



**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2019 AND 2018**

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## INDEPENDENT AUDITOR'S REPORT

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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 statements of financial position as of March 31, 2019 and 2018, and the related consolidated statements of activities, cash flows and functional expenses for the years 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 audits. We conducted our audits 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, 2019 and 2018 and the changes in its net assets, its cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
July 25, 2019

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**SERVENOW AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2019 AND 2018**

<b><u>ASSETS</u></b>	<b>2019</b>	<b>2018</b>
Cash and equivalents	\$ 147,399	\$ 81,807
Accounts and other receivables	-	3,877
Prepaid expenses and other assets	16,437	8,493
Inventory	91,351	26,084
Intangible assets, net of accumulated amortization of \$89,589 and \$60,938, respectively	48,663	77,314
Furniture and equipment, net	17,664	23,453
<b>Total assets</b>	<b>\$ 321,514</b>	<b>\$ 221,028</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 41,184	\$ 53,473
Due to related party	117,604	132,304
<b>Total liabilities</b>	<b>158,788</b>	<b>185,777</b>
Net assets:		
Without donor restrictions:		
Operating	38,874	(106,516)
Net equity in furniture, equipment and intangible assets	66,327	100,767
<b>Total without donor restrictions</b>	<b>105,201</b>	<b>(5,749)</b>
With donor restrictions	57,525	41,000
<b>Total net assets</b>	<b>162,726</b>	<b>35,251</b>
<b>Total liabilities and net assets</b>	<b>\$ 321,514</b>	<b>\$ 221,028</b>

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, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 698,311	\$ 627,256	\$ 1,325,567
Gift in-kind contributions	92,840	-	92,840
Program revenue	1,612	-	1,612
Investment and other income	110	-	110
<u>Total public support and revenues</u>	<u>792,873</u>	<u>627,256</u>	<u>1,420,129</u>
<b>NET ASSETS RELEASED:</b>			
Satisfaction of purpose restrictions	499,301	(499,301)	-
Administrative assessments	111,430	(111,430)	-
	<u>1,403,604</u>	<u>16,525</u>	<u>1,420,129</u>
<b>EXPENSES:</b>			
Program services	1,029,560	-	1,029,560
Supporting services:			
General and administrative	119,227	-	119,227
Fund-raising	143,867	-	143,867
<u>Total expenses</u>	<u>1,292,654</u>	<u>-</u>	<u>1,292,654</u>
<u>Change in net assets</u>	<u>110,950</u>	<u>16,525</u>	<u>127,475</u>
<u>Net assets, beginning of year</u>	<u>(5,749)</u>	<u>41,000</u>	<u>35,251</u>
<u>Net assets, end of year</u>	<u>\$ 105,201</u>	<u>\$ 57,525</u>	<u>\$ 162,726</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, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 721,684	\$ 1,030,283	\$ 1,751,967
Gift in-kind contributions	107,480	-	107,480
Program revenue	23,290	-	23,290
Investment and other income	420	-	420
<u>Total public support and revenues</u>	<u>852,874</u>	<u>1,030,283</u>	<u>1,883,157</u>
<b>NET ASSETS RELEASED:</b>			
Satisfaction of purpose restrictions	1,103,649	(1,103,649)	-
Administrative assessments	96,792	(96,792)	-
	<u>2,053,315</u>	<u>(170,158)</u>	<u>1,883,157</u>
<b>EXPENSES:</b>			
Program services	1,679,372	-	1,679,372
Supporting services:			
General and administrative	140,898	-	140,898
Fund-raising	189,798	-	189,798
<u>Total expenses</u>	<u>2,010,068</u>	<u>-</u>	<u>2,010,068</u>
Change in net assets before foreign divestiture	43,247	(170,158)	(126,911)
Divestiture of foreign net assets, net	(116,930)	(562,308)	(679,238)
Change in net assets	(73,683)	(732,466)	(806,149)
Net assets, beginning of year	67,934	773,466	841,400
Net assets, end of year	<u>\$ (5,749)</u>	<u>\$ 41,000</u>	<u>\$ 35,251</u>

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should be read with these consolidated financial statements.

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**SERVENOW AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MARCH 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 127,475	\$ (806,149)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,276	9,407
Amortization	28,651	28,650
Divestiture of foreign fixed assets, net	-	3,214
Decrease (increase) in operating assets:		
Accounts and other receivables	3,877	(3,877)
Prepaid expenses and other assets	(7,944)	896
Gift in-kind inventory	(65,267)	81,188
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(26,989)	(75,366)
Net cash flows from operating activities	<u>74,079</u>	<u>(762,037)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of furniture, equipment and intangible assets	<u>(8,487)</u>	<u>(19,951)</u>
Net cash flows from investing activities	<u>(8,487)</u>	<u>(19,951)</u>
Net increase (decrease) in cash and equivalents	65,592	(781,988)
Cash and equivalents, beginning of year	<u>81,807</u>	<u>863,795</u>
Cash and equivalents, end of year	<u>\$ 147,399</u>	<u>\$ 81,807</u>

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

**SERVENOW**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2019**

	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 162,342	\$ 51,456	\$ 55,259	\$ 269,057
Cost of sales	723	-	-	723
Grants outside US	76,950	-	-	76,950
Children and youth programs	194,730	-	-	194,730
Scripture and church teaching programs	79,210	-	-	79,210
Humanitarian programs	37,225	-	-	37,225
GIK expense	24,400	-	-	24,400
Travel including teams	54,676	-	-	54,676
India programs	41,690	-	-	41,690
Nepal programs	28,630	-	-	28,630
Ukraine programs	46,109	-	-	46,109
Sweden	3,790	-	-	3,790
Legal	-	1,773	-	1,773
Accounting	-	9,500	-	9,500
Independent contractors	79,962	21,161	57,402	158,525
Office expenses	32,933	13,145	5,485	51,563
Information technology	2,528	843	843	4,214
Occupancy	77,180	8,683	10,612	96,475
Travel	33,136	2,114	6,170	41,420
Interest	-	747	-	747
Memberships	-	1,125	-	1,125
Conferences and meetings	15,227	4,391	2,855	22,473
Depreciation and amortization	34,341	3,864	4,722	42,927
Business insurance	3,778	425	519	4,722
<b>Total expenses</b>	<b>\$ 1,029,560</b>	<b>\$ 119,227</b>	<b>\$ 143,867</b>	<b>\$ 1,292,654</b>
Percentage of total expenses	<u>80%</u>	<u>9%</u>	<u>11%</u>	<u>100%</u>

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

**SERVENOW**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2018**

	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 124,243	\$ 67,284	\$ 42,749	\$ 234,276
Cost of sales	344	-	-	344
Grants outside US	59,342	-	-	59,342
Children and youth programs	227,147	-	-	227,147
Scripture and church teaching programs	523,201	-	-	523,201
Humanitarian programs	39,819	-	-	39,819
GIK expense	187,780	-	-	187,780
Travel including teams	57,822	-	-	57,822
India programs	40,735	-	-	40,735
Nepal programs	35,902	-	-	35,902
Ukraine programs	39,455	-	-	39,455
MediaServe	234,625	-	-	234,625
Sweden	18,837	-	-	18,837
Legal	-	1,806	-	1,806
Accounting	-	9,585	-	9,585
Independent contractors	21,600	2,250	61,350	85,200
Office expenses	2,999	11,367	11,248	25,614
Information technology	4,633	2,315	2,315	9,263
Occupancy	30,527	30,527	40,703	101,757
Travel	8,462	242	19,502	28,206
Interest	-	1,975	-	1,975
Memberships	-	1,100	-	1,100
Conferences and meetings	535	1,763	1,247	3,545
Depreciation and amortization	19,027	9,515	9,515	38,057
Business insurance	2,337	1,169	1,169	4,675
<b>Total expenses</b>	<b>\$ 1,679,372</b>	<b>\$ 140,898</b>	<b>\$ 189,798</b>	<b>\$ 2,010,068</b>
Percentage of total expenses	<b>84%</b>	<b>7%</b>	<b>9%</b>	<b>100%</b>

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

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

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**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. Working with national leaders and indigenous churches, *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* was 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.

Effective December 31, 2017, the board of directors of *ServeNow* and *MediaServe* mutually agreed that *MediaServe* would come out from under *ServeNow* and function as an independent UK registered organization as it had prior to becoming a division of *ServeNow* in 2016. The assets and liabilities of *MediaServe* were derecognized and returned to *MediaServe* based upon their book values as of the date of separation. The excess of the book value of the assets over the liabilities is presented as divestiture of foreign assets in the accompanying consolidated statement of activities for the year ended March 31, 2018. As of March 31, 2018, there is no formal partnership between the two entities, and *MediaServe* is not considered to be a related party of *ServeNow*.

Principles of consolidation

The consolidated financial statements include the financial resources and activities of *ServeNow*, *ServeNow* India, *ServeNow* Sweden, *ServeNow* Ukraine, and *ServeNow* Nepal for the year ended March 31, 2019. 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."

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

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

Basis of presentation

The financial statements present information regarding the financial position and activities according to two classes of net assets: net assets without donor restriction, which represent the expendable resources that are available for operations at management's discretion and the net investment in property and equipment; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time. The Organization has net assets with donor restrictions of \$57,525 and \$41,000 as of March 31, 2019 and 2018, respectively.

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.

Cash and equivalents

For purposes of the consolidated 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.

Contributions receivable

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

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

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

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 expense is provided on a straight-line basis over estimated useful lives ranging from three to ten years.

Depreciation expense for the years ended March 31, 2019 and 2018 totaled \$14,276 and \$9,407, respectively.

Contribution revenue

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 with donor restrictions 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, donor restricted net assets are reclassified to net assets without donor restrictions through 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.

See independent auditor's report.



**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

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

Functional allocation of expenses

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

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, which are allocated based upon the overall allocation of other expenses, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

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. For the years ended March 31, 2019 and 2018 management determined that the foreign currency translation adjustment was not material to the financial statements.

As of March 31, 2017, the cumulative translation adjustment totaled \$(20,467), which was derecognized during the year ended March 31, 2018 as part of the divestiture of foreign assets.

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.

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

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

Income taxes (continued)

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, 2019 and 2018, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Accounting pronouncements adopted

In 2018 the Organization adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (f) modifying other consolidated financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit 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.

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

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**2. LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following on March 31:

	<b>2019</b>	<b>2018</b>
Cash and equivalents	\$ 147,399	\$ 81,807
Accounts and other receivables	-	3,877
Total financial assets	147,399	85,684
Less amounts unavailable for general expenditures within one year due to donor restrictions	(57,525)	(41,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 89,874	\$ 44,684

As part of the organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months in the table above, the Organization also operates in accordance with a board approved budget and anticipates collecting sufficient revenue to cover general expenditures.

**3. INTANGIBLE ASSETS AND RELATED PAYABLE**

In February 2016, the Organization purchased publication materials and their related rights from Mountainbrook Press, a related party. 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 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 Basic Series books are able to be printed at \$.10 per booklet until the debt is satisfied.

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

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**3. INTANGIBLE ASSETS AND RELATED PAYABLE (CONTINUED)**

Estimated future amortization is as follows:

<u>Years Ending March 31,</u>	
2020	\$ 26,983
2021	<u>21,680</u>
	<u>\$ 48,663</u>

**4. FURNITURE AND EQUIPMENT**

Furniture and equipment consist of the following as of March 31,:

	<b>2019</b>		
	<u>United States</u>	<u>Other Countries</u>	<u>Total</u>
Furniture and equipment	\$ 8,133	\$ 49,010	\$ 57,143
Accumulated depreciation	<u>(8,133)</u>	<u>(31,346)</u>	<u>(39,479)</u>
Furniture and equipment, net	<u>\$ -</u>	<u>\$ 17,664</u>	<u>\$ 17,664</u>
	<b>2018</b>		
	<u>United States</u>	<u>Other Countries</u>	<u>Total</u>
Furniture and equipment	\$ 8,133	\$ 49,319	\$ 57,452
Accumulated depreciation	<u>(7,567)</u>	<u>(26,432)</u>	<u>(33,999)</u>
Furniture and equipment, net	<u>\$ 566</u>	<u>\$ 22,887</u>	<u>\$ 23,453</u>

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

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**5. NET ASSETS WITH DONOR RESTRICTIONS**

Temporarily restricted net assets consist of the following:

	March 31,	
	2019	2018
Children and youth	\$ 12,130	\$ 40,000
Scripture/Church teaching	33,037	-
Mission team travel	12,358	1,000
	\$ 57,525	\$ 41,000

**6. RELATED PARTY TRANSACTIONS**

The Organization made payments of \$14,700 and \$3,800 to Mountainbrook Press for publication materials for the years ended March 31, 2019 and 2018, respectively. As of March 31, 2019 and 2018, ServeNow owed this related Organization \$117,604 and \$132,304, respectively, for materials and intellectual property purchased. This entity is owned by the former president and Founder of the Organization.

The Organization entered into an agreement with a Company owned by the former president and Founder of the Organization effective January 1, 2017 to provide donor services. The agreement calls for payments to the related party of up to \$6,000 per month plus expenses, and expires in December of 2019. During the years ended March 31, 2019 and 2018, the Organization made payments totaling \$99,196 and \$95,644, respectively.

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

**7. 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 \$4,419. In addition, ServeNow is also required to pay for their pro rata share of the triple net lease expenses. Lease expense for the years ended March 31, 2019 and 2018 totaled \$96,475 and \$101,757, respectively.

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

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**7. COMMITMENTS (CONTINUED)**

Future minimum lease payments as of March 31, 2019 are as follows:

<u>Years Ending March 31,</u>	
2020	\$ 52,975
2021	<u>4,415</u>
	<u>\$ 57,390</u>

**8. RISKS AND UNCERTAINTIES**

The current economic environment presents not-for-profit organizations with unprecedented circumstances and challenges, which in some cases have resulted in large declines in assets, and constraints on liquidity. The consolidated financial statements have been prepared using values and information currently available to the Organization.

Foreign assets

Management has reviewed the assets of the Organization located in India, Sweden, Ukraine and Nepal. While such items are recognized as assets of the Organization, it should be noted that the economic and political situation outside the United States is subject to rapid change. Therefore, the reader of the consolidated financial statements should be aware that while the Organization believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in these countries. In addition, it should be understood that the carrying value of the assets in these countries may not be representative of the amount that could be realized should the assets be sold.

The assets of the Organization located in these countries consist of the following as of March 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 48,701	\$ 37,803
Property and equipment, net	<u>17,664</u>	<u>49,319</u>
Total	<u>\$ 66,365</u>	<u>\$ 87,122</u>

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

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**9. CONCENTRATIONS**

During the year ended March 31, 2018, MediaServe support and revenue totaled \$534,975, which accounted for 28% of total support and revenue.

**10. SUBSEQUENT EVENT**

Subsequent to the year ended March 31, 2019, the Organization received a conditional matching pledge in the amount of \$125,000 to be used for The Basic Series.

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See independent auditor's report.