

**PHILADELPHIA SOUL
CHARITABLE FOUNDATION**

FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2007 AND PERIOD
FROM MAY 23, 2006 (DATE OF INCEPTION) TO
DECEMBER 31, 2006**

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
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FROM MAY 23, 2006 (DATE OF INCEPTION) TO DECEMBER 31, 2006**

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CPAs, Consultants & Advisors
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Philadelphia Soul Charitable Foundation
Philadelphia, Pennsylvania

We have audited the accompanying statements of financial position of Philadelphia Soul Charitable Foundation (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2007 and for the period from May 23, 2006 (Date of Inception) to December 31, 2006. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Philadelphia Soul Charitable Foundation as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the year ended December 31, 2007 and for the period from May 23, 2006 to December 31, 2006 in conformity with U.S. generally accepted accounting principles.

LarsonAllen LLP
LarsonAllen LLP

Blue Bell, Pennsylvania
February 29, 2008

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 and 2006**

	2007	2006
ASSETS		
Cash	\$ 1,295,236	\$ 196,821
Contributions Receivable	60,507	684,073
Prepaid Expenses	1,922	2,462
Equipment	1,994	-
Website Development Costs	2,499	4,166
	<u>\$ 1,362,158</u>	<u>\$ 887,522</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 3,590	\$ 13,857
Due to AFL Philadelphia, LLC	23,778	119,438
Grants Payable	330,000	568,000
Total Liabilities	<u>357,368</u>	<u>701,295</u>
NET ASSETS		
Unrestricted	1,004,290	186,227
Temporarily Restricted	500	-
Total Net Assets	<u>1,004,790</u>	<u>186,227</u>
Total Liabilities and Net Assets	<u>\$ 1,362,158</u>	<u>\$ 887,522</u>

See accompanying Notes to Financial Statements.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007 AND PERIOD
FROM MAY 23, 2006 (DATE OF INCEPTION) TO DECEMBER 31, 2006**

	2007			2006
	Unrestricted	Temporarily Restricted	Total	Unrestricted
SUPPORT AND REVENUE				
Contributions	\$ 893,053	\$ 100,500	\$ 993,553	\$ 784,793
Special Events	330,575	-	330,575	-
Investment Income	40,306	-	40,306	808
Donated Services	51,170	-	51,170	34,781
Net Assets Released From Restrictions	100,000	(100,000)	-	-
Total Support and Revenue	<u>1,415,104</u>	<u>500</u>	<u>1,415,604</u>	<u>820,382</u>
EXPENSES				
Program Services	497,907	-	497,907	589,518
Support Services	99,134	-	99,134	44,637
Total Expenses	<u>597,041</u>	<u>-</u>	<u>597,041</u>	<u>634,155</u>
CHANGE IN NET ASSETS	818,063	500	818,563	186,227
Net Assets - Beginning of Year	<u>186,227</u>	<u>-</u>	<u>186,227</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,004,290</u></u>	<u><u>\$ 500</u></u>	<u><u>\$ 1,004,790</u></u>	<u><u>\$ 186,227</u></u>

See accompanying Notes to Financial Statements.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007 AND PERIOD
FROM MAY 23, 2006 (DATE OF INCEPTION) TO DECEMBER 31, 2006**

	2007				2006			
	Program Services	Supporting Services		Total Expenses	Program Services	Supporting Services		Total Expenses
		Management & General	Fund Raising			Management & General	Fund Raising	
Salaries and Payroll Taxes	\$ 49,784	\$ 26,821	\$ 11,762	\$ 88,367	\$ 12,504	\$ 4,810	\$ 1,924	\$ 19,238
Grant Expense	435,000	-	-	435,000	568,000	-	-	568,000
Professional Fees	-	10,019	-	10,019	8,857	1,279	-	10,136
Donated Services - Legal	10,234	30,702	10,234	51,170	-	34,781	-	34,781
Supplies	44	328	682	1,054	-	187	-	187
Postage	-	66	-	66	-	-	-	-
Travel	2,845	-	378	3,223	157	-	-	157
Marketing	-	537	2,058	2,595	-	-	-	-
Insurance	-	3,134	-	3,134	-	688	-	688
Memberships	-	400	-	400	-	135	-	135
Miscellaneous	-	289	-	289	-	-	-	-
	<u>497,907</u>	<u>72,296</u>	<u>25,114</u>	<u>595,317</u>	<u>589,518</u>	<u>41,879</u>	<u>1,924</u>	<u>633,321</u>
Depreciation and Amortization	-	1,724	-	1,724	-	834	-	834
Total Functional Expenses	<u><u>\$ 497,907</u></u>	<u><u>\$ 74,020</u></u>	<u><u>\$ 25,114</u></u>	<u><u>\$ 597,041</u></u>	<u><u>\$ 589,518</u></u>	<u><u>\$ 42,713</u></u>	<u><u>\$ 1,924</u></u>	<u><u>\$ 634,155</u></u>

See accompanying Notes to Financial Statements.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007 AND PERIOD
FROM MAY 23, 2006 (DATE OF INCEPTION) TO DECEMBER 31, 2006**

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 818,563	\$ 186,227
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,724	834
(Increase) in Current Assets:		
Accounts Receivable	623,566	(684,073)
Prepaid Expenses	540	(2,462)
Increase in Current Liabilities:		
Accounts Payable	(10,267)	13,857
Due to AFL Philadelphia	(95,660)	119,438
Grants Payable	(238,000)	568,000
Net Cash Provided by Operating Activities	1,100,466	201,821
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment	(2,051)	-
Purchase of Website Development Costs	-	(5,000)
Net Cash Used by Investing Activities	(2,051)	(5,000)
NET INCREASE IN CASH	1,098,415	196,821
Cash- Beginning	196,821	-
CASH - ENDING	\$ 1,295,236	\$ 196,821

See accompanying Notes to Financial Statements.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Philadelphia Soul Charitable Foundation (the "Foundation") was incorporated in 2006 under the Pennsylvania Nonprofit Corporation Law of 1988, as amended, to operate exclusively for charitable purposes within the meaning of IRC Section 501(c)(3). The Mission of the Foundation is to combat issues that force individuals and families into economic despair. The Foundation develops partnerships to provide grants to organizations that help to improve the quality of life for impoverished and homeless people. The goal is to recognize and maximize the human potential in those affected by poverty and homelessness by offering assistance to programs that provide for affordable housing while also addressing the crucial job and skills training and other supportive social services that need to be engaged in this effort.

By leveraging the celebrity status of members of the arena football team Philadelphia Soul players and staff, as well as members of the Board of Directors, the Foundation is committed to developing role models on the individual, corporate, and community level. The programs and partnerships created will assist and promote innovative and long-lasting solutions to rebuilding pride in one's self and one's community.

The Foundation also organizes fundraising events to support its programs and grants to deserving community development organizations that serve those affected by poverty and homelessness.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Currently, the Foundation has no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs are to promote the program services of the Foundation.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net asset.

Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions after one year are subjected to a discount factor of 3%. All contributions are expected to be collected, therefore, no allowance for doubtful contributions is warranted.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by donor are required to be reported as temporarily restricted support when the unconditional promise to give is received by the Foundation and are then reclassified to unrestricted net assets upon expiration of a time restriction or payment satisfaction by the Foundation.

Equipment

Equipment is stated at cost or at their estimated fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Computer Equipment	3 years
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Additions and betterments of \$1,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Website Development Costs and Amortization

Website development costs are amortized over 3 years. Amortization is computed using the straight-line method.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statement of functional expenses and activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Tax Status

The Foundation was approved on February 22, 2007 to be a tax exempt organization, effective May 23, 2006, under Section 501(c)(3) of the Internal Revenue Code and, therefore, does not need a provision for federal income taxes.

NOTE 2 CONCENTRATIONS AND RISKS

Cash

The Foundation maintains cash balances at financial institutions. The Federal Deposit Insurance Corporation insures up to \$100,000 at each institution. At times during the year ended December 31, 2007 and 2006, the balance was in excess of insured amount. The Foundation has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk.

Revenue and Support

The Foundation received 96% and 100% of its contributions revenue from four and three contributors during 2007 and 2006, respectively. At December 31, 2007 and 2006 amounts due from these contributors accounted for 83% and 100% respectively, of the Foundation's contributions receivable.

NOTE 3 EQUIPMENT

Equipment consists of the following at December 31, 2007:

Computer Equipment	\$	2,051
Less: Accumulated Depreciation		<u>57</u>
Total Equipment	\$	<u><u>1,994</u></u>

Depreciation expense was \$57 for the year ended December 31, 2007.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 4 WEBSITE DEVELOPMENT COSTS AND AMORTIZATION

Website Development Costs consists of the following at December 31:

	<u>2007</u>	<u>2006</u>
Website Development Costs	\$ 5,000	\$ 5,000
Less: Accumulated Amortization	2,501	834
Total Website Development Costs	<u>\$ 2,499</u>	<u>\$ 4,166</u>

Amortization expense was \$1,667 and \$834 for the years ended December 31, 2007 and 2006, respectively.

NOTE 5 GRANTS PAYABLE

Grants payable consist of amounts awarded, but not paid at December 31, 2007 and 2006, respectively. Grants payable at December 31, 2007 were to a nonprofit organization for the Foundation's obligations under the HELP Newark program in the Newark, New Jersey area. All amounts are to be paid in 2008. At December 31, 2006, grants payable were to the Project Home program in the Philadelphia area. These amounts were paid in 2007.

NOTE 6 DONATED SERVICES

The Foundation recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services consisted of legal services involving program, general and administrative, and fundraising activities of the organization. During 2007 and 2006, an amount has been reflected in the statements of activities as a contribution for donated services with a like amount included as donated expense of \$51,170 and \$34,781, respectively.

In addition, individuals volunteer their time and perform a variety of tasks that assist the Foundation with their purpose. The efforts of these volunteers are not valued as they do not meet the criteria for recording as donated services.

NOTE 7 RELATED PARTY TRANSACTIONS

Four board members of the Foundation have an ownership interest in the AFL Philadelphia, LLC ("Soul"). At December 31, 2007 and 2006, the Foundation has an amount due to the Soul which represents travel expenses, employee payroll, payroll taxes and employee benefits incurred by the Foundation which were processed through the Soul's payroll system. The amount due at December 31, 2007 and 2006 is \$23,778 and \$119,438, respectively.

The Foundation uses limited office space of the Soul, in which there is no reimbursement of rent.