

ROTAPLAST INTERNATIONAL, INC.

FINANCIAL STATEMENTS

December 31, 2023

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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, 2023, 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, 2023, 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

March 25, 2024

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
ASSETS			
CASH	\$2,451,254	\$ -	\$2,451,254
RECEIVABLES	-	375	375
PREPAID EXPENSES	4,852	1,613	6,465
INVENTORIES	208,093	-	208,093
INVESTMENTS (Note 3)	1,019,282	280,186	1,299,468
PROPERTY AND EQUIPMENT, net (Note 4) . .	<u>1,480,035</u>	<u>-</u>	<u>1,480,035</u>
Total assets	<u>\$5,163,516</u>	<u>\$282,174</u>	<u>\$5,445,690</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expense .	<u>\$ 28,498</u>	<u>\$ -</u>	<u>\$ 28,498</u>
NET ASSETS			
Without restrictions	5,135,018	-	5,135,018
With donor restrictions (Note 5) . . .	<u>-</u>	<u>282,174</u>	<u>282,174</u>
Total net assets.	<u>5,135,018</u>	<u>282,174</u>	<u>5,417,192</u>
Total liabilities and net assets	<u>\$5,163,516</u>	<u>\$282,174</u>	<u>\$5,445,690</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT, REVENUE AND OTHER GAINS			
Contributed medical services	\$1,617,764	\$ -	\$1,617,764
Contributed medical supplies	188,139	-	188,139
Contributed professional services	120,000	-	120,000
Contributions	3,100,068	112,089	3,212,157
Gain on investments	236,285	-	236,285
Investment income (net of \$7,071 fees)	20,651	-	20,651
Other income	1,975	-	1,975
Net assets released from restrictions.	<u>104,532</u>	<u>(104,532)</u>	<u>-</u>
Total support, revenue and other gains	<u>5,389,414</u>	<u>7,557</u>	<u>5,396,971</u>
EXPENSES			
Program services	2,397,613	-	2,397,613
Management and general	60,417	-	60,417
Fund-raising	<u>87,741</u>	<u>-</u>	<u>87,741</u>
Total expenses	<u>2,545,771</u>	<u>-</u>	<u>2,545,771</u>
Increase in net assets	2,843,643	7,557	2,851,200
NET ASSETS, beginning of year	<u>2,291,375</u>	<u>274,617</u>	<u>2,565,992</u>
NET ASSETS, end of year	<u>\$5,135,018</u>	<u>\$ 282,174</u>	<u>\$5,417,192</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSE

Year Ended December 31, 2023

	Program Services	Management And General	Fund- raising	Total
EXECUTIVE DIRECTOR SALARY	\$ 106,335	\$ 6,255	\$12,510	\$ 125,100
OTHER SALARIES	6,490	-	25,959	32,449
PAYROLL TAXES	9,272	423	2,429	12,124
EMPLOYEE BENEFITS	517	504	9,694	10,715
AIRFARE AND TRAVEL	178,283	-	3,741	182,024
LODGING AND MEALS	85,642	998	4,427	91,067
MEDICAL PROFESSIONALS	1,617,764	-	-	1,617,764
MEDICAL SUPPLIES	188,244	-	-	188,244
NON-MEDICAL SUPPLIES	26,628	-	-	26,628
OCCUPANCY	5,411	-	225	5,636
DEPRECIATION	34,687	2,175	4,599	41,461
PROFESSIONAL FEES	85,925	45,719	12,000	143,644
PROMOTION AND OUTREACH	-	27	6,343	6,370
INSURANCE	5,645	403	672	6,720
OFFICE SUPPLIES	272	484	140	896
WAREHOUSE SUPPLIES	2,075	-	-	2,075
PROPERTY TAXES	16,848	1,196	1,994	20,038
SHIPPING AND BOXES	12,291	-	-	12,291
REPAIR AND MAINTENANCE	783	559	9	1,351
SITE SUSTAINABILITY	6,661	-	-	6,661
POSTAGE AND DELIVERY	367	-	867	1,234
TELEPHONE	428	24	59	511
BANK CHARGES	1,534	600	1,797	3,931
MISCELLANEOUS	<u>5,511</u>	<u>1,050</u>	<u>276</u>	<u>6,837</u>
Total expenses	<u>\$2,397,613</u>	<u>\$60,417</u>	<u>\$87,741</u>	<u>\$2,545,771</u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Increase in net assets	\$2,851,200
Adjustments to reconcile increase in net assets to net cash provided by operations:	
Depreciation	41,461
Unrealized gain on investments	(9,406)
Increase in:	
Receivables	(375)
Inventories	(30,495)
Prepaid expenses	(7,885)
Increase in accounts payable and accrued expenses	<u>21,775</u>
Net cash provided by operations	2,866,275

CASH FLOWS USED BY INVESTING ACTIVITIES:

Purchase of investments, net of sales	\$(747,932)
Purchase of fixed assets, net of sales	<u>(73,080)</u>
Total cash used by investing activities	<u>(821,012)</u>
Net increase in cash	2,045,263
CASH, beginning of year	<u>405,991</u>
CASH, end of year	<u><u>\$2,451,254</u></u>

The accompanying notes are an integral part of these statements.

ROTAPLAST INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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 (\$153,223) and non-medical (\$54,870) 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, 2023

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, 2023 are summarized as follows:

	<u>Cost</u>	<u>Fair Market Value</u>
Money market	\$ 14,769	\$ 14,769
Treasury notes	287,952	292,984
Funds	699,188	738,006
Equity securities	119,601	233,784
Corporate bonds	<u>20,000</u>	<u>19,925</u>
Total	<u>\$1,141,510</u>	<u>\$1,299,468</u>

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

December 31, 2023

NOTE 4 PROPERTY AND EQUIPMENT

At December 31, 2023, property and equipment consisted of the following:

Land	\$ 430,000
Building	1,036,673
Medical equipment	210,192
Computer equipment	11,429
Trade show equipment	9,085
Furniture and fixtures	<u>580</u>
Total	1,697,959
Accumulated depreciation	<u>(217,924)</u>
Net	<u>\$1,480,035</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, 2023 in the amount of \$250,063.

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.

The Agency has significant deposited funds in one bank in excess of the maximum FDIC insurable limit.