



**ReachOne
TouchOne**
Ministries

UNITED STATES

REACH ONE TOUCH ONE MINISTRIES, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2019

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 Functional Expense	5
Statement of Cash Flows	6
Notes to Financial Statements	7

OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

601 NORTH NEVADA AVENUE
COLORADO SPRINGS, COLORADO 80903-1005

JEFFREY S. ROSACKER, CPA – PARTNER
MITCHELL K. DOWNS, CPA, ABV – PARTNER

TELEPHONE (719) 636-2321
FAX (719) 636-2517
WEB WWW.SPRINGSCPA.COM

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, 2019, 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, 2019, 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.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that Reach One Touch One Ministries, Inc. will continue as a going concern. As discussed in Note 1 to the financial statements, Reach One Touch One Ministries, Inc. has suffered net losses from operations and has a deficiency in net assets without donor restrictions. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 1. Our opinion is not modified with respect to this matter.

Emphasis of Matter Regarding Adoption of New Accounting Standard

As discussed in the notes to the financial statements, in 2019 Reach One Touch One Ministries, Inc. adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Osborne, Parsons & Asachee LLP

Colorado Springs, Colorado
June 11, 2020

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
With Comparative Totals for 2018

ASSETS

	2019	2018
Current Assets		
Cash	\$ 39,807	\$ 130,378
Promises to Give	5,902	40,270
Total Current Assets	45,709	170,648
Total Assets	\$ 45,709	\$ 170,648

LIABILITIES AND NET ASSETS

Current Liabilities		
Grants Payable	\$ 25,128	\$ 34,175
Accrued Expenses	10,776	6,710
Total Current Liabilities	35,904	40,885
Total Liabilities	35,904	40,885
Net Assets		
Without Donor Restrictions	(21,617)	43,676
With Donor Restrictions	31,422	86,087
Total Net Assets	9,805	129,763
Total Liabilities and Net Assets	\$ 45,709	\$ 170,648

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
With Comparative Totals for 2018

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2019</u>	<u>2018</u>
Revenue and Support				
Contributions	\$ 88,981	\$ 309,738	\$ 398,719	\$ 522,938
Gifts In-Kind	1,200	-	1,200	1,200
Other Revenue	340	-	340	431
Net Assets Released from Restrictions				
Satisfaction of Program Restrictions	364,403	(364,403)	-	-
Total Revenue and Support	<u>454,924</u>	<u>(54,665)</u>	<u>400,259</u>	<u>524,569</u>
Expenses				
Program Services	395,006	-	395,006	402,210
Supporting Services				
General and Administrative Services	59,882	-	59,882	47,800
Fundraising	62,099	-	62,099	38,288
Total Expenses	<u>516,987</u>	<u>-</u>	<u>516,987</u>	<u>488,298</u>
Loss on Uncollectable Promises to Give	3,230	-	3,230	-
Total Expenses and Loss	<u>520,217</u>	<u>-</u>	<u>520,217</u>	<u>488,298</u>
Change in Net Assets	(65,293)	(54,665)	(119,958)	36,271
Net Assets at Beginning of Year	<u>43,676</u>	<u>86,087</u>	<u>129,763</u>	<u>93,492</u>
Net Assets at End of Year	<u>\$ (21,617)</u>	<u>\$ 31,422</u>	<u>\$ 9,805</u>	<u>\$ 129,763</u>

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2019
With Comparative Totals for 2018

	Supporting Services				Total	
	Program	General and		Fundraising	2019	2018
		Administrative	Fundraising			
Payroll	\$ 32,663	\$ 28,541	\$ 44,503	\$ 105,707	\$ 58,420	
Payroll Taxes	2,974	2,598	4,051	9,623	4,469	
Total Personnel Costs	<u>35,637</u>	<u>31,139</u>	<u>48,554</u>	<u>115,330</u>	<u>62,889</u>	
Grants to ROTOM Uganda and Ethiopia	346,317	-	-	346,317	367,288	
Accounting Fees for Service	772	10,633	664	12,069	5,733	
Printing and Copying	2,660	2,660	3,546	8,866	3,596	
Occupancy	2,100	4,200	2,100	8,400	7,149	
Travel	3,929	55	2,838	6,822	9,336	
Contract Labor	517	3,666	517	4,700	15,793	
Bank Fees	-	3,041	-	3,041	3,147	
Insurance	792	1,365	843	3,000	2,862	
Miscellaneous Office Expense	1,482	570	285	2,337	292	
Development/Promotional Material	-	465	1,465	1,930	4,462	
Office Supplies	368	736	368	1,472	1,336	
Postage and Shipping	346	692	346	1,384	2,536	
Dues and Subscriptions	-	487	487	974	726	
Telephone and Internet	86	173	86	345	313	
Meetings	-	-	-	-	840	
Total Expense 2019	<u>\$ 395,006</u>	<u>\$ 59,882</u>	<u>\$ 62,099</u>	<u>\$ 516,987</u>		
Percent of Total 2019	<u>76%</u>	<u>12%</u>	<u>12%</u>			
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>			

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
With Comparative Totals for 2018

	2019	2018
Cash Flows from Operations		
Change in Net Assets	\$ (119,958)	\$ 36,271
Adjustments to Arrive at Net Cash (Used) Provided by Operating Activities		
Loss on Uncollectible Promises to Give	3,230	-
Change in		
Promises to Give	31,138	997
Grants Payable	(9,047)	26,660
Accrued Expenses	4,066	6,710
Net Cash (Used) Provided by Operations	(90,571)	70,638
Net Change in Cash	(90,571)	70,638
Beginning Cash	130,378	59,740
Ending Cash	\$ 39,807	\$ 130,378

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, 2019, 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, 2019, 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, 2018, from which the summarized information was derived.

New Accounting Pronouncements – In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional and, as a result, it enhances the comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2019. There was no cumulative-effect adjustment to opening net assets with or without donor restrictions as of January 1, 2019, and there was no change in presentation of revenue for the year ended December 31, 2018.

NOTE 1 – GOING CONCERN MATTERS

As shown in the accompanying financial statements, during the year ended December 31, 2019 ROTOM incurred a decrease in net assets of \$119,958, resulting in ending net assets of \$9,805. With donor restricted net assets totaling \$31,422, total net assets without donor restrictions reflect a deficit of \$21,617. Furthermore, the recent 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, 2019, 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:

- Total staff has been reduced from three full-time positions to two full-time positions and one part-time position. ROTOM is also going to evaluate the possibility of hiring a non-salaried intern to assist with the fundraising and grantmaking responsibilities.
- Travel and other discretionary spending have been reduced or eliminated where possible.
- Large programmatic expansions are being delayed until future periods, when budgetary stability is in place.

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

NOTE 1 – GOING CONCERN MATTERS – Continued

- ROTOM board members have committed to raising approximately \$36,000 for the USA Partnership Fund during 2020, which will directly increase net assets without donor restrictions.
- As a result of the COVID-19 pandemic and the Paycheck Protection Program, ROTOM applied for a loan from the U.S. Small Business Administration in March 2020, in an amount totaling approximately \$19,000. The funds from this loan are subject to forgiveness within the parameters of the program.
- 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.

NOTE 2 – AVAILABILITY AND LIQUIDITY

ROTOM has \$45,709 of financial assets available within one year of the balance sheet date consisting of cash of \$39,807, and promises to give of \$5,902. Of the financial assets, \$31,422 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 November 1, 2019, ROTOM entered into a one-year agreement for office space at monthly lease payments of \$700.

Total rent expense for 2019, was \$8,400.

NOTE 5 – RELATED PARTY

During 2019, the Board Members of ROTOM contributed \$18,416 to ROTOM, representing approximately 5% of total contributions.

NOTE 6 – CONCENTRATIONS

Approximately 36% of total support was received from five donors during 2019.

Approximately 66% of total expenses were in wires to ROTOM Uganda and Ethiopia during 2019.

NOTE 7 – 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, 2019, 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 8 – NET ASSETS WITH DONOR RESTRICTIONS

Summary of activity in net assets with donor restrictions:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Satisfied</u>	<u>Ending Balance</u>
New CEO Salary	\$ 28,100	\$ -	\$ (28,100)	\$ -
ROTOM Fellowship Fund	-	15,412	(10,734)	4,678
Evangelism Program	-	32,000	(30,790)	1,210
Fiscal Sponsor Income	-	2,552	(2,552)	-
Uganda Partnership Fund	10,000	1,421	(10,533)	888
Uganda Senior Friendship	18,361	138,874	(149,066)	8,169
Uganda Special Projects	-	61,915	(61,915)	-
Uganda Health Services	-	19,305	(19,305)	-
Uganda Journey for Change Trips	1,113	-	-	1,113
Ethiopia Partnership Fund	10,000	581	(9,734)	847
Ethiopia Senior Friendship	2,803	15,952	(17,988)	767
Ethiopia Special Projects	-	2,000	(1,908)	92
General Restricted Funds	15,710	19,726	(21,778)	13,658
	<u>\$ 86,087</u>	<u>\$ 309,738</u>	<u>\$ (364,403)</u>	<u>\$ 31,422</u>

NOTE 9 – 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, 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 10 – SUBSEQUENT EVENT

Management has evaluated subsequent events through June 11, 2020, the date on which the financial statements were available to be issued.

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.