HEALTH RESEARCH FOUNDATION
JUNE 30, 1975
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HEALTH RESEARCH FOUNDATION
JUNE 30, 1975

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DeLAP, PAUL & WHITE
CERTIFIED PUBLIC ACCOUNTANTS
1096 LLOYD BUILDING
700 N. E. MULTNOMAH
PORTLAND, OREGON 97232
234-5481

September 22, 1975

The Board of Trustees
Health Research Foundation
Portland, Oregon

Gentlemen:

We have examined the balance sheets of the various funds of Health Research Foundation as of June 30, 1975 and the related statements of changes in fund balances and revenues and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the various funds of Health Research Foundation at June 30, 1975 and the changes in fund balances and revenues and expenditures for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplementary schedules and related information on pages 9 to 14 are not necessary for a fair presentation of the financial statements but are presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

DeLAP, PAUL & WHITE

HEALTH RESEARCH FOUNDATION
FUND BALANCE SHEETS
JUNE 30, 1975

ASSETS	Total	Current Fund	Plant & Debt Funds
Cash - checking accounts	$ 14,716	14,302	414
Cash - savings and time deposits	42,482	35,297	7,185
Petty cash	125	125	
Notes and contracts receivable	48,673	2,278	46,395
Accounts receivable, less allowance for bad debts of $4,011	21,326	21,326	
Inventories	8,748	8,748	
Deposits	5,000	5,000	
Prepaid insurance	3,023	3,023	
Fixed assets	1,312,899		1,312,899
Total assets	$1,456,992	90,099	1,366,893
LIABILITIES AND FUND BALANCES			
Accounts payable	$ 12,374	12,374	
Notes payable -bank	15,000	3,000	12,000
Payroll taxes accrued and withheld	6,794	6,794	
Accrued interest payable	7,244	16	7,228
Property taxes payable	2,154		2,154
Mortgages payable	1,163,742		1,163,742
Commission payable	10,793		10,793
Notes payable - American Chiropractic Association	50,000		50,000
Due to students	11,950		11,950
Due to Student Savings Account Fund	10,125		10,125
Deferred revenues - tuition	7,475	7,475	
Total liabilities	1,297,651	29,659	1,267,992
Fund balances	159,341	60,440	98,901
Total liabilities and fund balances	$1,456,992	90,099	1,366,893

See accompanying notes to financial statements

HEALTH RESEARCH FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 1975

	Total	Current Fund	Plant & Debt Funds
Revenues	$541,116	486,673	54,443
Expenditures	(519,130)	(410,148)	(108,982)
Transfers between funds	---	(20,865)	20,865
Net increase (decrease) for year	21,986	55,660	(33,674)
Fund balances at beginning of year	137,355	4,780	132,575
Fund balances at end of year	$159,341	60,440	98,901

See accompanying notes to financial statements

HEALTH RESEARCH FOUNDATION
STATEMENT OF REVENUES
FISCAL YEAR ENDED JUNE 30, 1975

	Total	Current Fund	Plant & Debt Funds
Educational:			
Tuition	$343,307	343,307	
Fees:			
Matriculation	5,390	5,390	
Laboratory breakage	2,737	2,737	
Dissection	7,210	7,210	
Microscope	2,940	2,940	
Graduation	1,894	1,894	
Miscellaneous	1,039	1,039	
Total fees	21,210	21,210	
Total educational	364,517	364,517	---
Gifts and Grants:			
Individuals	34,165	15,694	18,471
Oregon Association of Chiropractic Practitioners	1,650	1,650	
American Chiropractic Association	16,044	1,125	14,919
Foundation for Chiropractic Education & Research	4,818	4,818	
Total gifts and grants	56,677	23,287	33,390
Auxiliary Enterprises:			
Clinic:			
Patient fees	20,234	20,234	
Sales	15,507	15,507	
X-ray fees	9,047	9,047	
Laboratory fees	2,691	2,691	
Total clinic	47,479	47,479	
Bookstore sales	48,335	48,335	
Total auxiliary enterprises	95,814	95,814	---
Other:			
Gain on sale of 63rd Avenue property	19,570		19,570
Sales of surplus equipment	953		953
Interest earned	1,223	693	530
Miscellaneous	2,362	2,362	
Total other	24,108	3,055	21,053
Total revenues	$541,116	486,673	54,443

See accompanying notes to financial statements.

HEALTH RESEARCH FOUNDATION
STATEMENT OF EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1975

	Total	Current Fund	Plant & Debt Funds
Educational and General:			
Instruction	$125,219	125,219	
Library	14,232	14,232	
Student services	27,317	27,317	
Operation and maintenance of plant	155,476	56,653	98,823
General administration	72,412	72,412	
General institutional expense	11,370	5,587	5,783
Total	406,026	301,420	104,606
Auxiliary Enterprises:			
Clinic	66,331	61,955	4,376
Bookstore	46,773	46,773	
Total	113,104	108,728	4,376
Total expenditures	$519,130	410,148	108,982

See accompanying notes to financial statements.

HEALTH RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1975

NOTE 1 - Summary of accounting policies

a. Health Research Foundation is an Oregon nonprofit corporation. The corporation has no members and no stock is issued or outstanding. The corporation is the owner and operator of Western States Chiropractic College and also operates a separate public health clinic. Its operations are included in the accounts of the Current Fund.

Health Research Foundation, as a nonprofit organization, is exempt from Federal and State Income Taxes. Real estate owned and used in performing these nonprofit operations is also exempt from local taxation.

b. The financial statements of Health Research Foundation have been prepared on the accrual basis of accounting except for depreciation, which is not provided for on fixed assets.

c. In order to insure observance of limitations and restrictions placed on the use of the resources available to the Foundation, the accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Therefore, separate accounts are maintained for each fund.

The statement of Funds Revenues and Expenditures does not purport to show net income or loss from operations as for an ordinary commercial concern. In addition to the operating expenditures, amounts paid from the Current Fund to finance plant assets or to pay plant fund liabilities and expenditures are included as transfers from the Current Fund. In the Plant and Debt Fund these expenditures are reflected as increases in fixed assets and expenditures, and a reduction in liabilities.

d. Fixed assets which have been purchased directly by Health Research Foundation are recorded at cost. Donated fixed assets are not recorded on the books. The following is a summary of fixed assets at June 30, 1975:

Land and buildings - N.E. 132nd Avenue	$1,100,000
Land and buildings - N.E. 217th & Stark	174,000
General office furniture and fixtures	8,768
Library	9,681
Equipment	20,450
Total	$1,312,899

e. Inventories are recorded at the lower of cost (first-in, first-out basis) or market.

NOTE 2 - Long-term liabilities

Long-term liabilities consist of the following:

	Current Principal Portion	Long-term Principal Portion	Total
Mortgages:			
Mortgage note on N.E. 132nd Avenue real estate, interest at 9% per annum, monthly payments including interest, $7,500 through February 15, 1976, $7,800 through February 15, 1977, thereafter such monthly payment as is necessary to amortize principal balance over a 25 year period.	$ 1,156	986,524	987,680
Mortgage note on N.E. 217th Avenue real estate, interest at 8½% per annum, monthly payments including interest, $1,423 through June 1, 2000.	3,288	160,450	163,738
Mortgage note on S.E. 63rd Avenue real estate (sold January 27, 1975 - see Note 3), interest at 6% per annum, monthly payments including interest $200 through 1981 approximately	1,707	10,617	12,324
Mortgages total	$ 6,151	1,157,591	1,163,742
Commission payable:			
Contract payable to real estate consultant for services on N.E. 132nd Avenue real estate, interest at 6%, monthly payments including interest $400, through 1977 approximately	$ 4,269	6,524	10,793

	Current Principal Portion	Long-term Principal Portion	Total
Long-term liabilities (continued)			
Notes payable - American Chiropractic Association: Two notes at $25,000 each, dated February 18, 1974 with interest at 5% per annum. Payments of $2,500 per year for interest only. Payment due February 18, 1975 was deferred by ACA.	$ 5,000	45,000	50,000
Due to students and Student Savings Account Fund: The college borrowed a total of $26,075 from students during the year. This is to be repaid in two years by allowing a credit against future tuition. Seniors are to be paid at the end of two years plus interest at 6% per annum.	$11,000	11,075	22,075

NOTE 3 - Contract receivable

On January 27, 1975, the real estate housing the clinic at S.E. 63rd Avenue was sold on contract for $50,000 with $3,500 down and a contract taken for the unpaid balance of $46,500. This contract is receivable in the amount of $460 per month including interest at 9% per annum. The first payment was received June 1, 1975. Health Research Foundation is to have free rent on a portion of the first floor for one year plus payment of $50 a month to cover utilities. Upon payment of $5,000 by purchaser in addition to regular monthly payments, Health Research will convey a deed to the property. Said property is subject to a mortgage payable in the amount of $12,324 at June 30, 1975 (see Note 2.) Contract receivable balance at June 30, 1975 was $46,395.

Supplementary Information

HEALTH RESEARCH FOUNDATION
CURRENT FUND
SCHEDULE OF REVENUES WITH BUDGET COMPARISONS
FISCAL YEAR ENDED JUNE 30, 1975

	Budget	Actual	Budget Surplus or (Deficit)
Revenues:			
Educational:			
Tuition	$307,550	343,307	35,757
Fees	20,135	21,210	1,075
Total educational	327,685	364,517	36,832
Gifts and grants:			
Individuals	18,000	15,694	(2,306)
Oregon Association of Chiropractic Practioners	1,800	1,650	(150)
American Chiropractic Association	5,000	1,125	(3,875)
Foundation Chiropractic Education & Research	20,000	4,818	(15,182)
Total gifts and grants	44,800	23,287	(21,513)
Auxiliary services:			
Clinic:			
Patient fees	25,000	20,234	(4,766)
Sales	16,000	15,507	(493)
X-ray fees	8,000	9,047	1,047
Laboratory fees	3,000	2,691	(309)
Total clinic	52,000	47,479	(4,521)
Bookstore sales:	50,000	48,335	(1,665)
Total auxiliary services	102,000	95,814	(6,186)
Other revenues	4,960	3,055	(1,905)
Total revenues	$479,445	486,673	7,228

HEALTH RESEARCH FOUNDATION
CURRENT FUND
SCHEDULE OF EXPENDITURES WITH BUDGET COMPARISONS
FISCAL YEAR ENDED JUNE 30, 1975

	Budget	Actual	Budget Surplus or (Deficit)
Educational and General:			
Instruction:			
Salaries	$119,776	91,782	27,994
Staff benefits	9,799	7,956	1,843
Supplies and expenses	26,085	25,481	604
	155,660	125,219	30,441
Library:			
Salaries	8,700	9,300	(600)
Staff benefits	712	806	(94)
Supplies and expenses	4,100	4,126	(26)
	13,512	14,232	(720)
Student services:			
Salaries	20,900	15,919	4,981
Staff benefits	1,709	1,382	327
Supplies and expenses	7,100	7,959	(859)
Travel	1,059	1,310	(251)
Telephone	700	747	(47)
	31,468	27,317	4,151
Operation and maintenance of plant:			
Salaries	19,750	21,379	(1,629)
Staff benefits	1,615	1,853	(238)
Janitor supplies	1,760	2,630	(870)
Equipment repairs and maintenance	704	1,762	(1,058)
Building repairs and maintenance	4,700	6,789	(2,089)
Utilities	17,490	19,203	(1,713)
Insurance	6,000	2,773	3,227
Care of grounds	3,560	264	3,296
	55,579	56,653	(1,074)
General administration:			
Salaries	61,574	56,055	5,519
Staff benefits	5,037	3,989	1,048
Supplies and expense	3,025	5,184	(2,159)
Travel	3,292	3,684	(392)
Telephone	1,950	1,596	354
Promotion and advertising	1,500	1,904	(404)
	76,378	72,412	3,966
General institutional:			
Bad debts	---	1,000	(1,000)
Accounting fees	3,000	1,740	1,260
Accreditation expense	1,000	1,033	(33)
Community activities	1,000	904	96
Scholarship	3,400	100	3,300
Miscellaneous	2,750	810	1,940
	11,150	5,587	5,563
Total educational and general expenditures	$343,747	301,420	42,327

HEALTH RESEARCH FOUNDATION
CURRENT FUND
SCHEDULE OF EXPENDITURES WITH BUDGET COMPARISONS
FISCAL YEAR ENDED JUNE 30, 1975

	Budget	Actual	Budget Surplus or (Deficit)
Auxiliary Enterprises:			
Clinic:			
Salaries	$ 30,800	33,429	(2,629)
Staff benefits	2,519	2,898	(379)
Cost of sales	13,000	9,738	3,262
Supplies and expenses	8,200	9,769	(1,569)
Telephone	---	819	(819)
Malpractice insurance	1,000	667	333
Bad debts	---	249	(249)
Operation and maintenance of plant	6,600	4,386	2,214
	62,119	61,955	164
Bookstore:			
Salaries	8,000	4,163	3,837
Staff benefits	654	360	294
Cost of sales	40,000	42,092	(2,092)
Supplies and expenses	100	158	(58)
	48,754	46,773	1,981
Total auxiliary enterprises and expenditures	$110,873	108,728	2,145

HEALTH RESEARCH FOUNDATION
PLANT AND DEBT FUNDS
SCHEDULE OF EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1975

Educational and general:			
132nd Avenue property:			
Interest on mortgage:			
Expenditure	$12,061		
Added to mortgage balance	67,171	79,232	
Commission fees		17,250	
Legal expense		1,550	
Supplies and expenses		791	98,823
Other:			
Interest expense		4,183	
Appraised fees		1,600	5,783
Total educational and general			$104,606
Clinic:			
63rd Avenue property:			
Interest on mortgage		$ 411	
Supplies and expenses		250	661
N.E. 217th & Stark property:			
Interest on mortgage		1,162	
Real estate taxes		2,553	3,715
Total clinic			$ 4,376

HEALTH RESEARCH FOUNDATION
PLANT AND DEBT FUNDS
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FISCAL YEAR ENDED JUNE 30, 1975

Source of Funds:		
Cash balance, July 1, 1974		$ 2,922
Gifts received		33,390
Sales of surplus equipment - no cost basis		953
Interest income		530
Sale of clinic at S.E. 63rd Avenue:		
Sales price on contract	$ 50,000	
Contract balance June 30, 1975	46,395	
Principal collected		3,605
Transfers from Current Fund		20,865
Mortgage proceeds - N.E. 217th & Stark Avenue		164,000
Bank loans		12,000
Student loans		26,075
Total funds available		264,340
Application of Funds:		
Payments on 132nd Avenue mortgage:		
Principal	2,541	
Interest	30,857	33,398
Payments on S.E. 63rd Avenue mortgage:		
Principal	420	
Interest	380	800
Payments on N.E. 217th & Stark Avenue mortgage:		
Principal	262	
Interest	1,162	1,424
Purchase of clinic real estate - N.E. 217th & Stark Avenue		174,000
Purchase of general office furniture and fixtures		1,222
Purchase of library books		6,360
Purchase of equipment		12,350
Payment of bank loans, including interest		13,548
Payment on student loans		4,000
Payments on commission contract, including interest		6,600
Other expenses paid		3,039
Total funds applied		256,741
Cash balance and savings, June 30, 1975		$ 7,599