

ROTAPLAST INTERNATIONAL, INC.

FINANCIAL STATEMENTS

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of Rotaplast International, Inc., as of December 31, 2022, 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, 2022, 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, 2023

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
ASSETS			
CASH	\$ 405,990	\$ -	\$ 405,990
PREPAID EXPENSES	3,223	3,776	6,999
INVENTORIES	177,599	-	177,599
INVESTMENTS (Note 3)	271,289	270,841	542,130
PROPERTY AND EQUIPMENT, net (Note 4)	<u>1,448,416</u>	<u>-</u>	<u>1,448,416</u>
Total assets	<u>\$2,306,517</u>	<u>\$274,617</u>	<u>\$2,581,134</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expense	\$ <u>15,142</u>	<u>-</u>	<u>15,142</u>
NET ASSETS			
Without restrictions	2,290,791	-	2,290,791
With board designated restrictions	584	-	584
With donor restrictions (Note 5)	<u>-</u>	<u>274,617</u>	<u>274,617</u>
Total net assets.	<u>2,291,375</u>	<u>274,617</u>	<u>2,565,992</u>
Total liabilities and net assets	<u>\$2,306,517</u>	<u>\$274,617</u>	<u>\$2,581,134</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT, REVENUE AND OTHER GAINS			
Contributed medical services	\$ 504,135	\$ -	\$ 504,135
Contributed medical supplies	56,510	-	56,510
Contributed travel	4,563	-	4,563
Contributions	379,734	145,434	525,168
Loss on investments	(180,688)	-	(180,688)
Gain on sale of land and building . .	804,543	-	804,543
Investment income (net of \$6,212 fees)	2,648	-	2,648
Net assets released from restrictions.	<u>153,248</u>	<u>(153,248)</u>	<u>-</u>
Total support, revenue and other gains	<u>1,724,693</u>	<u>(7,814)</u>	<u>1,716,879</u>
EXPENSES			
Program services	769,547	-	769,547
Management and general	11,901	-	11,901
Fund-raising	<u>21,936</u>	<u>-</u>	<u>21,936</u>
Total expenses	<u>803,384</u>	<u>-</u>	<u>803,384</u>
Increase in net assets	921,309	(7,814)	913,495
NET ASSETS, beginning of year	<u>1,370,066</u>	<u>282,431</u>	<u>1,652,497</u>
NET ASSETS, end of year	<u>\$2,291,375</u>	<u>\$ 274,617</u>	<u>\$2,565,992</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSE

Year Ended December 31, 2022

	Program Services	Management And General	Fund- raising	Total
EMPLOYEE BENEFITS	\$ 899	\$ 64	\$ 107	\$ 1,070
AIRFARE AND TRAVEL	60,329	-	1,865	62,194
LODGING AND MEALS	29,400	108	2,752	32,260
MEDICAL PROFESSIONALS	504,135	-	-	504,135
MEDICAL SUPPLIES	87,569	-	-	87,569
NON-MEDICAL SUPPLIES	4,809	-	-	4,809
OCCUPANCY	12,211	568	1,420	14,199
DEPRECIATION	24,895	1,734	3,132	29,761
PROFESSIONAL FEES	870	4,945	-	5,815
PROMOTION AND OUTREACH	1,124	-	6,832	7,956
INSURANCE	5,427	279	646	6,352
OFFICE SUPPLIES	1,784	83	207	2,074
PROPERTY TAXES	11,205	889	1,278	13,372
SHIPPING AND BOXES	3,655	-	-	3,655
REPAIR AND MAINTENANCE	531	161	10	702
POSTAGE AND DELIVERY	-	-	618	618
INTEREST	6,259	62	745	7,066
TELEPHONE	640	367	273	1,280
RECRUITMENT	-	449	-	449
BANK CHARGES	46	632	1,508	2,186
SERVICES DEVELOPMENT	7,000	-	-	7,000
MISCELLANEOUS	<u>6,759</u>	<u>1,560</u>	<u>543</u>	<u>8,862</u>
 Total expenses	 <u>\$769,547</u>	 <u>\$11,901</u>	 <u>\$21,936</u>	 <u>\$803,384</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Increase in net assets	\$ 913,495
Adjustments to reconcile increase in net assets to net cash provided by operations:	
Depreciation	29,761
Unrealized loss on investments	193,744
Decrease in:	
Inventories	21,755
Prepaid expenses	4,567
Increase in accounts payable and accrued expenses	6,710
Net cash provided by operations	1,170,032

CASH FLOWS USED BY INVESTING ACTIVITIES:

Sale of investments, net of purchases	\$ 93,302
Purchase of fixed assets, net of sales	(263,812)
Total cash used by investing activities	(170,510)

CASH FLOWS USED BY FINANCING ACTIVITIES:

Payment of mortgage principal	(974,504)
Net increase in cash	25,018
CASH, beginning of year	380,972
CASH, end of year	\$ 405,990

INTEREST PAID	\$ 7,066
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The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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 (\$105,965) and non-medical (\$71,008) 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, 2022

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, 2022 are summarized as follows:

	<u>Cost</u>	<u>Fair Market Value</u>
Money market	\$ 21,345	\$ 21,345
Fixed income	123,604	121,516
Equity securities	190,812	360,140
Other	<u>34,454</u>	<u>39,865</u>
Total	<u>\$370,215</u>	<u>\$542,866</u>

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

December 31, 2022

NOTE 4 PROPERTY AND EQUIPMENT

At December 31, 2022, property and equipment consisted of the following:

Land	\$ 430,000
Building	1,029,574
Medical equipment	195,501
Computer equipment	21,087
Trade show equipment	4,864
Furniture and fixtures	<u>580</u>
Total	1,681,606
Accumulated depreciation	<u>(233,190)</u>
Net	<u>\$1,448,416</u>

NOTE 5 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, 2022	\$250,063
Future purchases of fixed assets	<u>24,554</u>
Total	<u>\$274,617</u>

NOTE 6 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.