

**THE ROSENDIN FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**



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YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Rosendin Foundation
San Jose, California

Report on the Audit of the Financial Statements

Opinion

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, 2023, 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.

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, 2023, and the changes in its net assets, and its cash flows for the year then ended in accordance with the 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Rosendin Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 The Rosendin Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 The Rosendin Foundation'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 The Rosendin Foundation'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.



CliftonLarsonAllen LLP

Roseville, California
March 29, 2024

**THE ROSENDIN FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 566,296
Investments	<u>2,099,337</u>
Total Assets	<u><u>\$ 2,665,633</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 134,692
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NET ASSETS

Net Assets Without Donor Restrictions	<u>2,530,941</u>
Total Liabilities and Net Assets	<u><u>\$ 2,665,633</u></u>

See accompanying Notes to Financial Statements.

THE ROSENDIN FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

REVENUE, SUPPORT, GAINS, AND LOSSES

Contribution Revenue	\$ 1,997,633
Net Investment Gain	193,307
Total Revenue, Support, Gains, and Losses	2,190,940

EXPENSES

Program Services Expense	936,807
Supporting Services Expense	
General and Administrative	242,893
Fundraising and Development	88,626
Total Supporting Services Expenses	331,519

Total Expenses	1,268,326
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CHANGE IN NET ASSETS

922,614

Net Assets - Beginning of Year	1,608,327
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NET ASSETS - END OF YEAR

\$ 2,530,941

See accompanying Notes to Financial Statements.

**THE ROSENDIN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants Expense	\$ 637,500	\$ -	\$ -	\$ 637,500
Wages and Benefits Expense	198,254	118,952	79,302	396,508
Promotions Expense	52,637	-	-	52,637
Travel and Automotive Expense	30,781	15,390	5,130	51,301
Occupancy Expense	16,560	8,280	2,760	27,600
Supplies Expense	1,075	1,075	1,434	3,584
Professional Services Expense	-	75,401	-	75,401
Miscellaneous Expense	-	23,795	-	23,795
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 936,807</u>	<u>\$ 242,893</u>	<u>\$ 88,626</u>	<u>\$ 1,268,326</u>

See accompanying Notes to Financial Statements.

**THE ROSENDIN FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 922,614
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Realized and Unrealized Gain on Investments	(150,047)
Changes in Operating Assets and Liabilities:	
Accounts Payable	<u>(60,222)</u>
Net Cash Provided by Operating Activities	712,345
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(2,041,321)
Cash Received from the Sale of Investments	<u>1,134,251</u>
Net Cash Used by Investing Activities	<u>(907,070)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(194,725)
Cash and Cash Equivalents - Beginning of Year	<u>761,021</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 566,296</u></u>

See accompanying Notes to Financial Statements.

**THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, Inc.'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.

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, 2023, all net assets were classified as without donor restrictions.

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.

**THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation 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 changes in net assets and consists of interest and dividend income and realized and unrealized 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 \$52,637 during the year ended December 31, 2023.

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.

**THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023, and does not expect this to change significantly over the next twelve months. As of December 31, 2023, 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 76% of total contribution revenue for the year ended December 31, 2023.

Change in Accounting Principle

The Foundation has adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Foundation adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Foundation's financial statements.

Subsequent Events

We have evaluated subsequent events through March 29, 2024, the date the financial statements were available to be issued. There were no subsequent events that would require adjustment or disclosure in these financial statements.

THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 LIQUIDITY AND AVAILABILITY

The Foundation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following table reflects the Foundation's financial assets as of December 31, 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year may also include net assets with donor restrictions.

Cash and Cash Equivalents	\$ 566,296
Investments	2,099,337
Total	<u>\$ 2,665,633</u>

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Foundation measures its assets at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification (ASC). 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 FASB ASC establishes a framework for measuring fair value under generally accepted accounting principles in the United States of America. The framework provides a fair value hierarchy that prioritizes 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 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

The asset's or the 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.

**THE ROSENDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Assets measured at fair value on a recurring basis at December 31, 2023 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Equities	\$ 978,001	\$ 978,001	\$ -	\$ -
Fixed Income	<u>1,121,336</u>	<u>1,121,336</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 2,099,337</u>	<u>\$ 2,099,337</u>	<u>\$ -</u>	<u>\$ -</u>

The cost and fair value of investments at December 31, 2023 are as follows:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Investments			
Equities	\$ 968,922	\$ 978,001	\$ 9,079
Fixed Income	<u>1,149,114</u>	<u>1,121,336</u>	<u>(27,778)</u>
Total Investments	<u>\$ 2,118,036</u>	<u>\$ 2,099,337</u>	<u>\$ (18,699)</u>

NOTE 4 NET INVESTMENT LOSS

The composition of net investment gain for the year ended December 31, 2023 is as follows:

Realized Losses on the Sale of Investments	\$ (9,521)
Unrealized Gains on Investments	159,568
Dividends and Interest	52,685
Investment Fees	<u>(9,425)</u>
Net Investment Gain	<u>\$ 193,307</u>

NOTE 5 RELATED PARTY TRANSACTIONS

The Foundation received contributions from a related party in the amount of \$1,527,933 during the year ended December 31, 2023. The Foundation does not have any contributions receivable related to contributions from related parties as of December 31, 2023.

The Foundation reimburses a related party for expenses paid on behalf of the Foundation. The Foundation incurred expenses in the amount of \$580,422 to be repaid to the related party during the year ended December 31, 2023 and has accounts payable related to these expenses of \$134,002 as of December 31, 2023. These amounts are included on the statement of financial position as a component of 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 adverse effect on the financial position or operating results of the Foundation.



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