



**ReachOne
TouchOne**
Ministries

UNITED STATES

REACH ONE TOUCH ONE MINISTRIES, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020

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, 2020, and the related statements of activities, functional expenses, 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, 2020, 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Osborne, Parsons & Mosacher LLP

Colorado Springs, Colorado
March 1, 2021

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
With Comparative Totals for 2019

ASSETS		<u>2020</u>	<u>2019</u>
Current Assets			
Cash	\$	46,555	\$ 39,807
Promises to Give		7,500	5,902
Prepaid Expenses		700	-
Total Current Assets		<u>54,755</u>	<u>45,709</u>
Total Assets	\$	<u>54,755</u>	\$ <u>45,709</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Grants Payable	\$	17,302	\$ 25,128
Accounts Payable		1,059	-
Accrued Expenses		9,234	10,776
Total Current Liabilities		<u>27,595</u>	<u>35,904</u>
Total Liabilities		<u>27,595</u>	<u>35,904</u>
Net Assets			
Without Donor Restrictions		15,464	(21,617)
With Donor Restrictions		11,696	31,422
Total Net Assets		<u>27,160</u>	<u>9,805</u>
Total Liabilities and Net Assets	\$	<u>54,755</u>	\$ <u>45,709</u>

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
With Comparative Totals for 2019

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2020</u>	<u>2019</u>
Revenue and Support				
Contributions	\$ 157,806	\$ 410,620	\$ 568,426	\$ 398,719
Gifts In-Kind	-	-	-	1,200
PPP Loan Forgiveness	21,267	-	21,267	-
Other Revenue	197	-	197	340
Net Assets Released from Restrictions				
Satisfaction of Program Restrictions	430,346	(430,346)	-	-
Total Revenue and Support	<u>609,616</u>	<u>(19,726)</u>	<u>589,890</u>	<u>400,259</u>
Expenses				
Program Services	460,157	-	460,157	395,006
Supporting Services				
General and Administrative	63,543	-	63,543	59,882
Fundraising	48,835	-	48,835	62,099
Total Supporting Services	<u>112,378</u>	<u>-</u>	<u>112,378</u>	<u>121,981</u>
Total Expenses	572,535	-	572,535	516,987
Loss on Uncollectable Promises to Give	-	-	-	3,230
Total Expenses and Loss	<u>572,535</u>	<u>-</u>	<u>572,535</u>	<u>520,217</u>
Change in Net Assets	37,081	(19,726)	17,355	(119,958)
Net Assets at Beginning of Year	<u>(21,617)</u>	<u>31,422</u>	<u>9,805</u>	<u>129,763</u>
Net Assets at End of Year	<u>\$ 15,464</u>	<u>\$ 11,696</u>	<u>\$ 27,160</u>	<u>\$ 9,805</u>

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
With Comparative Totals for 2019

	<u>Supporting Services</u>			<u>Total</u>	
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2020</u>	<u>2019</u>
Payroll	\$ 33,708	\$ 32,674	\$ 37,017	\$ 103,399	\$ 105,707
Payroll Taxes	2,639	2,558	2,898	8,095	9,623
Total Personnel Costs	<u>36,347</u>	<u>35,232</u>	<u>39,915</u>	<u>111,494</u>	<u>115,330</u>
Grants to ROTOM Uganda and Ethiopia	417,245	-	-	417,245	346,317
Accounting Fees for Service	-	12,910	-	12,910	12,069
Printing and Copying	2,548	2,548	3,397	8,493	8,866
Occupancy	2,100	4,200	2,100	8,400	8,400
Bank Fees	-	4,285	-	4,285	3,041
Insurance	750	1,341	762	2,853	3,000
Postage and Shipping	619	1,239	619	2,477	1,384
Development/Promotional Material	-	328	1,131	1,459	1,930
Office Supplies	297	594	297	1,188	1,472
Dues and Subscriptions	-	363	363	726	974
Miscellaneous Office Expense	165	331	165	661	2,337
Telephone and Internet	86	172	86	344	345
Travel	-	-	-	-	6,822
Contract Labor	-	-	-	-	4,700
Total Expenses 2020	<u>\$ 460,157</u>	<u>\$ 63,543</u>	<u>\$ 48,835</u>	<u>\$ 572,535</u>	
Percent of Total 2020	<u>80%</u>	<u>11%</u>	<u>9%</u>		
Total Expenses 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>		

See Notes to Financial Statements

REACH ONE TOUCH ONE MINISTRIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
With Comparative Totals for 2019

	2020	2019
Cash Flows from Operations		
Change in Net Assets	\$ 17,355	\$ (119,958)
Adjustments to Arrive at Net Cash Provided (Used) by Operating Activities		
Loss on Uncollectible Promises to Give	-	3,230
Change in		
Promises to Give	(1,598)	31,138
Prepaid Expense	(700)	-
Grants Payable	(7,826)	(9,047)
Accounts Payable	1,059	-
Accrued Expenses	(1,542)	4,066
Net Cash Provided (Used) by Operations	6,748	(90,571)
Net Change in Cash	6,748	(90,571)
Beginning Cash	39,807	130,378
Ending Cash	\$ 46,555	\$ 39,807

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, 2020, 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, 2020, 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, 2019, from which the summarized information was derived.

NOTE 1 – AVAILABILITY AND LIQUIDITY

ROTOM has \$54,055 of financial assets available within one year of the balance sheet date consisting of cash of \$46,555, and promises to give of \$7,500. Of the financial assets, \$11,696 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 November 1, 2019, ROTOM entered into a one-year agreement for office space at monthly lease payments of \$700. Upon expiration the lease continued on a month-to-month basis. Subsequent to the year ended December 31, 2020, ROTOM renewed the lease agreement through January 2022.

Total rent expense for 2020, was \$8,400.

NOTE 4 – RELATED PARTY

During 2020, the Board Members of ROTOM contributed \$41,840 to ROTOM, representing approximately 7% of total contributions.

NOTE 5 – CONCENTRATIONS

Approximately 27% of total support was received from five donors during 2020.

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

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, 2020, 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 – REFUNDABLE ADVANCE

In June 2020, ROTOM received an unsecured \$21,267 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met, including that 60% of the loan must be spent on payroll. The funds were initially treated as a refundable advance until such time that the loan has been explicitly forgiven by the SBA. In December 2020, the loan was forgiven in full and is reflected as PPP Loan Forgiveness on the statement of activities.

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>
ROTOM Fellowship Fund	\$ 4,678	\$ 19,676	\$ (24,354)	\$ -
Evangelism Program	1,210	23,000	(24,210)	-
Fiscal Sponsor Income	-	3,154	(3,154)	-
Uganda Partnership Fund	888	1,952	(2,840)	-
Uganda Senior Friendship	8,169	158,475	(162,739)	3,905
Uganda Special Projects	-	82,418	(82,335)	83
Uganda Health Services	-	39,504	(39,504)	-
Uganda Journey for Change Trips	1,113	-	(1,000)	113
Ethiopia Partnership Fund	847	446	(1,293)	-
Ethiopia Senior Friendship	767	21,365	(21,920)	212
Ethiopia Special Projects	92	17,961	(18,053)	-
General Restricted Funds	13,658	42,669	(48,944)	7,383
	<u>\$ 31,422</u>	<u>\$ 410,620</u>	<u>\$ (430,346)</u>	<u>\$ 11,696</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.

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

NOTE 10 – 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 11 – SUBSEQUENT EVENT

Management has evaluated subsequent events through March 1, 2021, 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 3).