

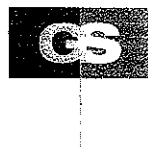
SPIRIT OF AMERICA WORLDWIDE

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

**As of and for the
Year Ended**

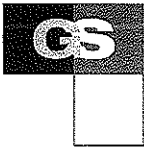
December 31, 2009



Gurseley | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Independent Auditors' Report

To the Board of Directors
Spirit of America Worldwide
(a California nonprofit public benefit corporation)
Los Angeles, California

We have audited the accompanying statement of financial position of Spirit of America Worldwide (a California nonprofit public benefit corporation) as of December 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Spirit of America Worldwide as of December 31, 2009, and changes in its net assets, functional expenses and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gursey | Schneider LLP

October 18, 2010
Los Angeles, California

PARTNERS

David E. Blumenthal, CPA*†
Roseanna L. Purzycki, CPA
David J. Swan, CPA*†
Stephan H. Wasserman, CPA*†
Robert O. Watts, CPA†
Tracy Farryl Katz, ESQ., CPA†
Nazfar B. Afshar, CPA

PRINCIPAL

Marie Ambrosino

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Rosemarie Reed, CPA†

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SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2009

ASSETS

CURRENT ASSETS

Cash	\$ 706,431
Investments	67,823
Other current assets	<u>3,135</u>

Total Current Assets 777,389

OTHER ASSETS

Computer equipment, at cost net of accumulated depreciation of \$18,690	<u>7,239</u>
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TOTAL ASSETS \$ 784,628

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 53,495
Accrued liabilities	<u>11,467</u>

Total Current Liabilities 64,962

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Unrestricted	570,464
Temporarily restricted	<u>149,202</u>

Total Net Assets 719,666

TOTAL LIABILITIES AND NET ASSETS \$ 784,628

SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Statement of Activities
For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions	\$ 1,726,193	\$ 292,356	\$ 2,018,549
Interest	9,456	-	9,456
Unrealized gain on investments	1,420	-	1,420
Net assets released from restrictions:	<u>341,485</u>	<u>(341,485)</u>	<u>-</u>
Total Revenues	<u>2,078,554</u>	<u>(49,129)</u>	<u>2,029,425</u>
EXPENSES			
Program services	1,859,626	-	1,859,626
Management and general	227,133	-	227,133
Fundraising	<u>156,598</u>	<u>-</u>	<u>156,598</u>
Total Expenses	<u>2,243,357</u>	<u>-</u>	<u>2,243,357</u>
DECREASE IN NET ASSETS	(164,803)	(49,129)	(213,932)
NET ASSETS, January 1, 2009	<u>735,267</u>	<u>198,331</u>	<u>933,598</u>
NET ASSETS, December 31, 2009	<u><u>\$ 570,464</u></u>	<u><u>\$ 149,202</u></u>	<u><u>\$ 719,666</u></u>

See Independent Auditors' Report and Notes to Financial Statements

SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2009

	Program Services	Management and General	Fundraising	Total
Goods delivered	\$ 1,677,560	\$ -	\$ -	\$ 1,677,560
Salaries	122,313	122,286	44,300	288,899
Office	13,900	27,300	41,495	82,695
Travel	9,808	3,923	27,061	40,792
Consulting services	1,336	5,368	25,240	31,944
Information technology	7,801	15,603	7,841	31,245
Employee benefits	11,382	11,653	4,065	27,100
Payroll taxes	9,693	9,924	3,462	23,079
Legal and accounting services	-	13,228	-	13,228
Merchant fees	-	8,584	-	8,584
Insurance	4,615	1,977	1,916	8,508
Rent	1,218	2,436	1,218	4,872
Depreciation	-	4,360	-	4,360
Taxes and licenses	-	491	-	491
	<u>\$ 1,859,626</u>	<u>\$ 227,133</u>	<u>\$ 156,598</u>	<u>\$ 2,243,357</u>

See Independent Auditors' Report and Notes to Financial Statements

SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2009

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Decrease in net assets	\$ (213,932)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	4,360
Receipt of donated securities	(66,403)
Unrealized gain on investments	(1,420)
Changes in assets and liabilities:	
Increase in other assets	(2,823)
Decrease in accounts payable and accrued expenses	<u>(18,544)</u>
NET CASH USED IN OPERATING ACTIVITIES	(298,762)
 CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of computer equipment	<u>(6,062)</u>
NET DECREASE IN CASH	(304,824)
 CASH, January 1, 2009	 <u>1,011,255</u>
 CASH, December 31, 2009	 <u><u>\$ 706,431</u></u>

See Independent Auditors' Report and Notes to Financial Statements

SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2009

NOTE 1 — NATURE OF ORGANIZATION

Spirit of America Worldwide (SOA) is a nonprofit organization located in Los Angeles, California that helps American troops assist the people of Iraq, Afghanistan and Africa. SOA accepts project requests from troops on the ground—soldiers, sailors, airmen and Marines who know better than anyone else what type of assistance is needed in any given area. Once SOA receives a project request from the field, they establish a project page on their website and start to raise funds. The requesting soldier is encouraged to tell family, friends and colleagues in an effort to expand and enhance the fundraising base. Dollars received are used to buy the requested equipment or supplies, and SOA uses its network to ship items to remote areas quickly, and in a cost effective manner.

SOA is a 501(c)(3) nonprofit supported solely through private-sector contributions.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation — The accompanying financial statements have been prepared on the accrual basis of accounting.

Recognition of Restricted Contributions — SOA recognizes contributions, including unconditional promises to give, as revenue in the period received, at fair value. SOA reports amounts in the accompanying financial statements for each of two classes of net assets, unrestricted net assets and temporarily restricted assets. There are no permanently restricted net assets.

All donor-restricted support is reported as an increase in temporarily restricted net assets depending on the nature of the restriction. Temporarily restricted net assets become available once the restriction has been satisfied, meaning once SOA has spent funds to fill its specific project objectives. Once satisfied, these are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Contributions Receivable — Contributions receivables are recorded when accrued and are stated at the amount management expects to collect. Management provides an allowance for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. There were no contributions receivable at December 31, 2009.

Contributed Goods — The Organization receives contributed goods from corporations and individuals. Donated goods are recorded as unrestricted or temporarily restricted contributions when they are received. Donated goods are valued at management's estimate of fair value at the time they are received. Upon distribution, the goods are recorded as a decrease in either unrestricted or temporarily restricted net assets. During 2009, SOA received contributed medical / healthcare supplies totaling \$1,404,000, of which \$80,000 was temporarily restricted.

SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2009

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

Contributed Services — Contributed services are recognized if the services received (a) increase or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Grant Expenditures — Grant expenditures are recognized in the period the grant is approved provided the grant is not subject to future contingencies.

Investments — Investments represent marketable equity securities that are stated at fair value. Investment income and gains are reflected as increases in unrestricted net assets unless such income has an imposed restriction.

Computer Equipment — Computer equipment is stated at cost. Repairs and maintenance are charged to operations as incurred. When computer equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period.

Depreciation expense for computer equipment is calculated on straight-line method over 5 years.

Depreciation expense for the year ended December 31, 2009 was \$4,360.

Functional Expenses — The costs of providing the various programs and activities 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.

Concentrations of Risk — The Foundation maintains its cash in bank deposit accounts which, at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2009, SOA did not maintain any balances in excess of FDIC insured limits.

Use of Estimates — The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses.

Accounting Standards Codification — Effective for 2009, as required by the Financial Accounting Standards Board, the Organization has implemented the new codification as the source of authoritative accounting principles generally accepted in the United States of America, for financial statements with interim and annual periods ending after September 15, 2009. All existing and future accounting pronouncements will now be arranged by topics and referred to within these financial statements as Accounting Standards Codification ("ASC") Topics.

SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2009

NOTE 3 — TAXES

The Organization is a public charity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for federal and state income taxes in the accompanying financial statements.

The Organization evaluates tax positions and recognizes a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination. If such issues exist, the Organization's policy will be to recognize any tax liability so recorded, including applicable interest and penalties, as a component of income tax expense.

The Organization's federal income tax and informational returns for tax years 2006 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California, the Organization's most significant jurisdiction, remain subject to examination by the California Franchise Tax Board for years 2005 and subsequent.

NOTE 4 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted contributions comprise approximately 14% of total contributions received in 2009. Project funds are temporarily restricted for the direct expenses of the project selected by the donor. Category / country funds are temporarily restricted for the direct expenses of various projects in the funding category.

At December 31, 2009, SOA had temporarily restricted net assets of \$149,202 available for the following specific requested project funds or category / country funds:

Afghanistan Fund	\$	29,829
Marines Radios Afghanistan		28,250
Marines in Afghanistan		18,737
Marines Request Fund		12,891
2nd LAR Helmand		11,408
All other < \$10,000		<u>48,087</u>
	\$	<u>149,202</u>

SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2009

NOTE 4 — TEMPORARILY RESTRICTED NET ASSETS — (CONTINUED)

During the year ended December 31, 2009, temporarily restricted contributions and temporarily restricted net assets from the prior year were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

Marines in Afghanistan	\$	160,472
Project Fund		68,955
Marines Request Fund		37,124
Marines Radios Afghanistan		14,550
McDowell OSD Afghan		10,763
All other < \$10,000		<u>49,621</u>
	\$	<u>341,485</u>

NOTE 5 — FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position.

ASC Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that is based on observability of the inputs to valuation techniques used to measure fair value, sorted into three levels (Level 1, 2, and 3) with the most observable input being Level 1. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

As the Organization's investments consist entirely of readily tradable equity securities, the fair value of all of the Organization's investments at December 31, 2009 has been measured using Level 1 inputs. Unrealized gains from fair value changes of investments were \$1,420 for the year ended December 31, 2009, and have been included in the statement of activities.

SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2009

NOTE 6 — SUBSEQUENT EVENTS

Management has reviewed subsequent events through October 18, 2010, the date the financial statements were available to be issued.