



**FINANCIAL STATEMENTS**

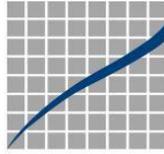
**MARCH 31, 2022**

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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors

**ServeNow**

Colorado Springs, Colorado

### **Opinion**

We have audited the accompanying financial statements of ServeNow (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ServeNow as of March 31, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of ServeNow and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ServeNow's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ServeNow's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ServeNow's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
July 12, 2022

**SERVENOW**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2022**

**ASSETS**

<u>Cash and equivalents</u>	\$ 1,221,445
<u>Prepaid expenses and other assets</u>	8,956
<u>Inventory</u>	<u>20,181</u>
<u>Total assets</u>	<u>\$ 1,250,582</u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
<u>Accounts payable and accrued expenses</u>	<u>\$ 22,184</u>
Net assets:	
Without donor restrictions:	
<u>Operating</u>	55,802
<u>Board-designated funds</u>	<u>920,462</u>
<u>Total net assets without donor restrictions</u>	976,264
<u>With donor restrictions</u>	<u>252,134</u>
<u>Total net assets</u>	<u>1,228,398</u>
<u>Total liabilities and net assets</u>	<u>\$ 1,250,582</u>

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

**SERVENOW**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>SUPPORT AND REVENUE</u></b>			
Contributions	\$ 1,391,306	\$ 1,346,086	\$ 2,737,392
Gift in-kind contributions	372,487	-	372,487
Investment income	7,781	-	7,781
Other income	79,114	-	79,114
Total public support and revenues	1,850,688	1,346,086	3,196,774
 <b><u>NET ASSETS RELEASED</u></b>			
Satisfaction of purpose restrictions	845,728	(845,728)	-
Administrative assessments	266,683	(266,683)	-
	<u>2,963,099</u>	<u>233,675</u>	<u>3,196,774</u>
 <b><u>EXPENSES</u></b>			
Program services	2,488,523	-	2,488,523
Supporting activities:			
General and administrative	124,207	-	124,207
Fundraising	324,090	-	324,090
Total expenses	<u>2,936,820</u>	<u>-</u>	<u>2,936,820</u>
Change in net assets	26,279	233,675	259,954
Net assets, beginning of year	<u>949,985</u>	<u>18,459</u>	<u>968,444</u>
Net assets, end of year	<u>\$ 976,264</u>	<u>\$ 252,134</u>	<u>\$ 1,228,398</u>

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

**SERVENOW**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2022**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 227,130	\$ 72,833	\$ 213,533	\$ 513,496
Grants to foreign organizations	1,352,370	-	-	1,352,370
Grants to domestic organizations	96,628	-	-	96,628
Outstretched Hands	35,300	-	-	35,300
Equipping the church	169,944	-	-	169,944
Gift in-kind expense	372,487	-	-	372,487
Travel including teams	25,797	-	-	25,797
Africa programs	35,708	-	-	35,708
Legal	-	1,613	-	1,613
Accounting	-	11,538	-	11,538
Independent contractors	54,992	100	93,578	148,670
Office expenses	64,406	28,790	8,856	102,052
Information technology	847	1,129	847	2,823
Occupancy	29,495	3,318	4,056	36,869
Travel	16,279	2,958	2,238	21,475
Memberships	-	1,125	-	1,125
Business insurance	7,140	803	982	8,925
<b>Total expenses</b>	<b><u>\$ 2,488,523</u></b>	<b><u>\$ 124,207</u></b>	<b><u>\$ 324,090</u></b>	<b><u>\$ 2,936,820</u></b>
Percentage of total expenses	<u>85%</u>	<u>4%</u>	<u>11%</u>	<u>100%</u>

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

**SERVENOW**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2022**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 259,954
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Non-cash grants	15,732
Forgiveness of Paycheck Protection Program loan	(79,114)
Decrease (increase) in operating assets:	
Prepaid expenses and other assets	1,040
Inventory	1,926
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(10,201)
Net cash flows from operating activities	<u>189,337</u>
Net change in cash and equivalents	189,337
Cash and equivalents, beginning of year	<u>1,032,108</u>
Cash and equivalents, end of year	<u><u>\$ 1,221,445</u></u>

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

**SERVENOW**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

*ServeNow* ("Organization") was launched in December 2012 to serve people in need in the name of Christ. Their mission is to accomplish this by sharing Christ's passion for the world by serving the most vulnerable through national churches and leaders. 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

Non-controlled affiliates

The following affiliated organizations have their own boards of directors and have agreed to align themselves with the mission of *ServeNow*. These organizations are working in India, Nepal, Ukraine, Ethiopia, Sweden, Burundi, Egypt, Iraq, Uganda, Benin, Ivory Coast, Togo, Nigeria, Tanzania, Kenya, Myanmar, Afghanistan, Sri Lanka, and Bulgaria.

The accompanying financial statements do not include the activities of the non-controlled affiliates.

Basis of accounting

The Organization maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

Use of estimates

The preparation of 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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**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. The Organization has taken steps to diversify its bank relationships to mitigate FDIC insurance risk.

Inventory

Inventory consists of items donated to the Organization, including medical supplies, household goods and equipment, as well as publication materials related to the Organization. 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.

Net assets

The financial statements present information regarding the financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time.

Support and revenue

Support and revenue is recognized 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported as released from restrictions in the statement of activities. Donated assets are recorded as contributions at their estimated fair value on the date of donation.

See independent auditor's report.

**SERVENOW**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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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 statement of activities and statement of functional expenses. Expenses are recorded when costs are incurred.

The 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, which are allocated based upon the overall allocation of other expenses, as well as salaries and wages, benefits, payroll taxes, professional services, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

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.

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, 2022, 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.

See independent auditor's report.

**SERVENOW**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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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 statement of financial position date, comprise the following on March 31,:

	<b>2022</b>
Cash and equivalents	\$ 1,221,445
Less amounts unavailable for general expenditures within one year due to:	
Donor restrictions	(252,134)
Board-designated funds	(920,462)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 48,849</u>

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. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following as of March 31,:

	<b>2022</b>
Humanitarian	\$ 109,710
Equipping bicycles	6,632
Scripture/Church teaching	135,367
Mission team travel	425
	<u>\$ 252,134</u>

See independent auditor's report.

**SERVENOW**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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**4. BOARD-DESIGNATED FUNDS**

Board-designated funds consist of the following as of March 31,:

	<u>2022</u>
Operating reserves	\$ 454,462
Designated projects	<u>466,000</u>
	<u>\$ 920,462</u>

**5. PAYCHECK PROTECTION PROGRAM LOAN**

The Organization applied for and received a \$79,114 forgivable loan from the Small Business Administration as part of the Paycheck Protection Program, which is part of the federal government's Coronavirus Aid, Relief, and Economic Security ("CARES") Act. This loan was forgiven during the year ended March 31, 2022 and, accordingly, this amount is included as other income in the accompanying financial statements.

**6. RELATED PARTY TRANSACTIONS**

The Organization contracts with a company owned by the former president and founder of the Organization to provide donor services. The agreement calls for payments to the related party that vary from \$3,300 to \$6,600 per month plus expenses, and expires in December 2023. Additional projects assigned by the President of ServeNow, going beyond the monthly scope of days, will be invoiced separately at a daily rate of \$550 per day. During the year ended March 31, 2022, the Organization made payments totaling \$86,747.

The Organization also grants funds to non-controlled affiliated organizations in the countries listed in note 1, during the year for various programs. During the year ended March 31, 2022, the Organization granted \$1,352,370 to foreign organizations and \$96,628 to domestic organizations whose work is performed in the foreign countries listed.

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

See independent auditor's report.

**SERVENOW**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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**7. COMMITMENTS**

Operating lease

ServeNow entered into an agreement to rent office space beginning in July 2020 and continuing for a term of 63 months. Monthly base lease payments range from \$2,767 to \$3,182.

Lease expense for the year ended March 31, 2022 totaled \$31,014.

Contractual agreements or contracts

ServeNow also entered into an agreement to receive fundraising consulting from an unrelated party beginning in April 2021 and continuing for a term of 12 months. Monthly base payments are \$2,500. The agreement was extended for an additional 12 months with monthly payments of \$2,000.

Future minimum lease and contractual payments as of March 31, 2022 are as follows:

<u>Years Ending March 31,</u>	
2023	\$ 55,943
2024	35,939
2025	36,935
2026	<u>18,841</u>
	<u>\$ 147,658</u>

**8. EMPLOYEE RETENTION CREDIT**

During the year ended March 31, 2022, the Organization applied for the Employee Retention Credit under the CARES Act, totaling \$197,539. The Organization has elected not to record the income in 2022 based on the uncertainty of the timing and collectibility of the refunds. Income will be recognized in the statement of activities when the refunds are received.

While the Organization believes the claims comply with the provisions of the CARES Act, such provisions are subject to varying interpretations and may be subject to retroactive review.

See independent auditor's report.

**SERVENOW**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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**9. CONCENTRATIONS**

During the year ended March 31, 2022, one donor accounted for approximately 30% of total contributions.

**10. DECONSOLIDATED FOREIGN AFFILIATES**

In April 2021, management determined that four foreign affiliated organizations no longer met the criteria for consolidation.

The assets and liabilities of these four non-controlled affiliated organizations at March 31, 2021 were as follows:

Cash and equivalents	\$ 65,876
Property and equipment, net	22,360
Prepaid and other assets	<u>726</u>
Total assets	<u><u>\$ 88,962</u></u>
Accounts payable and accrued expenses	<u>\$ 7,354</u>
Total liabilities	<u><u>\$ 7,354</u></u>
Net assets	<u><u>\$ 81,608</u></u>

Net assets have been reported in the financial statements as grants to foreign organizations. Continued support was given to these affiliated organizations during the year ended March 31, 2022 and is expected to continue as long as there is a need for support in those countries.

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See independent auditor's report.