

REACH ONE TOUCH ONE MINISTRIES, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017

OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	Page
Independent auditors' report	1
Financial statements	
Statement of financial position	3
Statement of activities	4
Statement of cash flows	5
Statement of functional expense	6
Notes to financial statements	7

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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) (Organization), which comprise the statement of financial position as of December 31, 2017, 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 risk 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.

INDEPENDENT AUDITOR'S REPORT - CONTINUED
PAGE 2

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, 2017, 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.

Report on Summarized Comparative Information

We have previously audited Reach One Touch One Ministries, Inc.'s December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 23, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Osborne, Parsons & McEachern LLP

Colorado Springs, Colorado
April 2, 2018

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
With comparative totals for 2016

ASSETS			
		<u>2017</u>	<u>2016</u>
Current assets			
Cash and cash equivalents		\$ 59,740	\$ 48,916
Pledges and contributions receivable		41,267	4,325
Total current assets		<u><u>\$ 101,007</u></u>	<u><u>\$ 53,241</u></u>
LIABILITIES AND NET ASSETS			
Liabilities			
Grants payable		\$ 7,515	\$ 2,502
Total liabilities		<u>7,515</u>	<u>2,502</u>
Net assets			
Unrestricted		15,931	22,836
Temporarily restricted		77,561	27,903
Total net assets		<u>93,492</u>	<u>50,739</u>
Total liabilities and net assets		<u><u>\$ 101,007</u></u>	<u><u>\$ 53,241</u></u>

See notes to financial statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017
With comparative totals for 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2017</u>	<u>2016</u>
Support and revenue				
Contributions	\$ 71,143	\$ 419,751	\$ 490,894	\$ 412,851
Investment income	70	-	70	-
	<u>71,213</u>	<u>419,751</u>	<u>490,964</u>	<u>412,851</u>
Net assets released from restrictions	<u>370,093</u>	<u>(370,093)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>441,306</u>	<u>49,658</u>	<u>490,964</u>	<u>412,851</u>
Expense				
Program	<u>388,139</u>	<u>-</u>	<u>388,139</u>	<u>345,600</u>
Support				
Management and general	45,793	-	45,793	38,562
Fundraising	14,279	-	14,279	13,712
Total support	<u>60,072</u>	<u>-</u>	<u>60,072</u>	<u>52,274</u>
Total expense	<u>448,211</u>	<u>-</u>	<u>448,211</u>	<u>397,874</u>
Change in net assets	(6,905)	49,658	42,753	14,977
Beginning net assets	<u>22,836</u>	<u>27,903</u>	<u>50,739</u>	<u>35,762</u>
Ending net assets	<u>\$ 15,931</u>	<u>\$ 77,561</u>	<u>\$ 93,492</u>	<u>\$ 50,739</u>

See notes to financial statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
With comparative totals for 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operations		
Change in net assets	\$ 42,753	\$ 14,977
Reconciliation of change in net assets to cash provided by operations		
Changes in assets		
Pledges and contributions receivable	(36,942)	(1,030)
Grants payable	<u>5,013</u>	<u>2,502</u>
Cash provided by operating activities	<u>10,824</u>	<u>16,449</u>
 Change in cash	 10,824	 16,449
 Beginning cash	 <u>48,916</u>	 <u>32,467</u>
 Ending cash	 <u><u>\$ 59,740</u></u>	 <u><u>\$ 48,916</u></u>

See notes to financial statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2017
With comparative totals for 2016

		Management		Totals	
	Program	and General	Fundraising	2017	2016
Payroll	\$ 9,610	\$ 17,372	\$ 6,068	\$ 33,050	\$ 26,275
Payroll taxes	632	1,264	632	2,528	2,011
	<u>10,242</u>	<u>18,636</u>	<u>6,700</u>	<u>35,578</u>	<u>28,286</u>
Grants to ROTOM Uganda and Ethiopia	370,093	-	-	370,093	325,477
Rent	1,625	3,250	1,625	6,500	6,000
Contract labor	500	5,252	500	6,252	6,166
Accounting fees	-	5,285	-	5,285	4,840
Travel	4,448	-	-	4,448	7,983
Development/promotional material	-	217	4,223	4,440	4,939
Postage	960	1,919	960	3,839	3,198
Bank fees	-	2,975	-	2,975	2,859
Insurance	-	2,797	-	2,797	2,693
Printing	-	1,481	-	1,481	1,184
Supplies	-	1,358	-	1,358	1,070
Miscellaneous office expense	-	1,332	-	1,332	1,389
Telephone and internet	271	541	271	1,083	1,040
Dues	-	750	-	750	750
	<u>-</u>	<u>750</u>	<u>-</u>	<u>750</u>	<u>750</u>
Total 2017	<u>\$ 388,139</u>	<u>\$ 45,793</u>	<u>\$ 14,279</u>	<u>\$ 448,211</u>	
Percent total expenses - 2017	<u>86.60%</u>	<u>10.21%</u>	<u>3.19%</u>	<u>100.00%</u>	
Total 2016	<u>\$ 345,600</u>	<u>\$ 38,562</u>	<u>\$ 13,712</u>		<u>\$ 397,874</u>
Percent total expenses - 2016	<u>86.86%</u>	<u>9.69%</u>	<u>3.45%</u>		<u>100.00%</u>

See notes to financial statements

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 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.

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 and contributions receivable – Pledges and 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 and contributions received for each net asset category in accordance with donor-imposed restrictions. Management does not book pledges and contributions receivable except at year-end. Management closely monitors outstanding pledges and contributions receivable and establishes an allowance for doubtful accounts based on its evaluation of collectability. Management believes all outstanding pledges and contributions receivable for the year ending December 31, 2017, are fully collectible. Subsequent to issuance of the financial statements, all receivables at December 31, 2017, had been collected in full.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

Fixed assets – Fixed assets are carried at cost, and donated property is recorded at fair value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Those assets having a useful life in excess of one year and a cost of \$1,500 or more are capitalized. As of December 31, 2017, ROTOM did not have any capitalized assets.

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, 2016, 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 – OPERATING LEASE

On December 31, 2016, ROTOM entered into a 12-month lease agreement for home office space of the CEO, set to expire on December 31, 2017, with monthly lease payments of \$500. Upon expiration, the lease agreement was not renewed and on December 15, 2017, ROTOM entered into a lease agreement for office space on a month-to-month basis for monthly lease payments of \$518. Rent expense for 2017, was \$6,500. ^

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

NOTE 4 – RELATED PARTY

During 2017, the Board Members of ROTOM contributed \$29,040 to ROTOM, representing approximately 6% of total contributions.

During 2017, ROTOM paid \$6,000 for rent to the spouse of the CEO (see Note 3).

NOTE 5 – CONCENTRATIONS

Approximately 23% of total support was received from five donors during 2017.

Approximately 83% of total expenses were in wires to ROTOM Uganda and Ethiopia during 2017.

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, 2017, the information returns for three prior years are considered open for Internal Revenue Service examination.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Summary of activity in temporarily restricted net assets:

Description	Beginning Balance	Additions	Satisfied	Ending Balance
New CEO Salary	\$ -	\$ 55,600	\$ -	\$ 55,600
ROTOM fellowship fund	-	10,707	(10,507)	200
Evangelism program	-	24,000	(22,000)	2,000
Fiscal sponsor income	-	10,102	(5,422)	4,680
Uganda partnership fund	-	1,170	(1,008)	162
Uganda senior friendship	8,382	153,983	(153,283)	9,082
Uganda grandchildren support	-	17,982	(17,982)	-
Uganda special projects	270	63,894	(63,759)	405
Uganda health services	-	19,006	(19,006)	-
Uganda capacity building	-	25,543	(25,543)	-
Uganda Journey for Change trips	1,754	14,345	(16,099)	-
Ethiopia partnership fund	693	1,111	(1,763)	41
Ethiopia senior friendship	15,904	12,752	(28,215)	441
Ethiopia special projects	900	106	(1,006)	-
Ethiopia capacity building	-	9,450	(4,500)	4,950
	<u>\$ 27,903</u>	<u>\$ 419,751</u>	<u>\$ (370,093)</u>	<u>\$ 77,561</u>

NOTE 8 – SUBSEQUENT EVENT

Management has evaluated subsequent events through April 2, 2018, the date on which the financial statements were available to be issued.