

VALENTINE FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2010 AND 2009

VALENTINE FOUNDATION
YEARS ENDED NOVEMBER 30, 2010 AND 2009

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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, 2010 and 2009 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 & Berenholz, P.C.
Certified Public Accountants

May 6, 2011

VALENTINE FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 YEARS ENDED NOVEMBER 30, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets		
Cash and cash equivalents	\$ 353,516	\$ 598,052
Contributions receivable	35,803	67,228
Accrued interest and dividends	5,047	4,694
Prepaid taxes	<u>-</u>	<u>4,197</u>
	<u>394,366</u>	<u>674,171</u>
Investments		
Certificate of deposits	400,999	442,986
US Government Securities	176,609	135,085
US Corporate Obligations	76,875	-
Common stock	1,845,211	1,634,115
Mutual funds	<u>119,152</u>	<u>111,164</u>
	<u>2,618,846</u>	<u>2,323,350</u>
Property and Equipment		
Equipment	3,948	15,559
Less accumulated depreciation	<u>3,158</u>	<u>14,847</u>
	<u>790</u>	<u>712</u>
	<u>\$3,014,002</u>	<u>\$2,998,233</u>

LIABILITIES AND NET ASSETS

Accrued expenses and payroll taxes	\$ 4,398	\$ 4,394
Unrestricted net assets	<u>3,009,604</u>	<u>2,993,839</u>
	<u>\$3,014,002</u>	<u>\$2,998,233</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED NOVEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Unrestricted net assets		
Public support and revenues		
Contributions	\$ 84,002	\$ 165,836
Interest and dividends	55,150	69,320
Net realized gain (loss) on investments	48,200	(49,998)
Unrealized gain in fair value of investments	62,082	323,993
Security litigation income	61	357
	<u>249,495</u>	<u>509,508</u>
Expenses		
Salaries	37,260	35,690
Payroll taxes	3,574	2,880
	<u>40,834</u>	<u>38,570</u>
Depreciation	537	666
Dues and subscriptions	4,235	3,791
Excise tax	1,300	1,204
Grants to qualified not-for-profit organizations	143,000	140,950
Insurance	1,364	1,369
Meetings and conferences	6,106	2,967
Office expense	2,479	4,495
Outside services	530	-
Parking	60	35
Postage and delivery	1,862	1,239
Printing and reproduction	2,334	2,144
Professional fees		
Accounting	4,250	5,000
Campaign coordinator	-	425
Computer consulting	594	-
Design logo, image and videography	2,500	125
Financial consulting	16,500	16,500
Record storage	1,581	1,623
Registration fees	360	150
Rent	1,500	1,500
Telephone	507	494
Website costs	1,297	857
	<u>233,730</u>	<u>224,104</u>
Increase in net assets	15,765	285,404
Net assets, beginning of year	<u>2,993,839</u>	<u>2,708,435</u>
Net assets, end of year	<u>\$3,009,604</u>	<u>\$2,993,839</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Increase in net assets	\$ 15,765	\$285,404
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	537	666
Net realized (gain) loss on sale of investments	(48,200)	49,998
Increase in fair value of investments	(62,082)	(323,993)
Donated common stock	-	(5,746)
(Increase) decrease in operating assets		
Contributions receivable	31,425	18,125
Accrued interest and dividends	(353)	6,992
Prepaid taxes	4,197	525
Increase in operating liabilities		
Accrued expense and payroll taxes	4	894
Total adjustments	(74,472)	(252,539)
Net cash provided by (used in) operating activities	(58,707)	32,865
Cash flows from investing activities		
Purchase of investments	(452,263)	(477,003)
Proceeds from sale of investments	267,049	832,701
Purchase of property and equipment	(615)	-
Net cash provided by (used in) investing activities	(185,829)	355,698
Net increased (decrease) in cash and cash equivalents	(244,536)	388,563
Cash and cash equivalents, beginning of year	598,052	209,489
Cash and cash equivalents, end of year	<u>\$353,516</u>	<u>\$598,052</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2010 AND 2009

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, 2010 AND 2009

Note 1 Summary of Significant Accounting Policies (Continued)

Investment Valuation and Income Recognition

During the year ended November 30, 2007, the Foundation adopted the provisions of FASB ASC 820, Fair Value Measurements and Disclosures ("FASB ASC 820") 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).

FASB ASC 820 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.

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. Note 4 summarizes the valuation of the Fund's investments by the FASB ASC 820 pricing observability levels as of November 30, 2010 and 2009.

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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VALENTINE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED NOVEMBER 30, 2010 AND 2009

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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 2010 and 2009.

Note 2 Contributions Receivable

Contributions receivable consist of:

	2010	2009
Receivable in less than one year	\$ 35,803	\$ 67,228

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, 2010, 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.

VALENTINE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED NOVEMBER 30, 2010 AND 2009

Note 3 Fixed Assets

As of November 30, 2010 and 2009 fixed assets consisted of:

	2010	2009
Equipment	\$ 3,948	\$ 15,559
Less accumulated depreciation	3,158	14,847
	\$ 790	\$ 712

Note 4 Investments and Fair Value Hierarchy

The market value of investments as of November 30, 2010 and 2009 is summarized as follows:

	2010	2009
Certificate of deposits	\$ 400,999	\$ 442,986
US Government Securities	176,609	135,085
Corporate Obligations	76,875	-
Common stock	1,845,211	1,634,115
Mutual funds	119,152	111,164
	\$2,618,846	\$2,323,350

As required by ASC 820, investments are classified within the level of the lowest significant input considered in determining fair value. 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, 2010 and 2009 are as follows:

November 30, 2010

	Level 1	Level 2	Level 3	Total
Certificate of deposits	\$ 400,999	\$ -	\$ -	\$ 400,999
US Government Securities	-	176,609	-	176,609
Corporate Obligations	-	76,875	-	76,875
Common stock	1,845,211	-	-	1,845,211
Mutual funds	119,152	-	-	119,152
	\$2,365,362	\$253,484	\$ -	\$2,618,846

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2010 AND 2009

Note 4 Investments and Fair Value Hierarchy (Continued)

November 30, 2009

	<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>

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.

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, 2010 and 2009 was \$1,500 for both years.

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, 2010 and 2009 were \$1,300 and \$1,204, respectively, and the Foundation has applied \$533 to the fiscal year November 30, 2011.

Note 8 Management Review

The Foundation has evaluated subsequent events for potential required disclosures through May 6, 2011, which is the day the financial statements were available to be issued.