



SERVLIFE INTERNATIONAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

CPAs / ADVISORS



SERVLIFE INTERNATIONAL, INC.

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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, 2017 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
June 29, 2018

SERVLIFE INTERNATIONAL, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Cash	\$	114,649
Receivable from former executive director, net of allowance of \$56,058		-0-
Prepaid expenses		<u>3,633</u>
	\$	<u>118,282</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$	599
Net assets		
Unrestricted		61,234
Temporarily restricted		<u>56,449</u>
Total net assets		<u>117,683</u>
	\$	<u>118,282</u>

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

SERVLIFE INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017

Change in unrestricted net assets	
Support and revenue	
Contributions and grants	\$ 399,417
Other income	2,300
Net assets released from restrictions	<u>588,716</u>
Total support and revenue	990,433
Expenses	
Programs	750,326
Fundraising	117,614
General and administrative	<u>139,136</u>
Total expenses	<u>1,007,076</u>
Change in unrestricted net assets	(16,643)
Change in temporarily restricted net assets	
Contributions	549,150
Net assets released from restrictions	<u>(588,716)</u>
Change in temporarily restricted net assets	<u>(39,566)</u>
Change in net assets	(56,209)
Net assets, beginning of year	<u>173,892</u>
Net assets, end of year	<u><u>\$ 117,683</u></u>

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

SERVLIFE INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

Operating activities

Change in net assets	\$ (56,209)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	333
Change in allowance for uncollectible note receivable	(900)
Changes in operating assets and liabilities	
Prepaid expenses	(3,084)
Accounts payable	<u>(1,169)</u>
Net cash flows from operating activities	(61,029)

Investing activities

Collections on note receivable from former executive director	<u>900</u>
Net change in cash	(60,129)

Cash, beginning of year 174,778

Cash, end of year \$ 114,649

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

SERVLIFE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

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, 2017

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

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 is recognized when received. 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, 2016. 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, 2017, 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, 2017.

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 June 29, 2018, which is the date the financial statements were available to be issued.

SERVLIFE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

3. RECEIVABLE FROM FORMER EXECUTIVE DIRECTOR

ServLife has a receivable due from a former Executive Director totaling \$56,058 as of December 31, 2017, 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 \$900 were received in 2017.

An allowance for uncollectible receivable of \$56,058 has been provided at December 31, 2017. 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. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to support programs as follows at December 31, 2017:

Empowering at risk women	\$ 45,127
Overseas building	5,167
YWAM	<u>6,155</u>
	<u>\$ 56,449</u>

5. 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, 2017:

Caring for at risk children	\$ 472,350
Local pastor training and support	69,116
Hope fund	5,735
Empowering at risk women	641
Overseas building	23,001
YWAM	<u>17,873</u>
	<u>\$ 588,716</u>

SERVLIFE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

6. OPERATING LEASES

During 2017, ServLife entered into an operating lease agreement to rent office space. This agreement requires monthly payments of \$1,498 through July 2020. ServLife also leases storage facilities under various operating leases that are cancelable at any time.

Future minimum lease payments required under the terms of the noncancelable operating lease at December 31, 2017 are as follows:

Year Ending <u>December 31,</u>	
2018	\$ 17,976
2019	17,976
2020	<u>10,486</u>
	<u>\$ 46,438</u>

Total rent expense under operating leases was \$9,746 during the year ended December 31, 2017.