

VALENTINE FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2011 AND 2010

VALENTINE FOUNDATION  
YEARS ENDED NOVEMBER 30, 2011 AND 2010

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 accounting principles generally accepted in the United States of America.

*Gitomer & Berenzholz, P.C.*  
Certified Public Accountants

April 10, 2012

VALENTINE FOUNDATION  
 STATEMENTS OF FINANCIAL POSITION  
 YEARS ENDED NOVEMBER 30, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and cash equivalents	\$ 564,439	\$ 353,516
Contributions receivable	-	35,803
Accrued interest and dividends	<u>5,713</u>	<u>5,047</u>
	<u>570,152</u>	<u>394,366</u>
Investments		
Certificate of deposits	321,047	400,999
US Government Securities	174,066	176,609
US Corporate Obligations	77,722	76,875
Common stock	1,741,784	1,836,472
Mutual funds	<u>161,936</u>	<u>127,891</u>
	<u>2,476,555</u>	<u>2,618,846</u>
Property and Equipment		
Equipment	3,819	3,948
Less accumulated depreciation	<u>1,788</u>	<u>3,158</u>
	<u>2,031</u>	<u>790</u>
	<u>\$3,048,738</u>	<u>\$3,014,002</u>

LIABILITIES AND NET ASSETS

Accrued expenses and payroll taxes	\$ 9,629	\$ 4,398
Excise taxes payable	<u>455</u>	<u>-</u>
	10,084	4,398
Unrestricted net assets	<u>3,038,654</u>	<u>3,009,604</u>
	<u>\$3,048,738</u>	<u>\$3,014,002</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION  
STATEMENTS OF ACTIVITIES  
YEARS ENDED NOVEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Unrestricted net assets		
Public support and revenues		
Contributions	\$ 116,144	\$ 84,002
Interest and dividends	64,111	55,150
Net realized gain on investments	47,383	48,200
Unrealized gain in fair value of investments	60,956	62,082
Security litigation income	-	61
	<u>288,594</u>	<u>249,495</u>
Expenses		
Salaries	42,551	37,260
Payroll taxes	3,704	3,574
	<u>46,255</u>	<u>40,834</u>
Depreciation	538	537
Dues and subscriptions	5,370	4,235
Excise tax	455	1,300
Grants to qualified not-for-profit organizations	159,300	143,000
Insurance	1,367	1,364
Meetings and conferences	7,950	6,106
Office expense	3,742	2,479
Outside services	765	530
Parking	91	60
Postage and delivery	774	1,862
Printing and reproduction	3,762	2,334
Professional fees		
Accounting	4,250	4,250
Computer consulting	-	594
Design logo, image and videography	2,718	2,500
Financial consulting	16,500	16,500
Record storage	1,740	1,581
Registration fees	-	360
Rent	1,620	1,500
Telephone	1,020	507
Website costs	1,327	1,297
	<u>259,544</u>	<u>233,730</u>
Increase in net assets	29,050	15,765
Net assets, beginning of year	<u>3,009,604</u>	<u>2,993,839</u>
Net assets, end of year	<u>\$3,038,654</u>	<u>\$3,009,604</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED NOVEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Increase in net assets	\$ 29,050	\$ 15,765
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	538	537
Net realized gain on sale of investments	( 47,383)	( 48,200)
Increase in fair value of investments	( 60,956)	( 62,082)
Donated common stock	( 5,581)	-
(Increase) decrease in operating assets		
Contributions receivable	35,803	31,425
Accrued interest and dividends	( 666)	( 353)
Prepaid taxes	-	4,197
Increase in operating liabilities		
Accrued expense, payroll taxes and excise taxes payable	<u>5,686</u>	<u>4</u>
Total adjustments	<u>( 72,559)</u>	<u>( 74,472)</u>
Net cash used in operating activities	<u>( 43,509)</u>	<u>( 58,707)</u>
Cash flows from investing activities		
Purchase of investments	( 307,592)	( 452,263)
Proceeds from sale of investments	563,803	267,049
Purchase of property and equipment	<u>( 1,779)</u>	<u>( 615)</u>
Net cash provided by (used in) investing activities	<u>254,432</u>	<u>( 185,829)</u>
Net increase (decrease) in cash and cash equivalents	210,923	( 244,536)
Cash and cash equivalents, beginning of year	<u>353,516</u>	<u>598,052</u>
Cash and cash equivalents, end of year	<u>\$564,439</u>	<u>\$353,516</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED NOVEMBER 30, 2011 AND 2010

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 FASB ASC 958 Financial Statements of Not-for-Profit Foundations. Under ASC 958, 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, 2011 AND 2010

Note 1 Summary of Significant Accounting Policies (Continued)

Investment Valuation and Income Recognition

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.

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.



VALENTINE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED NOVEMBER 30, 2011 AND 2010

Note 1 Summary of Significant Accounting Policies (Continued)

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 2011 and 2010.

Note 2 Contributions Receivable

Contributions receivable consist of:

	2011	2010
Receivable in less than one year	\$ -	\$ 35,803

A portion of the contributions receivable from the prior fiscal year have been written off due to lack of payments or by satisfying the pledge by making a donation to a qualified charity. The Foundation expects to receive all of the contributions receivable for the fiscal year ended November 30, 2011, 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, 2011 and 2010 fixed assets consisted of:

	2011	2010
Equipment	\$ 3,819	\$ 3,948
Less accumulated depreciation	1,788	3,158
	\$ 2,031	\$ 790

VALENTINE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED NOVEMBER 30, 2011 AND 2010

Note 4 Investments and Fair Value Hierarchy

The market value of investments as of November 30, 2011 and 2010 is summarized as follows:

	2011	2010
Certificate of deposits	\$ 321,047	\$ 400,999
US Government Securities	174,066	176,609
Corporate Obligations	77,722	76,875
Common stock	1,741,784	1,836,472
Mutual funds	161,936	127,891
	\$2,476,555	\$2,618,846

Financial Accounting Standards Board Accounting Standards Codification, "Fair Value Measurements and Disclosures" (FASB ASC 820) establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 - inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
  - If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Described below is the FAS 157 level for each category of investments.

VALENTINE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED NOVEMBER 30, 2011 AND 2010

Note 4 Investments and Fair Value Hierarchy (Continued)

Fair values of assets measured on a recurring basis at November 30, 2011 and 2010 are as follows:

<u>November 30, 2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposits	\$ 321,047	\$ -	\$ -	\$ 321,047
Government securities	-	174,066	-	174,066
Corporate obligations Aa2	-	77,722	-	77,722
Common stock				
Basic materials	194,934	-	-	194,934
Conglomerates	194,496	-	-	194,496
Consumer goods	456,509	-	-	456,509
Financial	282,457	-	-	282,457
Healthcare	389,876	-	-	389,876
Industrial goods	21,280	-	-	21,280
Services	115,047	-	-	115,047
Technology	87,185	-	-	87,185
Total common stock	<u>1,741,784</u>	<u>-</u>	<u>-</u>	<u>1,741,784</u>
Mutual funds				
Inflation protected bond	70,421	-	-	70,421
Large blend	40,093	-	-	40,093
Large value	18,266	-	-	18,266
Moderate allocation	33,156	-	-	33,156
Total mutual funds	<u>161,936</u>	<u>-</u>	<u>-</u>	<u>161,936</u>
	<u>\$2,224,767</u>	<u>\$ 251,788</u>	<u>\$ -</u>	<u>\$2,476,555</u>

VALENTINE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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Note 4 Investments and Fair Value Hierarchy (Continued)

Fair values of assets measured on a recurring basis at November 30, 2011 and 2010 are as follows:

<u>November 30, 2010</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposits	\$ 400,999	\$ -	\$ -	\$ 400,999
Government securities	-	176,609	-	176,609
Corporate obligations Aa2	-	76,875	-	76,875
Common stock				
Basic materials	213,506	-	-	213,506
Conglomerates	184,756	-	-	184,756
Consumer goods	432,775	-	-	432,775
Financial	262,939	-	-	262,939
Healthcare	426,863	-	-	426,863
Industrial goods	18,444	-	-	18,444
Services	223,137	-	-	223,137
Technology	74,052	-	-	74,052
Total common stock	<u>1,836,472</u>	<u>-</u>	<u>-</u>	<u>1,836,472</u>
Mutual funds				
Inflation protected bond	51,620	-	-	51,620
Large blend	37,874	-	-	37,874
Large value	16,676	-	-	16,676
Moderate allocation	21,721	-	-	21,721
Total mutual funds	<u>127,891</u>	<u>-</u>	<u>-</u>	<u>127,891</u>
	<u>\$2,365,362</u>	<u>\$ 253,484</u>	<u>\$ -</u>	<u>\$2,618,846</u>

Note 5 Split-Interest Charitable Lead Trust

As described in Note 1, The Foundation was established in 1985 by Phoebe V. Valentine. A charitable Lead Trust was established to endow the Foundation. 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.

VALENTINE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED NOVEMBER 30, 2011 AND 2010

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, 2011 and 2010 was \$1,620 and \$1,500, respectively.

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, 2011 and 2010 were \$985 and \$1,300, respectively.

The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ended 2011, 2010 and 2009 are subject to audit by the Internal Revenue Service, generally for three years after they were filed.

Note 8      Management Review

The Foundation has evaluated subsequent events for potential required disclosures through April 10, 2012, which is the day the financial statements were available to be issued.