



REACH ONE TOUCH ONE MINISTRIES, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021

ERICKSON, BROWN & KLOSTER, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021, 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 Reach One Touch One Ministries, Inc. as of December 31, 2021, 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 Reach One Touch One Ministries, Inc. 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 Reach One Touch One Ministries, 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

INDEPENDENT AUDITORS' REPORT - CONTINUED
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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 Reach One Touch One Ministries, 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 Reach One Touch One Ministries, 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.

Report on Summarized Comparative Information

We have previously audited Reach One Touch One Ministries, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Erickson, Brown & Kloster LLC

Colorado Springs, Colorado
March 22, 2022

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
With Comparative Totals for 2020

ASSETS

	2021	2020
Current Assets		
Cash	\$ 39,802	\$ 46,555
Promises to Give	3,158	7,500
Prepaid Expenses	918	700
Total Current Assets	<u>43,878</u>	<u>54,755</u>
Non-Current Assets		
Other Assets	<u>500</u>	<u>-</u>
Total Assets	<u><u>\$ 44,378</u></u>	<u><u>\$ 54,755</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Grants Payable	\$ 29,177	\$ 17,302
Accounts Payable	-	1,059
Accrued Expenses	5,321	9,234
Total Current Liabilities	<u>34,498</u>	<u>27,595</u>
 Total Liabilities	 <u>34,498</u>	 <u>27,595</u>
Net Assets		
Without Donor Restrictions	2,549	15,464
With Donor Restrictions	7,331	11,696
Total Net Assets	<u>9,880</u>	<u>27,160</u>
Total Liabilities and Net Assets	<u><u>\$ 44,378</u></u>	<u><u>\$ 54,755</u></u>

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
With Comparative Totals for 2020

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2021	2020
Revenue and Support				
Contributions	\$ 151,968	\$ 453,522	\$ 605,490	\$ 568,426
Special Event	4,280	-	4,280	-
PPP Loan Forgiveness	-	-	-	21,267
Other Revenue	226	-	226	197
Net Assets Released from Restrictions				
Satisfaction of Program Restrictions	457,887	(457,887)	-	-
Total Revenue and Support	<u>614,361</u>	<u>(4,365)</u>	<u>609,996</u>	<u>589,890</u>
Expenses				
Program Services	<u>500,544</u>	<u>-</u>	<u>500,544</u>	<u>460,157</u>
Supporting Services				
General and Administrative	58,707	-	58,707	63,543
Fundraising	<u>68,025</u>	<u>-</u>	<u>68,025</u>	<u>48,835</u>
Total Supporting Services	<u>126,732</u>	<u>-</u>	<u>126,732</u>	<u>112,378</u>
Total Expenses	<u>627,276</u>	<u>-</u>	<u>627,276</u>	<u>572,535</u>
Change in Net Assets	(12,915)	(4,365)	(17,280)	17,355
Net Assets at Beginning of Year	<u>15,464</u>	<u>11,696</u>	<u>27,160</u>	<u>9,805</u>
Net Assets at End of Year	<u>\$ 2,549</u>	<u>\$ 7,331</u>	<u>\$ 9,880</u>	<u>\$ 27,160</u>

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
With Comparative Totals for 2020

	Supporting Services			Total	
	Program	General and Administrative		2021	2020
		Administrative	Fundraising		
Payroll	\$ 29,396	\$ 26,883	\$ 53,000	\$ 109,279	\$ 103,399
Payroll Taxes	2,430	2,223	4,382	9,035	8,095
Total Personnel Costs	31,826	29,106	57,382	118,314	111,494
Grants to ROTOM Uganda and Ethiopia	457,887	-	-	457,887	417,245
Accounting Fees for Service Occupancy	-	15,729	-	15,729	12,910
Printing and Copying	2,100	4,200	2,100	8,400	8,400
Other Contributions and Grants	1,988	1,657	2,982	6,627	8,493
Bank Fees	4,688	-	-	4,688	-
Development/Promotional Material	-	4,596	-	4,596	4,285
Insurance	-	217	2,761	2,978	1,459
Postage and Shipping	702	1,306	777	2,785	2,853
Office Supplies	597	448	448	1,493	2,477
Dues and Subscriptions	281	563	281	1,125	1,188
Travel	-	465	465	930	726
Miscellaneous Office Expense	265	-	619	884	-
Telephone and Internet	125	250	125	500	661
	85	170	85	340	344
Total Expenses 2021	\$ 500,544	\$ 58,707	\$ 68,025	\$ 627,276	
Percent of Total 2021	80%	9%	11%		
Total Expenses 2020	\$ 460,157	\$ 63,543	\$ 48,835	\$	572,535
Percent of Total 2020	80%	11%	9%		

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
With Comparative Totals for 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operations		
Change in Net Assets	\$ (17,280)	\$ 17,355
Adjustments to Arrive at Net Cash (Used) Provided by Operating Activities		
Change in		
Promises to Give	4,342	(1,598)
Prepaid Expense	(218)	(700)
Other Assets	(500)	-
Grants Payable	11,875	(7,826)
Accounts Payable	(1,059)	1,059
Accrued Expenses	(3,913)	(1,542)
Net Cash (Used) Provided by Operations	<u>(6,753)</u>	<u>6,748</u>
Net Change in Cash	(6,753)	6,748
Beginning Cash	<u>46,555</u>	<u>39,807</u>
Ending Cash	<u><u>\$ 39,802</u></u>	<u><u>\$ 46,555</u></u>

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, 2021, 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 contributions without donor restrictions 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, 2021, 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.

Revenue and Revenue Recognition – Revenue is recognized when earned. Senior sponsorship payments received in advance are deferred to the applicable period to which the support relates, or expenditures are incurred. Contributions are recognized when cash, securities or other assets, and 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.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2020, from which the summarized information was derived.

NOTE 1 - GOING CONCERN MATTERS

As reflected in the accompanying financial statements, during the year ended December 31, 2021 ROTOM incurred a decrease in net assets of \$17,280, resulting in ending net assets of \$9,880. With donor restricted net assets totaling \$7,331, total net assets without donor restrictions reflect a balance of \$2,549. Furthermore, the COVID-19 pandemic may impact the ability of donors to continue to support the organization through continued contributions, which make up 99% of the annual revenue. These circumstances create an uncertainty about ROTOM's ability to continue as a going concern.

Management and the Board of Trustees have evaluated ROTOM's ability to continue as a going concern, and the following plans suggest that ROTOM will continue to be a going concern for the foreseeable future, at least one year beyond the date the financial statements are available to be issued.

During and subsequent to the year ended December 31, 2021, ROTOM implemented plans for continued operations, which consisted of changes to expand revenues, and to reduce expenses. The results of these plans and actions are regularly monitored and are reviewed monthly by management and the board.

ROTOM's plans include the following:

- Overall salaries for the administration and marketing communications staff positions will be reduced and ROTOM is planning to hire non-salaried interns to assist with the fundraising and grantmaking responsibilities. ROTOM continues to monitor all expense categories and is seeking ways to find lower cost providers and other solutions to help keep operations costs at a minimum.
- ROTOM board members have committed to raising approximately \$10,000 for the USA Partnership Fund during 2022, which will directly benefit net assets without donor restrictions.
- ROTOM is planning to increase senior friendships during 2022 as more churches are beginning to open up and the ability to present more often to local and regional churches is increasing. This will include a strategy to increase the number of Friendship Sundays by 50% in existing partner churches around the country using volunteers and zoom technology to provide stronger growth in acquiring new donors as well as inspiring existing donors to participate at a deeper level.
- ROTOM is planning a year-end giving campaign that will focus on adding to the USA Partnership Fund to cover operational costs of the USA office, and will be seeking to grow a reserve fund over the next 5 years.

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

NOTE 2 – AVAILABILITY AND LIQUIDITY

ROTOM has \$42,960 of financial assets available within one year of the balance sheet date consisting of cash of \$39,802, and promises to give of \$3,158. Of the financial assets, \$7,331 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 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of financial instruments approximate their fair value.

NOTE 4 – OPERATING LEASE

On January 2021, ROTOM entered into a one-year agreement for office space at monthly lease payments of \$700. Upon expiration the lease was renewed through January 2024.

Total rent expense for each of the years 2021 and 2020, was \$8,400.

NOTE 5 – CONCENTRATIONS

Approximately 34% and 27% of total support was received from five donors during 2021 and 2020, respectively.

Approximately 75% and 73% of total expenses were in wires to ROTOM Uganda and Ethiopia during 2021 and 2020, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Summary of activity in net assets with donor restrictions:

Description	Beginning Balance	Additions	Satisfied	Ending Balance
ROTOM Fellowship Fund	\$ -	\$ 18,685	\$ (18,685)	\$ -
Evangelism Program	-	28,980	(28,980)	-
Fiscal Sponsor Income	-	2,407	(2,407)	-
Uganda Partnership Fund	-	14,334	(14,334)	-
Uganda Senior Friendship	3,905	157,348	(158,571)	2,682
Uganda Special Projects	83	104,379	(104,379)	83
Uganda Health Services	-	56,438	(56,438)	-
Uganda Journey for Change Trips	113	-	-	113
Ethiopia Partnership Fund	-	1,564	(1,564)	-
Ethiopia Senior Friendship	212	22,097	(21,789)	520
Ethiopia Special Projects	-	19,015	(19,015)	-
General Restricted Funds	7,383	28,275	(31,725)	3,933
	<u>\$ 11,696</u>	<u>\$ 453,522</u>	<u>\$ (457,887)</u>	<u>\$ 7,331</u>

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

NOTE 7 – SPECIAL EVENT REVENUE

During the year ended December 31, 2021, special event revenue consisted of:

<u>Event/Activity</u>	<u>Revenue</u>	<u>Costs</u>	<u>Net Revenue</u>
Concert Fundraiser	\$ 4,280	\$ (1,943)	\$ 2,337

NOTE 8 – ALLOCATION OF FUNCTIONAL EXPENSES

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, as well as office 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 – RELATED PARTY

During 2021 and 2020, the Board Members of ROTOM contributed \$21,553 and \$41,840 to ROTOM, representing approximately 4% and 7% of total contributions, respectively.

NOTE 10 – 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, 2021, the information returns for three prior years are considered open for Internal Revenue Service examination.

NOTE 11 – RISKS AND UNCERTAINTIES

Coronavirus (COVID-19) Pandemic

In December 2019, an outbreak of a novel strain of Coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic, and multiple jurisdictions in the U.S. have declared a state of emergency. The extent of the impact of COVID-19 on ROTOM's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on our donors and employees, none of which can be reasonably predicted. At this point, the extent to which COVID-19 may impact ROTOM's financial condition or results of operations is uncertain.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the attached Independent Auditors' Report, the date on which the financial statements were available to be issued.

Subsequent to year end, ROTOM renewed a lease agreement for office space (See Note 4).