

VALENTINE FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED NOVEMBER 30, 2006

Valentine Foundation

STATEMENT OF FINANCIAL POSITION

November 30, 2006

ASSETS

Cash and cash equivalents	\$ 395,688
Investments	2,496,605
Accrued Interest and Dividends	12,255
Federal Excise Tax Refund Receivable	1,710
Equipment, net	954
Cash and cash equivalents, Visionary Leadership Fund	32,335
Investments, Visionary Leadership Fund	129,687
Contributions receivable, Visionary Leadership Fund	<u>91,565</u>

TOTAL ASSETS

\$ 3,160,799

LIABILITIES AND NET ASSETS

Liabilities	
Accrued expenses	<u>13,345</u>
Total Liabilities	<u>13,345</u>

Net Assets

Unrestricted	2,890,816
Temporarily restricted	3,051
Permanently restricted	<u>253,587</u>
Total Net Assets	<u>3,147,454</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 3,160,799

See independent accountants' review report and notes to financial statements.

Valentine Foundation
STATEMENT OF ACTIVITIES
For Year Ended November 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Support, and Gains:				
Contributions from Phoebe Valentine Trust	\$ 147,003	\$ -	\$ -	\$ 147,003
Contributions from Public	41,214		253,587	294,801
Interest and Dividends	67,812	3,051		70,863
Net Realized Gain on Investments	128,210			128,210
Change in Net Unrealized Market Appreciation	50,948			50,948
Less Expenses of Earning Income	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
 Total Revenues, Support and Gains	 <u>420,187</u>	 <u>3,051</u>	 <u>253,587</u>	 <u>676,825</u>
Expenses:				
Grants	\$ 172,000			\$ 172,000
Fund Raising Expense	41,214			41,214
Administrative and Operating Expense	61,666			61,666
Federal Excise Tax Expense	5,643			5,643
Depreciation Expense	<u>1,298</u>			<u>1,298</u>
 Total expenses	 <u>281,821</u>	 <u>-</u>	 <u>-</u>	 <u>281,821</u>
 Change in net assets	 138,366	 3,051	 253,587	 395,004
Net assets as of beginning of year	<u>2,752,450</u>	<u>-</u>	<u>-</u>	<u>2,752,450</u>
Net assets as of end of year	<u>\$2,890,816</u>	<u>\$ 3,051</u>	<u>\$ 253,587</u>	<u>\$ 3,147,454</u>

See independent accountants' review report and notes to financial statements.

Valentine Foundation

STATEMENT OF CASH FLOWS

For Year Ended November 30, 2006

Operating Activities

Increase in net assets	\$ 395,004
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	1,298
Net Realized Gain on Investments (See Note 9)	(128,210)
Change in Net Unrealized Market Appreciation (See Note _)	(50,948)
Contributions of investments	(49,258)
Increase in operating assets	
Contributions receivable	(91,565)
Accrued Interest and Dividends	(3,435)
Increase(decrease) in operating liabilities	
Accrued expenses	<u>(1,731)</u>
 Net cash provided by operating activities	 <u>71,155</u>

Investing activities

Purchases of Investments	(385,385)
Proceeds from Sale of Investments	510,471
Cash restricted to visionary leadership fund	<u>(27,328)</u>
 Net cash used in investing activities	 <u>97,758</u>
 Net increase in cash and cash equivalents	 168,913
 Cash and cash equivalents as of beginning of year	 <u>226,775</u>
 Cash and cash equivalents as of end of year	 <u><u>\$ 395,688</u></u>

See independent accountants' review report and notes to financial statements.

VALENTINE FOUNDATION

NOTES TO FINANCIAL STATEMENT

YEAR ENDED NOVEMBER 30, 2006

1. Summary of Significant Accounting Policies

Nature of Activities - The Valentine Foundation is a Philadelphia area private foundation that provides grants to Foundations or programs which empower women and girls and works to change established attitudes that discourage women and girls from recognizing their potential. Grants are made to Foundations primarily in the greater Philadelphia area or that have a national focus. The Foundation was established in 1985 by Phoebe V. Valentine. Phoebe named five women as the initial trustees and intentionally left the development of the mission and the approach of the Foundation to them. Phoebe died in 1995. She established a trust to endow the foundation in her will. In 2005, the foundation decided to establish a permanent endowment fund to provide grants for leadership training for women executives working in nonprofit organizations.

Basis of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting.

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 Foundations*. 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. Temporarily restricted assets are gifts received with donor stipulations that limit the use of the donated assets with a restriction as to time or purpose of use. When the time restriction expires or the purpose is accomplished, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted assets are gifts received with donor stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Board of Directors.

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

Promises to Give– Contributions are recognized when the donor makes a promise to give the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in permanently restricted net assets.

VALENTINE FOUNDATION

NOTES TO FINANCIAL STATEMENT (Continued)

YEAR ENDED NOVEMBER 30, 2006

Net Asset Classifications – Temporarily restricted net assets include all investment income of the permanently restricted assets. Temporarily restricted net assets are reclassified to unrestricted net assets when a restriction expires.

Investments – The Foundation reports marketable securities and debt securities at fair value in the statement of financial position. Fair value is determined based on quoted market process. Realized and unrealized gains or losses on investments represent the difference between the original cost of investments and the sales proceeds (realized) or the fair market value at the end of the year (unrealized). However, the basis for tax purposes of the investments in the trust was increased at the death of the founder. This difference in the basis of contributions for financial statements and tax purposes results in smaller net realized gains on investments for tax purposes, which decreases taxable investment correspondingly.

Property and Equipment – Equipment is stated at cost at date of acquisition. The Foundation's policy is to capitalize additions to equipment with a unit cost of \$500 or more and a useful life of two or more years. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Equipment	5-10 years
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Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, income, and expenses. Actual results could differ from those estimates. The Foundation and Trust utilize various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Concentration of Risk – Financial instruments which potentially subject the Foundation to credit risk consist primarily of cash, cash equivalents and investments. The Foundation maintains cash and cash equivalents primarily with major financial institutions. Such amounts may not be insured by FDIC or SIPC. The Foundation monitors its investments and has not experienced any credit losses.

Grants – Grants to qualified not-for profit organizations are reported as an expense when awarded. Multi-year grants may be awarded for as long as three years. No multi-year grants were made in 2006.

VALENTINE FOUNDATION

NOTES TO FINANCIAL STATEMENT (Continued)

YEAR ENDED NOVEMBER 30, 2006

2. Contributions Receivable

Contributions receivable consist of:

Receivable in less than one year	\$ 82,435
Receivable in one to five years	<u>\$ 9,130</u>
Total Contributions Receivable	<u>\$ 91,565</u>

The foundation expects to receive all of the receivables and has, therefore, not made a provision for allowance for uncollectible contributions.

Receivables due in one year or more have not been discounted because the size of the discount was considered to be immaterial.

2. Fixed Assets

As of November 30, 2006 fixed assets consist of:

Equipment	\$14,134
Accumulated depreciation	<u>(13,180)</u>
	<u>\$ 954</u>

3. Investments

The market value of investments as of November 30, 2006 is summarized as follows:

Short-term	\$ 249,366
Fixed income	419,079
Common stock and other equities	1,957,848
	<u>\$2,626,292</u>

4. Temporarily Restricted

Temporarily restricted net assets are available for the following purposes as of November 30, 2006:

Leadership training grants	\$3,051
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No assets were released from temporarily restricted net assets during the year ended November 30, 2006.

VALENTINE FOUNDATION

NOTES TO FINANCIAL STATEMENT (Continued)

YEAR ENDED NOVEMBER 30, 2006

5. Permanently Restricted

Permanently restricted net assets are to support the following:

Leadership Training Endowment Fund	\$253,587
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6. Split-Interest Charitable Lead Trust

Until the death of the other beneficiaries of the Trust, a distribution equal to 7% of the net fair market value of the trust's assets will be paid by the Trustee's to the Valentine Foundation.

7. Interfund Receivables

The Visionary Leadership fund currently owes the unrestricted funds \$56,394 for the costs of expenses incurred in launching the permanent endowment.

8. Operating Lease

The Foundation has no operating lease agreements. They currently rent space on a month to month basis.

Rental Expense under the operating lease for the year ended November 30, 2006 was \$1,500.

9. Federal Excise Tax

The Foundation is exempt from federal income taxes under Section 501©(3) of the Internal Revenue Code (IRC), but is subject to a 2 percent (1 percent if certain criteria are met) federal excise tax on net investment income, including net realized gains, as defined by federal regulations. The Foundation qualified for a 1% excise tax rate for the period of the financial statements. The Foundation provides for deferred federal excise tax on unrealized gains on investments at a rate of 1%, which is an estimate of the effective rate expected to be paid.

Current and deferred excise taxes for the years ended November 30, 2006 were provided as follows:

Current year tax	\$ 3,400
Deferred tax	<u>12,161</u>
Total tax	<u>15,161</u>