

**SPIRIT OF AMERICA
WORLDWIDE**

(A California Nonprofit Public Benefit Corporation)

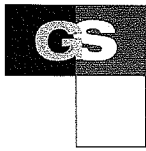
FINANCIAL STATEMENTS

**As of and for the
Year Ended**

December 31, 2008

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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, 2008, 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, 2008, 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

December 18, 2009
Los Angeles, California

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SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2008

ASSETS

CURRENT ASSETS

Cash	\$ 1,011,255
Other current assets	<u>312</u>

Total Current Assets 1,011,567

OTHER ASSETS

Property and equipment, at cost net of accumulated depreciation of \$14,330	<u>5,537</u>
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TOTAL ASSETS \$ 1,017,104

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 77,539
Accrued vacation	<u>5,967</u>

Total Current Liabilities 83,506

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Unrestricted	735,267
Temporarily restricted	<u>198,331</u>

Total Net Assets 933,598

TOTAL LIABILITIES AND NET ASSETS \$ 1,017,104

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, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions	\$ 278,942	\$ 699,088	\$ 978,030
Interest	28,349	-	28,349
Net assets released from restrictions:	<u>762,454</u>	<u>(762,454)</u>	<u>-</u>
Total Revenues	<u>1,069,745</u>	<u>(63,366)</u>	<u>1,006,379</u>
EXPENSES			
Program services	1,009,761	-	1,009,761
Management and general	164,007	-	164,007
Fundraising	<u>54,864</u>	<u>-</u>	<u>54,864</u>
Total Expenses	<u>1,228,632</u>	<u>-</u>	<u>1,228,632</u>
DECREASE IN NET ASSETS	(158,887)	(63,366)	(222,253)
NET ASSETS, January 1, 2008	<u>894,154</u>	<u>261,697</u>	<u>1,155,851</u>
NET ASSETS, December 31, 2008	<u>\$ 735,267</u>	<u>\$ 198,331</u>	<u>\$ 933,598</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, 2008

	Management			Total
	Program Services	and General	Fundraising	
Goods delivered	\$ 875,385	\$ -	\$ -	\$ 875,385
Salaries	97,098	63,353	22,765	183,216
Employee benefits	4,525	13,575	-	18,100
Payroll taxes	7,428	7,752	-	15,180
Accounting services	-	4,500	-	4,500
Consulting services	7,800	26,445	11,770	46,015
Office	4,735	9,469	4,735	18,939
Information technology	4,555	9,108	4,555	18,218
Rent	4,829	14,486	-	19,315
Travel	2,906	5,804	2,903	11,613
Insurance	500	5,658	-	6,158
Merchant fees	-	-	8,136	8,136
Depreciation	-	3,088	-	3,088
Taxes and licenses	-	769	-	769
	<u>\$ 1,009,761</u>	<u>\$ 164,007</u>	<u>\$ 54,864</u>	<u>\$ 1,228,632</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, 2008

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Decrease in net assets	\$ (222,253)
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	3,088
Changes in assets and liabilities:	
Decrease in other assets	5,198
Increase in accounts payable and accrued expenses	<u>33,491</u>
NET CASH USED IN OPERATING ACTIVITIES	(180,476)
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(1,720)</u>
NET DECREASE IN CASH	(182,196)
CASH, January 1, 2008	<u>1,193,451</u>
CASH, December 31, 2008	<u><u>\$ 1,011,255</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, 2008

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 full 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, 2008.

SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2008

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

Contributed Goods - The Organization receives contributed goods from corporations and individuals. Donated goods are recorded as unrestricted 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 unrestricted net assets. During 2008, SOA received contributed medical / healthcare supplies totaling \$517,000.

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.

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

Depreciation expense for the year ended December 31, 2008 was \$3,088.

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.

Income Taxes — SOA is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

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, 2008, SOA had approximately \$400,000 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.

SPIRIT OF AMERICA WORLDWIDE
(a California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2008

NOTE 3 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted contributions comprise approximately 71% of total contributions received in 2008. 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, 2008, SOA had temporarily restricted net assets of \$198,331 available for the following specific requested project funds or category / country funds:

Marine Request Fund	\$	105,255
Spirit of America Project Fund		38,359
Afghanistan Project Fund		18,463
All other < \$10,000		36,254
		<hr/>
	\$	198,331
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During the year ended December 31, 2008, 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	\$	558,136
Spirit of America Project Fund		68,180
Army and Air Force Exchange Service		26,909
Assist Afghan Farmers		14,471
"Football for Peace" in Wardak Province		14,229
Iraqi Scouts		13,372
Operation CURE		10,089
All other < \$10,000		57,068
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	\$	762,454
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