 AND 2023

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 July 1, 2025, the date on which the financial statements were available to be issued.

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.

Note 3 - Property and Equipment

Property and equipment as of December 31, 2024 and 2023, are as follows:

	2024	2023
Land	\$ 2,038,386	\$ 2,038,386
Buildings and Improvements – Foreign Countries	30,526,638	30,072,113
Buildings and Improvements – Home Office	5,774,292	5,764,746
Furniture and Equipment	1,578,849	1,569,620
Vehicles	461,204	461,204
Construction in Progress – Home Office	98,809	1,914
Construction in Progress – Foreign Countries	1,900	-
	40,480,078	39,907,983
Less Accumulated Depreciation	(25,391,954)	(23,763,751)
Net Property and Equipment	<u>\$ 15,088,124</u>	<u>\$ 16,144,232</u>

RAFIKI FOUNDATION, INC.
EUSTIS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Depreciation expense was \$1,628,203 and \$1,645,176 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023.

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 \$107,966 and \$92,049 as of December 31, 2024 and 2023, 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, 2024 and 2023.

Balance as of December 31, 2022	\$ 82,373
Total Gains (Unrealized and Realized), Net of Fees	<u>9,676</u>
Balance as of December 31, 2023	92,049
Total Gains (Unrealized and Realized), Net of Fees	<u>15,917</u>
Balance as of December 31, 2024	<u>\$ 107,966</u>

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, 2024 and 2023, are as follows:

	Fair Values as of December 31, 2024			
	Fair Value	Level 1	Level 2	Level 3
Charitable Remainder Unitrust	\$ 107,966	\$ -	\$ -	\$ 107,966
Total	<u>\$ 107,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,966</u>

RAFIKI FOUNDATION, INC.
EUSTIS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

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, 2024 and 2023, as follows:

	2024	2023
Purpose Restrictions Accomplished:		
Children's Centers/Orphan Fund	\$ 3,560,087	\$ 3,597,108
Curriculum and Teacher's Training	16,893	139,719
10 th Presbyterian	8,960	10,160
Mini-Missions	228,142	171,470
Outreach (Missionaries)	1,793,002	1,964,090
Discretionary	399	25
Home Office Construction	1,450	3,157
Village Construction	40,540	368,080
Total	\$ 5,649,473	\$ 6,253,809

Note 8 - Net Assets

Net assets consist of the following for the years ended December 2024 and 2023:

	2024	2023
Net Assets Without Donor Restrictions:		
Net Investment in Land, Property, and Equipment	\$ 15,088,125	\$ 16,144,232
Charitable Remainder Unitrust	107,966	92,049
Undesignated, Unrestricted Net Assets	2,722,627	3,073,802
Total Net Assets Without Donor Restrictions	17,918,718	19,310,083
Net Assets with Donor Restrictions:		
Mini-Missions	118,792	106,005
Outreach (Missionaries)	1,222,289	1,511,600
Discretionary	79,576	79,975
Rosemary Jensen Bible Foundation	221,079	197,367
Other	54,926	16,115
Total Net Assets With Donor Restrictions	1,696,662	1,911,062
Total Net Assets	\$ 19,615,380	\$ 21,221,145

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

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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 *Accounting Standards Codification* (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 27 months and 38 months at December 31, 2024 and 2023, respectively.

The ROU asset and lease liabilities as of December 31, 2024 and 2023, are as follows:

Leases	Classification	December 31, 2024	December 31, 2023
Assets			
Operating Lease Assets	Operating Lease ROU Assets	\$ 320,626	\$ 455,270
Total Lease Assets		<u>\$ 320,626</u>	<u>\$ 455,270</u>
Current Liabilities			
Operating Lease Liabilities	Operating Lease Liabilities	\$ 140,885	\$ 134,644
Total Current Lease Liabilities		<u>\$ 140,885</u>	<u>\$ 134,644</u>
Long-Term Liabilities			
Operating Lease Liabilities	Operating Lease Liabilities	\$ 179,741	\$ 320,626
Total Long-Term Lease Liabilities		<u>\$ 179,741</u>	<u>\$ 320,626</u>

Future maturities of the lease liabilities as of December 31, 2024, are as follows:

Year Ending December 31,	Operating Leases
2025	\$ 160,038
2026	147,480
2027	41,700
Thereafter	-
Total Lease Payments	349,218
Less: Imputed Interest	(28,592)
Total Lease Liabilities	<u>\$ 320,626</u>

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.

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Rental expenses for these leases were \$182,656 and \$184,229 for the years ended December 31, 2024 and 2023, respectively. Amounts related to rentals are allocated to education, printing and publishing, and rent - equipment on the statement of functional expenses.

The Foundation recognized \$134,644 and \$124,945 in amortization expense related to the ROU assets for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, approximately 3,353 and 2,950 hours, respectively, were donated in services performed by approximately 86 and 56 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 \$206,700 and \$177,402 for the years ended December 31, 2024 and 2023, respectively.

Note 12 - Rafiki Classical Academy

Rafiki Classical Academy (RCA) operates as 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 \$13,983 and \$6,895 for the years ended December 31, 2024 and 2023, respectively. The Foundation provided services and goods totaling \$20,931 and \$16,071 for the years ended December 31, 2024 and 2023, respectively. Additionally, the Foundation received funds on behalf of RCA totaling \$107,501 and transferred all funds to RCA during the year ended December 31, 2024. The Foundation received funds on behalf of RCA totaling \$314,645 and transferred \$301,669 to RCA during the year ended December 31, 2023. The remaining balance of \$12,976 was shown as Due to Related-Party as of December 31, 2023.

Note 13 - Concentration Risk

The Foundation had two donors that accounted for approximately 21% of total contributions for the year ended December 31, 2024. The Foundation had one donor that accounted for approximately 21% of total contributions for the year ended December 31, 2023. Contributions received from these donors totaled \$2,006,000 and \$2,306,544 for the years ended December 31, 2024 and 2023, 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

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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, 2024 and 2023. The Board elected to make a discretionary contribution to match up to 3% of employee contributions. Matching contributions by the Foundation to the plan were \$37,050 for the year ended December 31, 2024. No such contribution was made to the plan for the year ended December 31, 2023. Total expense to maintain the plan was approximately \$250 and \$600 for the years ended December 31, 2024 and 2023, respectively.

Note 15 - Liquidity

The following reflects the Foundation's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Financial Assets at Year-End	\$ 4,420,055	\$ 4,985,888
Less those Unavailable for General Expenditures Within One Year, Due to Contractual or Donor-Imposed Restrictions:		
Restricted by Donor with Time or Purpose Restrictions	1,696,662	1,911,062
Charitable Remainder Unitrust Due in More Than One Year	<u>107,966</u>	<u>92,049</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 2,615,427</u></u>	<u><u>\$ 2,982,777</u></u>

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