

REACH ONE TOUCH ONE MINISTRIES, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2018

OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Reach One Touch One Ministries, Inc.
Colorado Springs, Colorado

We have audited the accompanying financial statements of Reach One Touch One Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expense, 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.

Auditor's 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.

Opinion

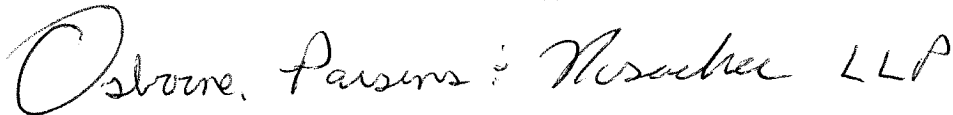
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reach One Touch One Ministries, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As discussed in the notes to the financial statements, in 2018 Reach One Touch One Ministries, Inc. adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Reach One Touch One Ministries, Inc.'s December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 2, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Osborne, Parsons & Moschetti LLP".

Colorado Springs, Colorado
March 6, 2019

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
With Comparative Totals for 2017

	ASSETS	
	2018	2017
Current Assets		
Cash	\$ 130,378	\$ 59,740
Promises to Give	40,270	41,267
Total Current Assets	170,648	101,007
Total Assets	\$ 170,648	\$ 101,007
LIABILITIES AND NET ASSETS		
Current Liabilities		
Grants Payable	\$ 34,175	\$ 7,515
Accrued Expenses	6,710	-
Total Current Liabilities	40,885	7,515
Net Assets		
Without Donor Restrictions	43,676	15,931
With Donor Restrictions	86,087	77,561
Total Net Assets	129,763	93,492
Total Liabilities and Net Assets	\$ 170,648	\$ 101,007

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
With Comparative Totals for 2017

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	
			<u>2018</u>	<u>2017</u>
Revenue and Support				
Contributions	\$ 118,766	\$ 404,172	\$ 522,938	\$ 490,894
Investment Return	-	-	-	70
Gifts In-kind	1,200	-	1,200	-
Other Revenue	431	-	431	-
Net Assets Released from Restrictions				
Satisfaction of Program Restrictions	395,646	(395,646)	-	-
Total Revenue and Support	<u>516,043</u>	<u>8,526</u>	<u>524,569</u>	<u>490,964</u>
Expenses				
Program Services	402,210	-	402,210	388,139
Supporting Services				
General and Administrative Services	47,800	-	47,800	45,793
Fundraising	38,288	-	38,288	14,279
Total Supporting Services	<u>86,088</u>	<u>-</u>	<u>86,088</u>	<u>60,072</u>
Total Expenses	<u>488,298</u>	<u>-</u>	<u>488,298</u>	<u>448,211</u>
Change in Net Assets	27,745	8,526	36,271	42,753
Net Assets at Beginning of Year	<u>15,931</u>	<u>77,561</u>	<u>93,492</u>	<u>50,739</u>
Net Assets at End of Year	<u>\$ 43,676</u>	<u>\$ 86,087</u>	<u>\$ 129,763</u>	<u>\$ 93,492</u>

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2018
With Comparative Totals for 2017

	Supporting Services			Total	
	Program	General and Administrative	Fundraising	2018	2017
Payroll	\$ 20,155	\$ 17,234	\$ 21,031	\$ 58,420	\$ 33,050
Payroll Taxes	1,542	1,318	1,609	4,469	2,528
Total Personnel Costs	<u>21,697</u>	<u>18,552</u>	<u>22,640</u>	<u>62,889</u>	<u>35,578</u>
Grants to ROTOM Uganda and Ethiopia	367,288	-	-	367,288	370,093
Contract Labor	2,843	9,002	3,948	15,793	6,252
Travel	3,398	1,055	4,883	9,336	4,448
Occupancy	1,787	3,575	1,787	7,149	6,500
Accounting Fees for Service	172	5,561	-	5,733	5,285
Development/Promotional Material	2,030	763	1,669	4,462	4,440
Printing and Copying	899	1,798	899	3,596	1,481
Bank Fees	-	3,147	-	3,147	2,975
Insurance	767	1,325	770	2,862	2,797
Postage and Shipping	634	1,268	634	2,536	3,839
Office Supplies	334	668	334	1,336	1,358
Meetings	210	420	210	840	-
Dues and Subscriptions	-	363	363	726	750
Telephone and Internet	78	157	78	313	1,083
Miscellaneous Office Expense	73	146	73	292	1,332
Total Expense 2018	<u>\$ 402,210</u>	<u>\$ 47,800</u>	<u>\$ 38,288</u>	<u>\$ 488,298</u>	
Percent of Total 2018	<u>82%</u>	<u>10%</u>	<u>8%</u>		
Total Expense 2017	<u>\$ 388,139</u>	<u>\$ 45,793</u>	<u>\$ 14,279</u>	<u>\$</u>	<u>448,211</u>
Percent of Total 2017	<u>87%</u>	<u>10%</u>	<u>3%</u>		

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
With Comparative Totals for 2017

	2018	2017
Cash Flows from Operations		
Change in Net Assets	\$ 36,271	\$ 42,753
Adjustments to Arrive at Net Cash Provided by Operating Activities		
Change in		
Promises to Give	997	(36,942)
Grants Payable	26,660	5,013
Accrued Expenses	6,710	-
Net Cash Provided by Operations	70,638	10,824
 Net Change in Cash	 70,638	 10,824
 Beginning Cash	 59,740	 48,916
 Ending Cash	 \$ 130,378	 \$ 59,740

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significance accounting policies of Reach One Touch One Ministries, Inc. (ROTOM) is presented to assist in understanding the financial statements.

Nature of Activities – ROTOM is a non-denominational Christian ministry dedicated to meeting the spiritual, social, physical and psychological needs of the elderly located in Uganda and Ethiopia, Africa. ROTOM also assists the dependents of the elderly, so they both may live dignified, independent, and hopeful lives. ROTOM addresses physical health issues by improving nutritional standards, hygiene, and sanitation. Emotional health is addressed by providing counseling services, holding fellowship meetings and conducting home visits. Additionally, ROTOM seeks to lessen the burden of dependents on the elderly.

Cash and Cash Equivalents – For purposes of the statements of cash flows, ROTOM considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Management does not book promises to give except at year-end. Management closely monitors outstanding promises to give and establishes an allowance for doubtful accounts based on its evaluation of collectability. The allowance is based on prior years' experience and management analysis of specific promises made. Management believes all outstanding pledges and contributions receivable for the year ended December 31, 2018, are fully collectible.

Property and Equipment – ROTOM capitalizes property and equipment over \$1,500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, ROTOM reports expirations of donor restrictions when the donated or acquired assets are placed in service. ROTOM reclassifies net assets with restrictions to net assets without restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset. As of December 31, 2018, ROTOM did not have any capitalized assets.

Accrued Liabilities - ROTOM accrues expenses for amounts associated with pledges and contributions receivable at year-end.

REACH ONE TOUCH ONE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Contributed Services – No amounts have been reflected in the financial statements for donated services. ROTOM generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist ROTOM, but these services do not meet the criteria for recognition as contributed services.

Contributions – Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

Income Tax Status – ROTOM is exempt, under Section 501(c)(3) of the Internal Revenue Code, from tax on income derived from donations, income generated by activities carried on in furtherance of its exempt purpose and certain other specified income and, in addition, is qualified to receive tax deductible contributions.

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.

Functional Allocation of Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited

Comparative Financial Information – The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

REACH ONE TOUCH ONE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ROTOM has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 1 – AVAILABILITY AND LIQUIDITY

ROTOM has \$170,648 of financial assets available within one year of the balance sheet date consisting of cash of \$130,378, and promises to give of \$40,270. Of the financial assets, \$86,087 are subject to donor restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The promises to give are subject to time restrictions but will be collected within one year.

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of financial instruments approximate their fair value.

NOTE 3 – OPERATING LEASE

On December 15, 2017, ROTOM entered into a lease agreement for office space on a month-to-month basis through August 15, 2018, at which time the lease agreement was canceled. Monthly lease payments under the agreement were of \$518.

On August 15, 2018, ROTOM entered into a one-year agreement for office space at monthly lease payments of \$700.

Total rent expense for 2018, was \$7,150.

NOTE 4 – RELATED PARTY

During 2018, the Board Members of ROTOM contributed \$33,579 to ROTOM, representing approximately 6% of total contributions. Of that amount \$15,710 is receivable at December 31, 2018.

NOTE 5 – CONCENTRATIONS

Approximately 29% of total support was received from five donors during 2018.

Approximately 77% of total expenses were in wires to ROTOM Uganda and Ethiopia during 2018.

NOTE 6 – INFORMATION RETURNS

ROTOM's information returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2018, the information returns for three prior years are considered open for Internal Revenue Service examination.

REACH ONE TOUCH ONE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Summary of activity in net assets with donor restrictions:

Description	Beginning Balance	Additions	Satisfied	Ending Balance
New CEO Salary	\$ 55,600	\$ 500	\$ (28,000)	\$ 28,100
ROTOM Fellowship Fund	200	11,717	(11,917)	-
Evangelism Program	2,000	24,000	(26,000)	-
Fiscal Sponsor Income	4,680	3,054	(7,734)	-
General Restricted Funds	-	32,394	(16,684)	15,710
Uganda Partnership Fund	162	16,515	(6,677)	10,000
Uganda Senior Friendship	9,082	167,788	(158,509)	18,361
Uganda Grandchildren Support	-	56,588	(56,588)	-
Uganda Special Projects	405	20,946	(21,351)	-
Uganda Health Services	-	28,276	(28,276)	-
Uganda Capacity Building	-	2,243	(2,243)	-
Uganda Journey for Change Trips	-	3,875	(2,762)	1,113
Ethiopia Partnership Fund	41	11,237	(1,278)	10,000
Ethiopia Senior Friendship	441	19,320	(16,958)	2,803
Ethiopia Special Projects	-	5,719	(5,719)	-
Ethiopia Capacity Building	4,950	-	(4,950)	-
	<u>\$ 77,561</u>	<u>\$ 404,172</u>	<u>\$ (395,646)</u>	<u>\$ 86,087</u>

NOTE 8 – ALLOCATION OF FUNCTIONAL EXPENSE

The financial statements report certain categories of expense that are attributable to one or more program or supporting functions of ROTOM. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimated time and effort, and other offices and operating expenses such as supplies, printing, postage, rent, registration fees and associated expenses which are allocated based on estimates of the contributions such costs contribute to the objectives of programmatic, general administration and fundraising and marketing efforts. As ROTOM is primarily a fund raising and grant making organization for the benefit of ROTOM Uganda and ROTOM Ethiopia, funds that are raised for their programs are treated as program expenses when granted.

NOTE 9 – SUBSEQUENT EVENT

Management has evaluated subsequent events through March 6, 2019, the date on which the financial statements were available to be issued.