

REACH ONE TOUCH ONE MINISTRIES, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

DECEMBER 31, 2014

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Reach One Touch One Ministries, Inc.
Colorado Springs, CO

We have reviewed the accompanying statement of financial position of Reach One Touch One Ministries, Inc. (ROTOM) (a non-profit organization), as of December 31, 2014, and the related statements of activities, cash flows and functional expense for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The prior-year summarized comparative information has been derived from ROTOM's December 31, 2013, financial statements, and was covered in our review report dated April 5, 2014.

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 of designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Osborne, Parsons & Rosacker LLP

Colorado Springs, Colorado
February 20, 2015

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
With comparative totals for 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents	\$ 20,424	\$ 18,410
Pledges and contributions receivable	<u>5,316</u>	<u>25,677</u>
Total current assets	<u>\$ 25,740</u>	<u>\$ 44,087</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accrued liabilities	\$ 5,316	\$ 25,677
Total current liabilities	<u>5,316</u>	<u>25,677</u>
Net assets		
Unrestricted	16,950	16,288
Temporarily restricted	<u>3,474</u>	<u>2,122</u>
Total net assets	<u>20,424</u>	<u>18,410</u>
Total liabilities and net assets	<u>\$ 25,740</u>	<u>\$ 44,087</u>

See independent accountants' review report and notes to financial statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014
With comparative totals for 2013

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Totals</u>	
			<u>2014</u>	<u>2013</u>
Support				
Contributions	<u>\$ 57,193</u>	<u>\$ 243,085</u>	<u>\$ 300,278</u>	<u>\$ 284,780</u>
Net assets released from restrictions Program	<u>241,733</u>	<u>(241,733)</u>	<u>-</u>	<u>-</u>
Total support	<u>298,926</u>	<u>1,352</u>	<u>300,278</u>	<u>284,780</u>
Expense				
Program	<u>256,552</u>	<u>-</u>	<u>256,552</u>	<u>251,739</u>
Support				
Management and general	24,859	-	24,859	20,481
Fundraising	<u>16,853</u>	<u>-</u>	<u>16,853</u>	<u>9,586</u>
Total support	<u>41,712</u>	<u>-</u>	<u>41,712</u>	<u>30,067</u>
Total expense	<u>298,264</u>	<u>-</u>	<u>298,264</u>	<u>281,805</u>
Change in net assets	662	1,352	2,014	2,975
Beginning net assets	<u>16,288</u>	<u>2,122</u>	<u>18,410</u>	<u>15,435</u>
Ending net assets	<u><u>\$ 16,950</u></u>	<u><u>\$ 3,474</u></u>	<u><u>\$ 20,424</u></u>	<u><u>\$ 18,410</u></u>

See independent accountants' review report and notes to financial statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
With comparative totals for 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operations		
Change in net assets	\$ 2,014	\$ 2,975
Reconciliation of change in net assets to cash provided by operations		
Changes in assets		
Pledges and contributions receivable	20,361	(7,839)
Accrued liabilities	<u>(20,361)</u>	<u>7,839</u>
Cash provided by operating activities	<u>2,014</u>	<u>2,975</u>
Change in cash	2,014	2,975
Beginning cash	<u>18,410</u>	<u>15,435</u>
Ending cash	<u><u>\$ 20,424</u></u>	<u><u>\$ 18,410</u></u>

See independent accountants' review report and notes to financial statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2014
With comparative totals for 2013

	Program	Management and general	Fundraising	2014	2013
Payroll	\$ 4,170	\$ 10,510	\$ 4,170	\$ 18,850	\$ 16,402
Payroll taxes	361	721	360	1,442	2,868
	<u>4,531</u>	<u>11,231</u>	<u>4,530</u>	<u>20,292</u>	<u>19,270</u>
Grants to ROTOM Uganda	241,733	-	-	241,733	236,774
Dues	-	725	-	725	700
Uganda partner support/visits	9,216	-	-	9,216	9,600
Accounting fees	-	3,143	-	3,143	3,055
Insurance	-	2,263	-	2,263	2,152
Office expense	232	4,869	232	5,333	2,243
Postage	840	840	1,679	3,359	2,278
Bank fees	-	1,396	-	1,396	1,531
Board meetings and expenses	-	392	-	392	393
Development	-	-	10,412	10,412	3,809
Total 2014	<u>\$ 256,552</u>	<u>\$ 24,859</u>	<u>\$ 16,853</u>	<u>\$ 298,264</u>	<u>\$ 281,805</u>
Total 2013	<u>\$ 251,739</u>	<u>\$ 20,481</u>	<u>\$ 9,586</u>		<u>\$ 281,805</u>

See independent accountants' review report

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

History and purpose - ROTOM is a non-denominational Christian ministry dedicated to meeting the spiritual, social, physical and psychological needs of the elderly located in Uganda, 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.

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.

Basis of accounting - Financial position and activities are reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These net asset classifications are described as follows:

Unrestricted net assets - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.

Temporarily restricted net assets - subject to donor-imposed stipulations that may be fulfilled by actions of ROTOM to meet the stipulations or become unrestricted at the date specified by donor.

Permanently restricted net assets - subject to donor imposed stipulations that they be retained and invested permanently. ROTOM has no permanently restricted net assets.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Definition of cash - For the purpose of the statement of cash flows, the definition of cash is all cash on hand, demand deposits, and money market accounts.

Pledges/contributions receivable - Pledges/contributions receivable consists of unconditional promises to give from individuals or other organizations. These promises to give are recorded as receivables and revenues and ROTOM distinguishes between pledges/contributions received for each net asset category in accordance with donor-imposed restrictions. Management closely monitors outstanding pledges/contributions receivable and establishes an allowance for doubtful accounts based on its evaluation of collectability. Management does not book pledges/contributions receivable except at year-end. Management believes all outstanding pledges/contributions receivable for the year ending

See independent accountants' review report

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

December 31, 2014, are fully collectible. Subsequent to issuance of the financial statements, all receivables at December 31, 2014, had been collected in full.

Accrued liabilities - ROTOM accrues expenses for amounts associated with pledges/contributions receivable at year-end. Subsequent to issuance of the financial statements, all accrued liabilities at December 31, 2014, had been paid in full.

Contributions - Gifts of cash and other assets are reported as restricted support if received with donor stipulations limiting the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of land, buildings, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Functional allocation of expenses - The cost of providing various programs has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

NOTE 1 – COMPARATIVE INFORMATION

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with ROTOM's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of financial instruments approximate their fair value.

NOTE 3 – RELATED PARTY

The Board Members contributed \$56,461 to ROTOM, representing 19% of total contributions, during the year ended December 31, 2014.

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

NOTE 4 – 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, 2014, the information returns for three prior years are considered open for Internal Revenue Service examination.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Summary of activity in temporarily restricted net assets:

Description	Beginning balance	Additions	Satisfied	Ending balance
Senior sponsorship	\$ 2,018	\$ 115,283	\$ (115,413)	\$ 1,888
Uganda partnership fund	-	10,512	(10,512)	-
Child Support	-	288	(288)	-
Hygiene projects	-	6,597	(6,597)	-
ROTOM Center	-	41,807	(41,807)	-
Village Outreach Center	-	23,225	(23,225)	-
Evangelism	-	33,300	(33,300)	-
Journey for Change trip	104	5,745	(4,290)	1,559
Fiscal sponsor income	-	4,811	(4,811)	-
ROTOM Ethiopia	-	1,517	(1,490)	27
	<u>\$ 2,122</u>	<u>\$ 243,085</u>	<u>\$ (241,733)</u>	<u>\$ 3,474</u>

NOTE 6 – SUBSEQUENT EVENT

Management has evaluated subsequent events through February 20, 2015 the date on which the financial statements were available to be issued.