

**PHILADELPHIA SOUL
CHARITABLE FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
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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, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. 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, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.


LarsonAllen LLP

Blue Bell, Pennsylvania
February 26, 2009



PHILADELPHIA SOUL CHARITABLE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 and 2007

	2008	2007
ASSETS		
Cash	\$ 1,520,167	\$ 1,295,236
Contributions Receivable	-	60,507
Prepaid Expenses	2,261	1,922
Equipment	1,310	1,994
Website Development Costs	833	2,499
Total Assets	\$ 1,524,571	\$ 1,362,158
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,280	\$ 3,590
Due to AFL Philadelphia, LLC	14,374	23,778
Grants Payable	-	330,000
Total Liabilities	16,654	357,368
NET ASSETS		
Unrestricted	1,507,917	1,004,290
Temporarily Restricted	-	500
Total Net Assets	1,507,917	1,004,790
Total Liabilities and Net Assets	\$ 1,524,571	\$ 1,362,158

See accompanying Notes to Financial Statements.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008		2007	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
SUPPORT AND REVENUE				
Contributions	\$ 1,121,012	\$ 50,000	\$ 1,171,012	\$ 100,500
Special Events	7,850	-	7,850	-
Investment Income	27,610	-	27,610	-
Donated Services	3,943	-	3,943	-
Net Assets Released From Restrictions	50,500	(50,500)	100,000	(100,000)
Total Support and Revenue	<u>1,210,915</u>	<u>(500)</u>	<u>1,210,415</u>	<u>500</u>
			\$ 893,053	\$ 993,553
			330,575	330,575
			40,306	40,306
			51,170	51,170
			<u>1,415,104</u>	<u>1,415,604</u>
EXPENSES				
Program Services	659,747	-	659,747	-
Support Services	47,541	-	47,541	-
Total Expenses	<u>707,288</u>	<u>-</u>	<u>707,288</u>	<u>-</u>
			497,907	497,907
			99,134	99,134
			<u>597,041</u>	<u>597,041</u>
CHANGE IN NET ASSETS				
Net Assets - Beginning of Year	503,627	(500)	503,127	500
			818,063	818,563
	<u>1,004,290</u>	<u>500</u>	<u>1,004,790</u>	<u>186,227</u>
NET ASSETS - END OF YEAR	<u>\$ 1,507,917</u>	<u>\$ -</u>	<u>\$ 1,507,917</u>	<u>\$ 500</u>
			<u>\$ 1,004,290</u>	<u>\$ 1,004,790</u>

See accompanying Notes to Financial Statements.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008			2007				
	Program Services	Supporting Services		Total Expenses	Program Services	Supporting Services		Total Expenses
		Management & General	Fund Raising			Management & General	Fund Raising	
Salaries and Payroll Taxes	\$ 63,697	\$ 22,749	\$ 4,550	\$ 90,996	\$ 49,784	\$ 11,762	\$ 88,367	
Grant Expense	578,750	-	-	578,750	435,000	-	435,000	
Professional Fees	-	7,525	-	7,525	-	-	10,019	
Donated Services - Legal	-	3,943	-	3,943	10,234	10,234	51,170	
Supplies and Meals	3,857	125	-	3,982	44	682	1,054	
Postage	-	69	-	69	-	-	66	
Travel	11,833	841	-	12,674	2,845	378	3,223	
Marketing	-	1,276	1,275	2,551	-	537	2,595	
Insurance	-	2,676	-	2,676	-	3,134	3,134	
Memberships	1,610	-	-	1,610	-	400	400	
Miscellaneous	-	162	-	162	-	289	289	
	<u>659,747</u>	<u>39,366</u>	<u>5,825</u>	<u>704,938</u>	<u>497,907</u>	<u>25,114</u>	<u>595,317</u>	
Depreciation and Amortization	-	2,350	-	2,350	-	-	1,724	
	<u>\$ 659,747</u>	<u>\$ 41,716</u>	<u>\$ 5,825</u>	<u>\$ 707,288</u>	<u>\$ 497,907</u>	<u>\$ 25,114</u>	<u>\$ 597,041</u>	

See accompanying Notes to Financial Statements.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 503,127	\$ 818,563
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,350	1,724
(Increase) Decrease in Assets:		
Accounts Receivable	60,507	623,566
Prepaid Expenses	(339)	540
Increase in Liabilities:		
Accounts Payable	(1,310)	(10,267)
Due to AFL Philadelphia	(9,404)	(95,660)
Grants Payable	(330,000)	(238,000)
Net Cash Provided by Operating Activities	224,931	1,100,466
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment	-	(2,051)
NET INCREASE IN CASH	224,931	1,098,415
Cash- Beginning	1,295,236	196,821
CASH - ENDING	\$ 1,520,167	\$ 1,295,236

See accompanying Notes to Financial Statements.

PHILADELPHIA SOUL CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

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 U.S. 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, 2008 AND 2007**

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 assets.

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, 2008 AND 2007**

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 statements 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.

The Foundation has elected to defer application of FASB Interpretation No. 48 "*Accounting for Uncertainty in Income Taxes*." The Foundation follows Financial Accounting Standard No. 5 "*Accounting for Contingencies*" for evaluating uncertain tax positions.

Fair Value Measurements

On January 1, 2008, the Foundation adopted Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* (SFAS 157). As permitted, adoption of SFAS 157 has been delayed for certain nonfinancial assets and nonfinancial liabilities to January 1, 2009. SFAS 157 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The Foundation currently does not measure any of its assets or liabilities at fair value and therefore there is no impact on the adoption of this standard.

NOTE 2 CONCENTRATIONS AND RISKS

Cash

The Foundation maintains cash balances at financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to certain limits. At times during the year ended December 31, 2008 and 2007, 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 93% and 96% of its contributions revenue from three and four contributors during 2008 and 2007, respectively.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 3 EQUIPMENT

Equipment consists of the following at December 31:

	2008	2007
Computer Equipment	\$ 2,051	\$ 2,051
Less: Accumulated Depreciation	741	57
Total Equipment	\$ 1,310	\$ 1,994

Depreciation expense was \$684 and \$57 for the years ended December 31, 2008 and 2007, respectively.

NOTE 4 WEBSITE DEVELOPMENT COSTS AND AMORTIZATION

Website Development Costs consists of the following at December 31:

	2008	2007
Website Development Costs	\$ 5,000	\$ 5,000
Less: Accumulated Amortization	4,167	2,501
Total Website Development Costs	\$ 833	\$ 2,499

Amortization expense was \$1,666 and \$1,667 for the years ended December 31, 2008 and 2007, respectively.

NOTE 5 GRANTS PAYABLE

Grants payable consist of amounts awarded, but not paid at December 31, 2007. At December 31, 2008, there were no grants payable. The grants in 2008 were awarded and paid out during the year. The grants consisted of a Habitat for Humanity project in the Detroit, Michigan area, a Project HOME project in the Philadelphia area and an additional grant for the HELP USA Newark program in Newark, New Jersey area. Grants payable at December 31, 2007 were to a nonprofit organization for the Foundation's obligations under the HELP USA Newark program in the Newark, New Jersey area. This amount was paid in 2008.

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 2008 and 2007, 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 \$3,943 and \$51,170, 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.

**PHILADELPHIA SOUL CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 7 RELATED PARTY TRANSACTIONS

Four board members of the Foundation have an ownership interest in the AFL Philadelphia, LLC ("Soul"). At December 31, 2008 and 2007, 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, 2008 and 2007 is \$14,374 and \$23,778, respectively.

During 2008, one board member donated \$50,000 to the Foundation, which was restricted to be used for the Project HOME project. The Project HOME project was awarded and paid during 2008.

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