



SERVLIFE INTERNATIONAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014

CPAs / ADVISORS



SERVLIFE INTERNATIONAL, INC.

TABLE OF CONTENTS DECEMBER 31, 2014

	Page
Compilation Report of Independent Accountants	1
 Financial Statements	
Statement of Financial Position.....	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5



Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

COMPILATION REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
ServLife International, Inc.

We have compiled the accompanying statement of financial position of ServLife International, Inc. (the Organization) as of December 31, 2014, and the related statements of activities and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Blue & Co., LLC

September 10, 2015
Carmel, Indiana

SERVLIFE INTERNATIONAL, INC.

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2014

ASSETS

Cash	\$	97,426
Receivable from former executive director, net of allowance of \$58,175		-0-
Prepaid expenses		972
Property and equipment, net		<u>1,941</u>
	\$	<u>100,339</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$	949
Net Assets		
Unrestricted		
Undesignated		(27,524)
Board designated		<u>9,769</u>
Total unrestricted		(17,755)
Temporarily restricted		<u>117,145</u>
Total net assets		<u>99,390</u>
	\$	<u>100,339</u>

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

SERVLIFE INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2014

Change in unrestricted net assets	
Support and revenue	
Contributions and grants	\$ 301,437
Sales of goods and services	153
Other income	270
Net assets released from restrictions	<u>363,128</u>
Total support and revenue	664,988
Expenses	
Programs	561,477
Fundraising	69,539
General and administrative	<u>91,715</u>
Total expenses	<u>722,731</u>
Change in unrestricted net assets	(57,743)
Change in temporarily restricted net assets	
Contributions	436,964
Net assets released from restrictions	<u>(363,128)</u>
Change in temporarily restricted net assets	<u>73,836</u>
Change in net assets	16,093
Net assets, beginning of year	<u>83,297</u>
Net assets, end of year	<u>\$ 99,390</u>

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

SERVLIFE INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2014

Operating activities	
Change in net assets	\$ 16,093
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	1,097
Changes in operating assets and liabilities	
Prepaid expenses	(491)
Accounts payable	<u>(2,034)</u>
Net cash flows from operating activities	14,665
Cash, beginning of year	<u>82,761</u>
Cash, end of year	<u>\$ 97,426</u>

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

SERVLIFE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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, revenues, 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.

SERVLIFE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

Receivable from Former Executive Director

The receivable due from the former Executive Director represents reimbursement for the misuse of ServLife funds during the year ended December 31, 2010. The receivable is carried at the 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 5 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, 2013. 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).

SERVLIFE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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, 2014, 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. A federal tax audit for 2013 is currently pending.

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 September 10, 2015, which is the date the financial statements were available to be issued.

3. RECEIVABLE FROM FORMER EXECUTIVE DIRECTOR

ServLife has a receivable due from the former Executive Director totaling \$58,175 as of December 31, 2014, 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 \$270 were received in 2014.

An allowance for uncollectible receivable of \$58,175 has been provided at December 31, 2014. 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, 2014:

Furniture and equipment	\$ 12,909
Vehicle	<u>9,957</u>
	22,866
Accumulated depreciation	<u>(20,925)</u>
	<u>\$ 1,941</u>

See compilation report of independent accountants.

SERVLIFE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

5. BOARD DESIGNATED NET ASSETS

Unrestricted net assets designated by the board to support caring for at risk children at December 31, 2014 amount to \$9,769.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to support programs as follows at December 31, 2014:

Caring for at risk children	\$ 37,600
Hope fund	17,142
Empowering at risk women	50,448
Overseas building	11,955
	<u>\$ 117,145</u>

7. 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, 2014:

Caring for at risk children	\$ 181,644
Local pastor training and support	90,275
Hope fund	2,929
Empowering at risk women	26,280
Overseas operational support	15,294
Overseas building	29,306
YWAM	17,400
	<u>\$ 363,128</u>

8. CONTINGENCY

While temporarily restricted net assets have a balance of \$117,145 at December 31, 2014, unrestricted net assets have a deficit of \$17,755. The result is that ServLife has failed to maintain the necessary amount of cash to comply with donor restrictions. Such action could result in claims against ServLife for noncompliance with donor restrictions. No provision has been made for any liability that may arise from such claims since the amounts, if any, cannot be determined at this date.

SERVLIFE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

9. RESTATEMENT OF BEGINNING NET ASSETS

The net assets as of January 1, 2014 have been restated herein to correct for errors in the classification of unrestricted - board designated net assets that were incorrectly included in temporarily restricted net assets as follows:

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
Balance, January 1, 2014, as previously stated	\$ 28,154	\$ 55,143	\$ 83,297
Reclassify unrestricted - board designated net assets from temporarily restricted net assets	<u>11,834</u>	<u>(11,834)</u>	<u>-0-</u>
Balance, January 1, 2014, as restated	<u>\$ 39,988</u>	<u>\$ 43,309</u>	<u>\$ 83,297</u>