

SERVICE OVER SELF, INCORPORATED

**FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2009 AND 2008
AND INDEPENDENT AUDITORS' REPORT**

SERVICE OVER SELF, INCORPORATED

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Service Over Self, Incorporated

We have audited the accompanying statements of financial position of Service Over Self, Incorporated as of September 30, 2009 and 2008 and the related statements of activities, cash flows and functional expenses for the years 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 audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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 Service Over Self, Incorporated at September 30, 2009 and 2008 and changes in its net assets and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Bel Brown & Associates

March 19, 2010

SERVICE OVER SELF, INCORPORATED

**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2009 AND 2008**

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
CURRENT:		
Cash and equivalents	\$ 431,340	\$ 365,075
Certificates of deposit	416,687	321,700
Cash - temporarily restricted		6,940
Total cash and equivalents	<u>848,027</u>	<u>693,715</u>
Accounts receivable, net	10,252	28,125
Prepaid expenses	<u>34,752</u>	<u>33,917</u>
Total current assets	<u>893,031</u>	<u>755,757</u>
PROPERTY AND EQUIPMENT:		
Land	348,512	339,212
Building and improvements	2,871,657	2,874,638
Tools	28,737	28,737
Furniture and equipment	139,019	139,019
Vehicle	<u>85,811</u>	<u>85,811</u>
Total property and equipment, at cost	3,473,736	3,467,417
Less accumulated depreciation	<u>761,240</u>	<u>655,008</u>
Property and equipment - net	<u>2,712,496</u>	<u>2,812,409</u>
TOTAL ASSETS	<u>\$ 3,605,527</u>	<u>\$ 3,568,166</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT:		
Accounts payable	\$ 4,238	\$ 8,284
Accrued expenses	2,989	1,957
Participant camp deposits	<u>56,450</u>	<u>58,835</u>
TOTAL LIABILITIES	<u>63,677</u>	<u>69,076</u>
NET ASSETS:		
Unrestricted net assets	3,541,850	3,492,150
Temporarily restricted net assets		6,940
Total net assets	<u>3,541,850</u>	<u>3,499,090</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,605,527</u>	<u>\$ 3,568,166</u>

See accompanying notes to financial statements and independent auditors' report.

SERVICE OVER SELF, INCORPORATED

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<u>UNRESTRICTED NET ASSETS</u>		
UNRESTRICTED REVENUES AND SUPPORT:		
Contributions	\$ 512,754	\$ 475,690
Participant fees	447,969	459,683
Fundraisers	15,320	35,825
Other	48,949	52,371
Total	<u>1,024,992</u>	<u>1,023,569</u>
 NET ASSETS RELEASED FROM RESTRICTIONS -		
Satisfaction of program restrictions	<u>6,940</u>	<u>100,000</u>
Total unrestricted revenue	<u>1,031,932</u>	<u>1,123,569</u>
 EXPENSES:		
Program services	823,289	913,868
Management and general	123,990	121,699
Fundraising	34,953	45,456
Total expenses	<u>982,232</u>	<u>1,081,023</u>
 INCREASE IN UNRESTRICTED NET ASSETS	 <u>49,700</u>	 <u>42,546</u>
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions		100,000
Net assets released from restrictions	<u>(6,940)</u>	<u>(100,000)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	 <u>(6,940)</u>	 <u></u>
 INCREASE IN NET ASSETS	 42,760	 42,546
 NET ASSETS, BEGINNING OF PERIOD	 <u>3,499,090</u>	 <u>3,456,544</u>
 NET ASSETS, END OF PERIOD	 <u>\$ 3,541,850</u>	 <u>\$ 3,499,090</u>

See accompanying notes to financial statements and independent auditors' report.

SERVICE OVER SELF, INCORPORATED

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in unrestricted net assets	\$ 49,700	\$ 42,546
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Bad debt		(576)
Depreciation	106,234	112,063
Cash provided (used) by changes in assets and liabilities:		
Accounts receivable	17,873	12,932
Prepaid expenses	(835)	(2,926)
Accounts payable	(4,046)	(3,505)
Accrued expenses	1,032	1,957
Participant camp deposits	(2,385)	33,078
Net cash provided by operating activities	<u>167,573</u>	<u>195,569</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property and equipment	(6,321)	(63,778)
Purchase of certificates of deposit	(94,987)	(10,025)
Net cash used for investing activities	<u>(101,308)</u>	<u>(73,803)</u>
NET INCREASE IN CASH	66,265	121,766
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>365,075</u>	<u>243,309</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 431,340</u>	<u>\$ 365,075</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ NIL</u>	<u>\$ NIL</u>

See accompanying notes to financial statements and
independent auditors' report.

SERVICE OVER SELF, INCORPORATED

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2009 Total Expenses</u>	<u>2008 Total Expenses</u>
Bad debt recovery					\$ (576)
Construction - dumpsters	\$ 6,931			\$ 6,931	10,640
Construction - materials	103,806			103,806	128,150
Construction - tools					1,046
Insurance	52,528	\$ 2,765		55,293	56,956
Occupancy	71,882	5,990	\$ 1,997	79,869	91,085
Office	3,861	3,860	858	8,579	11,247
Other	866	7,357	433	8,656	7,776
Payroll - camp	92,569			92,569	81,080
Payroll - full-time staff	236,878	53,489	15,282	305,649	285,169
Payroll - related costs	48,759	17,513	3,225	69,497	57,722
Printing and publicity	2,201	489	2,201	4,891	16,091
Professional fees		6,150		6,150	6,122
Program support	23,783			23,783	76,040
Program training	6,382			6,382	7,159
Security	12,133			12,133	13,109
Special events			4,744	4,744	10,972
Telephones	4,054	4,055	901	9,010	9,131
Vehicle transportation	9,672	1,075		10,747	16,458
Volunteers - meals	56,911			56,911	71,911
Volunteers - T-shirts	10,398			10,398	11,672
Total functional expenses before depreciation	743,614	102,743	29,641	875,998	968,960
Depreciation	79,675	21,247	5,312	106,234	112,063
TOTAL FUNCTIONAL EXPENSES	\$ 823,289	\$ 123,990	\$ 34,953	\$ 982,232	\$ 1,081,023

See accompanying notes to financial statements and independent auditors' report

SERVICE OVER SELF, INCORPORATED

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Program Services	Management and General	Fundraising	2008 Total Expenses
Bad debt recovery	\$ (576)			\$ (576)
Construction - dumpsters	10,640			10,640
Construction - materials	128,150			128,150
Construction - tools	1,046			1,046
Hurricane shelter				
Insurance	54,108	\$ 2,848		56,956
(Gain) on sale of property				
Occupancy	81,977	6,831	\$ 2,277	91,085
Office	5,061	5,061	1,125	11,247
Other	778	6,609	389	7,776
Payroll - camp	81,080			81,080
Payroll - full-time staff	221,006	49,905	14,258	285,169
Payroll - related costs	40,498	14,546	2,678	57,722
Printing and publicity	7,241	1,609	7,241	16,091
Professional fees		6,122		6,122
Program support	76,040			76,040
Program training	7,159			7,159
Security	13,109			13,109
Special events			10,972	10,972
Telephones	4,109	4,109	913	9,131
Vehicle transportation	14,812	1,646		16,458
Volunteers - meals	71,911			71,911
Volunteers - T-shirts	11,672			11,672
Total functional expenses before depreciation	829,821	99,286	39,853	968,960
Depreciation	84,047	22,413	5,603	112,063
TOTAL FUNCTIONAL EXPENSES	\$ 913,868	\$ 121,699	\$ 45,456	\$ 1,081,023

See accompanying notes to financial statements and independent auditors' report

SERVICE OVER SELF, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND SEPTEMBER 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Service Over Self, Incorporated (Organization) is a Tennessee not for profit corporation organized on July 17, 1998, which conducts youth summer missions camps engaged in the renovation and construction of housing in distressed neighborhoods located in Memphis, Tennessee. The Organization is supported primarily through donor contributions, grants, and participant fees.

Accounting and Reporting

The Organization uses the accrual basis of accounting and follows the reporting practices as set forth by the American Institute of Certified Public Accountants and the Comptroller of the Treasury of the State of Tennessee for voluntary health and welfare organizations and accordingly, reflect all significant receivables, payables and other liabilities.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent gifts that are limited in use by the Organization in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of the Organization according to the terms of the gift. At September 30, 2008, the temporarily restricted net assets consisted entirely of gifts from donors restricted for the purpose of providing shelter and living assistance to victims of Hurricane Katrina.

Cash Flows

For purposes of financial statement presentation, the Company treats all demand deposits and investments with original maturities of less than 90 days as cash and equivalents.

Fair Value of Financial Instruments

The carrying amounts of the financial instruments of the Organization, consisting of cash, cash equivalents and accounts receivable, approximate their fair value.

Allowance for Doubtful Accounts

The Organization evaluates the collectibility of pledges receivable and makes adjustments to the asset accordingly. An allowance for uncollectible pledges has not been established based on management's determination that all promises to give are fully collectible.

Property and Equipment

Property and equipment are recorded at cost if purchased and at estimated fair market value if donated. Depreciation is provided using the straight-line method over the expected useful lives of the related assets. Depreciation expense for the years ended September 30, 2009 and 2008 was \$106,234 and \$112,063, respectively.

Contributions and Pledges

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the reporting period. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions upon expiration of the restriction.

Donated Services

Certain employees are paid by third parties and volunteers periodically provide uncompensated non-specialized services as administrative and special events assistants. The Organization recognized services in the financial statements of \$50,000 in each of years ended September 30, 2009 and 2008, respectively, as program and management and general expenses with the corresponding revenue recorded as contributions.

Income Taxes

The Corporation is a publicly supported organization as described in section 509(a)(1) and as such is generally exempt from the Federal and State income taxation under section 501 (c)(3) of the Internal Revenue Code.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited.

Estimates

The presentation 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 reported period. Actual results could differ from those estimates.

2. SIMPLE RETIREMENT PLAN

The Company adopted a Simple Retirement Plan (Plan) to provide retirement benefits to its employees. Employees who meet certain salary and wage levels are eligible to participate in the Plan. The Company matches employee deferrals dollar for dollar up to \$1,000. For the years ended September 31, 2009 and 2008, the Company contributions to the Plan were \$5,327 and \$5,538, respectively.

3. CONTINGENT LIABILITY

The Organization has guaranteed a \$15,000 unsecured loan of a homeowner whose property was renovated by the Organization. The lender, United Housing, Inc., is a not for profit corporation. The outstanding indebtedness was approximately \$12,360 and \$12,589 respectively at September 30, 2009 and 2008. The loan is payable in monthly installments of principal and interest (1% at September 30, 2009) of \$48 through March 1, 2033.

4. CONCENTRATION OF CREDIT RISK

The Organization's credit risk relate primarily to cash and equivalents which are held in commercial banks and a brokerage firm. Accounts maintained in commercial banks are guaranteed, in aggregate, by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. A total of the insured and uninsured cash balances at September 30, 2009 is as follows:

Total cash and cash equivalents on deposit with commercial banks	\$ 858,081
Portion insured by FDIC	<u>858,081</u>
Uninsured cash and cash equivalents	<u>\$ NIL</u>

8. SUBSEQUENT EVENTS

On May 18, 2009, the FASB issued Statement of Financial Accounting Standards Number 165, Subsequent Events, which is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued.

The Organization has evaluated events and transactions that occurred between October 1, 2009 and March 19, 2010, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

See independent auditors' report
