



**SERVLIFE INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

*CPAs / ADVISORS*



**SERVLIFE INTERNATIONAL, INC.**

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DECEMBER 31, 2016

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## COMPILATION REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees  
ServLife International, Inc.  
Indianapolis, Indiana

Management is responsible for the accompanying financial statements of ServLife International, Inc., which comprise the statement of financial position as of December 31, 2016 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*Blue & Co., LLC*

Carmel, Indiana  
August 10, 2017

**SERVLIFE INTERNATIONAL, INC.**

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016

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**ASSETS**

Cash	\$	174,778
Receivable from former executive director, net of allowance of \$56,958		-0-
Prepaid expenses		549
Property and equipment, net		<u>333</u>
	\$	<u>175,660</u>

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts payable	\$	1,768
Net assets		
Unrestricted		77,877
Temporarily restricted		<u>96,015</u>
Total net assets		<u>173,892</u>
	\$	<u>175,660</u>

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*See compilation report of independent accountants and  
accompanying notes to financial statements.*

**SERVLIFE INTERNATIONAL, INC.**

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016

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<b>Change in unrestricted net assets</b>	
Support and revenue	
Contributions and grants	\$ 418,605
Other income	3,029
Net assets released from restrictions	<u>376,736</u>
Total support and revenue	798,370
Expenses	
Programs	531,967
Fundraising	101,670
General and administrative	<u>131,921</u>
Total expenses	<u>765,558</u>
Change in unrestricted net assets	32,812
<b>Change in temporarily restricted net assets</b>	
Contributions	380,046
Net assets released from restrictions	<u>(376,736)</u>
Change in temporarily restricted net assets	<u>3,310</u>
<b>Change in net assets</b>	36,122
<b>Net assets, beginning of year</b>	<u>137,770</u>
<b>Net assets, end of year</b>	<u><u>\$ 173,892</u></u>

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*See compilation report of independent accountants and  
accompanying notes to financial statements.*

**SERVLIFE INTERNATIONAL, INC.**

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2016

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**Operating activities**

Change in net assets	\$	36,122
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation		849
Change in allowance for uncollectible note receivable		(1,045)
Changes in operating assets and liabilities		
Prepaid expenses		133
Accounts payable		<u>(257)</u>
Net cash flows from operating activities		35,802

**Investing activities**

Collections on note receivable from former executive director		1,045
Purchase of property and equipment		<u>(75)</u>
Net cash flows from investing activities		<u>970</u>

Net change in cash 36,772

**Cash, beginning of year** 138,006

**Cash, end of year** \$ 174,778

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*See compilation report of independent accountants and accompanying notes to financial statements.*

# SERVLIFE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

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### 1. NATURE OF ACTIVITIES

ServLife International, Inc. (ServLife) is a not-for-profit religious organization headquartered in Indianapolis, Indiana but ministries are delivered around the globe. ServLife's primary source of revenue is free-will donations from individuals, churches, foundations and other interested donors. ServLife envisions the Gospel bringing spiritual and physical restoration and healing in the most marginalized regions in the world. ServLife propels reconciliation and justice by building global community to plant churches, care for children, and fight poverty.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

Net assets, support, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of ServLife are classified and reported as follows:

Unrestricted net assets – Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of ServLife, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets – Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. ServLife's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying net assets from temporarily restricted to unrestricted net assets.

#### Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenue and expenses. Actual results could vary from the estimates that were used.

#### Receivable from Former Executive Director

The receivable due from a former Executive Director represents reimbursement for the misuse of ServLife funds during the year ended December 31, 2010. The receivable is carried at the

# SERVLIFE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

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gross amount due, less an allowance for uncollectible amounts. Management determines an allowance for uncollectible amounts based on the estimated amount of recovery.

### Property and Equipment

Purchased items of property and equipment are recorded at cost. Property and equipment are depreciated over their estimated useful lives using the straight-line method. Expenditures which substantially increase the useful lives of existing assets are capitalized. Minor maintenance and repairs are expensed as incurred. ServLife estimates the useful lives of its capitalized furniture, equipment and vehicles all at five years.

### Support and Revenue Recognition

Revenue is recognized when earned.

Support for ServLife is primarily derived from contributions from individuals, churches, foundations and other interested donors. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets.

### Functional Allocation of Expenses

The costs of providing the programs and services of ServLife have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Although the methods used were appropriate, other methods could produce different results.

### Income Taxes

ServLife is organized as a not-for-profit corporation and is exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code and similar state law.

ServLife has filed its federal and state informational and income tax returns for periods through December 31, 2015. These returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by ServLife and recognize a tax liability if ServLife has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by ServLife, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. ServLife is subject to routine audits by taxing jurisdictions. There are no audits in progress at December 31, 2016.



# SERVLIFE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

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### Subsequent Events

ServLife evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through August 10, 2017, which is the date the financial statements were available to be issued.

### **3. RECEIVABLE FROM FORMER EXECUTIVE DIRECTOR**

ServLife has a receivable due from a former Executive Director totaling \$56,958 as of December 31, 2016, as reimbursement for the misuse of certain ServLife funds during the year ended December 31, 2010. In June 2011, ServLife and the former Executive Director entered into a formal repayment agreement. The terms of this agreement required a payment of \$3,000 in 2011, and \$10,000 each year subsequent until the receivable is paid in full. Repayments in the amount of \$1,045 were received in 2016.

An allowance for uncollectible receivable of \$56,958 has been provided at December 31, 2016. The evaluation of collectability of the receivable involves the use of significant estimates and assumptions. It is at least reasonably possible that management's estimate of the uncollectible amount will change in the near term, and any such change could be substantial.

### **4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2016:

Furniture and equipment	\$ 12,984
Vehicle	<u>9,957</u>
	22,941
Accumulated depreciation	<u>(22,608)</u>
	<u>\$ 333</u>

### **5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available to support programs as follows at December 31, 2016:

Caring for at risk children	\$ 29,878
Empowering at risk women	44,148
Overseas building	17,017
YWAM	<u>4,972</u>
	<u>\$ 96,015</u>

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*See compilation report of independent accountants.*

# SERVLIFE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

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### 6. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows during the year ended December 31, 2016:

Caring for at risk children	\$ 242,523
Local pastor training and support	88,271
Hope fund	14,180
Empowering at risk women	1,455
Overseas building	14,536
YWAM	<u>15,771</u>
	<u>\$ 376,736</u>