

ROTAPLAST INTERNATIONAL, INC.

FINANCIAL STATEMENTS

December 31, 2021

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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, 2021, 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, 2021, 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, CPA

May 10, 2022

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
ASSETS			
CASH	\$ 380,972	\$ -	\$ 380,972
PREPAID EXPENSES	7,241	4,325	11,566
INVENTORIES	199,355	-	199,355
INVESTMENTS (Note 3)	551,070	278,106	829,176
LOAN COSTS, net (Note 5)	1,639	-	1,639
PROPERTY AND EQUIPMENT, net (Note 4) . .	<u>1,212,726</u>	<u>-</u>	<u>1,212,726</u>
Total assets	<u>\$2,353,003</u>	<u>\$282,431</u>	<u>\$2,635,434</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expense .	\$ 8,433	\$ -	\$ 8,433
Mortgage payable (Note 5)	<u>974,504</u>	<u>-</u>	<u>974,504</u>
Total liabilities	<u>982,937</u>	<u>-</u>	<u>982,937</u>
NET ASSETS			
Without donor restrictions	1,366,251	-	1,366,251
With board designated restrictions . .	3,815	-	3,815
With donor restrictions (Note 6) . . .	<u>-</u>	<u>282,431</u>	<u>282,431</u>
Total net assets.	<u>1,370,066</u>	<u>282,431</u>	<u>1,652,497</u>
Total liabilities and net assets	<u>\$2,353,003</u>	<u>\$282,431</u>	<u>\$2,635,434</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT, REVENUE AND OTHER GAINS			
Contributions	\$ 504,796	\$ 52,000	\$ 556,796
Contributed medical supplies	444	-	444
Contributed travel	2,069	-	2,069
Gain on investments	124,707	-	124,707
Investment income (net of \$5,638 fees)	2,368	-	2,368
Net assets released from restrictions.	<u>12,719</u>	<u>(12,719)</u>	<u>-</u>
Total support, revenue and other gains	<u>647,103</u>	<u>39,281</u>	<u>686,384</u>
EXPENSES			
Program services	133,346	-	133,346
Management and general	14,079	-	14,079
Fund-raising	<u>17,112</u>	<u>-</u>	<u>17,112</u>
Total expenses	<u>164,537</u>	<u>-</u>	<u>164,537</u>
Increase in net assets	482,566	39,281	521,847
NET ASSETS, beginning of year	<u>887,500</u>	<u>243,150</u>	<u>1,130,650</u>
NET ASSETS, end of year	<u>\$1,370,066</u>	<u>\$ 282,431</u>	<u>\$1,652,497</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSE

Year Ended December 31, 2021

	Program Services	Management And General	Fund- raising	Total
EMPLOYEE BENEFITS	\$ 46	\$ 402	\$ 3	\$ 451
AIRFARE AND TRAVEL	10,450	-	-	10,450
LODGING AND MEALS	137	348	-	485
MEDICAL SUPPLIES	20,976	-	-	20,976
OCCUPANCY	1,520	57	164	1,741
DEPRECIATION	22,218	1,853	2,018	26,089
PROFESSIONAL FEES	-	5,000	-	5,000
PROMOTION AND OUTREACH	-	-	3,136	3,136
INSURANCE	5,086	363	605	6,054
OFFICE SUPPLIES	-	248	-	248
PROPERTY TAXES	18,287	1,428	2,184	21,899
REPAIR AND MAINTENANCE	207	165	41	413
POSTAGE AND DELIVERY	-	-	455	455
INTEREST	39,921	2,852	4,752	47,525
TELEPHONE	905	479	426	1,810
BANK CHARGES	69	662	2,055	2,786
GRANTS	6,740	-	-	6,740
MISCELLANEOUS	<u>6,784</u>	<u>222</u>	<u>1,273</u>	<u>8,279</u>
 Total expenses	 <u>\$133,346</u>	 <u>\$14,079</u>	 <u>\$17,112</u>	 <u>\$164,537</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Increase in net assets	\$ 521,847
Adjustments to reconcile increase in net assets to net cash provided by operations:	
Depreciation	26,731
Unrealized gain on investments	(92,881)
Decrease (increase) in:	
Inventories	(4,513)
Prepaid expenses	6,959
Increase in accounts payable and accrued expenses	6,362
Net cash used by operations	464,505

CASH FLOWS USED BY INVESTING ACTIVITIES:

Purchase of investments, net of sales	\$ (262,073)
Purchase of fixed assets	(8,142)
Total cash used by investing activities	(270,215)

CASH FLOWS USED BY FINANCING ACTIVITIES:

Payment of mortgage principal	(22,634)
Net increase in cash	171,656
CASH, beginning of year	209,316
CASH, end of year	\$ 380,972

INTEREST PAID	\$ 47,525
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The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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 with donor restrictions or without donor restrictions, 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, 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.

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, 2021

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, 2021 are summarized as follows:

	<u>Cost</u>	<u>Fair Market Value</u>
Money market	\$ 8,198	\$ 8,198
Fixed income	222,791	222,487
Equity securities	200,759	558,316
Other	<u>34,454</u>	<u>40,175</u>
Total	<u>\$466,202</u>	<u>\$829,176</u>

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

December 31, 2021

NOTE 4 PROPERTY AND EQUIPMENT

At December 31, 2021, property and equipment consisted of the following:

Land	\$ 903,909
Building	490,594
Medical equipment	195,501
Computer equipment	18,289
Furniture and fixtures	<u>7,455</u>
Total	1,615,748
Accumulated depreciation	<u>(403,022)</u>
Net	<u>\$1,212,726</u>

Fair market value of land and building at December 31, 2021 was estimated to be \$2,100,000.

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 \$982,936 at December 31, 2021.

Unamortized prepaid loan costs related to the mortgage were \$1,639 at December 31, 2021.

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

December 31, 2021

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of grants and donations which are for medical missions which will be conducted after December 31, 2021 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	\$ 4,325
Undesignated Rotary District missions	<u>254,752</u>
Total	<u>\$259,077</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 been unable to provide typical overseas cleft lip and palate surgery missions. The Agency was able to do a smaller mission in Mexico, partnering with local medical professionals. The Agency is planning on resuming typical missions in the second half of 2022 if it is determined that missions can be conducted safely.

On February 2, 2022, the Agency sold its building and land in San Francisco, California which was used as its headquarters and warehouse. Furniture, equipment and inventory were placed in rented storage units that can function as a warehouse if necessary. On May 5, 2022, the Agency purchased a replacement facility that is closer to the airport, with a size that will meet their future needs and reduce the operational costs, utilizing the profits from the sale of the San Francisco location.