



**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2018 AND 2017**

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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, 2018 and 2017, and the related consolidated statements of activities and cash flows 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, 2018 and 2017, and the changes in its net assets and its cash flows 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 30, 2018

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**SERVENOW AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2018 AND 2017**

<b><u>ASSETS</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Cash and equivalents	\$ 81,807	\$ 863,795
Accounts and other receivables	3,877	-
Prepaid expenses and other assets	8,493	9,389
Inventory	26,084	107,272
Intangible assets, net of accumulated amortization of \$60,938 and \$32,288, respectively	77,314	105,964
Furniture and equipment, net	23,453	16,123
<b>Total assets</b>	<b>\$ 221,028</b>	<b>\$ 1,102,543</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 53,473	\$ 125,039
Due to related party	132,304	136,104
<b>Total liabilities</b>	<b>185,777</b>	<b>261,143</b>
Net assets:		
Unrestricted:		
Operating	(29,202)	51,811
Equity in furniture and equipment, net	23,453	16,123
<b>Total unrestricted</b>	<b>(5,749)</b>	<b>67,934</b>
Temporarily restricted	41,000	773,466
<b>Total net assets</b>	<b>35,251</b>	<b>841,400</b>
<b>Total liabilities and net assets</b>	<b>\$ 221,028</b>	<b>\$ 1,102,543</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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</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>

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>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 616,989	\$ 997,292	\$ 1,614,281
Gift in-kind contributions	164,970	-	164,970
Program 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>
<b>NET ASSETS RELEASED:</b>			
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>
<b>EXPENSES:</b>			
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>
<u>Net assets, beginning of year</u>	<u>468,334</u>	<u>856,550</u>	<u>1,324,884</u>
<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.

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**SERVENOW AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (806,149)	\$ (483,484)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,407	19,131
Amortization	28,650	28,650
Divestiture of foreign fixed assets, net	3,214	-
Decrease (increase) in operating assets:		
Accounts and other receivables	(3,877)	6,777
Prepaid expenses and other assets	896	13,073
Gift in-kind inventory	81,188	(6,439)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(75,366)	18,695
Net cash flows from operating activities	<u>(762,037)</u>	<u>(403,597)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of furniture, equipment and intangible assets	<u>(19,951)</u>	<u>(6,132)</u>
Net cash flows from investing activities	<u>(19,951)</u>	<u>(6,132)</u>
Net decrease in cash and equivalents	(781,988)	(409,729)
Cash and equivalents, beginning of year	<u>863,795</u>	<u>1,273,524</u>
Cash and equivalents, end of year	<u>\$ 81,807</u>	<u>\$ 863,795</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, 2018 AND 2017**

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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* 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.

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, *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."

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

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

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 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, 2018 and 2017, foreign cash included in cash and equivalents totaled \$37,803 and \$787,002, 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.

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

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

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.

*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, 2018 and 2017, 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.

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

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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 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. For the year ended March 31, 2018, management determined that the foreign currency translation adjustment was not material to the financial statements. For the year ended March 31, 2017, the foreign currency translation adjustment is included on the consolidated statements of activities.

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.

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, 2018 and 2017, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

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

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, 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 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 Basic Series books are able to be printed at \$.10 per booklet until the debt is satisfied.

Estimated future amortization is as follows:

<u>Years Ending March 31,</u>	
2019	\$ 28,650
2020	26,984
2021	<u>21,680</u>
	<u>\$ 77,314</u>

See independent auditor's report.



**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. FURNITURE AND EQUIPMENT**

Furniture and equipment consist of the following:

	March 31, 2018		
	United States	Other Countries	Total
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>
	March 31, 2017		
	United States	Other Countries	Total
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>

**4. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

	March 31,	
	2018	2017
<i>MediaServe</i> programs	\$ -	\$ 705,113
Children and youth	40,000	29,500
Humanitarian	-	17,154
Scripture/Church teaching	-	14,362
Mission team travel	1,000	6,023
Equipping	<u>-</u>	<u>1,314</u>
	<u>\$ 41,000</u>	<u>\$ 773,466</u>

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**5. RELATED PARTY TRANSACTIONS**

The Organization made payments of \$3,800 and \$7,244 to Mountainbrook Press for publication materials for the years ended March 31, 2018 and 2017, respectively. As of March 31, 2018 and 2017, ServeNow owed this related Organization \$132,304 and \$136,104, respectively, for materials and intellectual property purchased. This entity is owned by the former president of ServeNow, who currently serves on the board of directors.

During the years ended March 31, 2018 and 2017, *ServeNow* employed and paid relatives of the former president \$47,230 and \$41,637, respectively.

The Organization entered into an agreement with a Company owned by the former president and current board member 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, 2018 and 2017, the Organization made payments totaling \$95,644 and \$18,000, respectively.

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

**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 \$4,419. 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, 2018 and 2017 totaled \$101,757 and \$79,130, respectively.

Future minimum lease payments as of March 31, 2018 are as follows:

<u>Years Ending March 31,</u>	
2019	\$ 52,975
2020	52,975
2021	<u>4,415</u>
	<u>\$ 110,365</u>

See independent auditor's report.

**SERVENOW AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

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**6. COMMITMENTS (CONTINUED)**

Other agreements

The Organization has also entered into several short-term agreements with unrelated parties to provide fund raising, consulting and donor services. The agreements expire on various dates through May 2019 and require monthly payments ranging from \$1,040 to \$4,500.

**7. CONDITIONAL PLEDGE**

During the year ended March 31, 2018, *ServeNow* received a conditional matching pledge in the amount of \$72,000 to be used for The Basic Series.

**8. CONCENTRATIONS**

During the years ended March 31, 2018 and 2017, MediaServe support and revenue totaled \$534,975 and \$568,794, respectively, which accounted for 28% and 32% of total support and revenue, respectively.

\* \* \* \* \*

See independent auditor's report.