

THE DELAWARE VALLEY LEGACY FUND

(A Nonprofit Corporation)

FINANCIAL STATEMENTS

AS OF

JUNE 30, 2006

Together With

Independent Auditor's Report

THE DELAWARE VALLEY LEGACY FUND

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Delaware Valley Legacy Fund

I have audited the statement of activity of THE DELAWARE VALLEY LEGACY FUND(a Pennsylvania nonprofit corporation) as of June 30, 2006, and the related statements of activity, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 preparation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Delaware Valley Legacy Fund as of June 30, 2006, and the results of its operations and changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Katherine R Conlon CPA

Katherine R. Conlon, CPA
Malvern, Pennsylvania
May 7, 2007

THE DELAWARE VALLEY LEGACY FUND

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2006

ASSETS

CURRENT ASSETS

Cash	\$ 21,127
Prepaid insurance	<u>400</u>

Total current assets	21,527
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OTHER ASSETS

Beneficial interest in assets held in trust	<u>541,931</u>
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Total assets	<u>\$563,458</u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Accrued expenses	<u>\$ 3,000</u>
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Total liabilities	<u>3,000</u>
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NET ASSETS

Unrestricted	124,642
Unrestricted - Board Designated	400,000
Temporarily restricted	8,518
Permanently restricted	<u>27,298</u>

Total net assets	<u>560,458</u>
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Total liabilities and net assets	<u>\$563,458</u>
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The accompanying notes are an integral part of this statement.

THE DELAWARE VALLEY LEGACY FUND

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Grants/contributions	\$ 32,670	\$20,000	\$ 4,324	\$ 56,994
Investment income	54,612	-	-	54,612
Net assets released from restrictions	<u>18,131</u>	<u>(15,007)</u>	<u>(3,124)</u>	<u>-</u>
Total support and revenue	<u>105,413</u>	<u>4,993</u>	<u>1,200</u>	<u>111,606</u>
EXPENSES				
Program	158,369	-	-	158,369
General and administrative	6,819	-	-	6,819
Fundraising	<u>7,985</u>	<u>-</u>	<u>-</u>	<u>7,985</u>
Total expenses	<u>173,173</u>	<u>-</u>	<u>-</u>	<u>173,173</u>
Change in net assets	(67,760)	4,993	1,200	(61,567)
NET ASSETS, beginning of year	<u>592,402</u>	<u>3,525</u>	<u>26,098</u>	<u>622,025</u>
NET ASSETS, end of year	<u>\$524,642</u>	<u>\$ 8,518</u>	<u>\$27,298</u>	<u>\$560,458</u>

The accompanying notes are an integral part of this statement.

THE DELAWARE VALLEY LEGACY FUND

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 4,200	\$ -	\$ -	\$ 4,200
Salaries	54,207	3,738	4,361	62,306
Payroll taxes	4,358	301	351	5,010
Employee benefits	5,260	363	423	6,046
Insurance	1,665	115	134	1,914
Professional fees	218	15	18	251
Technical Assistance	20,557	-	-	20,557
Office expense	7,344	506	591	8,441
Other operating expenses	8,491	586	683	9,760
Board development	-	1,195	-	1,195
Fundraising	-	-	1,424	1,424
Project expenses	2,069	-	-	2,069
Unrecoverable grant	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total	<u>\$158,369</u>	<u>\$6,819</u>	<u>\$7,985</u>	<u>\$173,173</u>

The accompanying notes are an integral part of this statement.

THE DELAWARE VALLEY LEGACY FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$(61,567)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Unrealized gain on investments	36,344
Decrease in receivables	(50,000)
Increase in accrued expenses	<u>250</u>
Net cash provided by operating activities	(74,973)
CASH FLOWS FROM INVESTING ACTIVITIES	
Change in value of endowment fund	13,459
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
Net decrease in cash	(61,514)
CASH, beginning of year	<u>82,641</u>
CASH, end of year	<u>\$ 21,127</u>

The accompanying notes are an integral part of this statement.

THE DELAWARE VALLEY LEGACY FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

(1) ORGANIZATION

The Delaware Valley Legacy Fund was incorporated in December, 1993, under the Nonprofit Corporation Law of 1988 of the Commonwealth of Pennsylvania. The organization was formed to encourage philanthropy and develop funding to support projects or activities that will primarily benefit the gay, lesbian, bisexual and transsexual communities of the Delaware Valley that are in, but not limited to, the following fields of interest: health and social service, arts and culture, education and the humanities, and legal and civil rights.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The organization follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, to prepare its financial statements in accordance with generally accepted accounting standards. Under SFAS No. 117, the organization 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. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management estimates.

(b) Restricted and Unrestricted Support

The organization follows Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, in recording contributions received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Restricted and Unrestricted Support (Cont'd)

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 in the Statement of Activities as net assets released from restrictions.

(c) Income Taxes

The Delaware Valley Legacy Fund is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a 509(a)(1) organization. Donors may deduct contributions to the organization as provided by the Internal Revenue Code.

(d) Donated Services, Facilities and Property

Unpaid volunteers have made significant contributions of their time to the organization's activities. The value of these donations is not susceptible to measurement and, accordingly, has not been recorded in the financial statements.

(e) Cash

For purposes of this statement, cash is defined as cash on hand, cash held in financial institutions and operating cash held by a community foundation.

(3) BOARD DESIGNATED NET ASSETS

During the year ended June 30, 2004, the organization received a large bequest. The board has designated \$400,000 of this bequest to be added to their Endowment Fund maintained by The Philadelphia Foundation.

(4) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets remaining at year end for the Willpower Project total \$8,518.

(5) PERMANENTLY RESTRICTED NET ASSETS - ENDOWMENT FUND

In accordance with its mission, the organization has established an endowment. The funds are maintained and invested by The Philadelphia Foundation.

(6) NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Temporarily restricted net assets donated for the Willpower Project were used in accordance with donor restrictions in the amount of \$15,007.

(7) REVENUE SOURCES

The Delaware Valley Legacy Fund received approximately 51% of its revenue from grants and contributions, and approximately 49% of its revenue from investment income for the year ended June 30, 2006.