

VALENTINE FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2015 AND 2014

VALENTINE FOUNDATION
YEARS ENDED NOVEMBER 30, 2015 AND 2014

Contents

	<u>Page</u>
Independent Accountant's Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 10

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Valentine Foundation

We have reviewed the accompanying financial statements of Valentine Foundation (a nonprofit organization), which comprise the statement of financial position as of November 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Gitomer & Berenholz, P.C.
Certified Public Accountants

Huntingdon Valley, Pennsylvania
May 4, 2016

VALENTINE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED NOVEMBER 30, 2015 AND 2014

ASSETS

	2015	2014
Current Assets		
Cash and cash equivalents	\$ 692,050	\$ 691,556
Accrued interest and dividends	6,261	6,344
Prepaid excise tax	2,048	-
	700,359	697,900
Investments		
Certificate of deposits	300,028	325,146
Government obligations	63,257	65,179
Corporate obligations	26,929	27,429
Common stock	2,362,066	2,532,218
Mutual funds / spiders	247,855	260,477
	3,000,135	3,210,449
Property and equipment		
Equipment and software	13,394	13,394
Less accumulated depreciation	7,717	3,634
	5,677	9,760
	<u>\$3,706,171</u>	<u>\$3,918,109</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accrued expenses and payroll taxes	\$ 8,991	\$ 4,982
Excise taxes payable	-	2,994
	8,991	7,976
Unrestricted net assets	3,697,180	3,910,133
	<u>\$3,706,171</u>	<u>\$3,918,109</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED NOVEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Unrestricted net assets		
Public support and revenues		
Contributions	\$ 110,679	\$ 112,570
Interest and dividends	81,207	69,868
Net realized gain on investments	81,633	250,890
Unrealized gain (loss) in fair value of investments	(219,108)	120,195
	<u>54,411</u>	<u>553,523</u>
Expenses		
Salaries	31,840	31,942
Payroll taxes	2,518	2,786
	<u>34,358</u>	<u>34,728</u>
Depreciation	4,083	2,313
Dues and subscriptions	1,750	4,100
Excise tax	4,958	3,918
Grants to qualified not-for-profit organizations	184,200	166,300
Insurance	1,251	1,370
Meetings and conferences	5,452	3,211
Office expense	1,739	4,497
Parking	45	52
Postage and delivery	281	98
Printing and reproduction	1,252	1,579
Professional fees		
Accounting	4,500	4,500
Design logo, image and videography	750	-
Financial consulting	18,000	18,000
Record storage	1,066	1,080
Rent	1,500	1,500
Telephone	497	629
Website costs	1,682	1,680
	<u>267,364</u>	<u>249,555</u>
Increase (decrease) in net assets	(212,953)	303,968
Net assets, beginning of year	<u>3,910,133</u>	<u>3,606,165</u>
Net assets, end of year	<u>\$3,697,180</u>	<u>\$3,910,133</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Increase (decrease) in net assets	(\$212,953)	\$303,968
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	4,083	2,313
Net realized gain on sale of investments	(81,633)	(250,890)
(Increase) decrease in fair value of investments	219,108	(120,195)
(Increase) decrease in operating assets		
Accrued interest and dividends	83	(724)
Prepaid excise taxes	(2,048)	-
Increase in operating liabilities		
Accrued expenses, payroll taxes and excise taxes payable	<u>1,015</u>	<u>513</u>
Total adjustments	<u>140,608</u>	<u>(368,983)</u>
Net cash used in operating activities	<u>(72,345)</u>	<u>(65,015)</u>
Cash flows from investing activities		
Purchase of investments	(373,106)	(456,521)
Proceeds from sale of investments	445,945	602,591
Purchase of property and equipment	<u>-</u>	<u>(11,000)</u>
Net cash provided by investing activities	<u>72,839</u>	<u>135,070</u>
Net increase in cash and cash equivalents	494	70,055
Cash and cash equivalents, beginning of year	<u>691,556</u>	<u>621,501</u>
Cash and cash equivalents, end of year	<u>\$692,050</u>	<u>\$691,556</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2015 AND 2014

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, 2015 AND 2014

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
-----------	--------------

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, 2015 AND 2014

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 one organization for fiscal year 2016 totaling \$13,000.

Note 2 Fixed Assets

As of November 30, 2015 and 2014 fixed assets consisted of:

	2015	2014
Equipment and software	\$ 13,394	\$ 13,394
Less accumulated depreciation	7,717	3,634
	\$ 5,677	\$ 9,760

Note 3 Investments and Fair Value Hierarchy

The market value of investments as of November 30, 2015 and 2014 is summarized as follows:

	2015	2014
Certificate of deposits	\$ 300,028	\$ 325,146
Government obligations	63,257	65,179
Corporate obligations	26,929	27,429
Common stock	2,362,066	2,532,218
Mutual funds / spiders	247,855	260,477
	\$3,000,135	\$3,210,449

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
 YEARS ENDED NOVEMBER 30, 2015 AND 2014

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, 2015 and 2014 are as follows:

<u>November 30, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposits	\$ 300,028	\$ -	\$ -	\$ 300,028
Government obligations	-	63,257	-	63,257
Corporate obligations Aa2	-	26,929	-	26,929
Common stock				
Basic materials	29,508	-	-	29,508
Conglomerates	250,528	-	-	250,528
Consumer goods	578,961	-	-	578,961
Financial	468,886	-	-	468,886
Healthcare	672,035	-	-	672,035
Industrial goods	4,102	-	-	4,102
Services	160,066	-	-	160,066
Technology	197,980	-	-	197,980
Total common stock	<u>2,362,066</u>	<u>-</u>	<u>-</u>	<u>2,362,066</u>

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2015 AND 2014

Note 3 Investments and Fair Value Hierarchy (Continued)

November 30, 2015 (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Inflation protected bond	64,269	-	-	64,269
Large blend	98,580	-	-	98,580
Large value	34,412	-	-	34,412
Moderate allocation	50,594	-	-	50,594
Total mutual funds	<u>247,855</u>	<u>-</u>	<u>-</u>	<u>247,855</u>
	<u>\$2,909,949</u>	<u>\$ 90,186</u>	<u>\$ -</u>	<u>\$3,000,135</u>

November 30, 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposits	<u>\$ 325,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,146</u>
Government obligations	<u>-</u>	<u>65,179</u>	<u>-</u>	<u>65,179</u>
Corporate obligations				
Aa2	<u>-</u>	<u>27,429</u>	<u>-</u>	<u>27,429</u>
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>
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>

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2015 AND 2014

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, 2015 and 2014 was \$1,500 for both years.

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, 2015 and 2014 were \$2,988 and \$3,918 respectively.

Management evaluated the Fund's tax positions and concluded that the Fund had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Accounting principles generally accepted in the United States of America require Fund management to evaluate tax positions taken by the Fund and recognize a tax liability if the Fund has taken an uncertain position that, more likely than not, would not be sustained upon examination by the U.S. Federal, state or local taxing authorities. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Typically, fund tax years will remain open for three years; however, this may differ depending upon the circumstances of the Fund.

Note 7 Management Review

The Foundation has evaluated subsequent events for potential required disclosures through May 4, 2016, which is the day the financial statements were available to be issued.