



CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
ServeNow and Affiliates
Colorado Springs, CO

We have audited the accompanying consolidated financial statements of ServeNow and Affiliates, which comprise the consolidated statement of financial position as of March 31, 2017 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financials 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ServeNow and Affiliates as of March 31, 2017, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements of ServeNow and Affiliates as of March 31, 2016, were audited by other auditors whose report dated August 16, 2016, expressed an unqualified opinion on those statements. The summarized comparative information presented herein as of and for the year ended March 31, 2016, is consistent, in all material respect, with the audited consolidated financial statements from which it has been derived.

BiggsKofford, P.C.

Colorado Springs, Colorado
August 16, 2017

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SERVENOW AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Cash and equivalents	\$ 863,795	\$ 1,273,524
Accounts and other receivables	-	6,777
Prepaid expenses and other assets	9,389	22,462
Inventory	107,272	100,833
Intangible assets, net of accumulated amortization of \$32,288 and \$3,638, respectively	105,964	134,614
Furniture and equipment, net	16,123	29,122
Total assets	<u>\$ 1,102,543</u>	<u>\$ 1,567,332</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 125,039	\$ 99,744
Payable for intangible assets and inventory	136,104	142,704
Total liabilities	<u>261,143</u>	<u>242,448</u>
Net assets:		
Unrestricted:		
Operating	51,811	439,212
Equity in furniture and equipment, net	16,123	29,122
Total unrestricted	<u>67,934</u>	<u>468,334</u>
Temporarily restricted	773,466	856,550
Total net assets	<u>841,400</u>	<u>1,324,884</u>
Total liabilities and net assets	<u>\$ 1,102,543</u>	<u>\$ 1,567,332</u>

The accompanying notes and independent auditor's report
should be read with these consolidated financial statements.

SERVENOW AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 616,989	\$ 997,292	\$ 1,614,281
Gift in-kind contributions	164,970	-	164,970
Product sales revenue	4,104	-	4,104
Investment and other income	485	-	485
<u>Total public support and revenues</u>	<u>786,548</u>	<u>997,292</u>	<u>1,783,840</u>
NET ASSETS RELEASED:			
Satisfaction of purpose restrictions	936,658	(936,658)	-
Administrative assessments	143,718	(143,718)	-
	<u>1,866,924</u>	<u>(83,084)</u>	<u>1,783,840</u>
EXPENSES:			
Program services	1,843,568	-	1,843,568
Supporting services:			
General and administrative	140,237	-	140,237
Fund-raising	246,894	-	246,894
<u>Total expenses</u>	<u>2,230,699</u>	<u>-</u>	<u>2,230,699</u>
Change in net assets before foreign currency translation	(363,775)	(83,084)	(446,859)
Foreign currency translation adjustments	(36,625)	-	(36,625)
<u>Change in net assets</u>	<u>(400,400)</u>	<u>(83,084)</u>	<u>(483,484)</u>
Net assets, beginning of year	468,334	856,550	1,324,884
<u>Net assets, end of year</u>	<u>\$ 67,934</u>	<u>\$ 773,466</u>	<u>\$ 841,400</u>

The accompanying notes and independent auditor's report
should be read with these consolidated financial statements.

SERVENOW AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 938,175	\$ 1,446,269	\$ 2,384,444
Gift in-kind contributions	198,900	-	198,900
Program revenue	74,015	-	74,015
Investment and other income	494	-	494
<u>Total public support and revenues</u>	<u>1,211,584</u>	<u>1,446,269</u>	<u>2,657,853</u>
NET ASSETS RELEASED:			
Satisfaction of purpose restrictions	509,339	(509,339)	-
Administrative assessments	108,351	(108,351)	-
	<u>1,829,274</u>	<u>828,579</u>	<u>2,657,853</u>
EXPENSES:			
Program services	1,178,761	-	1,178,761
Supporting services:			
General and administrative	135,560	-	135,560
Fund-raising	158,791	-	158,791
<u>Total expenses</u>	<u>1,473,112</u>	<u>-</u>	<u>1,473,112</u>
Change in net assets before foreign currency translation	356,162	828,579	1,184,741
Foreign currency translation adjustments	16,158	-	16,158
<u>Change in net assets</u>	<u>372,320</u>	<u>828,579</u>	<u>1,200,899</u>
Net assets, beginning of year	96,014	27,971	123,985
<u>Net assets, end of year</u>	<u>\$ 468,334</u>	<u>\$ 856,550</u>	<u>\$ 1,324,884</u>

The accompanying notes and independent auditor's report
should be read with these consolidated financial statements.

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SERVENOW AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (483,484)	\$ 1,200,899
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	47,781	12,511
Donated furniture and equipment	-	(4,018)
Gain on sale of furniture and equipment	-	(159)
Decrease (increase) in assets:		
Accounts and other receivables	6,777	3,223
Prepaid expenses and other assets	13,073	(14,125)
Gift in-kind inventory	(6,439)	(33,321)
Increase in liabilities:		
Accounts payable and accrued expenses	18,695	223,678
<u>Net cash provided by (used in) operating activities</u>	<u>(403,597)</u>	<u>1,388,688</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
<u>Purchases of furniture, equipment and intangible assets</u>	<u>(6,132)</u>	<u>(153,450)</u>
<u>Net cash used in investing activities</u>	<u>(6,132)</u>	<u>(153,450)</u>
<u>Net increase (decrease) in cash and equivalents</u>	<u>(409,729)</u>	<u>1,235,238</u>
<u>Cash and equivalents, beginning of year</u>	<u>1,273,524</u>	<u>38,286</u>
<u>Cash and equivalents, end of year</u>	<u>\$ 863,795</u>	<u>\$ 1,273,524</u>

The accompanying notes and independent auditor's report should be read with these consolidated financial statements.

SERVENOW AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

ServeNow was launched in December 2012 to serve people in need in the name of Christ. Their mission is to accomplish this by caring for orphans, widows, underprivileged children, and youth as well as equipping the Church for greater fulfillment of its ministry and providing humanitarian assistance where needed. *ServeNow* works primarily in countries outside the United States and strives to assist as many people as possible for the Kingdom of God.

Effective February 1, 2016, *MediaServe* joined forces with *ServeNow* as a controlled affiliate organization. The excess of fair value of the assets received over liabilities of *MediaServe* assumed by *ServeNow* are reflected as a contribution for the year ended March 31, 2016. *MediaServe* is a British charity that exists to advance the Kingdom of God by producing and providing innovative Christian literature and other media materials. Presently, *MediaServe* works in 45 languages around the world, providing complete Bibles, New Testaments, and evangelistic and discipleship materials.

Principles of consolidation

The consolidated financial statements include the financial resources and activities of *ServeNow*, *ServeNow* India, *ServeNow* Sweden, *ServeNow* Ukraine, *ServeNow* Nepal, and *MediaServe*. All material transactions and balances between the entities have been eliminated in the consolidation. These entities are collectively referred to as *ServeNow* or the "Organization."

Basis of accounting and use of estimates

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

See independent auditor's report.

SERVENOW AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash and equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments of three months or less to be cash equivalents. These accounts may, at times, exceed federally insured limits; however, the Organization has not experienced any losses on these accounts and does not believe it is exposed to any significant credit risk.

As of March 31, 2017 and 2016, foreign cash included in cash and equivalents totaled \$787,002 and \$1,197,176, respectively.

Contributions receivable

Contributions receivable are recognized as assets and support in the period in which unconditional promises are made.

Inventory

Inventory consists of items donated to the Organization, including medical supplies, household goods and equipment, as well as publication materials related to the Ministry. These items are recorded at their estimated fair market value on the date of the donation, and reported at their carrying amount thereafter. Grants of gift-in-kind items to other non-controlled organizations are expensed when the goods are shipped.

Furniture and equipment

Furniture and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. Items acquired in the United States with a cost or fair value in excess of \$2,000 are capitalized. Items purchased for international offices are capitalized in accordance with policies established by laws in effect within the country or in accordance with a policy established by local office. Depreciation is provided using the straight-line method over estimated useful lives ranging from three to ten years.

Net assets and contributions

Net assets include the following areas:

Unrestricted net assets are those resources currently available for use in the Organization's operations and those resources invested in property and equipment.

See independent auditor's report.

SERVENOW AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net assets and contributions (continued)

Temporarily restricted net assets are those resources which are stipulated by donors for specific purposes or restricted due to time restrictions.

Permanently restricted net assets are those resources which are not available for program expenses or other organizational needs. As of March 31, 2017 and 2016, the Organization did not have any permanently restricted net assets.

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Organization. Contributions are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets released from restrictions. Contributed services are reflected in the consolidated financial statements as they meet the definition for skilled services under current accounting standards. Donated assets are recorded as contributions at their estimated fair value on the date of donation. The primary sources of revenue for the Organization are contributions and fees for production of literature.

Functional allocation of expenses

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Foreign currency translation

All field offices have identified the US dollar as their reporting currency, which is different from their functional currency. The financial statements of these locations are translated to US dollars using year end rates of exchange for all assets and liabilities, and average rates of exchange for the year for revenues and expenses. The foreign currency translation adjustment is included on the consolidated statements of activities.

See independent auditor's report.

SERVENOW AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("Code") and is not a private foundation under Section 509(a)(2) of the Code. All entities included in these consolidated financial statements are exempt from taxes in the countries where they are registered and operate.

The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC 450, *Contingencies*. The Organization discloses any material adjustments as a result of tax examinations and reports interest and penalties resulting from these adjustments as interest expense and other expenses, as applicable. As of March 31, 2017 and 2016, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent events

Management has evaluated subsequent events through the date of the attached independent auditor's report, the date on which the financial statements were available to be issued.

2. INTANGIBLE ASSETS AND RELATED PAYABLE

In February 2016, the Organization purchased publication materials and their related rights from Mountainbrook Press. The Organization determined the fair value of the intangible assets related to these publications to be \$118,252. These intangible assets are being amortized over an estimated useful life of five years. The balance of the purchase price of \$24,452 was determined to be the fair value of the materials purchased and was recorded as inventory.

The related payable to Mountainbrook Press will be paid as a royalty of \$.10 per booklet used in program activities over a two-year period with an outstanding balance due in full on March 31, 2018.

See independent auditor's report.

SERVENOW AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

2. INTANGIBLE ASSETS AND RELATED PAYABLE (CONTINUED)

Estimated future amortization is as follows:

<u>Years Ending March 31,</u>	
2018	\$ 28,650
2019	28,650
2020	26,984
2021	<u>21,680</u>
	<u>\$ 105,964</u>

3. FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following:

	<u>March 31, 2017</u>		
	<u>United States</u>	<u>Other Countries</u>	<u>Total</u>
Furniture and equipment	\$ 8,132	\$ 43,858	\$ 51,990
Accumulated depreciation	<u>(5,823)</u>	<u>(30,044)</u>	<u>(35,867)</u>
Furniture and equipment, net	<u>\$ 2,309</u>	<u>\$ 13,814</u>	<u>\$ 16,123</u>
	<u>March 31, 2016</u>		
	<u>United States</u>	<u>Other Countries</u>	<u>Total</u>
Furniture and equipment	8,133	37,726	\$ 45,859
Accumulated depreciation	<u>(3,746)</u>	<u>(12,991)</u>	<u>(16,737)</u>
Furniture and equipment, net	<u>\$ 4,387</u>	<u>\$ 24,735</u>	<u>\$ 29,122</u>

See independent auditor's report.

SERVENOW AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	March 31,	
	2017	2016
<i>MediaServe</i> programs	\$ 705,113	\$ 766,910
Children and youth	29,500	73,556
Humanitarian	17,154	7,500
Scripture/Church teaching	14,362	-
Mission team travel	6,023	8,584
Equipping	1,314	-
	\$ 773,466	\$ 856,550

5. RELATED PARTY TRANSACTIONS

The Organization made payments of \$7,244 and \$27,213 to Mountainbrook Press for publication materials for the year ended March 31, 2017 and 2016, respectively. As of March 31, 2017 and 2016, ServeNow owed this related Organization \$136,104 and \$142,704, respectively, for materials and intellectual property purchased. This entity is owned by the former president of ServeNow.

During the years ended March 31, 2017 and 2016, *ServeNow* employed and paid relatives of the former president \$41,637 and \$47,802, respectively.

The Organization entered into an agreement with the former president effective January 1, 2017 to provide donor services. The agreement calls for payments to the related party of up to \$6,000 per month and expires in December of 2019. During the year ended March 31, 2017, the Organization made payments totaling \$18,000.

All related party transactions are addressed and approved by the board of directors prior to occurrence.

See independent auditor's report.

SERVENOW AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

6. COMMITMENTS

Operating lease

ServeNow entered into an agreement to rent office space from an unrelated party beginning in January 2016 and continuing for a term of 52 months. Monthly base lease payments range from \$4,238 to \$4,768. In addition, *ServeNow* is also required to pay for their pro rata share of the triple net lease expenses. Lease expense for the year ended March 31, 2017 totaled \$79,130.

Future minimum lease payments as of March 31, 2017 are as follows:

<u>Years Ending March 31,</u>	
2018	\$ 53,505
2019	55,624
2020	57,213
2021	<u>4,768</u>
	<u>\$ 171,110</u>

Donor services agreement

The Organization has also entered into an agreement with an unrelated party to provide donor services. The agreement expires in August of 2017 and requires monthly payments of \$1,250.

7. CONCENTRATIONS

ServeNow received cash contributions of \$209,385 from one donor during the year ended March 31, 2016. Additionally, the assets of *MediaServe* in the amount of \$1,208,649 were donated. Together, these gifts accounted for approximately 53% of total support and revenue during the year ended March 31, 2016.

* * * * *

See independent auditor's report.

