

VALENTINE FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2017 AND 2016

VALENTINE FOUNDATION
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(1959 - 2009)

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, 2017 and 2016, 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 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 accordance with accounting principles generally accepted in the United States of America.

Gitomer & Berenholz P.C.
Certified Public Accountants

Huntingdon Valley, Pennsylvania
March 28, 2018

VALENTINE FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 YEARS ENDED NOVEMBER 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 344,910	\$ 483,597
Accrued interest and dividends	8,313	6,426
Prepaid excise tax	4,295	-
	<u>357,518</u>	<u>490,023</u>
Investments		
Certificate of deposits	949,332	724,773
Government obligations	65,552	64,787
Corporate obligations	25,648	26,337
Common stock	2,438,325	2,142,451
Mutual funds and exchange traded funds	216,621	196,204
Loan receivable	22,479	28,936
	<u>3,717,957</u>	<u>3,183,488</u>
Property and equipment		
Equipment and software	20,394	20,394
Less accumulated depreciation	<u>18,060</u>	<u>13,893</u>
	<u>2,334</u>	<u>6,501</u>
	<u>\$4,077,809</u>	<u>\$3,680,012</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accrued expenses and payroll taxes	\$ 4,697	\$ 4,743
Excise taxes payable	-	2,342
	<u>4,697</u>	<u>7,085</u>
Unrestricted net assets	<u>4,073,112</u>	<u>3,672,927</u>
	<u>\$4,077,809</u>	<u>\$3,680,012</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED NOVEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Unrestricted net assets		
Public support and revenues		
Contributions	\$ 98,403	\$ 99,146
Interest and dividends	76,307	73,897
Net realized gain on investments	113,562	240,528
Unrealized gain (loss) in fair value of investments	<u>383,506</u>	<u>(171,801)</u>
	<u>671,778</u>	<u>241,770</u>
Expenses		
Salaries	31,923	30,385
Payroll taxes	<u>2,700</u>	<u>2,591</u>
	34,623	32,976
Depreciation	4,167	6,176
Dues and subscriptions	1,575	2,575
Excise tax	1,705	4,795
Grants to qualified not-for-profit organizations	193,890	182,500
Insurance	1,490	1,252
Meetings and conferences	784	1,093
Office expense	2,213	1,877
Parking	71	17
Postage and delivery	98	259
Printing and reproduction	1,932	1,451
Professional fees		
Accounting	4,500	4,500
Consulting fees	-	495
Design logo, image and videography	700	700
Financial consulting	18,000	18,000
Registration fees	185	-
Rent	1,500	1,375
Telephone	395	716
Website costs	<u>3,765</u>	<u>5,266</u>
	<u>271,593</u>	<u>266,023</u>
Increase (decrease) in net assets	400,185	(24,253)
Net assets, beginning of year	<u>3,672,927</u>	<u>3,697,180</u>
Net assets, end of year	<u>\$4,073,112</u>	<u>\$3,672,927</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 400,185	(\$ 24,253)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	4,167	6,176
Net realized gain on sale of investments	(113,562)	(240,528)
(Increase) decrease in fair value of investments	(383,506)	171,801
(Increase) decrease in operating assets		
Accrued interest and dividends	(1,887)	(165)
Prepaid excise taxes	(4,295)	2,048
Decrease in operating liabilities		
Accrued expenses, payroll taxes and excise taxes payable	(2,388)	(1,906)
Total adjustments	(501,471)	(62,574)
Net cash used in operating activities	(101,286)	(86,827)
Cash flows from investing activities		
Purchase of investments	(952,475)	(1,007,772)
Proceeds from sale of investments	908,617	922,082
Purchase of property and equipment	-	(7,000)
Loan receivable	-	(30,000)
Repayment of loan receivable	6,457	1,064
Net cash used in investing activities	(37,401)	(121,626)
Net decrease in cash and cash equivalents	(138,687)	(208,453)
Cash and cash equivalents, beginning of year	483,597	692,050
Cash and cash equivalents, end of year	<u>\$ 344,910</u>	<u>\$ 483,597</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2017 AND 2016

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, 2017 AND 2016

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, 2017 AND 2016

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 years 2018 and 2019 totaling \$72,000.

Fair Value Measurement

The Fund adopted the FASB Accounting Standards Codification 820 Fair Value Measurements, (ASC 820). ASC 820 establishes a framework for measuring fair value and expands disclosure of fair value. The adoption of ASC 820 did not have a material impact on the financial statements or results of operations of the Plan. ASC 820 applies to all assets and liabilities that are measured on a fair value basis. See Note 3 for additional information.

Note 2 Fixed Assets

As of November 30, 2017 and 2016 fixed assets consisted of:

	2017	2016
Equipment and software	\$ 20,394	\$ 20,394
Less accumulated depreciation	18,060	13,893
	\$ 2,334	\$ 6,501

Note 3 Investments and Fair Value Hierarchy

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, 2017 AND 2016

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, 2017 and 2016 are as follows:

November 30, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposits	\$ 949,332	\$ -	\$ -	\$ 949,332
Government obligations	-	65,552	-	65,552
Corporate obligations	-	25,648	-	25,648
Common stock	2,438,325	-	-	2,438,325
Mutual funds and exchange traded funds	216,621	-	-	216,621
Loan receivable	-	-	22,479	22,479
	<u>\$3,604,278</u>	<u>\$ 91,200</u>	<u>\$ 22,479</u>	<u>\$3,717,957</u>

November 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposits	\$ 724,773	\$ -	\$ -	\$ 724,773
Government obligations	-	64,787	-	64,787
Corporate obligations	-	26,337	-	26,337
Common stock	2,142,451	-	-	2,142,451
Mutual funds and exchange traded funds	196,204	-	-	196,204
Loan receivable	-	-	28,936	28,936
	<u>\$3,063,428</u>	<u>\$ 91,124</u>	<u>\$ 28,936</u>	<u>\$3,183,488</u>

VALENTINE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED NOVEMBER 30, 2017 AND 2016

Note 3 Investments and Fair Value Hierarchy (Continued)

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended November 30, 2017 and 2016 are as follows:

	<u>Loan Receivable</u>
Balance at November 30, 2015	\$ -
Loans made	30,000
Repayments	<u>1,064</u>
Balance at November 30, 2016	28,936
Repayments	<u>6,457</u>
Balance at November 30, 2017	<u>\$ 22,479</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value to another. In such instances, the transfer is reported at the beginning of the reporting period. For the year ended November 30, 2017, there were no material transfers in or out of levels 1, 2 or 3. For the year ended November 30, 2016, \$30,000 was transferred from Level 1 to Level 3.

The foundation entered into a loan agreement with Inter-Faith Housing Alliance, a nonprofit corporation, for a term of five years beginning May 1, 2016 and ending April 1, 2021. The loan pays interest at 2% per annum and the loan can be prepaid at any time and there is no security for this loan. Since repayments are current no allowance has been established on this loan receivable.

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.

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2017 AND 2016

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, 2017 and 2016 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.

Current taxes for the years ended November 30, 2017 and 2016 were \$1,705 and \$4,795, 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 March 28, 2018, which is the day the financial statements were available to be issued.