

THE DELAWARE VALLEY LEGACY FUND

(A Nonprofit Corporation)

FINANCIAL STATEMENTS

AS OF

DECEMBER 31, 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 December 31, 2006, and the related statements of activity, functional expenses and cash flows for the six months 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 December 31, 2006, and the results of its operations and changes in financial position for the six months then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Katherine R. Conlon CPA". The signature is enclosed within a thin black rectangular border.

THE DELAWARE VALLEY LEGACY FUND

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2006

ASSETS

CURRENT ASSETS

Cash	\$ 1,577
Prepaid insurance	<u>1,594</u>

Total current assets	3,171
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OTHER ASSETS

Beneficial interest in assets held in trust	<u>596,080</u>
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Total assets	<u>\$599,251</u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 6,332
Accrued expenses	6,000
Accrued payroll	<u>8,600</u>

Total liabilities	<u>20,932</u>
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NET ASSETS

Unrestricted	150,921
Unrestricted - Board Designated	400,000
Permanently restricted	<u>27,398</u>

Total net assets	<u>578,319</u>
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Total liabilities and net assets	<u>\$599,251</u>
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THE DELAWARE VALLEY LEGACY FUND

STATEMENT OF ACTIVITIES

FOR THE SIX MONTHS ENDED DECEMBER 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Contributions	\$ 19,273	\$ -	\$ 100	\$ 19,373
Grants	24,000	-	-	24,000
Investment income	55,548	-	-	55,548
Net assets released from restrictions	<u>8,518</u>	<u>(8,518)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>107,339</u>	<u>(8,518)</u>	<u>100</u>	<u>98,921</u>
EXPENSES				
Program	72,630	-	-	72,630
General and administrative	4,940	-	-	4,940
Fundraising	<u>3,490</u>	<u>-</u>	<u>-</u>	<u>3,490</u>
Total expenses	<u>81,060</u>	<u>-</u>	<u>-</u>	<u>81,060</u>
Change in net assets	26,279	(8,518)	100	17,861
NET ASSETS, beginning of year	<u>524,642</u>	<u>8,518</u>	<u>27,298</u>	<u>560,458</u>
NET ASSETS, end of year	<u>\$550,921</u>	<u>\$ -</u>	<u>\$27,398</u>	<u>\$578,319</u>

THE DELAWARE VALLEY LEGACY FUND

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE SIX MONTHS ENDED DECEMBER 31, 2006

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$13,300	\$ -	\$ -	\$13,300
Salaries	24,402	1,683	1,963	28,048
Payroll taxes	1,855	128	149	2,132
Employee benefits	2,127	147	171	2,445
Insurance	276	19	22	317
Professional fees	2,610	180	210	3,000
Technical Assistance	8,339	-	-	8,339
Dues and memberships	2,501	173	201	2,875
Printing	7,297	503	587	8,387
Conferences	1,588	-	-	1,588
Travel	5,346	-	-	5,346
Office expense	651	45	52	748
Other operating expenses	1,546	107	135	1,788
Board development	-	1,955	-	1,955
Project expenses	792	-	-	792
Total	<u>\$72,630</u>	<u>\$4,940</u>	<u>\$3,490</u>	<u>\$81,060</u>

THE DELAWARE VALLEY LEGACY FUND

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$17,861
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Unrealized gain on investments	(43,455)
Increase in prepaid expenses	(1,193)
Increase in	
Accounts payable	6,332
Accrued expenses	3,000
Accrued payroll and taxes	<u>8,600</u>
Net cash used for operating activities	(8,855)
CASH FLOWS FROM INVESTING ACTIVITIES	
Change in value of endowment fund	(10,694)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
Net decrease in cash	(19,549)
CASH, beginning of year	<u>21,127</u>
CASH, end of year	<u>\$ 1,578</u>

THE DELAWARE VALLEY LEGACY FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 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

(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.

(f) Change in Fiscal Year

Effective the fiscal year beginning July 1, 2006, the organization elected to change from a fiscal year end of June 30 to December 31. Accordingly, these financial statements reflect a six-month fiscal transaction period from July 1, 2006 through December 31, 2006. The organization elected to change its fiscal year to coincide with that of its fiscal management agent to facilitate ease of financial reporting. The activity and results of operations for the six months ended December 31, 2006 is

(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) 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.

(5) 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 \$8,518.

(6) REVENUE SOURCES

The Delaware Valley Legacy Fund received approximately 44% of its revenue from grants and contributions, and approximately 44% of its revenue from investment income for the six months ended December 31, 2006.