

Independence
*f*oundation

REPORT AS OF DECEMBER 31, 2008

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Offices at the Bellvue • 200 South Broad Street • Suite 1101 • Philadelphia, PA 19102

I f ndependence foundation

DIRECTORS

Hon. Phyllis W. Beck
André L. Dennis, Esq.
Eugene C. Fish, Esq.
Andrea Mengel, PhD, RN
Susan E. Sherman
Barton M. Silverman

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Secretary

Report of the President – 2008

In the year 2008, the Independence Foundation's grant-making was in excess of \$5 million. Our focus continues to be Philadelphia and its five surrounding Pennsylvania counties. Our mission remains that of providing general operating support to nonprofit organizations that provide services to people who do not ordinarily have access to them. Our specific initiatives are programs in nurse-managed health care, culture and the arts, individual fellowships in the arts, public interest legal services, public interest law fellowships, and health and human service programs which focus on access to food, housing, and support for people living with disabilities.

The specific grant activities of the Foundation are listed in the body of this report.

I would like to thank the board of directors for their efforts, their commitment and their support: The Honorable Phyllis W. Beck, chair of the board; Eugene C. Fish, Esq. and CPA, vice president; André L. Dennis, Esq., vice president; Andrea Mengel, Ph.D., RN, secretary; and Barton M. Silverman, vice president. I also wish to acknowledge and thank the members of our Advisory Committees. The Nurse-Managed Primary Health Care Advisory Committee included Constance Carino, RN, DNSc, CS, FAAN, founder, Wellness Community - Philadelphia; Vernice D. Ferguson, RN, MA, FAAN, FRCN; Joseph J. Pittelli, M.D., retired; and William M. Warfel, Ph.D., RN, CNAA, retired associate general director, Albert Einstein Medical Center. The Public Interest Law Fellowship Selection Advisory Committee included Charisse R. Lillie, Esq., executive vice president, Comcast Corporation; Lynn A. Marks, Esq., executive director, Pennsylvanians for Modern Courts; Gerald A. McHugh, Esq., Raynes, McCarty; The Honorable Theodore A. McKee, U.S. Court of Appeals for the Third Circuit; and Joseph A. Sullivan, Esq., Pepper Hamilton LLP. The Culture & Arts Advisory Committee included Dianne Dalto Woosnam; Terrence Nolen, producing artistic director, Arden Theatre Company; Linda Reichert, artistic director, Network for New Music; and Nick Stuccio, producing director, Philadelphia Live Arts Festival and Philly Fringe. The Performing Arts Fellowship Selection Advisory Committee included Jennifer Childs, individual artist and artistic director, 1812 Productions;

Terrence Nolen, producing artistic director, Arden Theatre Company; Linda Reichert, artistic director, Network for New Music; Nick Stuccio, producing director, Philadelphia Live Arts Festival and Philly Fringe; and Andrew Simonet, co-director, Headlong Dance Theater. The Culture and Arts Visual Arts Fellowship Selection Advisory Committee included Jane Golden, executive director, Mural Arts Program; Derick Dreher, director, The Rosenbach Museum & Library; Sean Kelley, program director, Eastern State Penitentiary; and Amy Sarner Williams, executive director, The Clay Studio.

Finally, it is my pleasure to acknowledge the talent and ability of our staff, without whom our work would not be as successful: Jennifer Bohnenberger, program officer; Eunice King, Ph.D., RN, senior program officer and director, research & evaluation; Sue Lum Heckrotte, program officer, Katherine Quigley, accounts manager; and Nancy Padlo, assistant to the president. We look forward to 2009 and to the many new challenges that await us. It remains our privilege to work with so many nonprofit organizations in this geographic area and to provide assistance to them as they continue their generous work in our community. We applaud their efforts, their commitment, and their success.

Susan E. Sherman
President & CEO

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
<p>Cultural & the Arts</p> <p>Philadelphia and its surrounding Pennsylvania counties include a rich variety of cultures. We are interested in supporting quality organizations that encourage arts and cultural opportunities for the diverse communities in this region. All programs must be open to the public.</p>				
11th Hour Theatre Company Hatboro, PA General Support		3,000	3,000	
1812 Productions Inc Philadelphia, PA Project Support/3 years General Support/3 years	50,000	30,000	25,000 10,000	25,000 20,000
Abington Art Center Jenkintown, PA General Support/3 years	6,000		3,000	3,000
Academy of Community Music/Academy of Children's Music Ft. Washington, PA Project Support/3 years	7,500		7,500	
Academy of Natural Sciences of Philadelphia Philadelphia, PA General Support/3 years	30,000		15,000	15,000
Academy of Vocal Arts Philadelphia, PA Challenge Grant/3 years	45,000		15,000	30,000
American Ballet Competition/ Dance Affiliates Philadelphia, PA General Support/3 years	10,000		5,000	5,000
Anna Crusic Women's Choir Philadelphia, PA General Support/3 years	4,000		2,000	2,000
Arden Theatre Company Philadelphia, PA Project Grant/5 years Project Grant General Support/3 years General Support	180,000 60,000	30,000 10,000	90,000 60,000 10,000	90,000 20,000

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Art Sanctuary Philadelphia, PA General Support/3 years	20,000		10,000	10,000
Artists U Philadelphia, PA General Support/2 years	10,000		10,000	
Art-Reach Philadelphia, PA General Support/3 years General Support	20,000	1,000	10,000 1,000	10,000
Asian Arts Initiative Philadelphia, PA General Support		5,000	5,000	
Astral Artistic Services Philadelphia, PA General Support/3 years	5,000		5,000	
Atwater Kent Museum of Philadelphia Philadelphia, PA General Support		5,000	5,000	
BalletX/Phrenic New Ballet Philadelphia, PA General Support		5,000	5,000	
Brat Productions Philadelphia, PA General Support/3 years		15,000	5,000	10,000
Bristol Riverside Theater Company Inc. Bristol, PA General Support/3 years		30,000	10,000	20,000
Center for Emerging Visual Artists (The) Philadelphia, PA General Support/3 years	20,000		10,000	10,000

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Chamber Orchestra of Philadelphia Philadelphia, PA General Support/3 years		9,000	3,000	6,000
Cheltenham Township Art Center Cheltenham, PA General Support/3 years	6,000		3,000	3,000
Chester Children's Chorus Swarthmore, PA General Support/3 years		15,000	5,000	10,000
Choral Arts Society of Philadelphia Philadelphia, PA General Support/3 years	10,000			10,000
The Clay Studio Philadelphia, PA Challenge Grant/2 years General Support/3 years	20,000	15,000	10,000 5,000	10,000 10,000
Commonwealth Youthchoirs, Inc. Philadelphia, PA General Support		3,000	3,000	
Community Education Center Philadelphia, PA General Support/3 years	10,000		5,000	5,000
Conservation Center for Art & Historic Artifacts Philadelphia, PA General Support/3 years	10,000		10,000	
Corporation for Civic Documentaries Wyncote, PA General Support		1,000	1,000	
Darlington Arts Center Garnet Valley, PA General Support/3 years	6,000		3,000	3,000
Eastern State Penitentiary Historic Site Philadelphia, PA Project Support/3 years	10,000		5,000	5,000

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Elmwood Park Zoo/ Norristown Zoological Society Norristown, PA General Support/3 years		22,500	7,500	15,000
Encore Series/Peter Nero & the Philly Pops Philadelphia, PA Challenge Grant		10,000		10,000
Enchantment Theatre Company Glenside, PA General Support/3 years General Support	20,000		10,000 2,000	10,000
Free Library of Philadelphia (The) Philadelphia, PA Project Support/3 years Project Support General Support	40,000		5,000 500	20,000 500
Friends of the Free Library of Philadelphia Philadelphia, PA General Support/3 years		9,000	3,000	6,000
Greater Philadelphia Cultural Alliance Philadelphia, PA Project Support General Support/3 years General Support	20,000	60,000 500	20,000 500	40,000
Group Motion Multi Media Dance Theatre Philadelphia, PA General Support/3 years	20,000		10,000	10,000
Headlong Dance Theater Philadelphia, PA General Support/3 years	10,000		10,000	
Hedgerow Theatre Media, PA General Support		3,000	3,000	

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Historical Society of Pennsylvania Philadelphia, PA General Support		5,000	5,000	
InterAct Theatre Company Philadelphia, PA General Support/3 years	5,000		5,000	
International House of Philadelphia Philadelphia, PA General Support		3,000	3,000	
James A. Michener Art Museum Doylestown, PA Project Support/3 years		9,000	3,000	6,000
Jeanne Ruddy Dance Philadelphia, PA Challenge Grant/2 years	12,500		7,500	5,000
Jewish Community Centers of Greater Philadelphia/ Gershman Y Philadelphia, PA Project Support/3 years General Support		9,000 1,000	3,000 1,000	6,000
Lantern Theater Company Philadelphia, PA General Support/3 years Challenge Grant/3 years	20,000 45,000		10,000 15,000	10,000 30,000
Library Company of Philadelphia (The) Philadelphia, PA Project Support/3 years	10,000		10,000	
Lyric Fest Philadelphia, PA General Support/3 years		9,000	3,000	6,000
Main Line Art Center Haverford, PA General Support/3 years	6,000		3,000	3,000

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Mann Center for the Performing Arts/Frederick R. Mann Music Center Philadelphia, PA Capital Grant/5 years Capital Grant/5 years General Support/3 years	100,000 250,000 20,000		100,000 10,000	250,000 10,000
Melanie Stewart Dance Theatre Philadelphia, PA Project Support/3 years	10,000		5,000	5,000
Mendelssohn Club Philadelphia, PA General Support/3 years		9,000	3,000	6,000
Miro Dance Theatre Philadelphia, PA General Support/3 years	10,000		5,000	5,000
Musicopia Philadelphia, PA General Support/3 years Challenge Grant/3 years	15,000 12,500		7,500 2,500	7,500 10,000
National Constitution Center Philadelphia, PA Challenge Grant		10,000		10,000
National Museum of American Jewish History Philadelphia, PA General Support/3 years		15,000	5,000	10,000
Network for New Music Philadelphia, PA General Support/3 years General Support/3 years	3,000	15,000	3,000 5,000	10,000
NetworkArts Philadelphia Philadelphia, PA General Support/3 years	5,000		5,000	
New Paradise Laboratories Philadelphia, PA General Support/3 years		9,000	3,000	6,000

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Nonprofit Finance Fund Philadelphia, PA General Support/3 years		45,000	15,000	30,000
Opera Company of Philadelphia Philadelphia, PA General Support/3 years	150,000		75,000	75,000
Orchestra 2001 Philadelphia, PA General Support/3 years	6,000		3,000	3,000
Painted Bride Art Center Philadelphia, PA General Support/3 years	20,000		10,000	10,000
Pennsylvania Academy of the Fine Arts Philadelphia, PA Project Support/3 years	20,000		10,000	10,000
Pennsylvania Ballet Assoc Philadelphia, PA Challenge Grant/5 years General Support/3 years General Support	200,000	30,000 5,000	100,000 10,000 5,000	100,000 20,000
Pennsylvania Horticultural Society Philadelphia, PA Challenge Grant/3 years		30,000		30,000
People's Light and Theatre Company Malvern, PA Project Support/3 years		30,000	10,000	20,000
Pew Charitable Trusts Philadelphia, PA Project Support/3 years	15,000		15,000	
Philadelphia Art Alliance Philadelphia, PA General Support/3 years Project Support/2 years Challenge Grant General Support General Support	10,000	10,000 10,000 10,000 4,000	10,000 5,000 10,000 10,000 4,000	5,000

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Philadelphia Chamber Music Society Philadelphia, PA Project Support/3 years		15,000	5,000	10,000
Philadelphia Community Arts Network Philadelphia, PA General Support/3 years		9,000	3,000	6,000
Philadelphia Live Arts Festival and Philly Fringe Philadelphia, PA General Support/3 years		60,000	20,000	40,000
Philadelphia Mural Arts Advocates Philadelphia, PA Project Support Project Support/2 years General Support/2 years		100,000 80,000 60,000	40,000 30,000	100,000 40,000 30,000
Philadelphia Museum of Art Philadelphia, PA Project support/3 years	20,000		10,000	10,000
Philadelphia Orchestra Association Philadelphia, PA General Support/3 years	50,000		50,000	
Philadelphia Singers Philadelphia, PA General Support/3 years	3,000			3,000
Philadelphia Theater Company Philadlephia, PA Capital Grant/3 years General Support/3 years	600,000	30,000	200,000 10,000	400,000 20,000
Philadelphia Young Playwrights Philadelphia, Pa General Support/3 years		30,000	10,000	20,000
Philadelphia Youth Orchestra Philadelphia, PA Challenge Grant	5,000		5,000	

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Philagrafika Philadelphia, PA General Support/3 years	20,000		10,000	10,000
Pig Iron Theatre Company, Inc Philadelphia, PA General Support/3 years	10,000		10,000	
Prince Music Theater (The) Philadelphia, PA General Support/3 years	15,000		7,500	7,500
Print Center (The) Philadelphia, PA General Support/3 years		15,000	5,000	10,000
Rennie Harris Puremovement Philadelphia, PA General Support		5,000	5,000	
Rosenbach Museum & Library Philadelphia, PA Project Support/3 years	10,000		10,000	
Samuel S. Fleisher Art Memorial, Inc. Philadelphia, PA General Support/3 years		22,500	7,500	15,000
Scribe Video Center Philadelphia, PA General Support/3 years	15,000		7,500	7,500
Settlement Music School of Philadelphia Philadelphia, PA General Support/3 years		30,000	10,000	20,000
Singing City Philadelphia, PA General Support/3 years	5,000		5,000	
Smith Memorial Playground and Playhouse Philadelphia, PA General Support/3 years General Support		15,000 5,000	5,000 5,000	10,000

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Spiral Q Puppet Theater Philadelphia, PA General Support/3 years		9,000	3,000	6,000
Taller Puertorriqueno, Inc. Philadelphia, PA General Support/3 years		15,000	5,000	10,000
Theatre Exile Philadelphia, Pa General Support/3 years	10,000		5,000	5,000
Theatre Horizon King of Prussia, PA General Support		3,000	3,000	
Village of Arts and Humanities, Inc Philadelphia, PA General Support/3 years		30,000	10,000	20,000
VSA Arts of Pennsylvania/ Amaryllis Theatre Co Philadelphia, PA General Support/3 years	6,000		3,000	3,000
Walnut Street Theatre Corporation Philadelphia, PA Project Support/3 years		30,000	10,000	20,000
WHYY, Inc Philadelphia, PA Challenge Grant	30,000		30,000	
Wilma Theatre (The) Philadelphia, PA General Support Challenge Grant/2 years		10,000 20,000	10,000	20,000
Woodmere Art Museum Philadelphia, PA General Support/3 years	10,000		5,000	5,000
Zoological Society of Philadelphia Philadelphia, PA Project Support/3 years	20,000		10,000	10,000

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General Support/3 years General Support		30,000 2,500	10,000 2,500	20,000
Total Culture & Arts Grants	2,423,500	1,183,500	1,587,500	2,019,500
<u>Endowed Chair</u>	In 2000, in special initiatives by the Board of Directors the Eugene C. Fish Professorship in Business at Lebanon Valley College of Pennsylvania was established. With this endowment, we continue the tradition of establishing chairs in areas where the Foundation had funding priorities.			
Lebanon Valley College of Pennsylvania Annville, PA Eugene C. Fish Professorship in business	150,000		50,000	100,000
Total Endowed Chair	150,000		50,000	100,000
<u>Fellowships in the Arts</u>	The Independence Foundation Fellowships in the Arts are designed to provide local individual artists with the opportunity to further their training and take the next key step in their professional development. Designated as nominating organizations, current Cultural & Arts grantees of the Foundation nominated eligible artists. Peer panels, comprised of local professional artists and arts administrators, reviewed the applications and made recommendations to the board of directors for final decisions. Fellowships are awarded in two annual funding cycles, one in Performing Arts and one in Visual Arts.			
Adrienne Mackey Philadelphia, PA Performing Arts Fellowship		9,000	9,000	
Ava Blitz Wynnewood, PA Visual Arts Fellowship		7,500	7,500	
Beth Nixon Philadelphia, PA Performing Arts Fellowship		9,000	9,000	

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Elba Hevia y Vaca Philadelphia, PA Performing Arts Fellowship		10,000	10,000	
Eliseo Art Silva Philadelphia, PA Visual Arts Fellowship		7,500	7,500	
Heather Mae Erickson Philadelphia, PA Visual Arts Fellowship		7,500	7,500	
Homer Jackson Philadelphia, PA Visual Arts Fellowship		7,500	7,500	
Jane Irish Philadelphia, PA Visual Arts Fellowship		5,000	5,000	
John Blake, Jr. Philadelphia, PA Performing Arts Fellowship		10,000	10,000	
Katie Murken Philadelphia, PA Visual Arts fellowship		5,000	5,000	
Lisa Kraus Blue Bell, PA 19422 Performing Arts Fellowship		7,000	7,000	
Makoto Hirano Philadelphia, PA Performing Arts Fellowship		9,000	9,000	
Nichole Canuso Philadelphia, PA Performing Arts Fellowship		10,000	10,000	
Peter Pryor King of Prussia, PA Performing Arts Fellowship		10,000	10,000	
Susan Hagen Philadelphia, PA Visual Arts Fellowship		10,000	10,000	
Troy Herion Philadelphia, PA Performing Arts Fellowship		7,000	7,000	

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William Smith Philadelphia, PA Visual Arts Fellowship		7,500	7,500	
Total Fellowships in the Arts Grants		138,500	138,500	
Health & Human Services	Philadelphia and its surrounding Pennsylvania counties have many community-based groups that empower less advantaged residents to achieve self-sufficiency by providing for their most basic needs including: adequate food and food distribution; affordable housing and access to shelter by homeless persons; and services which support independence for people living with disabilities. We are interested in supporting many of these organizations as they provide ongoing services.			
Abington Memorial Hospital Abington, PA General Support		20,000	20,000	
AchieveAbility Philadelphia, PA General Support/3 years	10,000		10,000	
After School Activities Partnerships Philadelphia, PA General Support		1,000	1,000	
Bethesda Project Philadelphia, PA General Support/3 years	10,000		10,000	
Birth Center Bryn Mawr, PA Project Support/3 years	10,000		10,000	
Blessed Margaret of Castello Home Bensalem, PA General Support/3 years	5,000		5,000	
Bridging the Gaps Philadelphia, PA Project Support/3 years	10,000		10,000	

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Calcutta House Philadelphia, PA General Support		5,000	5,000	
Camden Area Health Education Center Camden, NJ General Support		10,000	10,000	
Canine Partners for Life Cochranville, PA General Support/3 years	20,000		20,000	
Center for Advocacy for the Rights and Interests of the Elderly (CARIE) Philadelphia, PA General Support/3 years	10,000		10,000	
Center for the Blind and Visually Impaired Chester, PA General Support/3 years 1	10,000		10,000	
Cheyney University Cheyney, PA General Support		5,000	5,000	
Children's Crisis Treatment Center Philadelphia, PA Project Support/3 years	10,000		10,000	
Children's Hospital Foundation (The) Philadelphia, PA General Support		500	500	
CHOICE, Inc. Philadelphia, PA General Support/3 years	10,000		10,000	
Community Women's Education Project Philadelphia, PA General Support/3 years	10,000		10,000	

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Cradles to Crayons Horsham, PA General Support		5,000	5,000	
Crozer-Chester Medical Center Chester, PA General Support/3 years	10,000		10,000	
Deaf-Hearing Communication Centre, Inc Swarthmore, PA General Support/3 years	10,000		10,000	
Delaware Valley Friends School Paoli, PA General Support		1,000	1,000	
Devereux Foundation Paoli, PA General Support		5,000	5,000	
Domestic Abuse Project of Delaware County, Inc. Media, PA General Support/3 years	10,000		10,000	
Domestic Violence Center of Chester County West Chester, PA Project Support/3 years	10,000		10,000	
Episcopal Church of the Advocate (The) Philadelphia, PA Project Support		5,000	5,000	
Episcopal Community Services Philadelphia, PA Project Support		5,000	5,000	
Food Trust (The) Phildelphia, PA General Support/3 years	10,000		10,000	
Foundation for Cognitive Therapy & Beck Institute for Cognitive Therapy & Research				

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Bala Cynwyd, PA Fellows/3 years	50,000		50,000	
Glaucoma Services Foundation Philadelphia, PA General Support		500	500	
Housing Alliance of Pennsylvania/Pennsylvania Low Income Housing Corporation Glenside, PA General Support/3 years	10,000		10,000	
Howard University Washington, DC Scholarships		5,000	5,000	
Human Rights Watch/Children's Rights Watch New York, NY General Support		14,000	14,000	
JEVS Human Services Philadelphia, PA Challenge Grant		5,000		5,000
Liberty Resources, Inc. Philadelphia, PA General Support/3 years	10,000		10,000	
Little Brothers-Friends of the Elderly Philadelphia, PA General Support/3 years	10,000		10,000	
Metropolitan Aids Neighborhood Nutrition Alliance Inc.(MANNA) Philadelphia, PA General Support/3 years General Support Challenge Grant		10,000 1,000 2,000 50,000	10,000 1,000 2,000	50,000
Maternity Care Coalition Philadelphia, PA Project Support	20,000		10,000	10,000

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Metropolitan Career Center Philadelphia, PA General Support/3 years	10,000		10,000	
Montgomery County Association for the Blind North Wales, PA General Support/3 years	10,000		10,000	
Network of Victim Assistance (NOVA) Jamison, PA General Support/3 years	10,000		10,000	
Overbrook School for the Blind Philadelphia, PA Project Support/3 years	15,000		15,000	
People's Emergency Center Philadelphia, PA General Support/3 years	15,000		15,000	
Philabundance Philadelphia, PA General Support General Support		5,000 2,500	5,000 2,500	
Philadelphia AIDS Consortium Philadelphia, PA Project Support/3 years	10,000		10,000	
Philadelphia Citizens for Children & Youth Philadelphia, PA General Support/3 years	10,000		10,000	
Philadelphia READS Philadelphia, PA General Support/3 years	10,000		10,000	
Philadelphia Scholars Philadelphia, PA General Support		5,000	5,000	
Planned Parenthood of Bucks County Warminster, PA General Support/3 years	50,000		50,000	

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Planned Parenthood of Chester County West Chester, PA General Support/3 years	50,000		50,000	
Planned Parenthood of S.E. Penna. Philadelphia, PA Capital Campaign/4 years	50,000		25,000	25,000
Project Forward Leap Philadelphia, PA General Support		5,000	5,000	
Project H.O.M.E. Philadelphia, PA Project Support/3 years General Support General Support Project Support/2 years	15,000	5,000 5,000 100,000	15,000 5,000 5,000	100,000
Quest Therapeutic Services West Chester, PA General Support/3 years	5,000		5,000	
Special Equestrians Warrington, PA General Support/3 years	5,000		5,000	
Supportive Older Women's Network-SOWN Philadelphia, PA General Support/3 years Project Support/3 years	10,000 20,000		10,000 10,000	10,000
Theta Chapter of Chi Eta Phi Sorority, Inc Laverock, PA Scholarships	10,000		10,000	
Washington Crossing Foundation Bristol, PA Scholarships/3 years	10,000		10,000	
White-Williams Scholars Philadelphia, PA General Support/3 years	10,000		10,000	

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Women in Transition Philadelphia, PA General Support/3 years	10,000		10,000	
Women's Center of Montgomery County Elkins Park, PA General Support/3 years	10,000		10,000	
Women's Resource Center Wayne, PA General Support/3 years	10,000		10,000	
Total Health & Human Services Grants	620,000	277,500	697,500	200,000

Public Interest Legal Aid

Philadelphia and its surrounding Pennsylvania counties have a wealth of public interest law organizations that address civil legal issues confronting individuals from diverse populations including people who are indigent, elderly, disabled or homeless. We are interested in supporting these organizations as they continue to provide services.

AIDS Law Project of Pennsylvania Philadelphia, PA General Support/3 years	15,000		15,000	
American Civil Liberties Union Philadelphia, PA General Support/3 years	7,500		7,500	
Committee of Seventy Philadelphia, PA General Support/3 years General Support	50,000	500	25,000 500	25,000
Community Impact Legal Services, Inc. Coatesville, PA General Support/3 years	30,000		30,000	
Community Legal Services, Inc. Philadelphia, PA General Support/3 years	100,000		100,000	

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Consumer Bankruptcy Assistance Project Philadelphia, PA General Support/3 years	10,000		10,000	
Defender Association of Philadelphia Philadelphia, PA General Support		10,000	10,000	
Disability Rights Network of Pennsylvania Philadelphia, PA General Support/3 years	30,000		15,000	15,000
Education Law Center of Pennsylvania Philadelphia, PA General Support/3 years	15,000		15,000	
Equality Advocates Pennsylvania Philadelphia, PA General Support/3 years	15,000		15,000	
Friends of Farmworkers, Inc. Philadelphia, PA General Support/3 years	15,000		15,000	
HIAS and Council Migration Service of Philadelphia Philadelphia, PA Project Support/3 years	20,000		20,000	
Homeless Advocacy Project Philadelphia, PA General Support/3 years	20,000		20,000	
Juvenile Law Center Philadelphia, PA General Support/3 years	20,000		20,000	
Legal Aid of Southeastern Pennsylvania (LASP) Norristown, PA General Support/3 years Challenge Grant	50,000 20,000		50,000 10,000	10,000

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Legal Clinic for the Disabled, Inc. Philadelphia, PA Challenge Grant General Support/3 years	5,000 10,000		5,000 10,000	
National Senior Citizens Law Center Washington, DC General Support		5,000	5,000	
Nationalities Service Center Philadelphia, PA General Support/3 years	15,000		15,000	
Pennsylvania Health Law Project Philadelphia, PA General Support/3 years General Support	75,000	3,000	75,000 3,000	
Pennsylvania Innocence Project Philadelphia, PA General Support		10,000	10,000	
Pennsylvania Institutional Law Project Philadelphia, PA General Support/3 years	15,000		15,000	
Pennsylvania Prison Society Philadelphia, PA General Support/3 years Project Support	5,000	2,500	5,000 2,500	
Pennsylvanians for Modern Courts Philadelphia, PA General Support/3 years Challenge Grant/2 years	60,000 20,000		60,000 20,000	
Philadelphia Legal Assistance Center Philadelphia, PA Project Support/3 years	15,000		15,000	

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Philadelphia VIP, Inc. Philadelphia, PA General Support/3 years	30,000		15,000	15,000
Public Interest Law Center of Phila. Philadelphia, PA Challenge Grant Challenge Grant	10,000	10,000	10,000	10,000
Regional Housing Legal Services Glenside, PA General Support/3 years	30,000		30,000	
SeniorLAW Center Philadelphia, PA General Support/3 years	15,000		15,000	
Support Center for Child Advocates Philadelphia, PA Project Support/3 years General Support	20,000	5,000	20,000 5,000	
Women Against Abuse Legal Center Philadelphia, PA General Support/3 years	40,000		40,000	
Women's Law Project Philadelphia, PA General Support/3 years	25,000		25,000	
Total Public Interest Legal Aid Grants	807,500	46,000	778,500	75,000

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Nurse Managed Primary Health Care				
Philadelphia and its surrounding Pennsylvania counties have many nursed-managed health care centers serving individuals from diverse populations who are often without access to health care. Services provided by the centers include primary care, health promotion, disease prevention, family planning, early childhood intervention and other health related services. We are committed to supporting these centers through direct grants and awards to organizations that foster their growth and sustainability.				
Abington Memorial Hospital Abington, PA General Support/2 years	35,000			35,000
Community College of Philadelphia Philadelphia, PA General Support/2 years Project Support/2 years Project Support	110,000 45,000	58,000	110,000 45,000	58,000
Drexel University Philadelphia, PA Eleventh Street Family Health Eleventh Street Family Health	50,000	32,000	50,000	32,000
Face to Face Philadelphia, PA General Support/2 years	80,000		40,000	40,000
La Comunidad Hispana, Inc./ Project Salud Kennet Square, PA Project Support/2 years Project Support/4 years General Support	125,000 10,000	109,800	125,000 5,000	5,000 109,800
National Nursing Centers Consortium Philadelphia, PA Project Support/4 years General Support/16 months General Support/2 years Challenge Grant	50,000 64,125 400,000 50,000		50,000 64,125 200,000	200,000 50,000

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
General Support Challenge Grant General Support		50,000 30,000 1,500	1,500	50,000 30,000
Philadelphia Health Management Corp. (PHMC) Philadelphia, PA Challenge Grant/ Community Court Challenge Grant/ Community Court General Support/Health Connection/2 yrs General Support/Mary Howard Health Center General Support/Rising Sun Health Center General Support General Support/Health Connection Challenge Grant/Community Court	20,000 20,000 125,000 112,500 112,500		20,000 20,000 125,000 112,500 112,500	20,000
Resources for Human Development, Inc. Philadelphia, PA General Support/2 years General Support	175,000	125,000	175,000	125,000
Visiting Nurse Association Community Services Abington, PA General Support/2 years General Support	45,000	40,000	45,000	40,000
Visiting Nurse Assoc. of Greater Philadelphia Philadelphia, PA General Support/2 years Challenge Grant Challenge Grant Challenge Grant	35,000 25,000 25,000	15,000	35,000 25,000	25,000 15,000
Total Nurse Managed Primary Health Care Grants	1,714,125	628,300	1,340,625	1,001,800

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Public Interest Law Fellowships				
We are interested in supporting law school graduates from across the country to work in a public interest law firm in Philadelphia or its surrounding Pennsylvania counties, providing free legal services for poor and disadvantaged residents of this region. Those serviced include people who are elderly, disabled or homeless and others deprived of their human or civil rights.				
Community Legal Services, Inc. Philadelphia, PA 2007-2008 Public Interest Law Fellowship		30,555	30,555	
2008-2009 Public Interest Law Fellowship		32,869	32,869	
2008-2009 Public Interest Law Fellowship		33,062	33,062	
HIAS and Council Migration Service of Philadelphia Philadelphia, PA 2007-2008 Public Interest Law Fellowship		32,273	32,273	
Homeless Advocacy Project Philadelphia, PA 2007-2008 Public Interest Law Fellowship		32,786	32,786	
Legal Clinic for the Disabled, Inc. Philadelphia, PA 2007-2008 Public Interest Law Fellowship		26,588	26,588	
2008-2009 Public Interest Law Fellowship		26,588	26,588	
Nationalities Service Center Philadelphia, PA 2008-2009 Public Interest Law Fellowship		28,179	28,179	
Regional Housing Legal Services Glenside, PA 2008-2009 Public Interest Law Fellowship		32,462	32,462	

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
SeniorLAW Center Philadelphia, PA 2007-2008 Public Interest Law Fellowship		33,462	33,462	
2008-2009 Public Interest Law Fellowship		32,358	32,358	
Support Center for Child Advocates Philadelphia, PA 2008-2009 Public Interest Law Fellowship		33,434	33,434	
Total Public Interest Law Fellowships		374,580	374,580	
Senior Attorney Sabbaticals				
We are interested in supporting a sabbatical program for senior attorneys in public interest law firms that are grantees of the Foundation. Sabbaticals up to two months in length are offered.				
Community Legal Services, Inc Philadelphia, PA 2008 Senior Attorney Sabbatical		20,000	20,000	
Hias & Council Migration Service of Philadelphia Philadelphia, PA 2008 Senior Attorney Sabbatical		20,000	20,000	
Total Senior Attorney Sabbaticals		40,000	40,000	
Advisory Committee Selection				
In recognition of their many hours of service to the Foundation, members of the Culture & Arts, Health & Human Services, Nurse-Managed Health Care Initiatives and Public Interest Law Fellowship committees are given the opportunity to designate funds to the nonprofit organizations of their choices.				
Annenberg Center for the Performing Arts Philadelphia, PA Advisory Committee Selection Grant		1,000	1,000	

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Clay Studio Philadelphia, PA Advisory Committee Selection Grant		1,000	1,000	
Community College of Philadelphia Philadelphia, PA Advisory Committee Selection Grant		500	500	
Community Legal Services, Inc. Philadelphia, PA Advisory Committee Selection Grant		750	750	
Eastern State Penitentiary Historic Site Philadelphia, PA 1,000 1,000 Advisory Committee Selection Grant		1,000	1,000	
Headlong Dance Theater Philadelphia, PA Advisory Committee Selection Grant Advisory Committee Selection Grant		1,000 1,000	1,000 1,000	
Homeless Advocacy Project Philadelphia, PA Advisory Committee Selection Grant		500	500	
Mercy Capital Campaign Portland, ME Advisory Committee Selection Grant		1,000	1,000	
Network for New Music Philadelphia, PA Advisory Committee Selection Grant Advisory Committee Selection Grant		1,000 1,000	1,000 1,000	
Philadelphia Live Arts Festival and Philly Fringe				

Recipient and/or Purpose:	Balance from Previous Year:	Appropriated during 2008:	Paid during 2008:	Unpaid Balance Carried Forward:
Philadelphia, PA Advisory Committee Selection Grant Advisory Committee Selection Grant		1,000 1,000	1,000 1,000	
Philadelphia Mural Arts Advocates Philadelphia, PA Advisory Committee Selection Grant		1,000	1,000	
Resources for Human Development, Inc. Philadelphia, PA Advisory Committee Selection Grant		1,000	1,000	
Skidmore College Saratoga Springs, NY Advisory Committee Selection Grant		1,000	1,000	
Talk, Inc Newtown Square, PA Advisory Committee Selection Grant Advisory Committee Selection Grant		1,000 1,000	1,000 1,000	
Trustees of University of Pennsylvania School of Nursing, Myers Health Annex Philadelphia, PA Advisory Committee Selection Grant		250	250	
Villanova University St. Mary's Hall Villanova, PA Advisory Committee Selection Grant		250	250	
Total Advisory Committee Selection Grants		17,250	17,250	
GRAND TOTAL	5,715,125	2,705,630	5,024,455	3,396,300

Report of Independent Auditor

To the Board of Directors
Independence Foundation

We have audited the accompanying statements of financial position - modified cash basis of Independence Foundation (Foundation) as of December 31, 2008 and 2007, and the related statements of revenue and expenses - modified cash basis, and changes in unrestricted net assets - modified cash basis for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described in Note 2 to the financial statements, the Foundation prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - modified cash basis of the Independence Foundation as of December 31, 2008 and 2007, and its revenue and expenses, and changes in its unrestricted net assets - modified cash basis for the years then ended, on the basis of accounting described in Note 2.

Beard Miller Company LLP

Beard Miller Company LLP
Malvern, Pennsylvania
April 7, 2009

Statements of Financial Position Modified Cash Basis

ASSETS	December 31, 2008 and 2007	
	2008	2007
Cash	\$407,771	\$138,642
Investments, at market value:		
Mutual funds - equity	33,739,269	72,464,322
Mutual funds - foreign equity	9,358,915	19,282,492
Mutual fund - bonds	14,145,071	8,793,677
Alternative investments	944,331	-
Advance receivable	-	10,000
Furniture, equipment, and leasehold improvements, net	117,892	184,288
Artwork	271,693	271,693
Total Assets	\$59,038,942	\$101,145,114
LIABILITIES AND UNRESTRICTED NET ASSETS		
Liabilities	\$ -	\$ -
Unrestricted Net Assets	59,038,942	101,145,114
Total Liabilities and Unrestricted Net Assets	\$59,038,942	\$101,145,114

Statements of Revenue and Expenses Modified Cash Basis

	Years Ended	
	December 31, 2008 and 2007	
	<u>2008</u>	<u>2007</u>
Investment Revenue		
Interest and dividends	\$ 1,434,822	\$ 7,811,955
Net realized and unrealized losses on investments	<u>(36,480,698)</u>	<u>(3,517,470)</u>
Total Investment Revenue (Loss), Net	<u>(35,045,876)</u>	<u>4,294,485</u>
Expenses		
Grants paid for scholarships and other charitable purposes	5,014,955	5,626,310
Expenses for safekeeping of securities, collection of revenue, and other administrative costs	1,817,459	1,899,883
Excise taxes	<u>227,882</u>	<u>223,519</u>
Total Expenses	<u>7,060,296</u>	<u>7,749,712</u>
Changes in Unrestricted Net Assets	<u><u>\$(42,106,172)</u></u>	<u><u>\$(3,455,227)</u></u>

Statements of Changes in Unrestricted Net Assets Modified Cash Basis

	Years Ended	
	December 31, 2008 and 2007	
	<u>2008</u>	<u>2007</u>
Unrestricted Net Assets - Beginning	\$101,145,114	\$104,600,341
Changes in unrestricted net assets	<u>(42,106,172)</u>	<u>(3,455,227)</u>
Unrestricted Net Assets - Ending	<u><u>\$ 59,038,942</u></u>	<u><u>\$101,145,114</u></u>

Notes to Financial Statements Modified Cash Basis December 31, 2008 and 2007

NOTE 1 - NATURE OF OPERATIONS

The Independence Foundation (a private foundation) (Foundation) is a not-for-profit philanthropic organization serving Philadelphia and its surrounding Pennsylvania counties. The Foundation's initiatives focus on meeting the needs of underserved populations through Nurse Managed Health Care, Health and Human Services, and Public Interest Law. The fourth initiative, Culture and Arts, continues to have both a large institutional and a community base component.

NOTE 2 - ESTIMATES AND SUMMARY OF ACCOUNTING POLICIES

The preparation of the financial statements in conformity with the modified cash basis of accounting may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The Foundation's policy is to prepare its financial statements on a modified cash basis that includes recording of depreciation on capitalized assets and recognizing investments at fair market value, and recognizing certain revenue and the related assets when received rather than when earned, and certain expenses when paid rather than when the obligation is incurred. If an expenditure results in having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset.

Investments

Investments in debt and equity securities with readily determinable fair values are reported at fair value, based on quoted market prices as provided by a national exchange, with the exception of alternative investments. The alternative investments, which are not readily marketable, are presented at estimated fair values as provided by investment managers. The Foundation receives and evaluates the values provided and agrees with the valuation methods and assumptions used in determining the fair values of the alternative investments. Unrealized gains and losses are reported as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law. Interest and dividends are not recorded until received.

NOTE 2 - ESTIMATES AND SUMMARY OF ACCOUNTING POLICIES (continued)

Furniture, Equipment, and Leasehold Improvements

The Foundation's policy is to capitalize all furniture, equipment, and leasehold improvements at cost in excess of \$1,000. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets.

Maintenance and repairs are charged to expense when paid; major renewals and betterments are capitalized. When items of furniture, equipment, or leasehold improvements are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Artwork

Artwork which is expected to appreciate is recorded at cost and not depreciated.

NOTE 3 - INCOME TAXES

The Foundation is a not-for-profit private foundation as described in Section 501 (c)(3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code. The Foundation is required to make certain minimum distributions in accordance with a formula established by the Internal Revenue Service. The Foundation has met this requirement. The Foundation also pays excise tax on net investment income.

In December, 2008, the Financial Accounting Standards Board issued FSP No. FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. The FSP defers the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, to be effective for fiscal years beginning after December 15, 2008 for certain nonpublic enterprises. The FSP requires a nonpublic enterprise that elects to defer the application of FIN 48 shall explicitly disclose that fact and also requires the disclosure of the enterprise's accounting policy for evaluating uncertain tax positions for each set of financial statements where the deferral applies.

The Foundation has elected to defer the application of FIN 48. For the years ended in December 31, 2008 and 2007, the Foundation has accounted for uncertain tax positions, if any, in accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*.

NOTE 4 - INVESTMENTS

Investments consist of the following as of December 31

	2008		2007	
	Book Value	Market Value	Book Value	Market Value
Mutual funds - equity	\$52,232,449	\$33,793,269	\$68,478,933	\$72,464,322
Mutual funds - foreign equity	15,455,003	9,358,915	19,619,994	19,282,492
Mutual fund - bonds	13,812,105	14,145,071	8,768,723	8,793,677
Alternative investments	973,840	944,331	-	-
	<u>\$82,473,397</u>	<u>\$58,241,586</u>	<u>\$96,867,650</u>	<u>\$100,540,491</u>

Investment revenue (loss) and investment fees consist of the following for the years ended December 31 :

	2008	2007
Investment revenue (loss):		
Interest and dividends	\$1,434,822	\$7,811,955
Net realized and unrealized losses on investments	<u>(36,480,698)</u>	<u>(3,517,470)</u>
	<u>\$(35,045,876)</u>	<u>\$4,294,485</u>
Investment fees	<u>\$ 123,174</u>	<u>\$ -</u>

Investments held as of December 31, 2008 and 2007 are comprised of investments in mutual funds and alternative investments. For the years ended December 31, 2008 and 2007, the Foundation has recorded unrealized depreciation on seven and three of these mutual funds, respectively. The following table shows the investments, gross unrealized depreciation and market value, aggregated by investment category and length of time that individual funds have been in a continuous unrealized depreciation position, as of December 31, 2008 and 2007. Management believes that the unrealized depreciation recorded on these investments is not a permanent impairment, but rather a temporary market decline.

	December 31, 2008					
	Less than 12 Months		12 Months or More		Total	
	Market Value	Unrealized Depreciation	Market Value	Unrealized Depreciation	Market Value	Unrealized Depreciation
Mutual funds, temporarily impaired	\$26,103,490	\$(13,448,810)	\$17,048,694	\$(11,086,459)	\$43,152,184	\$(24,535,269)
Alternative investments, temporarily impaired	805,625	(29,509)	-	-	805,625	(29,509)
	<u>\$26,909,115</u>	<u>\$13,478,319</u>	<u>\$17,048,694</u>	<u>\$11,086,459</u>	<u>\$43,957,809</u>	<u>\$24,564,778</u>

	December 31, 2007					
	Market Value	Unrealized Depreciation	Market Value	Unrealized Depreciation	Market Value	Unrealized Depreciation
Mutual funds, temporarily impaired	\$36,408,025	\$(1,593,432)	\$ -	\$ -	\$36,408,025	\$(1,593,432)

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following valuation techniques were used to measure fair value of assets in the table above on a recurring basis as of December 31, 2008 and 2007:

Mutual Funds - Fair value of mutual funds are based on quoted market prices for the identical security.

Alternative investments - Fair value of alternative investments was based on estimated fair values provided by investment managers. Management reviews and evaluates the values and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value of measurement.

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The Foundation has a number of other financial instruments, none of which are held for investment purposes. The Foundation estimates that the fair value of all financial instruments as of December 31, 2008 and 2007 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheets.

In September, 2006, the FASB issued FASB Statement No.157, *Fair Value Measurements* (SFAS157), which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. SFAS157 applies to other accounting pronouncements that require or permit fair value measurements. The new guidance is effective for financial statements issued for fiscal years beginning after November 15, 2007.

The primary effect of SFAS157 on the Foundation was to expand the required disclosures pertaining to the methods used to determine fair values.

SFAS157 establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SFAS157 are as follows:

- Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2:* Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used as of December 31, 2008 are as follows:

Description	December 31, 2008	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Mutual funds - equity	\$33,793,269	\$33,793,269	\$ -	\$ -
Mutual funds - foreign equity	9,358,915	9,358,915	-	-
Mutual fund - bonds	14,145,071	14,145,071	-	-
Alternative investments	944,331	-	-	944,331
	<u>\$58,241,586</u>	<u>\$57,297,255</u>	<u>\$ -</u>	<u>\$944,331</u>

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

For assets falling with the Level 3 in the fair value hierarchy, the activity recognized during the year ended December 31, 2008 is as follows:

<u>Alternative Investments</u>	
Balance - December 31, 2007	\$ -
Contributions	1,078,391
Interest and dividends	18,623
Unrealized losses	(29,509)
Investment fees	<u>(123,174)</u>
Balance - December 31, 2008	<u>\$ 944,331</u>

Unrealized losses on these investments are reported as part of net realized and unrealized losses on investments on the statements of revenue and expenses.

NOTE 6 - FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Major classifications of furniture, equipment, and leasehold improvements and their respective depreciable lives consist of the following for the years ended December 31:

	<u>2008</u>	<u>2007</u>	<u>Depreciable Lives</u>
Leasehold improvements	\$863,433	\$863,433	10 years
Furniture and equipment	261,648	310,489	5 - 10 years
Computer equipment	<u>115,168</u>	<u>131,354</u>	3 - 5 years
	1,240,249	1,305,276	
Accumulated depreciation	<u>(1,122,357)</u>	<u>(1,120,988)</u>	
	<u>\$117,892</u>	<u>\$184,288</u>	

Depreciation expense amounted to \$75,118 and \$87,032 during the years ended December 31, 2008 and 2007, respectively.

NOTE 7 - OPERATING LEASES

During the year ended December 31, 2006, the Foundation amended its lease agreement to rent office space in order to extend the term through February, 2017. The Foundation is also responsible for certain common area maintenance fees and charges. The Foundation also rents parking spaces under the terms of various month-to-month leases. Rent expense including common area maintenance charges under these agreements amounted to \$155,099 and \$147,585 during the years ended December 31, 2008 and 2007, respectively.

Future minimum lease payments, assuming no change in current terms, consist of the following for the five years ending December 31, 2013, and thereafter:

2009	\$138,382
2010	141,539
2011	144,696
2012	147,853
2013	151,010
Thereafter	<u>498,806</u>
	<u>\$1,222,286</u>

NOTE 8 - GRANT COMMITMENTS

As of December 31, 2008, the Foundation has outstanding, authorized but unpaid grant commitments. These grant commitments are not recorded in the financial statements. The following is a summary of grant commitments for the remaining five years ending December 31, 2013, and thereafter:

2009	\$2,591,650
2010	803,000
2011	160,000
2012	50,000
2013	50,000
Thereafter	<u>-</u>
	<u>\$3,654,650</u>

NOTE 9 - OTHER COMMITMENTS

The Foundation has contracted to complete an electronic practice management and clinical records software system to automate practice management operations and to collect clinical data to determine the effectiveness of nursing care. The Foundation will fund hardware, software, training, connectivity, and the initial maintenance of the system. The hardware and software will become assets of the National Nursing Center and/or individual nursing centers. The Foundation's Board of Directors has approved up to \$500,000 for this project, of which \$468,677 has been expended. During the years ended December 31, 2008 and 2007, the Foundation incurred expenses relating to this project amounting to \$450 and \$30,098, respectively.

The Foundation has committed to deposit \$9,000,000 into alternative investment funds. As of December 31, 2008, \$1,078,391 has been invested into the funds. The dates on which the Foundation must invest the remaining \$7,921,609 are unknown at this time.

NOTE 10 - RISK

Financial instruments which subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents, fixed income securities, mutual funds, and alternative investments.

At times during the years ended December 31, 2008 and 2007, the Foundation's cash balances exceeded the federally insured limit of \$250,000 and \$100,000, respectively. As of December 31, 2008 and 2007, the Foundation's cash balances in excess of the respective insurance amounted to \$212,856 and \$95,364, respectively.

The Foundation's investments are subject to fluctuations in the fair values of those investments.

NOTE 11 - RETIREMENT PLAN

The Foundation has a defined contribution retirement plan covering all employees. Contributions to the plan are based on compensation. Employees are given the option to make voluntary contributions in accordance with federal law.

The Foundation's retirement expense amounted to \$92,162 and \$92,743 for the years ended December 31, 2008 and 2007, respectively.

Independent Auditor's Report on Supplementary Information

To the Board of Directors
Independence Foundation

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following supplementary information is presented for additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on such information.

Beard Miller Company LLP

Beard Miller Company LLP
Malvern, Pennsylvania
April 7, 2009

Schedule of Expenses Modified Cash Basis

Years Ended December 31, 2008 and 2007 (See Auditor's Report on Supplementary Information)	2008	2007
Grants	\$5,014,955	\$5,626,310
Salaries and wages	840,187	866,335
Employee benefits	255,881	241,686
Excise taxes	227,882	223,519
Occupancy	155,099	147,585
Grant expense	135,598	243,285
Investment fees	123,174	-
Depreciation	75,118	87,032
Payroll taxes	53,525	55,660
Professional fees	38,620	44,680
Repairs and maintenance	31,332	31,373
Travel, conferences, and meetings	29,582	62,734
Insurance	22,547	22,181
Dues and subscriptions	15,833	18,825
Telephone	14,000	15,013
Office supplies	11,134	18,787
Printing and publications	6,392	6,324
Postage	4,635	4,606
Other office expenses	2,707	1,913
Training and seminars	1,645	1,766
National Nursing Center data project	450	30,098
	<u>\$7,060,296</u>	<u>\$7,749,712</u>