

VALENTINE FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2009 AND 2008

VALENTINE FOUNDATION
YEARS ENDED NOVEMBER 30, 2009 AND 2008

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To the Board of Directors
Valentine Foundation

We have reviewed the accompanying statements of financial position of Valentine Foundation (a nonprofit corporation) as of November 30, 2009 and 2008 and the related statements of activities and cash flows for the years then ended, 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 Valentine Foundation.

A review consists principally of inquiries of Organization 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 regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, 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.

Gitomer & Berenholz, P.C.
Certified Public Accountants

April 8, 2010

VALENTINE FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 YEARS ENDED NOVEMBER 30, 2009 AND 2008
 (SEE ACCOUNTANTS' REVIEW REPORT)

ASSETS		
	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and cash equivalents	\$ 598,052	\$ 209,489
Contributions receivable	67,228	85,353
Accrued interest and dividends	4,694	11,686
Prepaid taxes	<u>4,197</u>	<u>4,722</u>
	<u>674,171</u>	<u>311,250</u>
Investments		
Certificate of deposits	442,986	805,027
US Government Securities	135,085	195,408
Common stock	1,634,115	1,308,388
Mutual funds	<u>111,164</u>	<u>90,484</u>
	<u>2,323,350</u>	<u>2,399,307</u>
Property and Equipment		
Equipment	15,559	15,559
Less accumulated depreciation	<u>14,847</u>	<u>14,181</u>
	<u>712</u>	<u>1,378</u>
	<u>\$2,998,233</u>	<u>\$2,711,935</u>
LIABILITIES AND NET ASSETS		
Accrued expenses and payroll taxes	\$ 4,394	\$ 3,500
Unrestricted net assets	<u>2,993,839</u>	<u>2,708,435</u>
	<u>\$2,998,233</u>	<u>\$2,711,935</u>

The accompanying notes are an integral part of these financial statements.

VALENTINE FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED NOVEMBER 30, 2009 AND 2008
(SEE ACCOUNTANTS' REVIEW REPORT)

	<u>2009</u>	<u>2008</u>
Unrestricted net assets		
Public support and revenues		
Contributions from Phoebe Valentine Trust	\$ 86,873	\$ 154,578
Contributions from public	78,963	71,169
Interest and dividends	69,320	70,189
Net realized gain (loss) on investments	(49,998)	41,164
Unrealized gain (loss) in fair value of investments	323,993	(674,419)
Security litigation income	<u>357</u>	<u>-</u>
	<u>509,508</u>	<u>(337,319)</u>
Expenses		
Salaries	35,690	35,751
Payroll taxes	<u>2,880</u>	<u>1,295</u>
	38,570	37,046
Depreciation	666	620
Dues and subscriptions	3,791	3,745
Excise tax	1,204	1,464
Grants to qualified not-for-profit organizations	140,950	201,750
Insurance	1,369	1,376
Meetings and conferences	2,967	2,268
Office expense	4,495	1,169
Parking	35	33
Postage and delivery	1,239	979
Printing and reproduction	2,144	2,935
Professional fees		
Accounting	5,000	3,500
Campaign coordinator	425	1,000
Computer consulting	-	318
Facilitator	-	6,480
Design logo and image	125	2,752
Financial consulting	16,500	12,000
Record storage	1,623	1,494
Registration fees	150	-
Rent	1,500	1,375
Telephone	494	524
Website costs	<u>857</u>	<u>3,840</u>
	<u>224,104</u>	<u>286,668</u>
Increase (decrease) in net assets	285,404	(623,987)
Net assets, beginning of year	<u>2,708,435</u>	<u>3,332,422</u>
Net assets, end of year	<u>\$2,993,839</u>	<u>\$2,708,435</u>

The accompanying notes are an integral part of these financial statements.

VALENTINE FOUNDATION
 STATEMENTS OF CASH FLOWS
 YEARS ENDED NOVEMBER 30, 2009 AND 2008
 (SEE ACCOUNTANTS' REVIEW REPORT)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Increase (decrease) in net assets	<u>\$285,404</u>	<u>(\$ 623,987)</u>
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	666	620
Net realized gain (loss) on sale of investments	49,998	(41,164)
(Increase) decrease in fair value of investments	(323,993)	674,419
Donated common stock	(5,746)	(10,324)
(Increase) decrease in operating assets		
Contributions receivable	18,125	3,820
Accrued interest and dividends	6,992	(6,201)
Prepaid taxes	525	(3,512)
Increase (decrease) in operating liabilities		
Accrued expense	<u>894</u>	<u>(14,915)</u>
Total adjustments	<u>(252,539)</u>	<u>602,743</u>
Net cash provided by (used in) operating activities	<u>32,865</u>	<u>(21,244)</u>
Cash flows from investing activities		
Purchase of investments	(477,003)	(1,048,032)
Proceeds from sale of investments	832,701	309,622
Purchase of property and equipment	<u>-</u>	<u>(1,425)</u>
Net cash provided by (used in) investing activities	<u>358,698</u>	<u>(739,835)</u>
Net increased (decrease) in cash and cash equivalents	388,563	(761,079)
Cash and cash equivalents, beginning of year	<u>209,489</u>	<u>970,568</u>
Cash and cash equivalents, end of year	<u>\$598,052</u>	<u>\$ 209,489</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for income taxes	<u>\$ -</u>	<u>\$ 4,240</u>

The accompanying notes are an integral part of these financial statements.

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2009 AND 2008
(SEE ACCOUNTANTS' REVIEW REPORT)

Note 1 Summary of Significant Accounting Policies

Organization and Nature of Activities

The Valentine Foundation ("Foundation") is a Philadelphia area private foundation that provides grants to foundations or programs which empower women and girls. The Foundation also 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 and a separate Charitable Lead Trust. 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.

Contributions

All contributions received in this or any prior fiscal year have no restrictions attached to the contributions.

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2009 AND 2008
(SEE ACCOUNTANTS' REVIEW REPORT)

Note 1 Summary of Significant Accounting Policies (Continued)

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 prices. Realized and unrealized gains or losses on investments represent the difference between the original cost, or fair value of the investments at the beginning of the current year, and the sales proceeds (realized) or the fair market value at the end of the year (unrealized). For tax purposes, the gain on the sale of investments is the difference between the original cost and the sale price. However, the basis for tax purposes of the investments then held 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.

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157") which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within the fiscal year.

FAS 157 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability at measurement date. The three levels are defined as follows:

- Level 1 - inputs to the valuation methodology are observable and reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The various inputs that may be used to determine the value of the investments are summarized in the three levels presented above. The inputs or methodologies used for valuing investments are not necessarily an indication of the risk associated with investing those securities. Note 4 details the fair value hierarchy of the investments.

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2009 AND 2008
(SEE ACCOUNTANTS' REVIEW REPORT)

Note 1 Summary of Significant Accounting Policies (Continued)

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 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

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 2009 and 2008.

VALENTINE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
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 (SEE ACCOUNTANTS' REVIEW REPORT)

Note 2 Contributions Receivable

Contributions receivable consist of:

	2009	2008
Receivable in less than one year	\$ -	\$ 37,287
Receivable in one to five years	67,228	48,066
Total contributions receivable	\$ 67,228	\$ 85,353

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.

Note 3 Fixed Assets

As of November 30, 2009 and 2008 fixed assets consisted of:

	2009	2008
Equipment	\$ 15,559	\$ 15,559
Less accumulated depreciation	14,847	14,181
	\$ 712	\$ 1,378

Note 4 Investments

The market value of investments as of November 30, 2009 and 2008 is summarized as follows:

	2009	2008
Certificate of deposits	\$ 442,986	\$ 805,027
US Government Securities	135,085	195,408
Common stock	1,634,115	1,308,388
Mutual funds	111,164	90,484
	\$2,323,350	\$2,399,307

VALENTINE FOUNDATION
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Note 4 Investments (Continued)

Fair Value Hierarchy

As required by FAS 157, investments are classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which the Fund's investments have been classified, the Fund has reviewed the underlying audited financial statements of the common/collective trusts. The table below sets forth information about the level within the fair values hierarchy at which the Fund's investments are measured at November 30, 2009 and 2008 are as follows:

<u>November 30, 2009</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposits	\$ 442,986	\$ -	\$ -	\$ 442,986
US Government securities	-	135,085	-	135,085
Common stock	1,634,115	-	-	1,634,115
Mutual funds	<u>111,164</u>	<u>-</u>	<u>-</u>	<u>111,164</u>
	<u>\$2,188,265</u>	<u>\$135,085</u>	<u>\$ -</u>	<u>\$2,323,350</u>
<u>November 30, 2008</u>				
Certificate of deposits	\$ 805,027	\$ -	\$ -	\$ 805,027
US Government securities	-	195,408	-	195,408
Common stock	1,308,388	-	-	1,308,388
Mutual funds	<u>90,484</u>	<u>-</u>	<u>-</u>	<u>90,484</u>
	<u>\$2,203,899</u>	<u>\$195,408</u>	<u>\$ -</u>	<u>\$2,399,307</u>

Note 5 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 Trustees to the Valentine Foundation.

Note 6 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 years ended November 30, 2009 and 2008 was \$1,500 and \$1,375, respectively.

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NOTES TO FINANCIAL STATEMENTS
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Note 7 Federal Excise Tax

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), but is subject to a 2% (1% if certain criteria are met) federal excise tax on net investment income, including net realized gains, as defined by federal regulations. 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 taxes for the years ended November 30, 2009 and 2008 were \$1,204 and \$894, respectively, and the foundation has applied for a refund of \$4,197.