

SPIRIT OF AMERICA WORLDWIDE

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

**As of and for the
Year Ended**

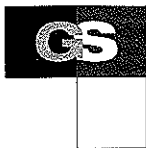
December 31, 2010



Gurseley | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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CERTIFIED
PUBLIC ACCOUNTANTS
& ADVISORS

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, 2010, 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, 2010, 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

September 12, 2011
Los Angeles, California

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PRINCIPAL

Marie Ambrosino

DIRECTORS

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SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2010

ASSETS

CURRENT ASSETS

Cash	\$ 830,750
Certificate of deposit, 0.4%, due 1/18/2011	51,014
Investments	3,651
Inventory	40,879
Prepaid expenses and other current assets	<u>31,923</u>

TOTAL CURRENT ASSETS 958,217

PROPERTY AND EQUIPMENT

Computers and equipment, net of accumulated depreciation of \$24,630	<u>16,120</u>
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TOTAL ASSETS \$ 974,337

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	34,298
Accrued liabilities	<u>17,369</u>

TOTAL CURRENT LIABILITIES 51,667

NET ASSETS

Unrestricted	602,841
Temporarily restricted	<u>319,829</u>

TOTAL NET ASSETS 922,670

TOTAL LIABILITIES AND NET ASSETS \$ 974,337

See Independent Auditors' Report and Notes to Financial Statements

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)
Statement of Activities
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions	3,023,113	1,306,556	4,329,669
Interest	2,163	-	2,163
Net realized and unrealized investment gains	167	-	167
Net assets released from restrictions:	1,135,929	(1,135,929)	-
Total Revenues	<u>4,161,372</u>	<u>170,627</u>	<u>4,331,999</u>
EXPENSES			
Program services	3,804,111	-	3,804,111
Management and general	232,315	-	232,315
Fundraising	92,570	-	92,570
Total Expenses	<u>4,128,995</u>	<u>-</u>	<u>4,128,995</u>
INCREASE IN NET ASSETS	32,377	170,627	203,004
NET ASSETS, January 1, 2010	<u>570,464</u>	<u>149,202</u>	<u>719,666</u>
NET ASSETS, December 31, 2010	<u>\$ 602,841</u>	<u>\$ 319,829</u>	<u>\$ 922,670</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, 2010

	Program Services	Management and General	Fundraising	Total
Goods delivered	\$ 3,524,313	-	-	\$ 3,524,313
Salaries	185,863	116,185	22,750	324,798
Travel	19,724	11,834	14,732	46,290
Consulting services	3,850	15,680	23,850	43,380
Office	13,649	11,897	8,788	34,334
Information Technology	7,671	15,343	10,671	33,685
Employee benefits	15,061	11,654	1,762	28,477
Rent	14,092	7,046	7,046	28,184
Payroll taxes	14,216	11,231	1,740	27,187
Legal and accounting services	-	17,255	-	17,255
Merchant Fees	-	6,934	-	6,934
Depreciation	441	5,499	-	5,940
Donations made	4,000	-	-	4,000
Insurance	1,231	1,231	1,231	3,692
Taxes and licenses	-	526	-	526
	<u>\$ 3,804,111</u>	<u>\$ 232,315</u>	<u>\$ 92,570</u>	<u>\$ 4,128,995</u>

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2010

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Increase in net assets	\$ 203,004
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	5,940
Receipt of donated securities	(3,727)
Net realized and unrealized investment gain	167
Changes in assets and liabilities	
Increase in inventory	(37,744)
Increase in prepaids and other assets	(31,923)
Decrease in accounts payable and accrued expenses	<u>(13,295)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>122,422</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	
Proceeds from sale of investments	67,441
Purchases of fixed assets	<u>(14,821)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>52,620</u>
NET INCREASE IN CASH	175,042
CASH AT BEGINNING OF YEAR	706,431
Reclassification of certificate of deposit	<u>(50,723)</u>
CASH AT END OF YEAR	<u><u>\$ 830,750</u></u>

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements
For the Year Ended December 31, 2010

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.

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 was no contributions receivable at December 31, 2010 and thus, no allowance has been established.

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 2010, SOA received contributed medical and healthcare supplies totaling \$3,039,000, of which \$817,498 was temporarily restricted.

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.

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements
For the Year Ended December 31, 2010

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

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.

Inventory — Inventory is valued based on donor's estimate of fair value for each item received. At December 31, 2010, inventory consists primarily of school supplies, shoes, and other miscellaneous items to be distributed as part of SOA's programs. Inventory is warehoused in both California and Pennsylvania.

Property and Equipment — Property and equipment are stated at cost. Repairs and maintenance are charged to operations as incurred. When property and equipment are 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 calculated on straight-line method over 5 years for computers and 3 years for equipment.

Computers	\$ 31,820
Safety equipment	5,125
Telecommunications equipment	<u>3,805</u>
	40,750
Less accumulated depreciation	<u>(24,630)</u>
Total property and equipment	<u><u>\$ 16,120</u></u>

Depreciation expense for the year ended December 31, 2010 was \$5,940.

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 Organization 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, 2010, 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.

Subsequent Events — Management has reviewed subsequent events through September 12, 2011, the date the financial statements were available to be issued.

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements
For the Year Ended December 31, 2010

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 2007 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 2006 and subsequent.

NOTE 4 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted contributions comprise approximately 30% of total contributions received in 2010. 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 or country.

At December 31, 2010, SOA had temporarily restricted net assets of \$319,829 available for the following specific requested project funds or category / country funds:

Commander's Support Program	\$ 136,010
Marines Request Fund	41,473
Winter Clothing Afghanistan	40,528
Afghanistan Fund	25,875
Marines Radios Afghanistan	19,328
All other < \$10,000	<u>56,615</u>
	<u>\$ 319,829</u>

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements
For the Year Ended December 31, 2010

NOTE 4 — TEMPORARILY RESTRICTED NET ASSETS – (CONTINUED)

During the year ended December 31, 2010, 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:

Lewis Ship Afghan	\$	593,935
Marines in Afghanistan		65,286
Project Fund		65,036
Commander's Support Program		64,365
Nelson Security Afghan		61,800
Sabatino Playground Afghan		40,305
Marines Garmsir Afghanistan		39,850
Penta Patients Afghanistan		39,793
Sewing Machines Afghan		24,614
Howell School Afghanistan		20,380
Afghanistan Fund		13,937
Velte Ropes Afghan		12,243
Marines Radios Afghanistan		9,903
All other < \$10,000 each		84,482
		<hr/>
	\$	<u>1,135,929</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.

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements
For the Year Ended December 31, 2010

NOTE 5 — FAIR VALUE MEASUREMENTS – (CONTINUED)

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, 2010 has been measured using Level 1 inputs. Unrealized losses from fair value changes of investments were \$76 for the year ended December 31, 2010 and have been included in the statement of activities.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Organization pays rent at a rate of \$2,500 a month for its office space on month-to-month terms. Rent expense for the year ended December 31, 2010 was \$28,184, which includes minimum rent payments, parking, and storage rent.

Commencing on September 1, 2011, the Organization leased office space under a non-cancelable operating lease that expires on August 31, 2016. SOA has the option to terminate the lease after two years. Future minimum rental payments are summarized as follows:

Year ending December 31,	Total
2011	\$ 22,920
2012	68,760
2013	45,840
	<u>\$ 137,520</u>