

VALENTINE FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2020 AND 2019

VALENTINE FOUNDATION
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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, 2020 and 2019, 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
April 8, 2021

VALENTINE FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 YEARS ENDED NOVEMBER 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$1,137,125	\$ 807,584
Accrued interest and dividends	7,231	13,246
Prepaid excise tax	<u>461</u>	<u>461</u>
	<u>1,144,817</u>	<u>821,291</u>
Investments		
Certificates of deposit	-	425,673
Government obligations	75,279	68,742
Common stock	2,473,761	2,620,002
Mutual funds and exchange traded funds	269,669	239,038
Loan receivable	<u>305,761</u>	<u>134,172</u>
	<u>3,124,470</u>	<u>3,487,627</u>
Property and equipment		
Equipment and software	36,368	36,368
Less accumulated depreciation	<u>32,879</u>	<u>28,692</u>
	<u>3,489</u>	<u>7,676</u>
	<u>\$4,272,776</u>	<u>\$4,316,594</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accrued expenses and payroll taxes	\$ 6,000	\$ 5,237
Net assets without donor restrictions	<u>4,266,776</u>	<u>4,311,357</u>
	<u>\$4,272,776</u>	<u>\$4,316,594</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED NOVEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions		
Public support and revenues		
Contributions	\$ 113,410	\$ 100,833
Interest and dividends	70,106	99,279
Net realized gain on investments	85,098	46,227
Unrealized gain (loss) in fair value of investments	(5,694)	218,977
	<u>262,920</u>	<u>465,316</u>
Expenses		
Program expenses		
Grants to qualified not-for-profit organizations	<u>218,240</u>	<u>175,730</u>
Administrative expenses		
Salaries	36,478	32,298
Payroll processing	866	-
Payroll taxes	<u>2,791</u>	<u>3,002</u>
	40,135	35,300
Depreciation	4,187	4,498
Dues and subscriptions	1,715	2,000
Excise tax	-	2,622
Insurance	1,652	1,907
Meetings and conferences	2,552	321
Office expense	6,207	3,939
Parking	-	50
Postage and delivery	-	11
Printing and reproduction	537	1,864
Professional fees		
Accounting	6,000	5,000
Consulting fees	284	402
Design logo, image and videography	750	-
Financial consulting	22,500	13,500
Rent	1,503	1,500
Website costs	<u>1,239</u>	<u>1,941</u>
	<u>89,261</u>	<u>74,855</u>
	<u>307,501</u>	<u>250,585</u>
Increase (decrease) in net assets without donor restrictions	(44,581)	214,731
Net assets without donor restrictions, beginning of year	<u>4,311,357</u>	<u>4,096,626</u>
Net assets without donor restrictions, end of year	<u>\$4,266,776</u>	<u>\$4,311,357</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase (decrease) in net assets without donor restrictions	(\$ 44,581)	\$ 214,731
Adjustments to reconcile changes in net assets without donor restrictions to net cash used in operating activities		
Depreciation	4,187	4,498
Net realized (gain) loss on sale of investments	(85,098)	(46,227)
(Increase) decrease in fair value of investments	5,694	(218,977)
(Increase) decrease in operating assets		
Accrued interest and dividends	6,015	(4,291)
Prepaid excise taxes	-	2,622
Increase (decrease) in operating liabilities		
Accrued expenses, payroll taxes and excise taxes payable	<u>763</u>	<u>(568)</u>
Total adjustments	<u>(68,439)</u>	<u>(262,943)</u>
Net cash used in operating activities	<u>(113,020)</u>	<u>(48,212)</u>
Cash flows from investing activities		
Purchase of investments	(3,295)	(430,504)
Proceeds from sale of investments	617,445	914,990
Purchase of property and equipment	-	(8,374)
Loan receivables made	(175,000)	(125,000)
Repayment of loan receivable	<u>3,411</u>	<u>6,720</u>
Net cash provided by investing activities	<u>442,561</u>	<u>357,832</u>
Net increase in cash and cash equivalents	329,541	309,620
Cash and cash equivalents, beginning of year	<u>807,584</u>	<u>497,964</u>
Cash and cash equivalents, end of year	<u>\$1,137,125</u>	<u>\$ 807,584</u>

See accompanying notes and independent accountant's review report.

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2020 AND 2019

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

The financial statements of the Valentine Foundation have been prepared on the accrual basis of accounting, which require the Valentine Foundation to report information regarding its statements of financial position according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Valentine Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Valentine Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from assets with donor restrictions to net assets without donor restrictions in the statements of activities.

As of November 30, 2020 and 2019 there were no donor restricted net assets.

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.

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2020 AND 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Contributions

All contributions received in this or any prior fiscal year have no restrictions attached to the contributions.

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 \$1,500 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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been presented on a functional basis in the statements of activities.

VALENTINE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED NOVEMBER 30, 2020 AND 2019

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.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

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 Foundation. 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, 2020 and 2019 fixed assets consisted of:

	2020	2019
Equipment and software	\$ 36,368	\$ 36,368
Less accumulated depreciation	32,879	28,692
	\$ 3,489	\$ 7,676

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 Foundation 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;

VALENTINE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2020 AND 2019

Note 3 Investments and Fair Value Hierarchy (Continued)

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.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds and Exchange Traded Funds, Common Stock, U.S. Government and Agency Obligations: Valued at the closing price reported in the active market in which the individual securities are traded. This is consistent with prior periods.

Corporate Obligations: Valued at the closing price reported in the active market in which the bond is traded. The level in which the bond is classified depends on whether the market is active (Level 1) or inactive (Level 2). This is consistent with prior periods.

Certificates of Deposit: The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Loan Receivable: Valued at the net amortized value of the loan.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of the future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in methodologies used at November 30, 2020 and 2019 and for the years ending November 30, 2020 and 2019, there were no transfers in or out of levels 1, 2 or 3.

VALENTINE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED NOVEMBER 30, 2020 AND 2019

Note 3 Investments and Fair Value Hierarchy (Continued)

Fair values of assets measured on a recurring basis at November 30, 2020 and 2019 are as follows:

November 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government obligations	\$ -	\$ 75,279	\$ -	\$ 75,279
Common stock	2,473,761	-	-	2,473,761
Mutual funds and exchange traded funds	269,669	-	-	269,669
Loan receivable	-	-	305,761	305,761
	<u>\$2,743,430</u>	<u>\$ 75,279</u>	<u>\$305,761</u>	<u>\$3,124,470</u>

November 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 425,673	\$ -	\$ -	\$ 425,673
Government obligations	-	68,742	-	68,742
Common stock	2,620,002	-	-	2,620,002
Mutual funds and exchange traded funds	239,038	-	-	239,038
Loan receivable	-	-	134,172	134,172
	<u>\$3,284,713</u>	<u>\$ 68,742</u>	<u>\$134,172</u>	<u>\$3,487,627</u>

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended November 30, 2020 and 2019 are as follows:

	<u>Loan Receivable</u>
Balance at November 30, 2018	\$ 15,892
New loans	125,000
Repayments	<u>6,720</u>
Balance at November 30, 2019	134,172
New loans	175,000
Repayments	<u>3,411</u>
Balance at November 30, 2020	<u>\$305,761</u>

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

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 years ended November 30, 2020 and 2019, there were no material transfers in or out of levels 1, 2 or 3.

The foundation entered into the following loan agreements:

- Inter-Faith Housing Alliance, a non-profit corporation, in the amount of \$30,000 for a term of five years beginning May 1, 2016 and ending October 1, 2021. The original maturity date was April 1, 2021 but there was a 6 month freeze on the repayments due to COVID relief. 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.
- The Reinvestment Fund, Inc. (Investment #2132), a Pennsylvania non-profit corporation, in the amount of \$25,000 on December 11, 2018. The loan pays interest at 2.25% per annum and is payable annually on December 31 each year. If not renewed per paragraph 3 of the loan documents, the loan shall be due and payable on December 31, 2022.
- The Reinvestment Fund, Inc. (Investment #2133), a Pennsylvania non-profit corporation, in the amount of \$25,000 on December 11, 2018. The loan pays interest at 2.25% per annum and is payable annually on December 31 each year. If not renewed per paragraph 3 of the loan documents, the loan shall be due and payable on December 31, 2021.
- The Reinvestment Fund, Inc. (Investment #2134), a Pennsylvania non-profit corporation, in the amount of \$25,000 on December 11, 2018. The loan pays interest at 2.75% per annum and is payable annually on December 31 each year. If not renewed per paragraph 3 of the loan documents, the loan shall be due and payable on December 31, 2024.
- The Reinvestment Fund, Inc. (Investment #2135), a Pennsylvania non-profit corporation, in the amount of \$25,000 on December 11, 2018. The loan pays interest at 2.75% per annum and is payable annually on December 31 each year. If not renewed per paragraph 3 of the loan documents, the loan shall be due and payable on December 31, 2023.
- First Step Staffing Philadelphia, LLC, a Delaware limited liability company, in the amount of \$25,000 on July 19, 2019. The loan pays interest at 10% per annum and is payable quarterly for 18 periods. The loan is due and payable on January 1, 2024.
- Women's Opportunity Resource Center (WORC), a Pennsylvania non-profit corporation, in the amount of \$100,000 on May 1, 2020. The loan is at 0% interest and is due and payable on November 1, 2020. They were granted a five-month extension and repaid the loan in full on April 1, 2021.

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

- The Enterprise Center Capital Corporation, a Pennsylvania non-profit corporation, in the amount of \$50,000 on June 20, 2020. The loan is interest free for the first six months and pays interest at 1% thereafter. The loan and accumulated interest are payable on June 20, 2023.
- The Impact Loan Fund, a Pennsylvania non-profit corporation, in the amount of \$25,000 on October 1, 2020. The loan pays interest at 2% per annum and is payable every six months after the loan closing date. The loan and any unpaid accumulated interest are payable on September 30, 2025.

Since payments are current no allowance has been established on the loan receivables.

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, 2020 and 2019 was \$1,503 and \$1,500, respectively.

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, 2020 and 2019 were \$1,387 and \$2,622, 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.

VALENTINE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED NOVEMBER 30, 2020 AND 2019

Note 6 Federal Excise Tax (Continued)

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 April 8, 2021, which is the day the financial statements were available to be issued.

Note 8 Availability and Liquidity

The following represents the Valentine Foundation's financial assets at November 30, 2020 and 2019:

Financial assets at year end	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$1,137,125	\$ 807,584
Investments	<u>3,124,470</u>	<u>3,487,627</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$4,261,595</u>	<u>\$4,295,211</u>

The Organization's goal is to maintain financial assets to meet current operating expenses. As part of its liquidity plan, excess cash is in interest bearing bank accounts.