

VALENTINE FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2014 AND 2013

VALENTINE FOUNDATION  
YEARS ENDED NOVEMBER 30, 2014 AND 2013

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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, 2014 and 2013 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

June 10, 2015

VALENTINE FOUNDATION  
 STATEMENTS OF FINANCIAL POSITION  
 YEARS ENDED NOVEMBER 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and cash equivalents	\$ 691,556	\$ 621,501
Accrued interest and dividends	<u>6,344</u>	<u>5,620</u>
	<u>697,900</u>	<u>627,121</u>
Investments		
Certificate of deposits	325,146	326,381
Government obligations	65,179	77,107
Corporate obligations	27,429	27,666
Common stock	2,532,218	2,347,898
Mutual funds / spiders	<u>260,477</u>	<u>206,382</u>
	<u>3,210,449</u>	<u>2,985,434</u>
Property and equipment		
Equipment and software	13,394	3,819
Less accumulated depreciation	<u>3,634</u>	<u>2,746</u>
	<u>9,760</u>	<u>1,073</u>
	<u>\$3,918,109</u>	<u>\$3,613,628</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accrued expenses and payroll taxes	\$ 4,982	\$ 5,340
Excise taxes payable	<u>2,994</u>	<u>2,123</u>
	7,976	7,463
Unrestricted net assets	<u>3,910,133</u>	<u>3,606,165</u>
	<u>\$3,918,109</u>	<u>\$3,613,628</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION  
STATEMENTS OF ACTIVITIES  
YEARS ENDED NOVEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Unrestricted net assets		
Public support and revenues		
Contributions	\$ 112,570	\$ 104,931
Interest and dividends	69,868	68,759
Net realized gain on investments	250,890	54,862
Unrealized gain in fair value of investments	<u>120,195</u>	<u>475,347</u>
	<u>553,523</u>	<u>703,899</u>
Expenses		
Salaries	31,942	26,305
Payroll taxes	<u>2,786</u>	<u>2,274</u>
	34,728	28,579
Depreciation	2,313	479
Dues and subscriptions	4,100	3,600
Excise tax	3,918	3,329
Grants to qualified not-for-profit organizations	166,300	176,319
Insurance	1,370	1,370
Meetings and conferences	3,211	2,041
Office expense	4,497	1,334
Parking	52	117
Postage and delivery	98	220
Printing and reproduction	1,579	1,533
Professional fees		
Accounting	4,500	4,500
Financial consulting	18,000	17,250
Record storage	1,080	1,080
Rent	1,500	1,500
Telephone	629	553
Website costs	<u>1,680</u>	<u>3,175</u>
	<u>249,555</u>	<u>246,979</u>
Increase in net assets	303,968	456,920
Net assets, beginning of year	<u>3,606,165</u>	<u>3,149,245</u>
Net assets, end of year	<u>\$3,910,133</u>	<u>\$3,606,165</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED NOVEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Increase in net assets	\$303,968	\$456,920
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	2,313	479
Net realized gain on sale of investments	( 250,890)	( 54,862)
Increase in fair value of investments	( 120,195)	( 475,347)
(Increase) decrease in operating assets		
Accrued interest and dividends	( 724)	( 218)
Prepaid excise taxes	-	98
Increase in operating liabilities		
Accrued expenses, payroll taxes and excise taxes payable	<u>513</u>	<u>2,508</u>
Total adjustments	( 368,983)	( 527,342)
Net cash used in operating activities	( 65,015)	( 70,422)
Cash flows from investing activities		
Purchase of investments	( 456,521)	( 140,926)
Proceeds from sale of investments	602,591	298,230
Purchase of property and equipment	( 11,000)	-
Net cash provided by investing activities	<u>135,070</u>	<u>157,304</u>
Net increase in cash and cash equivalents	70,055	86,882
Cash and cash equivalents, beginning of year	<u>621,501</u>	<u>534,619</u>
Cash and cash equivalents, end of year	<u>\$691,556</u>	<u>\$621,501</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED NOVEMBER 30, 2014 AND 2013

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, 2014 AND 2013

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	3 - 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, 2014 AND 2013

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. The Foundation has committed grants to two organizations for fiscal years 2015 and 2016 totaling \$26,000.

Note 2 Fixed Assets

As of November 30, 2014 and 2013 fixed assets consisted of:

	2014	2013
Equipment and software	\$ 13,394	\$ 3,819
Less accumulated depreciation	3,634	2,746
	\$ 9,760	\$ 1,073

Note 3 Investments and Fair Value Hierarchy

The market value of investments as of November 30, 2014 and 2013 is summarized as follows:

	2014	2013
Certificate of deposits	\$ 325,146	\$ 326,381
Government obligations	65,179	77,107
Corporate obligations	27,429	27,666
Common stock	2,532,218	2,347,898
Mutual funds / spiders	260,477	206,382
	\$3,210,449	\$2,985,434

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.

VALENTINE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
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Note 3 Investments and Fair Value Hierarchy (Continued)

- 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.

Fair values of assets measured on a recurring basis at November 30, 2014 and 2013 are as follows:

November 30, 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposits	\$ 325,146	\$ -	\$ -	\$ 325,146
Government obligations	-	65,179	-	65,179
Corporate obligations Aa2	-	27,429	-	27,429
Common stock				
Basic materials	38,454	-	-	38,454
Conglomerates	336,190	-	-	336,190
Consumer goods	627,783	-	-	627,783
Financial	529,332	-	-	529,332
Healthcare	675,658	-	-	675,658
Industrial goods	3,629	-	-	3,629
Services	135,892	-	-	135,892
Technology	185,280	-	-	185,280
Total common stock	<u>2,532,218</u>	<u>-</u>	<u>-</u>	<u>2,532,218</u>

VALENTINE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED NOVEMBER 30, 2014 AND 2013

Note 3 Investments and Fair Value Hierarchy (Continued)

November 30, 2014 (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Inflation protected bond	66,338	-	-	66,338
Large blend	103,697	-	-	103,697
Large value	40,446	-	-	40,446
Moderate allocation	49,996	-	-	49,996
Total mutual funds	<u>260,477</u>	<u>-</u>	<u>-</u>	<u>260,477</u>
	<u>\$3,117,841</u>	<u>\$ 92,608</u>	<u>\$ -</u>	<u>\$3,210,449</u>

November 30, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposits	\$ 326,381	\$ -	\$ -	\$ 326,381
Government obligations	-	77,107	-	77,107
Corporate obligations				
Aa2	-	27,666	-	27,666
Common stock				
Basic materials	195,404	-	-	195,404
Conglomerates	320,425	-	-	320,425
Consumer goods	581,959	-	-	581,959
Financial	453,952	-	-	453,952
Healthcare	553,243	-	-	553,243
Industrial goods	3,652	-	-	3,652
Services	155,823	-	-	155,823
Technology	83,440	-	-	83,440
Total common stock	<u>2,347,898</u>	<u>-</u>	<u>-</u>	<u>2,347,898</u>
Mutual funds				
Inflation protected bond	65,451	-	-	65,451
Large blend	57,572	-	-	57,572
Large value	38,608	-	-	38,608
Moderate allocation	44,751	-	-	44,751
Total mutual funds	<u>206,382</u>	<u>-</u>	<u>-</u>	<u>206,382</u>
	<u>\$2,880,661</u>	<u>\$ 104,773</u>	<u>\$ -</u>	<u>\$2,985,434</u>

VALENTINE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED NOVEMBER 30, 2014 AND 2013

Note 4 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 5 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, 2014 and 2013 was \$1,500.

Note 6 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, 2014 and 2013 were \$3,918 and \$3,329 respectively.

The Foundation's Forms 990-PF Return of Private Foundation, Return of Organization Exempt from Income Tax, for the years ended 2014, 2013 and 2012 are subject to audit by the Internal Revenue Service, generally for three years after they were filed.

Note 7 Management Review

The Foundation has evaluated subsequent events for potential required disclosures through June 10, 2015, which is the day the financial statements were available to be issued.