

ROTAPLAST INTERNATIONAL, INC.
SOUTH SAN FRANCISCO, CALIFORNIA
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
DECEMBER 31, 2024



ACCOUNTING & AUDITING

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Rotaplast International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year 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 Rotaplast International, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Rotaplast International, Inc. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Rotaplast International, Inc.'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 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, including omissions, 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 Rotaplast International, Inc.'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 Rotaplast International, Inc.'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.

*Coachella Valley
Accounting & Auditing*

October 14, 2025
La Quinta, CA

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Cash	\$ 383,629	\$ 435,168	\$ 818,797
Receivables	3,036	-	3,036
Prepaid expenses	15,807	-	15,807
Inventories	175,031	-	175,031
Investments	5,413,883	-	5,413,883
Property and equipment, net	<u>1,457,584</u>	<u>-</u>	<u>1,457,584</u>
TOTAL ASSETS	<u>\$ 7,448,970</u>	<u>\$ 435,168</u>	<u>\$ 7,884,138</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 3,350	\$ -	\$ 3,350
Accrued expenses	<u>26,483</u>	<u>-</u>	<u>26,483</u>
TOTAL LIABILITIES	<u>29,833</u>	<u>-</u>	<u>29,833</u>
NET ASSETS			
Without donor restrictions	3,420,768	-	3,420,768
Without donor restrictions - Board designated	3,998,369	-	3,998,369
With donor restrictions	<u>-</u>	<u>435,168</u>	<u>435,168</u>
Total net assets	<u>7,419,137</u>	<u>435,168</u>	<u>7,854,305</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,448,970</u>	<u>\$ 435,168</u>	<u>\$ 7,884,138</u>

(The accompanying notes are an integral part of these financial statements)

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 2,528,375	\$ 494,908	\$ 3,023,283
In-kind medical services	2,903,094	-	2,903,094
In-kind medical supplies	124,409	-	124,409
In-kind professional services	120,000	-	120,000
Gain on investments	175,173	-	175,173
Investment income	157,738	-	157,738
Other income	90,061		90,061
Released from restrictions	341,914	(341,914)	-
TOTAL SUPPORT AND REVENUE	6,440,764	152,994	6,593,758
EXPENSES			
Program services	3,899,356	-	3,899,356
Management and general	143,110	-	143,110
Fundraising	114,179	-	114,179
Total expenses	4,156,645	-	4,156,645
INCREASE IN NET ASSETS	2,284,119	152,994	2,437,113
NET ASSETS, BEGINNING OF YEAR	5,135,018	282,174	5,417,192
NET ASSETS, END OF YEAR	\$ 7,419,137	\$ 435,168	\$ 7,854,305

(The accompanying notes are an integral part of these financial statements)

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Fundraising	Total
Airfare and travel	\$ 230,458	\$ 58	\$ 1,998	\$ 232,514
Bank charges	2,281	614	1,698	4,593
Depreciation	45,222	2,540	6,612	54,374
Employee benefits	33,360	2,015	4,883	40,258
Executive director salary	115,662	2,661	5,323	123,646
Insurance	6,060	433	721	7,214
Lodging and meals	97,517	1,026	2,343	100,886
Medical professionals	2,899,032	-	-	2,899,032
Medical supplies	220,793	-	-	220,793
Miscellaneous	3,749	1,023	4,629	9,401
Non-medical supplies	33,608	-	-	33,608
Occupancy	3,740	4,190	252	8,182
Office supplies	1,725	197	227	2,149
Other salaries	128,313	375	52,406	181,094
Payroll taxes	19,252	205	4,326	23,783
Postage and delivery	161	55	1,097	1,313
Professional fees	-	126,010	-	126,010
Promotion and outreach	4,079	-	26,624	30,703
Property taxes	8,271	811	985	10,067
Repair and maintenance	1,639	388	-	2,027
Shipping and boxes	23,620	-	-	23,620
Site sustainability	18,432	-	-	18,432
Telephone	776	509	55	1,340
Warehouse	1,606	-	-	1,606
Total expenses	<u>\$ 3,899,356</u>	<u>\$ 143,110</u>	<u>\$ 114,179</u>	<u>\$ 4,156,645</u>

(The accompanying notes are an integral part of these financial statements)

ROTAPLAST INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets \$ 2,437,113

Adjustments to reconcile change in net assets
to net cash provided (used) by operating activities

Depreciation 54,374

Unrealized gain on investments (210,300)

(Increase) decrease in assets

Receivables (2,661)

Inventories 33,062

Prepaid expenses (16,954)

Increase (decrease) in liabilities

Accounts payable (8,700)

Accrued expenses 17,647

NET CASH PROVIDED BY OPERATING ACTIVITIES 2,303,581

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment (31,924)

Purchase of investments (6,573,297)

Investments sold or redeemed 2,669,183

NET CASH USED BY INVESTING ACTIVITIES (3,936,038)

NET DECREASE IN CASH (1,632,457)

CASH & RESTRICTED CASH AT BEGINNING OF YEAR 2,451,254

CASH & RESTRICTED CASH AT END OF YEAR \$ 818,797

Cash - without donor restrictions \$ 383,629

Cash - with donor restrictions 435,168

Total cash and restricted cash \$ 818,797

(The accompanying notes are an integral part of these financial statements)

ROTAPLAST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Rotaplast International, Inc. (the Organization) is a nonprofit organization incorporated in April 1998 that provides free reconstructive surgery, comprehensive care, and clinical education in underserved communities worldwide. Rotaplast focuses on cleft lip, cleft palate, and burn scar contracture treatment, conditions that disproportionately affect impoverished patients with limited access to care. Since inception, Rotaplast has conducted 265 reconstructive surgery programs in 25 countries, mobilizing more than 5,300 volunteers and 7,900 boxes of medical equipment and supplies to provide multidisciplinary care to over 21,500 surgical patients. Rotaplast partners with ministries of health, Rotary clubs, local clinicians, hospitals, and universities to assemble specialized volunteer teams tailored to local needs. Each surgery serves as both treatment and training: free care is delivered to patients while local residents and clinicians receive hands-on education to strengthen health systems, instill the values of volunteerism, and cultivate future Rotaplast volunteers. Our work is made possible through foundation grants, Rotary club donations, and private donations.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions

Resources that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be designated for specific purposes by action of management and/or the Board of Directors. The Board of Directors has set aside Board-designated funds (See Note 4).

Net assets with donor restrictions

Resources that are subject to donor-imposed stipulations. Some stipulations are temporary in nature, such as those that may be met either by actions of the Organization and/or the passage of time. Other stipulations may be perpetual in nature, such as those that require the resources be maintained in perpetuity. When temporary donor stipulations are satisfied, 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 restriction. Net assets with donor restrictions consist of grants and donations which are for medical missions which will be conducted after December 31, 2024 in the amount of \$435,168. Restricted contributions are reported as restricted even if the restriction is fulfilled in the same fiscal year. The Organization did not have any net assets that were perpetual in nature as of December 31, 2024.

Inventories

Inventories consist of purchased and donated supplies, both medical and non-medical and are stated at cost (or fair market value, if donated) determined by the first in, first out method. Medical inventory amounted to \$125,068 and non-medical inventory amounted to \$49,963 at December 31, 2024.

ROTAPLAST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

**1. ORGANIZATION AND 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 Organization. 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Revenue and Revenue Recognition

Revenues that are treated as exchange transactions are recognized consistent with the guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers. ASC 606 stipulates that revenue should be recognized consistent with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

ROTAPLAST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
(Continued)**

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.

Expense Allocations

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated to the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort by employees, and indirect cost allocation estimates. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

Fair Value Measurements

The fair values of cash and cash equivalents, accounts receivable, accounts payable, accrued payroll, deferred revenue and tenant deposits approximate their carrying amounts due to their short-term nature. In accordance with Financial Accounting Standards Board Codification No. 820 (FASB ASC 820), fair value is defined as the price that the Organization would receive upon selling an asset or paid upon transferring a liability in an orderly transaction between market participants in the principal or most advantageous market. For the year ended December 31, 2024, the Organization did not have any assets or liabilities that met the criteria for fair value recognition under GAAP other than the investments at Note 2.

2. INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). For the year ending December 31, 2024, the Organization's investments were considered level 1 inputs.

Investments consisted of the following at December 31, 2024:

	<u>Cost</u>	<u>Fair Market Value</u>
Fixed income – Gov bond	\$ 1,776,365	\$ 1,813,597
Mutual funds	3,167,166	3,272,548
Equity and options	113,508	327,738
Total	<u>\$ 5,057,039</u>	<u>\$ 5,413,883</u>

As of December 31, 2024 there was a cumulative unrealized gain of \$356,844.

ROTAPLAST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

3. PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following at December 31, 2024:

Land	\$ 430,000
Building	1,049,091
Medical equipment	220,435
Computer equipment	13,212
Trade show equipment	9,085
Furniture and fixtures	580
Total	<u>1,722,403</u>
Accumulated depreciation	<u>(264,819)</u>
Total property and equipment, net	<u>\$ 1,457,584</u>

4. BOARD-DESIGNATED FUNDS

The Rotaplast Vision Fund, a board-designated fund totaling \$3,870,000 at inception, was established to support the sustainability of the organization, its programs, and its future. The resolution establishing the vision fund also governs its corpus, investment, and the disbursement of interest income; the corpus may only be withdrawn through future resolution, the investment policy is strategically balanced for capital preservation and moderate growth, and investment income disbursements are awarded, through a board committee governed grant system, to support special projects that align with the Rotaplast mission statement. Under the directive of the resolution, policies are to be reviewed by the board every five years to ensure active management and deliberate utilization. The Rotaplast Vision fund ensures that bequests will be managed responsibly to provide free reconstructive surgery, comprehensive care, and clinical education for cleft lip, cleft palate, and/or burn scar contracture patients worldwide.

The composition of the Vision Fund, Board-designated funds net assets are as follows for the year ending December 31, 2024.

Board-designated funds, December 31, 2023	\$ -
Contributions	3,870,000
Investment income	98,551
Appreciation of funds	35,127
Fees	(5,309)
Distributions	<u>-</u>
Board-designated funds, December 31, 2024	<u>\$ 3,998,369</u>

Since these amounts resulted from internal designations and are not donor-restricted, they are classified and reported as unrestricted net assets.

ROTAPLAST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

5. SIMPLE IRA PLAN

The Organization has a Simple IRA contribution plan in which contributions are at the Board's discretion annually. Contributions to the plan were \$7,884 for the year ended December 31, 2024.

6. DONATED SERVICES AND SUPPLIES

The Organization recognizes donated services and in-kind supplies in accordance with acceptable accounting standards. Donated medical services consist of volunteer time provided by surgeons, physicians, and nurses. Donated professional services consist of donated expertise for the organization's accounting and information technology. All donated services and supplies are utilized in the year received. Donated services and in-kind supplies for the year ended December 31, 2024:

Medical services	\$ 2,903,094
Medical supplies	123,409
Professional services	<u>120,000</u>
Total	<u>\$ 3,146,503</u>

7. RELATED PARTY TRANSACTION

During the year ended December 31, 2024, the Organization received in-kind professional services from a member of the Board of Directors. The Board Treasurer, who is a skilled and experienced professional, provided accounting and information technology (IT) services to the Organization. These services have been valued at \$120,000 for the year, based on fair market value of similar services in the open market. These contributed services meet the criteria for recognition under generally accepted accounting principles as discussed in Note 6.

8. CONCENTRATIONS AND CREDIT RISK

Revenue Concentration

The Organization 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 Organization's programs. Additionally, during 2024 the Organization received \$1.750 million in the form of a bequest from one donor which made up 27% of the total revenue and support. In general, bequest and end of life giving not known to an organization until amounts are received and therefore cannot be budgeted for.

Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of temporary cash investments and marketable securities. The Organization maintains its cash, certificates of deposit and marketable securities in deposit accounts with high credit quality financial institutions which, at times, may exceed the federally insured limits. Cash deposits in excess of \$250,000 FDIC amounted to approximately \$471,000 as of December 31, 2024. The Organization also maintains investment accounts that contain cash and securities and sometimes exceed the amount guaranteed by the Securities Investor Protection Corporation (SIPC), which is \$500,000 for securities and cash (including a limit of \$250,000 for cash only). Accounts held in the same capacity are combined for purposes of the SIPC protection limits. Balances in excess of this limit as of December 31, 2024 were approximately \$5 million. The Organization believes there is little risk in any losses and has not experienced any losses in such accounts.

ROTAPLAST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

9. LIQUIDITY

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditure are as follows:

Cash	\$ 383,629
Receivables	3,036
Investments	<u>1,415,514</u>
Total	<u>\$ 1,802,179</u>

Cash and investments from donor-restricted sources are restricted for specific purposes and therefore, is not available for general expenditure. Even though the Board has the ability to release Board designated funds for operating needs at any time, since the Board designated amounts were not available for operations as of December 31, 2024 these amounts have been excluded from the amounts listed above.

10. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of October 14, 2025 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after December 31, 2024, or as of October 14, 2025 that require additional disclosure to the financial statements.