

**ATLAS SERVICE CORPS, INC.  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2009**

## TABLE OF CONTENTS

<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position .....	2
Statement of Activities.....	3
Statement of Cash Flows .....	4
Statement of Functional Expenses .....	5
<b>NOTES TO FINANCIAL STATEMENTS .....</b>	<b>6 – 8</b>

# PENAN & SCOTT, P.C.

————— Certified Public Accountants and Financial Consultants —————

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Atlas Service Corps, Inc.  
Washington, D.C.

We have audited the accompanying statement of financial position of Atlas Service Corps, Inc. ("Atlas Corps") (a nonprofit organization) as of December 31, 2009, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Atlas Corps' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Atlas Corps' internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Atlas Service Corps, Inc. as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*Penan & Scott, P.C.*

Rockville, Maryland  
January 6, 2010

**ATLAS SERVICE CORPS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2009**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 77,274
Grants Receivable	<u>155,185</u>
Total Current Assets	<u>232,459</u>

**PROPERTY AND EQUIPMENT**

Furniture and Equipment	3,123
Accumulated Depreciation	<u>(750)</u>
Net Property and Equipment	<u>2,373</u>

**OTHER ASSET**

Security Deposits	<u>2,980</u>
-------------------	--------------

**TOTAL ASSETS**

\$ 237,812

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accrued Expenses	\$ 429
Contracts Payable	3,000
Fellowship Deposits	1,512
Housing Security Deposits	<u>548</u>
Total Liabilities	<u>5,489</u>

**NET ASSETS**

Unrestricted	43,390
Temporarily Restricted	<u>188,933</u>
Total Net Assets	<u>232,323</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$ 237,812

The accompanying notes are an integral part of these statements.

**ATLAS SERVICE CORPS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions	\$ 128,276	\$ -	\$ 128,276
Grants	8,050	-	8,050
Investments	219	-	219
Other Income	76	-	76
Program Revenue	77,751	303,628	381,379
Net Assets Released from Restrictions	<u>114,695</u>	<u>(114,695)</u>	<u>-</u>
 Total Revenue	 <u>329,067</u>	 <u>188,933</u>	 <u>518,000</u>
 <b>EXPENSES</b>			
Program Services:			
General Fellowship	278,275	-	278,275
Support Services:			
Fundraising	17,591	-	17,591
Management and General	32,179	-	32,179
Public Education/Marketing	<u>2,185</u>	<u>-</u>	<u>2,185</u>
 Total Expenses	 <u>330,230</u>	 <u>-</u>	 <u>330,230</u>
 <b>CHANGE IN NET ASSETS</b>	 (1,163)	 188,933	 187,770
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 42,056	 -	 42,056
<b>PRIOR YEAR ADJUSTMENT</b>	<u>2,497</u>	<u>-</u>	<u>2,497</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u>\$ 43,390</u>	 <u>\$ 188,933</u>	 <u>\$ 232,323</u>

The accompanying notes are an integral part of these statements.

**ATLAS SERVICE CORPS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**CASH FLOW FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 187,770
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	625
(Increase) Decrease in Assets:	
Grants Receivable	(155,185)
Cash Advance Employee	4,129
Increase (Decrease) in Liabilities:	
Accrued Expenses	<u>(2,998)</u>
Net Cash Provided by Operating Activities	<u>34,341</u>
<b>NET INCREASE IN CASH</b>	34,341
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>42,933</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 77,274</u></u>

**SUPPLEMENTAL DISCLOSURE OF ADDITIONAL  
CASH FLOW INFORMATION**

**Cash Paid For:**

Interest Expense	<u><u>\$ -</u></u>
Taxes	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

**ATLAS SERVICE CORPS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>PROGRAM SERVICES</b>		<b>SUPPORT SERVICES</b>			<b>Total</b>
	<b>General Fellowships</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Public Education/Marketing</b>		
Administrative Expense	\$ 3,999	\$ 3,271	\$ 459	\$ -	\$ 7,729	
Accounting Fees	-	-	6,231	-	6,231	
Advertising	2,660	75	85	1,389	4,209	
Bank Fees	-	-	38	-	38	
Depreciation	-	-	625	-	625	
Dues	690	-	-	350	1,040	
Fellows Living Expenses	42,695	-	-	-	42,695	
Food	291	259	133	82	765	
Fringe Benefits	-	-	3,341	-	3,341	
Hospitality	682	673	97	-	1,452	
Insurance	-	-	2,206	-	2,206	
Meetings and Training	4,665	-	-	-	4,665	
Payroll Taxes	20,731	2,006	1,672	-	24,409	
Postage	979	509	44	-	1,532	
Printing	109	2,061	18	-	2,188	
Professional Fees	26,685	-	-	-	26,685	
Rent	67	-	9,867	-	9,934	
Salaries	56,834	7,026	5,676	-	69,536	
Staff Development	160	-	425	-	585	
Stipends	97,686	-	-	-	97,686	
Subscriptions	83	-	-	-	83	
Supplies and Equipment	570	64	491	-	1,125	
Telephone	2,061	286	771	-	3,118	
Travel	16,628	1,361	-	364	18,353	
<b>Total</b>	<b>\$ 278,275</b>	<b>\$ 17,591</b>	<b>\$ 32,179</b>	<b>\$ 2,185</b>	<b>\$ 330,230</b>	

The accompanying notes are an integral part of these statements.

**ATLAS SERVICE CORPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Purpose

The Atlas Service Corps, Inc. (“Atlas Corps”), was incorporated in 2006 in the State of Delaware, governed by a diverse Board of Directors for the purpose of developing the world’s nonprofit leaders through an overseas fellowship of skilled nonprofit professionals. The stated mission of Atlas Corps is to address critical social issues, develop leaders, strengthen organizations and promote innovation through an overseas fellowship of skilled nonprofit professionals and alumni network of world leaders.

Atlas Corps is a multinational service corps and international network of the best nonprofit leaders and organizations and promotes innovation, cooperation and solutions to address the world’s most intractable challenges. Atlas Corps sends skilled professional nonprofit leaders overseas for 12-18 months to learn best practices, share unique insights and return home to create a global network. This signature program brings nonprofit leaders from around the world to volunteer in the U.S. and also sends U.S. nonprofit leaders to Bogota, Colombia. During the year-long fellowship, Atlas Corps Fellows participate in a monthly training and development program. All Fellows have 3-10 years of relevant nonprofit experience and an average age of 29 years.

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting.

Revenue Recognition

Grants and contributions are recognized when the grant or contribution has been awarded. Restricted revenue is classified as temporarily restricted until the provisions of the restriction are satisfied, if ever. Unrestricted grants and contributions are recognized in the unrestricted fund when awarded.

Atlas Corps enters into contracts with host organizations to recruit, train and place an international fellow with the host organization for a specified period of time. Revenue earned under these contracts is recognized over the life of the contract. No allowance is currently made for uncollectable amounts.



**ATLAS SERVICE CORPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

Basis of 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, Atlas Corps 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 (if received).

Estimates

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

Cash and Cash Equivalents

Cash and Cash Equivalents include all monies in banks` and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Advertising costs for 2009 total \$4,209.

Income Taxes

Atlas Corps is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE B – FURNITURE AND EQUIPMENT**

Furniture and equipment are recorded at cost. Equipment purchases costing less than \$500 are expensed. Depreciation is determined by the straight-line method based on an estimated useful life of five years. For 2009, the total depreciation expense was \$625.

**ATLAS SERVICE CORPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE C – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2009 consist of the following:

General Fellowships	\$ <u>188,933</u>
Total	\$ <u>188,933</u>

**NOTE D - LEASE COMMITMENT**

Atlas Corps leases office space in Washington, DC. Total rent expense for the fiscal year ending December 31, 2009 was \$9,934. Monthly payments vary, with base payments set at a minimum of \$550 a month. Atlas Corps is currently leasing its office space on a month to month basis.

**NOTE E – COMMITMENTS AND CONTINGENCIES**

Atlas Corps maintains two group homes where the Fellows live. These are annual, renewable leases that are both up in August of each year. The combined annual rent for the two houses is anticipated to be a minimum of \$42,600.

**NOTE F – RELATED PARTY**

In late 2008, Atlas Corps established its first overseas office in Bogota, Colombia, creating a separate legal entity, Atlas Service Corps, Inc. (Colombia), which is incorporated under Colombia's charitable organization laws. Atlas Service (Colombia) is independent of Atlas Corps (U.S.) and receives financial support from the Colombian Government as well as Colombian nonprofit organizations where Atlas Corps Fellows are placed. Atlas Corps (Colombia) also has its own independent staff and Board in Colombia. Scott Beale is the only individual who serves on both Boards. Atlas Corps (U.S.) has no obligation to support or be a beneficiary of the net assets of Atlas Corps (Colombia) and therefore, in accordance with Statement of Position 94-2, Reporting of Related Parties by Not-for-Profit Organizations, the financial records are not consolidated here, as the criteria for such consolidation is not met.

**NOTE G – PRIOR YEAR ADJUSTMENT**

Unrestricted net assets at January 1, 2009 was increased by \$2,497 to record the cost of furniture and equipment which, in error, were not included in the prior year.