

**DELAWARE VALLEY
LEGACY FUND**

Financial Statement

December 31, 2008

O'Hara, Ward and Associates
Certified Public Accountants

**DELAWARE VALLEY LEGACY FUND
DECEMBER 31, 2008**

C O N T E N T S

	PAGE
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Delaware Valley Legacy Fund
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of the Delaware Valley Legacy Fund (a nonprofit corporation) as of December 31, 2008 and the related statement of activities, functional expenses and statement of cash flows for the year then ended. These financial statements are the responsibility of the management of Delaware Valley Legacy Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, referred to above, present fairly in all material respects, the financial position of Delaware Valley Legacy Fund as of December 31, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

O'Hara, Ward & Associates

January 27, 2010

**DELAWARE VALLEY LEGACY FUND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 51,989
Prepaid Expenses	<u>589</u>

Total Assets **\$ 52,578**

LIABILITIES AND NET ASSETS

Liabilities

Due to The Philadelphia Foundation	\$ 20,000
Accrued payroll	<u>3,000</u>

Total Liabilities 23,000

Net Assets

Unrestricted	10,260
Temporarily Restricted	<u>19,318</u>

Total Net Assets **29,578**

Total Liabilities and Net Assets **\$ 52,578**

See Accompanying Notes to Financial Statements

**DELAWARE VALLEY LEGACY FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Grants	\$ 29,455	\$ 31,000	\$ 60,455
Contributions	60,124	27,318	87,442
Special Events (net of expenses of \$21,322)	21,087	-	21,087
Contributed Salaries and Benefits	17,666	-	17,666
Contributed facilities and office- related services	38,338	-	38,338
Interest Income	485	-	485
Net Assets released from Restrictions	<u>51,250</u>	<u>(51,250)</u>	<u>-</u>
Total Revenues	<u>218,405</u>	<u>7,068</u>	<u>225,473</u>
EXPENSES			
Program	162,942	-	162,942
Management and general	31,934	-	31,934
Fundraising	<u>19,117</u>	<u>-</u>	<u>19,117</u>
Total Expenses	<u>213,993</u>	<u>-</u>	<u>213,993</u>
Change in Net Assets	<u>4,412</u>	<u>7,068</u>	<u>11,480</u>
Net Assets – Beginning of Year	<u>5,848</u>	<u>12,250</u>	<u>18,098</u>
NET ASSETS – END OF YEAR	<u>\$ 10,260</u>	<u>\$ 19,318</u>	<u>\$ 29,578</u>

See Accompanying Notes to Financial Statements

**DELAWARE VALLEY LEGACY FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008**

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$48,308	\$6,038	\$6,038	\$60,384
Payroll Taxes	3,935	492	492	4,919
Employee Benefits	3,066	383	383	3,832
Contributed Salaries and Benefits	4,840	4,356	8,470	17,666
Contracted Services	6,686	11,053	-	17,739
Grants Paid	55,618	-	-	55,618
Contributed Facilities and Office Related Services	29,870	3,734	3,734	37,338
Printing and Copying	2,150	-	-	2,150
Insurance	503	2,670	-	3,173
Office Supplies	851	890	-	1,741
Information Technology	1,123	130	-	1,253
Dues and Memberships	1,460	-	-	1,460
Postage	218	89	-	307
Conferences	604	1,014	-	1,618
Miscellaneous	11	67	-	78
Bank and Credit Card Fees	938	887	-	1,825
Travel	2,761	131	-	2,892
	<u>\$162,942</u>	<u>\$31,934</u>	<u>\$19,117</u>	<u>\$213,993</u>

See Accompanying Notes to Financial Statements

**DELAWARE VALLEY LEGACY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES	\$ 11,480
Change in total Net Assets:	
Adjustments to reconcile change in	
Net Assets to Net Cash provided (used) by	
Operating Activities:	
(Increase) decrease in assets:	
Prepaid Expenses	-0-
Increase (decrease) in liabilities	
Accrued Liabilities	(2,405)
Accrued Payroll	<u>692</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>9,767</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment to Philadelphia Foundation	<u>(15,000)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>(15,000)</u>
NET CHANGE IN CASH	(5,233)
CASH – BEGINNING OF YEAR	<u>57,222</u>
CASH – END OF YEAR	<u><u>\$ 51,989</u></u>

See Accompanying Notes to Financial Statements

**DELAWARE VALLEY LEGACY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1. NATURE OF ORGANIZATION

The Delaware Valley Legacy Fund (DVLf) provides grants to support the community needs of the gay, lesbian, bisexual, transgender, intersex (LGBTI) and straight-allied communities. DVLf advances philanthropy and inspires change for the LGBTI community through endowment building, fundraising, community outreach, and educational programs. The major sources of revenue are grants and contributions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

DVLf's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded in the period incurred, regardless of when cash is received or disbursed. The Organization's accounting policies conform to generally accepted accounting principles.

The financial statements are presented in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, issued by the Financial Accounting Standards Board (FASB) of the American Institute of Certified Public Accountants, requiring financial statements to be presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets. At December 31, 2008, DVLf had temporarily restricted net assets of \$6,750 for future programs.

Revenue Recognition

DVLf complies with SFAS Number 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Restricted and temporarily restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

**DELAWARE VALLEY LEGACY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

DVLF receives revenues from foundations, corporations and individuals.

Cash and Cash Equivalents

Cash and cash equivalents consists of checking and money market accounts.

Fair Values of Financial Instruments

The following methods and assumptions were used by the Fund in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Assets held by the Philadelphia Foundation: The fair values are based on quoted market prices for those of similar investments.

Contributed Services

SFAS 116, *Accounting for Contributions Received and Contributions Made*, requires that donated services be recognized as contributions if the services create or enhance non-financial assets, would typically need to be purchased, and require specialized skills which are provided by people who possess those skills.

During the year ended December 31, 2008, a portion of the salary and benefits for the Executive Director, valued at \$17,666, was paid for by The Philadelphia Foundation.

Contributed Facilities and Office Related Services

SFAS 116, *Accounting for Contributions Received and Contributions Made*, provides that contributed facilities are to be recognized at the fair rental value and other expenditures at the fair market value. DVLF received contributed facilities and the use of office related services, such as telephone, insurance and equipment, valued at \$38,338 from The Philadelphia Foundation.

**DELAWARE VALLEY LEGACY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Accrued Compensated Absences

DVLF has not recorded an accrual for compensated absences since the amount cannot be reasonably estimated.

Functional Classification of Expenses

The costs of providing services have been summarized on a functional basis in the schedule of functional expenses. Therefore, certain expenses have been allocated between program, management and general and fundraising expenses.

Income Taxes

The Corporation is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501 (c) (3), and is exempt from state income taxes under the provisions of the Pennsylvania Nonprofit Corporation Law.

As currently allowed, Management has elected to defer the application of Accounting for Uncertainty in Income Taxes under December 31, 2009. Management will continue to record income taxes as contingencies, and interest and penalties as current income tax expense.

Subsequent Events

DVLF's policy is to review and evaluate subsequent events for disclosure or recognition during the period after its year-end until the date the financial statements are available to be issued, the report date of January 27, 2010.

**DELAWARE VALLEY LEGACY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 3. DUE TO THE PHILADELPHIA FOUNDATION

During the year ended December 31, 2007, Delaware Valley Legacy Fund signed an agreement with The Philadelphia Foundation (TPF) to reimburse TPF \$40,000 for monies previously expended by TPF for salary and benefits paid to a staff member during the period September 13, 2004 through September 13, 2007. A payment of \$15,000 was made in the year ending December 31, 2008. The agreement provides for the following payments in the subsequent years:

2009	\$10,000
2010	<u>10,000</u>
	<u>\$20,000</u>

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as of December 31, 2008 for the following purposes:

Scholarships	\$ 1,050
Grants	<u>18,268</u>
	<u>\$19,318</u>

Net assets were released from restriction during the year ended December 31, 2008 for the following purposes:

Scholarships	\$ 5,000
Grants	<u>46,250</u>
	<u>\$51,250</u>

NOTE 5. ASSETS HELD BY THE PHILADELPHIA FOUNDATION

The Delaware Valley Legacy Fund's board of directors decided in 1994 to entrust the endowment funds of the lesbian, gay, bisexual and transgender community to The Philadelphia Foundation. The Philadelphia Foundation applies an annual spending rate to each of these endowments, which is then disbursed to the Delaware Valley Legacy Fund for the further funding of specific purposes, according to the donor's intentions and as required by law.

**DELAWARE VALLEY LEGACY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 5. ASSETS HELD BY THE PHILADELPHIA FOUNDATION
(Continued)

The Philadelphia Foundation has variance power and distributions are based upon its annual spending policy. In accordance with current accounting principles, the original contributions, subsequent activity and the balance of assets held by Philadelphia Foundation are not recorded on the Fund's financial statements.

As of December 31, 2008, the endowments held by The Philadelphia Foundation include the following:

- ◆ Delaware Valley Legacy Fund's endowment, an unrestricted endowment created for the lesbian, gay, bisexual and transgender community
- ◆ LeRoy F. Aaron's Journalism Scholarship of the National Lesbian & Gay Journalists Association
- ◆ William Way Community Center organizational endowment
- ◆ Robert Posner Artists' Fund

Total funds are summarized as follows:

	<u>Total</u>		<u>General</u>		<u>Artists</u>
	<u>Funds</u>	<u>Endowment</u>	<u>Operating</u>		<u>Funds</u> <u>Scholarship</u>
Beginning principal value,	\$797,297	\$650,551	\$ 9,063	\$ 3,857	\$133,826
Gifts and other additions	92,579	-0-	8,824	100	83,655
Investment return	(218,510)	(172,283)	655	(1,070)	(45,812)
Grants paid	(39,761)	(17,273)	(18,447)	-0-	(4,041)
Administrative and other fees	<u>(7,762)</u>	<u>(4,349)</u>	<u>(91)</u>	<u>(37)</u>	<u>(3,285)</u>
Ending principal value	<u>\$623,843</u>	<u>\$456,646</u>	<u>\$ 4</u>	<u>\$ 2,850</u>	<u>\$164,343</u>