

ROTAPLAST INTERNATIONAL, INC.

FINANCIAL STATEMENTS

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rotaplast International, Inc.
San Francisco, California

I have audited the accompanying statement of financial position of Rotaplast International, Inc., as of December 31, 2020, and the related statements of activities, functional expense and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rotaplast International, Inc., as of December 31, 2020, and the changes in its net assets, its functional expense and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Erich E. Zorr, CRA

April 19, 2021

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2020

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
ASSETS			
CASH	\$ 209,316	\$ -	\$ 209,316
PREPAID EXPENSES	11,093	7,432	18,525
INVENTORIES	194,841	-	194,841
INVESTMENTS (Note 3)	238,504	235,718	474,222
LOAN COSTS, net (Note 5)	2,281	-	2,281
PROPERTY AND EQUIPMENT, net (Note 4) . .	<u>1,230,673</u>	<u>-</u>	<u>1,230,673</u>
Total assets	<u>\$1,886,708</u>	<u>\$243,150</u>	<u>\$2,129,858</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expense .	\$ 2,070	\$ -	\$ 2,070
Mortgage payable (Note 5)	<u>997,138</u>	<u>-</u>	<u>997,138</u>
Total liabilities	<u>999,208</u>	<u>-</u>	<u>999,208</u>
NET ASSETS			
Undesignated	877,500	-	877,500
Designated	10,000	-	10,000
Temporarily restricted (Note 6)	<u>-</u>	<u>243,150</u>	<u>243,150</u>
Total net assets.	<u>887,500</u>	<u>243,150</u>	<u>1,130,650</u>
Total liabilities and net assets	<u>\$1,886,708</u>	<u>\$243,150</u>	<u>\$2,129,858</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
SUPPORT, REVENUE AND OTHER GAINS			
Contributed medical services	\$ 770,910	\$ -	\$ 770,910
Contributed medical supplies	35,778	-	35,778
Contributed non-medical supplies	69,180	-	69,180
Government Paycheck Protection grant	106,192	-	106,192
Contributed travel	11,320	-	11,320
Contributions	443,375	14,274	457,649
Gain on investments	62,220	-	62,220
Investment income (net of \$4,668 fees)	5,494	-	5,494
Net assets released from restrictions.	<u>154,519</u>	<u>(154,519)</u>	<u>-</u>
Total support, revenue and other gains	<u>1,658,988</u>	<u>(140,245)</u>	<u>1,518,743</u>
EXPENSES			
Medical mission services	1,286,248	-	1,286,248
Management and general	132,230	-	132,230
Fund-raising	<u>60,780</u>	<u>-</u>	<u>60,780</u>
Total expenses	<u>1,479,258</u>	<u>-</u>	<u>1,479,258</u>
Increase in net assets	179,730	(140,245)	39,485
NET ASSETS, beginning of year	<u>707,770</u>	<u>383,395</u>	<u>1,091,165</u>
NET ASSETS, end of year	<u>\$ 887,500</u>	<u>\$ 243,150</u>	<u>\$1,130,650</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSE

Year Ended December 31, 2020

	Medical Mission Services	Management And General	Fund- raising	Total
SALARIES	\$ 219,885	\$ 44,708	\$ 40,858	\$ 305,451
PAYROLL TAXES	20,556	4,380	3,800	28,736
EMPLOYEE BENEFITS	36,686	1,825	4,011	42,522
MEDICAL PROFESSIONALS	770,910	-	-	770,910
AIRFARE AND TRAVEL	54,154	23	15	54,192
LODGING AND MEALS	21,085	165	-	21,250
MEDICAL SUPPLIES	77,723	-	-	77,723
NON-MEDICAL SUPPLIES	8,940	-	-	8,940
OCCUPANCY	4,993	1,789	594	7,376
DEPRECIATION	22,562	1,785	1,923	26,270
PROFESSIONAL FEES	90	7,100	-	7,190
PROMOTION AND OUTREACH	(627)	-	2,186	1,559
INSURANCE	4,889	349	582	5,820
OFFICE SUPPLIES	1,839	482	138	2,459
PROPERTY TAXES	18,362	1,337	2,186	21,885
SHIPPING AND BOXES	9,006	-	-	9,006
REPAIR AND MAINTENANCE	6,412	557	761	7,730
POSTAGE AND DELIVERY	721	993	185	1,899
INTEREST	-	48,562	-	48,562
TELEPHONE	1,918	2,033	626	4,577
BANK CHARGES	22	1,632	2,051	3,705
MISCELLANEOUS	<u>6,122</u>	<u>14,510</u>	<u>864</u>	<u>21,496</u>
Total expenses	<u>\$1,286,248</u>	<u>\$132,230</u>	<u>\$ 60,780</u>	<u>\$1,479,258</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

CASH FLOWS USED BY OPERATING ACTIVITIES:

Increase in net assets	\$ 39,485
Adjustments to reconcile increase in net assets to net cash used by operations:	
Depreciation	26,270
Unrealized gain on investments	(27,229)
Decrease (increase) in:	
Inventories	(26,961)
Prepaid expenses	13,727
Decrease in accounts payable and accrued expenses	<u>(132,226)</u>
Net cash used by operations	(106,934)

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:

Sale of investments, net of purchases	\$208,686
Purchase of fixed assets	<u>(1,967)</u>
Total cash provided by investing activities	206,719

CASH FLOWS USED BY FINANCING ACTIVITIES:

Payment of mortgage principal	<u>(14,400)</u>
Net increase in cash	85,385
CASH, beginning of year	<u>123,931</u>
CASH, end of year	<u>\$ 209,316</u>

INTEREST PAID	<u>\$ 48,562</u>
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The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 ORGANIZATION

Rotaplast International, Inc. was incorporated in April 1998 to facilitate surgical programs to treat children with cleft lip and palate anomalies who would otherwise not receive surgical intervention. The Agency works by partnering with Rotary clubs, other organizations, and individuals across the United States and at international mission sites.

Major funding is received through foundation grants, Rotary club donations and private donations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of Rotaplast International, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. At December 31, 2020, Rotaplast International, Inc. had no permanently restricted net assets.

Inventories - Inventories consist of purchased and donated supplies, both medical (\$112,384) and non-medical (\$82,475) and are stated at cost (or fair market value, if donated) determined by the first in, first out method.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Money market funds held as part of the restricted investment account are reported as investments. Fair value is determined by quoted market prices. Unrealized gains and losses are included in revenue.

Property and Equipment - Property and equipment are stated at cost unless donated, in which case it is stated at fair market value at date of receipt. Depreciation is computed using the straight-line method over an estimated useful life of from three to thirty years. Items with a value of less than \$500 are expensed when received, rather than capitalized.

ROTAPLAST INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services - Donated services are recorded as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Agency. Non-medical volunteer support services on medical missions are not recognized as contributions in the financial statements since the criteria stated above were not met.

Donated Medical Equipment - Donated medical equipment valued at less than \$500 per item is not recorded in these financial statements.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates used in these financial statements include valuation of investments, donated equipment, medical supplies and services and depreciation of fixed assets.

Income Taxes - Rotaplast International, Inc. is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and from state income and franchise taxes under Section 23701d of the California Revenue and Taxation Code.

NOTE 3 INVESTMENTS

Investments at December 31, 2020 are summarized as follows:

	<u>Cost</u>	<u>Fair Market Value</u>
Money market	\$ 14,975	\$ 14,975
Fixed income	66,845	66,321
Equity securities	123,756	375,090
Other	<u>11,066</u>	<u>17,836</u>
Total	<u>\$216,642</u>	<u>\$474,222</u>

ROTAPLAST INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE 4 PROPERTY AND EQUIPMENT

At December 31, 2020, property and equipment consisted of the following:

Land	\$ 903,909
Building	483,094
Medical equipment	195,501
Computer equipment	18,289
Furniture and fixtures	<u>7,455</u>
Total	1,608,248
Accumulated depreciation	<u>(377,575)</u>
Net	<u>\$1,230,673</u>

Fair market values at December 31, 2020 were estimated to be: land - \$1,434,000 and building - \$717,000, for a total of \$2,151,000.

NOTE 5 MORTGAGE PAYABLE

The Agency has a mortgage on the building in San Francisco, California, used as its operational headquarters with offices and a warehouse. The mortgage is at 4.75% interest and requires payments of \$5,855 per month with the balance due in full on August 15, 2024. The balance on this loan was \$997,138 at December 31, 2020.

Due to the COVID-19 pandemic, there was an agreement with Bank of Marin that interest only payments were allowed for four months during the year ended December 31, 2020.

Unamortized prepaid loan costs related to the mortgage were \$2,281 at December 31, 2020.

ROTAPLAST INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of grants and donations which are for medical missions which will be conducted after December 31, 2020 and \$23,354 for future purchases of fixed assets. The medical mission funds are to be used for missions to the following countries:

Casa Azul	\$ 11,210
Undesignated Rotary District missions	<u>218,586</u>
Total	<u>\$219,796</u>

NOTE 7 CONCENTRATIONS

The Agency receives a significant portion of its grants and donations from Rotary clubs and districts. A significant reduction in the level of this support, if this were to occur, may have an effect on the Agency's programs.

NOTE 8 SUBSEQUENT EVENTS

Due to the COVID-19 pandemic, Rotaplast International has cancelled overseas cleft lip and palate surgery missions from the present through at least January 1, 2022.

During 2020, the Agency received \$106,192 from the federal government as a Paycheck Protection Program loan due to the pandemic. The money was used for payroll and other eligible costs. The funds are treated as a government grant in these financial statements because there was an overwhelming probability that the Agency's request for full loan forgiveness will be approved. Subsequent to December 31, 2020, the loan was forgiven by the government.