

SERVIAM GIRLS ACADEMY, INC.
FINANCIAL STATEMENTS
JUNE 30, 2009

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Independent Accountant's Report

Board of Directors
Serviam Girls Academy, Inc.
Wilmington, Delaware

We have reviewed the accompanying statement of financial position of Serviam Girls Academy, Inc. (Serviam), as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the year ended June 30, 2009 and for the period from August 28, 2007 (inception) to June 30, 2008 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Serviam.

Our review consists principally of inquiries of Serviam personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The schedules of functional expenses included on pages 9 and 10 are presented only for supplementary analysis. Such schedules have been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Thomas John Shopa, CPA, CFP, CVA
Charles H. Elter, CPA
Robert S. Smith, CPA
Ronald E. Derr, CPA
George G. Fournaris, CPA, CGFM

■
Donald S. Emenheiser, CPA, CFP, MBA
Edward T. Gallagher, CPA, CIA
Dana L. Ketterer, CPA
Clyde G. Hartman, CPA/ABV, CFE, CVA
Jean D. Lloyd, CPA
Cameron B. McDonald, CPA
Scott G. Sipple, Jr., CPA
Alison L. Houck, CPA
W. Mark Cullen, CPA
Emilio I. Rana, Jr., CPA (PA)(CA)
Kelly S. Klepacki, CPA

Members of:
American Institute of CPAs
Private Companies Practice Section
Delaware Society of CPAs

Certified Public Accountants

270 Presidential Drive
Wilmington, DE 19807
(302) 656-5500
(302) 656-8024 Fax

37212 Rehoboth Avenue Ext.
Rehoboth Beach, DE 19971
(302) 227-4872
(302) 227-4873 Fax

www.mcbrideshopa.com

McBride, Shopa & Co

Wilmington, Delaware
January 19, 2010



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SERVIAM GIRLS ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS		<u>2009</u>	<u>2008</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	703,802	\$ 469,780
Accounts receivable		215	-
Prepaid expenses and other		16,569	5,879
Pledges receivable - current portion		<u>199,127</u>	<u>341,150</u>
		919,713	816,809
PLEDGES RECEIVABLE - NONCURRENT PORTION		-	80,700
PROPERTY AND EQUIPMENT, net		<u>23,728</u>	<u>1,917</u>
TOTAL ASSETS	\$	<u>943,441</u>	\$ <u>899,426</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$	<u>2,366</u>	\$ <u>-</u>
TOTAL LIABILITIES		<u>2,366</u>	<u>-</u>
NET ASSETS			
NET ASSETS			
Unrestricted		901,775	899,426
Temporarily restricted		<u>39,300</u>	<u>-</u>
TOTAL NET ASSETS		<u>941,075</u>	<u>899,426</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>943,441</u>	\$ <u>899,426</u>

The accompanying notes are an integral part of these statements.

SERVIAM GIRLS ACADEMY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009
(with Comparative Total for the Period from August 28, 2007 to June 30, 2008)

	Year Ended June 30, 2009			August 28, 2007 to June 30, 2008
	Unrestricted	Temporarily Restricted	Total	Total
REVENUES				
Grants	\$ 356,000	\$ 65,300	\$ 421,300	\$ 447,000
Total revenues	<u>356,000</u>	<u>65,300</u>	<u>421,300</u>	<u>447,000</u>
SUPPORT				
Contributions	344,532	-	344,532	547,742
Program	<u>8,840</u>	<u>-</u>	<u>8,840</u>	<u>-</u>
Total support	<u>353,372</u>	<u>-</u>	<u>353,372</u>	<u>547,742</u>
TOTAL	<u>709,372</u>	<u>65,300</u>	<u>774,672</u>	<u>994,742</u>
Net Assets Released from Restriction: Satisfaction of program restriction	<u>26,000</u>	<u>(26,000)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>735,372</u>	<u>39,300</u>	<u>774,672</u>	<u>994,742</u>
EXPENSES				
Program services	446,926	-	446,926	16,672
Management and general	188,512	-	188,512	53,102
Fundraising	<u>104,366</u>	<u>-</u>	<u>104,366</u>	<u>28,587</u>
TOTAL EXPENSES	<u>739,804</u>	<u>-</u>	<u>739,804</u>	<u>98,361</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(4,432)	39,300	34,868	896,381
Interest income	<u>6,781</u>	<u>-</u>	<u>6,781</u>	<u>3,045</u>
CHANGE IN NET ASSETS	2,349	39,300	41,649	899,426
NET ASSETS, BEGINNING	<u>899,426</u>	<u>-</u>	<u>899,426</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 901,775</u>	<u>\$ 39,300</u>	<u>\$ 941,075</u>	<u>\$ 899,426</u>

The accompanying notes are an integral part of these statements.

SERVIAM GIRLS ACADEMY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE, 30 2009 AND FOR THE
PERIOD FROM AUGUST 28, 2007 (INCEPTION) TO JUNE 30, 2008

	Year Ended June 30, 2009	August 28, 2007 to June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 41,649	\$ 899,426
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated furniture and equipment	(7,048)	(2,000)
Depreciation	8,731	83
Accounts receivable	(215)	-
Prepaid expenses and other	(10,690)	(5,879)
Pledges receivable, net	222,723	(421,850)
Accounts payable	2,366	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	257,516	469,780
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(23,494)	-
NET CASH USED BY INVESTING ACTIVITIES	(23,494)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	234,022	469,780
CASH AND CASH EQUIVALENTS - BEGINNING	469,780	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 703,802	\$ 469,780
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
 NONCASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of furniture and equipment through contribution from donors	\$ 7,048	\$ 2,000

The accompanying notes are an integral part of these statements.

SERVIAM GIRLS ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 NATURE OF ORGANIZATION

Serviam Girls Academy (Serviam) is a nonprofit corporation established under the laws of the State of Delaware on August 28, 2007. Serviam operates a Catholic middle school (Grades 5 and 6) for girls and is supported primarily through foundation grants and donations from the community. Serviam commenced operations in September 2008.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributed Goods and Services. Contributed goods and services in the amount of \$48,642 and \$17,572 were reported as contribution revenue and offset by property and equipment, professional fees, salaries, supplies and other expenses for the year ended June 30, 2009 and for the period from August 28, 2007 (inception) to June 30, 2008, respectively. The contributed goods and services pertain to legal services, books and supplies provided to Serviam.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets and Activities. Information about net assets and activities is reported in three classes of net assets (unrestricted, temporarily restricted and permanently restricted), depending on the existence and/or nature of outside donor imposed restrictions. There were no permanently restricted net assets as of June 30, 2009 and 2008.

Cash and Cash Equivalents. For purposes of the statements of cash flows, all highly liquid investments available for current use with an original maturity of three months or less are considered to be cash equivalents. The uninsured balance at June 30, 2009 and 2008 was \$453,802 and \$369,780, respectively.

Promises To Give. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently

SERVIAM GIRLS ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

restricted net assets.

When the donor specifies a temporarily restricted purpose, but does not specify a particular time period, Serviam will make the decision concerning when to spend the contribution. Promises to give that are to be collected in more than one year are recorded in the year of the promise at the present value of the unconditional promise calculated using a discount rate commensurate with the risks involved. The discount amount is then recorded as support over the collection period using the interest method. An allowance for doubtful pledges is considered when valuing unconditional promises to give based on the evaluation of the collectibility of each individual pledge receivable accounts.. The allowance for doubtful pledges receivable as of June 30, 2009 and 2008 is \$34,000 and \$8,600, respectively.

Conditional promises are recorded as support in the year the condition is satisfied.

Property and Equipment. Property and equipment with a cost of \$1,000 or more, if purchased, and a fair value of \$1,000 or more at date of donation, if received by contribution, is capitalized. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service as instructed by the donor. Temporarily restricted net assets are reclassified to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Compensated Absences. Employees of Serviam, other than teachers, are entitled to paid vacation days. Vacation days are accounted for on a fiscal year basis (June 30) and must be used before the end of the fiscal year. Consequently, there is no accrual for unused vacation days.

Income Taxes. Serviam is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

SERVIAM GIRLS ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Subsequent Events. Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statements or disclosure in the notes to the financial statements. All events and transactions have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

NOTE 3 PLEDGES RECEIVABLE

Serviam conducts fundraising efforts to finance its programs and operations. In connection with this campaign, the pledges receivable are as follows as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Receivable in less than one year	\$ 233,127	\$ 349,750
Receivable in one to two years	-	80,700
Total pledges receivable	<u>233,127</u>	<u>430,450</u>
Allowance for doubtful pledges	<u>(34,000)</u>	<u>(8,600)</u>
Net pledges receivable	199,127	421,850
Less current portion	<u>199,127</u>	<u>341,150</u>
Pledges receivable - long term	<u>\$ -</u>	<u>\$ 80,700</u>

NOTE 4 PROPERTY AND EQUIPMENT

The following summarizes property and equipment as of June 30, 2009 and 2008:

	<u>Estimated Useful Life</u>	<u>2009</u>	<u>2008</u>
Furniture and equipment	2-5	\$ 8,007	\$ 2,000
Computers and monitors	3-4	<u>24,535</u>	<u>-</u>
		32,542	2,000
Less: Accumulated depreciation		<u>8,814</u>	<u>83</u>
Property and equipment, net		<u>\$ 23,728</u>	<u>\$ 1,917</u>

Depreciation expense was \$8,731 and \$83, respectively, for the year ended June 30, 2009 and for the period from August 28, 2007 (inception) to June 30, 2008.

SERVIAM GIRLS ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of funds received from private donors which are restricted as to time and for specific purposes. Following are the temporarily restricted net assets as of June 30, 2009 and 2008:

	2009	2008
Principal's salary	\$ 35,000	\$ -
Library improvements	2,500	-
Furniture and equipment	1,800	-
	\$ 39,300	\$ -

NOTE 6 OPERATING LEASES

Serviam leases facilities for its educational activities under the terms of a non-cancelable operating lease which expires in June 2014. Future minimum rental payments required under this lease are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2010	\$ 36,000
June 30, 2011	75,600
June 30, 2012	75,600
June 30, 2013	75,600
June 30, 2014	75,600
	\$ 338,400

SUPPLEMENTARY INFORMATION

SERVIAM GIRLS ACADEMY, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 247,737	\$ 91,752	\$ 47,693	\$ 387,182
Education supplies	19,615	-	-	19,615
Office supplies	248	6,838	864	7,950
Professional fees	9,045	4,919	2,229	16,193
Bad debts	-	26,665	-	26,665
Facilities	83,143	29,993	20,495	133,631
Rent	51,168	18,460	12,613	82,241
Meetings and travel	13,506	-	-	13,506
Equipment expense	-	434	-	434
Information technology	2,704	3,185	1,702	7,591
Insurance	1,426	515	352	2,293
Depreciation	5,295	2,361	1,075	8,731
Other school expenses	<u>13,039</u>	<u>3,390</u>	<u>17,343</u>	<u>33,772</u>
TOTAL EXPENSES	<u>\$ 446,926</u>	<u>\$ 188,512</u>	<u>\$ 104,366</u>	<u>\$ 739,804</u>

See independent accountant's report on supplementary information.

SERVIAM GIRLS ACADEMY, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE PERIOD FROM AUGUST 28, 2007 TO JUNE 30, 2008

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 6,100	\$ 29,155	\$ 4,710	\$ 39,965
Education supplies	6,700	-	-	6,700
Office supplies	-	2,396	897	3,293
Professional fees	1,032	5,155	797	6,984
Consultancy fees	-	-	15,000	15,000
Bad debts	-	8,600	-	8,600
Facilities	514	2,458	397	3,369
Rent	267	1,277	206	1,750
Equipment expense	-	1,869	850	2,719
Information technology	-	300	4,550	4,850
Insurance	121	581	94	796
Depreciation	13	60	10	83
Other school expenses	<u>1,925</u>	<u>1,251</u>	<u>1,076</u>	<u>4,252</u>
TOTAL EXPENSES	<u>\$ 16,672</u>	<u>\$ 53,102</u>	<u>\$ 28,587</u>	<u>\$ 98,361</u>

See independent accountant's report on supplementary information.