

**THE ROSENDIN FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**



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**THE ROSENDIN FOUNDATION
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YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Rosendin Foundation
San Jose, California

We have audited the accompanying financial statements of The Rosendin Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
The Rosendin Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Rosendin Foundation as of December 31, 2020, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
August 2, 2021

**THE ROSENDIN FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 86,020
Investments	<u>762,271</u>
Total Assets	<u><u>\$ 848,291</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Related Party Accounts Payable	\$ 40,083
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NET ASSETS

Net Assets Without Donor Restrictions	<u>808,208</u>
Total Liabilities and Net Assets	<u><u>\$ 848,291</u></u>

See accompanying Notes to Financial Statements.

THE ROSENDIN FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020

REVENUE AND SUPPORT	
Contribution Revenue	\$ 983,000
Investment Income, Net	15,815
Total Revenue and Support	998,815
EXPENSES	
Program Services Expense	140,000
Supporting Services Expense:	
General and Administrative	29,937
Fundraising and Development	20,670
Total Supporting Services Expenses	50,607
Total Expenses	190,607
CHANGE IN NET ASSETS	808,208
Net Assets - Beginning of Year	-
NET ASSETS - END OF YEAR	\$ 808,208

See accompanying Notes to Financial Statements.

**THE ROSENDIN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services	General and Administrative	Fundraising and Development	Total
Donations Expense	\$ 140,000	\$ -	\$ -	\$ 140,000
Legal Expense	-	29,586	-	29,586
Promotions Expense	-	-	20,670	20,670
Other Expenses	-	351	-	351
Total Expenses	<u>\$ 140,000</u>	<u>\$ 29,937</u>	<u>\$ 20,670</u>	<u>\$ 190,607</u>

See accompanying Notes to Financial Statements.

**THE ROSENDIN FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 808,208
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Realized and Unrealized Gain on Investments	(5,965)
Changes in Operating Assets and Liabilities:	
Accounts Payable	<u>40,083</u>
Net Cash Provided by Operating Activities	<u>842,326</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	<u>(756,306)</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

86,020

Cash and Cash Equivalents - Beginning of Year

-

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 86,020

See accompanying Notes to Financial Statements.

**THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following items comprise the significant accounting policies and other information of The Rosendin Foundation (the Foundation). These policies reflect industry practices and conform to accounting principles generally accepted in the United States of America.

Organization

The Rosendin Foundation is a 501(c)(3) nonprofit organization whose purpose is to make grants to organizations and institutions organized and operated exclusively for charitable, scientific, or educational purposes on behalf of Rosendin Holdings, Inc. The Foundation is governed by a separate Board of Directors, the majority of which are appointed by Rosendin Holdings, LLC's Board of Directors.

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned rather than when cash is received, and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed. The financial statements include the accounts maintained by, and directly under, the control of the Foundation.

Financial Statement Presentation

The Foundation follows the recommendations of the Financial Accounting Standards Board (FASB). The FASB establishes standards for financial reporting by nonprofit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. A description of the two net asset categories is as follows:

Net Assets Without Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without restrictions, net assets for an operating reserve.

Net Assets With Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

As of and for the year ended December 31, 2020, all net assets were classified as without restrictions.

**THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Expenses are reported as decreases in net assets. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed), are reported as revenue of the net asset without restrictions class.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses.

Revenue and Revenue Recognition

The Foundation receives substantially all of its revenue from direct donations and promises to give. Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Realized gains/losses and unrealized gains/losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as assets released from restriction between the applicable classes of net assets.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and approximated \$20,670 during the year ended December 31, 2020.

**THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The Foundation allocates its expenses on a functional basis among its program services and support services. Expenses that can be identified with a specific program service or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based on the best estimates of management.

Income Taxes

Under applicable laws and regulations, the Foundation has been determined to be exempt from federal and California income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation code. However, any income from unrelated business activities is taxed at federal corporation tax rates. Accordingly, no provision for income tax has been recorded.

Uncertain Tax Positions

Accounting guidance issued by the FASB prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Foundation did not have unrecognized tax benefits as of December 31, 2020, and does not expect this to change significantly over the next twelve months. As of December 31, 2020, the Foundation has not accrued interest or penalties related to uncertain tax positions.

Concentrations

Credit Risk:

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist primarily of cash and accounts receivable.

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash deposits.

Contribution Revenue:

Contributions from Rosendin Holdings, Inc. represented 100% of total contribution revenue for the year ended December 31, 2020.

Subsequent Events

We have evaluated subsequent events through August 2, 2021, the date the financial statements were available to be issued.

THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 86,020
Investments	762,271
Total	<u>\$ 848,291</u>

NOTE 3 FAIR VALUE MEASUREMENTS OF INVESTMENTS

The Foundation measures its assets and liabilities at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value.

The Fair Value Measurements Topic of the Financial Accounting Standards Board Codification establishes a framework for measuring fair value under generally accepted accounting principles. 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurements Topic are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value of measurement.

**THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 3 FAIR VALUE MEASUREMENTS OF INVESTMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets measured at fair value on a recurring basis at December 31, 2020 were as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 402,899	\$ 402,899	\$ -	\$ -
Fixed Income	325,817	325,817	-	-
Alternative Investments	33,555	33,555	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Investments	<u>\$ 762,271</u>	<u>\$ 762,271</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 INVESTMENTS

Cost and fair value of investments at December 31, 2020 are as follows:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Equities	\$ 396,686	\$ 402,899	\$ 6,213
Fixed Income	326,375	325,817	(558)
Alternative Investments	33,245	33,555	310
	<u> </u>	<u> </u>	<u> </u>
Total Investments	<u>\$ 756,306</u>	<u>\$ 762,271</u>	<u>\$ 5,965</u>

NOTE 5 RELATED PARTY TRANSACTIONS

The Foundation has accounts payable to Rosendin Holdings, LLC, of \$40,083 for goods and services paid for on behalf of the Foundation that are to be repaid to Rosendin Holdings, LLC. These amounts are included on the statement of financial position as related party accounts payable.

NOTE 6 RISKS AND UNCERTAINTIES

In the ordinary course of business, the Foundation may be involved in various pending claims and litigation. In the opinion of management, there are currently no existing matters which are expected to have a material effect on the financial position or operating results of the Foundation.

**THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 6 RISKS AND UNCERTAINTIES (CONTINUED)

In early 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its 2021 operations and financial results, including restrictions on the Foundation activities by the governor, additional costs to the Foundation's operations, and potential loss of revenue due to reduction in certain revenue streams. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.