

**NORTH PENN COMMUNITY HEALTH FOUNDATION
AND
2506 LLC**

***CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

JUNE 30, 2008 AND 2007

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

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TAIT, WELLER & BAKER LLP
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
North Penn Community Health Foundation
Board of Managers
2506 LLC
Colmar, Pennsylvania

We have audited the accompanying consolidated statement of financial position of North Penn Community Health Foundation and 2506 LLC (collectively the "Organization") as of June 30, 2008, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from North Penn Community Health Foundation's 2007 financial statements and, in our report dated September 13, 2007 we expressed an unqualified opinion on these financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 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.

Our audit was performed for the purpose of forming the opinion on the basic consolidated financial statements referred to above taken as a whole. The accompanying supplemental information for grants and consolidated functional expenses, on pages 11 to 12, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
October 22, 2008

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 333,772	\$ 123,762
Short-term investments	269,407	278,686
Accrued interest income	1,751	17,514
Prepaid and other current assets	9,446	39,598
Long-term investments (<i>Note 2</i>)	43,904,260	48,777,566
Other investments	857,864	2,112,880
Beneficial interest in perpetual trusts	236,060	255,313
Property and equipment – net (<i>Note 3</i>)	<u>7,366,154</u>	<u>2,458,336</u>
Total assets	<u>\$52,978,714</u>	<u>\$54,063,655</u>
LIABILITIES		
Grants payable	\$ 577,850	\$ 961,150
Accounts payable and accrued expenses	793,444	545,268
Note payable (<i>Note 4</i>)	4,432,304	754,270
Other liabilities	<u>1,129,692</u>	<u>2,112,880</u>
Total liabilities	<u>6,933,290</u>	<u>4,373,568</u>
NET ASSETS		
Unrestricted		
General Fund	45,545,189	49,154,496
Temporarily restricted (<i>Note 5</i>)	-	16,103
Permanently restricted (<i>Note 5</i>)	<u>500,235</u>	<u>519,488</u>
Total net assets	<u>46,045,424</u>	<u>49,690,087</u>
Total liabilities and net assets	<u>\$52,978,714</u>	<u>\$54,063,655</u>

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2008 With Summarized Information For 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2008</u>	<u>2007</u>
REVENUE					
Investment income					
Interest and dividends (net of investment management and advisory fees of \$103,957 in 2008; \$193,424 in 2007) (<i>Note 2</i>)	\$ 1,220,019	\$ -	\$ -	\$ 1,220,019	\$ 789,043
Income from perpetual trusts	5,895	-	-	5,895	11,355
Rental	144,568	-	-	144,568	-
Contributions	2,125	-	-	2,125	3,385
Bequests	1,000	-	-	1,000	13,561
Change in beneficial interest in perpetual trusts	-	-	(19,253)	(19,253)	23,226
Net realized and unrealized (loss) gain on long-term investments	(2,818,866)	-	-	(2,818,866)	6,578,986
Other income	-	-	-	-	15
Net assets released from restrictions	<u>16,103</u>	<u>(16,103)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>(1,429,156)</u>	<u>(16,103)</u>	<u>(19,253)</u>	<u>(1,464,512)</u>	<u>7,419,571</u>
EXPENSES					
Program grants	1,097,616	-	-	1,097,616	1,299,538
Other program activities	<u>623,856</u>	<u>-</u>	<u>-</u>	<u>623,856</u>	<u>266,366</u>
Total program expenses	<u>1,721,472</u>	<u>-</u>	<u>-</u>	<u>1,721,472</u>	<u>1,565,904</u>
Management and general	<u>204,408</u>	<u>-</u>	<u>-</u>	<u>204,408</u>	<u>164,218</u>
Total expenses	<u>1,925,880</u>	<u>-</u>	<u>-</u>	<u>1,925,880</u>	<u>1,730,122</u>
Excess expense over revenue	<u>(3,355,036)</u>	<u>(16,103)</u>	<u>(19,253)</u>	<u>(3,390,392)</u>	<u>5,689,449</u>
OTHER GAINS (LOSSES)					
Interest rate swap	<u>(253,250)</u>	<u>-</u>	<u>-</u>	<u>(253,250)</u>	<u>-</u>
Net operating revenue (expense)	<u>(3,608,286)</u>	<u>-</u>	<u>-</u>	<u>(3,643,642)</u>	<u>5,689,449</u>
NON-OPERATING REVENUE (EXPENSES)					
North Penn Hospital related revenue (expenses)	<u>(1,021)</u>	<u>-</u>	<u>-</u>	<u>(1,021)</u>	<u>1,314</u>
Change in net assets	<u>(3,609,307)</u>	<u>(16,103)</u>	<u>(19,253)</u>	<u>(3,644,663)</u>	<u>5,690,763</u>
NET ASSETS					
Beginning of year	<u>49,154,496</u>	<u>16,103</u>	<u>519,488</u>	<u>49,690,087</u>	<u>43,999,324</u>
End of year	<u>\$45,545,189</u>	<u>\$ -</u>	<u>\$500,235</u>	<u>\$46,045,424</u>	<u>\$49,690,087</u>

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

CONSOLIDATED STATEMENT OF CASH FLOWS

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
(INCREASE) DECREASE IN CASH		
<i>Cash flows from operating activities</i>		
<i>Net change in net assets</i>	\$ (3,644,663)	\$ 5,690,763
<i>Adjustments to reconcile the net change in net assets to net cash used for operating activities</i>		
Depreciation	104,576	11,198
Net realized and unrealized (gains) losses on long-term investments	2,818,866	(6,578,986)
Change in beneficial interest in perpetual trusts	19,253	26,567
Loss on disposal/retirement of fixed assets	7,399	1,409
(Increase) decrease in		
Accrued interest income	15,763	10,107
Grant receivable	-	3,000
Prepaid and other current assets	30,152	(9,684)
Increase (decrease) in		
Grants payable	(383,300)	(53,300)
Accounts payable and accrued expenses	248,176	435,110
Other liabilities	(983,188)	116,118
Net cash used for operating activities	<u>(1,766,966)</u>	<u>(347,698)</u>
<i>Cash flows from investing activities</i>		
Purchase of property and equipment, net	(5,019,793)	(1,322,706)
Purchases of investments	(38,711,038)	(24,580,895)
Proceeds from sale of investments	40,765,478	26,544,066
(Increase) decrease in other investments	<u>1,255,016</u>	<u>(116,118)</u>
Net cash provided by (used in) investing activities	<u>(1,710,337)</u>	<u>524,347</u>
<i>Cash flows from financing activities</i>		
Proceeds from line of credit	3,678,034	754,270
Repayments on line of credit	<u>-</u>	<u>(1,068,652)</u>
Net cash provided by (used in) financing activities	<u>3,678,034</u>	<u>(314,382)</u>
Net increase (decrease) in cash	200,731	(137,733)
<i>Cash and cash equivalents and short-term investments</i>		
Beginning of year	<u>402,448</u>	<u>540,181</u>
End of year	<u>\$ 603,179</u>	<u>\$ 402,448</u>
CASH PAID DURING THE YEAR FOR:		
Capitalized interest	<u>\$ 21,162</u>	<u>\$ 44,572</u>

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008 and 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

The consolidated financial statements include the accounts of North Penn Community Health Foundation (the “*Foundation*”) and 2506 LLC. 2506 LLC, a Pennsylvania limited liability company, has a Board of Managers appointed by the Foundation that governs its operations.

The Foundation is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is a Type III functionally non-integrated supporting organization as defined by Section 509(a)(3) of the Internal Revenue Code and the Pension Protection Act of 2006. In accordance with Section 501(c)(3) of the Internal Revenue Code, the Foundation will be classified as a private foundation effective July 1, 2008.

The Foundation’s mission is to identify, select and invest in programs and agencies that will improve the health, welfare and quality of life of the community. The Foundation operates by the following guiding principals: seeks to be a catalyst for change to advance healthcare services, education and research; promotes lasting value for investment in healthcare; serves as an advocate in healthcare issues affecting the community; and supports innovative approaches to solutions for the health and welfare needs of the community.

2506 LLC was established in July 2006 to construct, own and operate a facility located in Hatfield Township. The facility, a multi-tenant non-profit center, houses the Foundation and six health and human services agencies serving the North Penn community.

BASIS OF PRESENTATION

All material intercompany accounts and transactions have been eliminated.

BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Organization occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 107 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institution in which deposits are made.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

June 30, 2008 and 2007

INVESTMENTS

Marketable securities are stated at market (*See Note 2*).

BENEFICIAL INTEREST IN PERPETUAL TRUST

The beneficial interest in perpetual trust includes the Foundation's respective share of the fair value of the total funds held in trust by others for which the Foundation is the recipient of a portion of the income. This perpetual trust is included with the permanently restricted net assets.

PROPERTY, BUILDING AND EQUIPMENT

Property, building and equipment are stated at cost. Maintenance and repairs are charged to expense. Major improvements which prolong the life of the assets are capitalized.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method of depreciation. The estimated useful lives are as follows:

Land Improvements	15 Years
Building	39 Years
Leasehold Improvements	5 Years
Furniture, fixtures and equipment	3-7 Years

OTHER LIABILITIES

The Foundation continues to carry certain liabilities and related assets from the former hospital operations related to deferred compensation. In addition, certain income and expenses related to the former hospital operations are included in the statement of activities. The fair value of an interest rate swap is included within other liabilities (*See Note 4*).

NET ASSETS

For accounting and reporting purposes, the Organization classifies its resources into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets – include the revenues and expenses associated with the principal mission of the Foundation.

Temporarily Restricted Net Assets – include gifts for which restrictions have not been met.

Permanently Restricted Net Assets – includes the Foundation's beneficial interest in a perpetual trust which is not held by the Foundation as well as the principal of other permanently restricted trusts held by the Foundation.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended June 30, 2007, from which the summarized information was derived.

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

June 30, 2008 and 2007

(2) LONG-TERM INVESTMENTS

A summary of investments at June 30, is as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Mutual Funds				
Fixed Income	\$ 2,772,336	\$ 2,654,792	\$ 397,320	\$ 385,072
Money Market Funds	953,581	953,581	1,404,472	1,404,472
Equity	11,005,725	10,739,377	4,188,920	4,534,528
Fixed Income	1,151,531	985,930	1,790,523	1,772,357
Common Stocks	15,271,462	16,018,457	24,349,371	30,839,336
Alternative Investments	<u>11,050,000</u>	<u>12,552,123</u>	<u>8,250,000</u>	<u>9,841,801</u>
	<u>\$42,204,635</u>	<u>\$43,904,260</u>	<u>\$40,380,606</u>	<u>\$48,777,566</u>
			<u>2008</u>	<u>2007</u>
Unrealized Appreciation (Depreciation)				
End of Year			\$ 1,699,625	\$8,396,960
Beginning of Year			<u>8,396,960</u>	<u>4,286,626</u>
Change in Unrealized Appreciation (Depreciation)			(6,697,335)	4,110,334
Realized Net Gain for the Year			<u>3,878,469</u>	<u>2,468,652</u>
Net Gain (Loss) on Investments			(2,818,866)	6,578,986
Interest and Dividends				
(Net of investment management and advisory fees of \$103,957 in 2008; \$193,424 in 2007)			<u>1,220,019</u>	<u>789,043</u>
Total Return			<u>\$(1,598,847)</u>	<u>\$7,368,029</u>

The Foundation has alternative investments through limited partnerships and private investment companies. These limited partnerships and private investment companies investments consist of both publicly and nonpublicly based securities. For publicly traded securities, the fair value is based on quoted market prices. For nonpublicly traded securities, the fair value has been estimated by the respective investment managers and is based upon available information in the absence of readily ascertainable market values and does not necessarily represent amounts that might ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed. These differences could be material.

As of June 30, 2008, the Foundation has an investment in Iowa Student Loan Auction Rate Securities. These investments which are included in fixed income securities were purchased for \$1,100,000 and have a market value of \$936,100 as of June 30, 2008. In February 2008, the auctions related to the selling of such securities failed and these securities became illiquid. Subsequent to June 30, 2008, UBS Financial Services, Inc., the broker for the auction rate securities, offered the Foundation an opportunity to liquidate their auction rate securities at par during a two year period commencing in January 2009.

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

June 30, 2008 and 2007

(3) PROPERTY, BUILDING AND EQUIPMENT

A summary of property, buildings and equipment is as follows at June 30:

	<u>2008</u>	<u>2007</u>
Land	\$1,704,349	\$1,369,618
Land improvements	376,241	-
Building	4,185,122	-
Leasehold improvements	858,504	-
Furniture, fixtures and equipment	377,903	79,797
Construction-in-progress	<u>-</u>	<u>1,059,474</u>
	7,502,119	2,508,889
Accumulated depreciation	<u>(135,965)</u>	<u>(50,553)</u>
Net book value	<u>\$7,366,154</u>	<u>\$2,458,336</u>

The Foundation acquired real estate located in Hatfield Township for the purpose of constructing a non-profit center that will house several health and human services agencies as well as the Foundation itself. The construction of the building was completed in March 2008 and the cost of the land and construction of the building totaled approximately \$7.1 million. In December 2006, the Foundation transferred the deed and ownership of the land and any improvements to 2506 LLC in exchange for a note receivable. In addition, the Foundation financed certain construction cost related to the Building. As of June 30, 2008, 2506 LLC has an outstanding note payable from the Foundation of \$2,037,769 in conjunction with the acquisition of the property and certain construction costs. All intercompany borrowings and related interest between the Foundation and 2506 LLC have been eliminated in these consolidated financial statements.

Depreciation expense for the year ended June 30, 2008 was \$104,576.

(4) NOTE PAYABLE

In December 2006, the Foundation and 2506 LLC entered into a construction loan and mortgage agreement with a bank for \$4.5 million. 2506 LLC drew on this line of credit during the advance period which was from the date of the loan agreement until the earlier of 13 months from such date or 45 days after the completion of construction. At the end of the advance period (October 31, 2007), the outstanding balance on the line of credit was converted to a note with principal and interest payable monthly based on a 25 year amortization schedule and interest at a tax-free floating rate based on LIBOR plus 110 basis points. All outstanding principal and interest is due October 31, 2017. The Foundation and 2506 LLC are jointly liable for this note payable which is collateralized by a mortgage agreement on the property. As of June 30, 2008, the outstanding balance on the note payable was \$4,432,304.

The Foundation and 2506 LLC are subject to compliance of financial covenants under the terms of the loan agreement. The financial covenants require the Foundation and 2506 LLC to maintain an annual minimum debt service coverage ratio of 1.20 or greater and a tangible net worth of not less than \$10 million.

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

June 30, 2008 and 2007

In conjunction with the note payable, the Foundation and 2506 LLC entered into a swap agreement commencing on October 31, 2007 with a bank in the notional amount of \$4.5 million, whereby the Foundation and 2506 LLC will pay a fixed interest rate of 4.37% and receive a variable interest rate (LIBOR plus 110 basis points). As of June 30, 2008, the fair value of the SWAP agreement was \$253,250 in favor of the Bank and the related obligation is included in other liabilities.

The minimum annual repayment requirements on the note payable as of June 30, 2008 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 101,544
2010	101,544
2011	101,544
2012	101,544
2013	101,544
Thereafter	<u>3,924,584</u>
	<u>\$4,432,304</u>

(5) NET ASSETS

Temporarily restricted net assets at June 30, are available as follows:

	<u>2008</u>	<u>2007</u>
Discretionary and Designated	<u>\$ -</u>	<u>\$16,103</u>

Permanently restricted net assets at June 30, are as follows:

	<u>2008</u>	<u>2007</u>
Beneficial Interest in Perpetual Trusts	\$236,060	\$255,313
Other	<u>264,175</u>	<u>264,175</u>
	<u>\$500,235</u>	<u>\$519,488</u>

During the year ended June 30, 2007, the trustee of two perpetual trusts released \$49,793 which represented the Foundation's beneficial interest.

Net assets released from restrictions for the year ended June 30, were as follows:

	<u>2008</u>	<u>2007</u>
Discretionary and Designated	\$16,103	\$16,100
Montgomery County Needs Assessment	<u>-</u>	<u>57,803</u>
	<u>\$16,103</u>	<u>\$73,903</u>

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

June 30, 2008 and 2007

(6) CONTINGENCIES

The management and administration of the delivery of healthcare services entailed significant risks of liability to North Penn Hospital. As such, North Penn Hospital was subject to various actions and claims arising from the acts or omissions of its employees, providers or other parties. These actions gave rise to malpractice, professional negligence and other related claims against North Penn Hospital and, as successor to the North Penn Hospital, the Foundation.

These claims and lawsuits relate to the following: (1) various medical malpractice claims; (2) a claim for compensatory damages in the amount of \$2.5 million for employees' unused and unpaid vacation and personal leave benefits accrued and or earned during their employment at North Penn Hospital. Legal counsel is of the opinion that an evaluation of the likelihood of the outcome of these matters is not yet possible as the charges and claims are currently still being investigated. The Foundation has professional liability insurance covering medical malpractice claims only.

(7) COMMITMENTS

2506 LLC leases space in its building to the Foundation and six health and human services non-profit organizations. Each tenant signed a 5-year lease, with the last lease expiring in April 2013.

The minimum annual lease commitments are as follows:

2009	\$ 237,535
2010	237,535
2011	237,535
2012	237,535
2013	<u>184,434</u>
	<u>\$1,134,574</u>

The minimal annual lease commitments reflected above in these consolidated financial statements are shown net of the commitment from the Foundation.

SUPPLEMENTAL INFORMATION

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

SCHEDULE OF GRANTS

Year Ended June 30, 2008

	<u>2008</u>
Program Grants	
Advanced Living, Inc.	\$ 40,000
Child, Home & Community	15,000
Contact Greater Philadelphia	20,000
Delaware Valley Grantmakers	5,000
Developmental Enterprises Corporation	7,000
Family Services of Montgomery County	6,000
The Free Health Clinic of Montgomery County, Inc. (Healthlink)	47,000
Gateway Employment Resources, Inc.	8,000
Greater North Penn Collaborative for Health and Human Services (3)	110,500
Harleysville Senior Center	34,900
Health Promotion Council of Southeastern Pennsylvania, Inc.	190,000
Indian Creek Foundation (3)	103,600
Indian Valley Housing Corporation	50,000
Inter-Faith Housing Alliance	40,000
Legal Aid of Southeastern Pennsylvania	10,000
Manna on Main Street	10,000
Montgomery Child Advocacy Project	10,000
Montgomery County Community College Foundation	27,500
New Life Youth and Family Services	23,200
North Penn Valley Boys and Girls Club, Inc. (2)	25,300
North Penn Visiting Nurse Association	40,000
North Penn YMCA	50,000
Northwestern Human Services of Montgomery County	45,000
Peaceful Living	5,000
Pennsylvania Dental Foundation	50,000
Pennypack Farm Education Center for Sustainable Food Systems	7,500
The Philadelphia Foundation	14,600
Senior Adult Activity Center of Indian Valley	<u>61,000</u>
Total Program Grants	1,056,100
Matching Grants	<u>8,250</u>
Health Education Mini Grants	<u>9,277</u>
Total Grants Awarded During Fiscal Year Ended June 30, 2008	1,073,627
Plus conditional grants awarded in prior year recognized in current year:	
The Greater North Penn Collaborative for Health and Human Services	20,000
The Wellness Community of Philadelphia	25,000
Less conditional grants awarded in current year not recognized in current year:	
Legal Aid of Southeastern Pennsylvania	(5,000)
The Philadelphia Foundation	(14,600)
Less grants recovered	<u>(1,411)</u>
Total Grant Expense	<u>\$1,097,616</u>

NORTH PENN COMMUNITY HEALTH FOUNDATION AND 2506 LLC

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Years Ended June 30, 2008 with summarized information for 2007

	2008			Management And		2007
	Other Program Activity		Total	General		Total
	Grants	Facility		Total	Total	
Salaries	\$153,450	\$ -	\$153,450	\$ 66,703	\$220,153	\$183,106
Payroll Taxes/Employee Benefits	23,877	-	23,877	9,515	33,392	26,389
Professional Services						
Legal Fees	-	-	-	45,192	45,192	28,678
Audit	-	-	-	16,250	16,250	23,300
Consulting	14,134	-	14,134	3,992	18,126	36,154
Occupancy	48,202	-	48,202	20,953	69,155	37,518
Utilities and Security	-	8,357	8,357	-	8,357	-
Telephone and Communications	4,565	1,370	5,935	1,984	7,919	4,748
Office and Computer Supplies	11,006	2,730	13,736	5,282	19,018	10,160
Maintenance	-	7,553	7,553	-	7,553	-
Printing and Public Relations	20,755	-	20,755	2,539	23,294	19,127
Insurance	4,467	2,317	6,784	1,942	8,726	5,928
Postage	1,224	-	1,224	1,224	2,448	2,388
Meeting and Travel	13,249	192	13,441	14,073	27,514	26,051
Dues and Subscriptions	8,484	-	8,484	480	8,964	9,885
Depreciation	19,734	76,264	95,998	8,578	104,576	11,198
Interest	-	192,651	192,651	-	192,651	-
Miscellaneous	9,275	-	9,275	5,701	14,976	5,954
Total	<u>\$332,422</u>	<u>\$291,434</u>	<u>\$623,856</u>	<u>\$204,408</u>	<u>\$828,264</u>	<u>\$430,584</u>