

# SEEDING THE FUTURE

Deepening our Roots, Sustaining Tradition



2007–2008 Annual Report







*“Continuity gives us roots;  
change gives us branches  
letting us stretch and grow  
and reach new heights.”*

*—Pauline R. Kezer*

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## From the Chair



*“Even in such uncertain times, however, NCNM’s increasing enrollments, new educational program imperatives and fundraising strategies pave the way for unprecedented expansion and growth.”*

The fiscal year 2007-08 was truly remarkable for National College of Natural Medicine, highlighted by seeking and finding the school’s new president and chief executive officer, Dr. David Schleich, and by honoring our past president, Dr. Bill Keppler, who brought NCNM through an intense accreditation process to financial stability. We made great strides toward our vision of NCNM as “the profession’s college.”

NCNM’s focus remains within four major areas: people, programs, facilities and funding. To tie it all together, the board created an “Operational Alignment” model through which we determined our purpose, vision, values, mission, and core strategies. This document will serve us far into the future as a guide for our actions, decisions, job descriptions, accreditation efforts, budgeting, master planning, capital campaign and other major initiatives.

This year the board approved the creation of a new School of Allied Health Sciences, allowing us to include new certificate and degree programs strongly related to our two central programs—naturopathic medicine and classical Chinese medicine. The school also began the process of significantly expanding its continuing education, community and certificate education. We launched new outreach to our valued alumni. We approved a January intake for new students in the Naturopathic Doctoral (ND) and Master of Science in Oriental Medicine (MSOM) programs. Advancement and “friend-raising” activities were accelerated. The brand new Marketing and Communications team started strong, raising public awareness that NCNM intends to reclaim its leadership role within the natural medicine community. The Helfgott Research Institute continued building its well-deserved national and international reputation.

We purchased neighboring property to house administration, faculty and research, and made substantial progress toward acquiring additional property to establish a well-branded, conveniently located naturopathic and classical Chinese medicine clinic, a greatly expanded library, and many other services for our students, alumni and community.

These are all significant aspects of fulfilling our vision. The most important accomplishment that we initiated in the past year is perhaps the least visible and most tangible. You can feel it when you come onto the campus: It seems that Dr. Schleich has awakened the creativity and energy of NCNM’s remarkable people in the way he has supported and grown the people who make our college what it is. And he has hired astoundingly bright and capable people to lead the new initiatives.

This sense of forward momentum was reflected in NCNM’s fiscal health. Economic pressures this year heightened the need for careful oversight of the college’s financial well-being. As the financial statements show (pages 20-23), college leadership took a number of steps to safeguard its future this year. Even in these uncertain times, however, NCNM’s increasing enrollments, new educational program imperatives and fundraising strategies pave the way for unprecedented expansion and growth.

The board extends its profound gratitude to all who are creating our new and improved NCNM!

Nancy Wastcoat Garbett, MEd  
*Chair, Board of Directors, NCNM*

## From the President



*"The time is ripe for us to pay closer attention to what's around us, even as we're focused more than ever on the journey ahead."*

More than 50 years ago, here in the heart of Portland, Oregon, NCNM's pioneering founders established North America's first college of natural medicine—quietly seeding a revolution in health care and medicine.

NCNM has continued to grow ever-deepening roots in the practice of natural medicine by educating and training generations of the world's finest physicians and practitioners. Without fanfare or notice, this little college has launched the practice of natural medicine into global awareness through its graduates. Year after year, they start medical practices, knowing through training and experience that they have the knowledge and tools to create remarkable and sustaining changes in the health of their patients.

The health landscape is swiftly changing. Natural medicine has reached a tipping point where knowledge about natural health has begun to accumulate exponentially. Consider, for example, the international support NCNM has garnered for the Foundations of Natural Medicine project, the incubating vehicle that will document a growing body of knowledge for a broad professional audience. As NCNM seeds the future, it must also keep pace with the growing interest in natural health by changing its internal environment.

How we operate at NCNM has been forged by necessity. As we prepare to cross to the next decade, it's critical to shift toward new systems and habits that better serve our students and patients, and support our growth. At the heart of our business planning process is the need to think everything anew. How can we build, diversify and differentiate new revenue streams? How can we take bold, dynamic steps into our future? How can we move forward without hesitation as we reach beyond our comfort zone? Our planning must be bold and visionary to take us with determination into a brighter and more luxuriant financial future.

In the 2007-2008 academic year, we began sowing local seeds of change by restructuring the way we work together. The "Law of the Farm" says that we must not try to force the growth, but that we must nourish it. Our new communications model epitomizes that stewardship. Made up of councils, committees and teams, decision-making is shared interdepartmentally, and has already generated action that's resulting in exciting change.

In addition to the many new departments at NCNM that are now serving our students and alumni, and helping build strong community partners, we have started building new systems to support our people: sabbaticals for faculty and more fully recognized roles for the Staff Council, the Faculty Senate and the Student Government Association. We also forcefully jump-started a new advancement/fundraising strategy, an enhanced educational program design and deployment process, and a new budget development and monitoring cycle.

Our physical landscape is blossoming, too. Our students and faculty have a new bookstore. There are several new classrooms, a renovated library and study space, new restroom facilities, a much expanded anatomy lab and two new student pavilions. We acquired property to consolidate administrative and faculty offices. By fiscal year's end, we were in the home stretch of acquiring an entire city block adjacent to the campus. We can already see a superb single-site clinical education center emerging there.

The time is ripe for us to pay closer attention to what's around us, even as we're focused more than ever on the journey ahead. Where we're headed stimulates as much creativity and excitement as momentum. The future is friendly—and we're greeting it with open arms.

Sincerely,

A handwritten signature in black ink that reads "David John Schleich". The signature is written in a cursive, flowing style.

David J. Schleich, PhD  
*President, NCNM*



# The Changing Landscape

## Highlights, New Initiatives

In 2007-2008, NCNM carried forward its tradition of excellence in education, research and patient care. This year, however, was a departure from the recent past, filled with significant change for the school. What has not changed is NCNM's commitment to prepare its graduates to meet the health care needs of tomorrow.

The school's mission—to educate and train physicians and practitioners in the art and science of natural medicine—has perhaps never been more important than it is today. NCNM faculty, students and alumni are transforming public awareness about medicine, helping patients experience health care as a comprehensive system, one that involves lifestyle, nutrition and behavior, assisted by natural medicine. NCNM has created an integrated tapestry of research, classroom learning and patient care to provide a medical education for graduates to help them effect that change.

### RESEARCH

NCNM's Helfgott Research Institute, the leader in the field of natural medicine research, experienced another outstanding year in 2007-2008. In addition to ongoing research on diabetes and cancer, the Institute conducted nearly 60 grant-funded, preliminary or completed studies. These projects included researching detoxification diets, natural relief for pain from temporomandibular disorders, and the effectiveness of the Ayurvedic herb Ashwagandha on the immune system.

Helfgott's investigators presented findings in a growing number of highly respected publications and conferences throughout the world, such as the International Immunology Congress in Rio De Janeiro, Brazil, held in August 2007. The research institute also spearheaded two conferences this year: In March 2008, it brought together pioneering thinkers to explore the emerging paradigms uniting science, consciousness and healing at the Transforming the Mind: Consciousness in Medicine conference. In May 2008, it held the second annual Symposium for Portland Area Research in Complementary & Alternative Medicine conference (SPARC), focused on research collaborations in Portland and the metro region among institutions, individuals, researchers, physicians and practitioners.

To build an endowment for future research, the Institute continues to expand its focus on funding. It received three major research grants this year, including awards from the National Institutes of Health for Complementary and Alternative Medicine (CAM) to develop CAM research curriculum at NCNM, and from OHSU for a collaborative investigation on obesity and appetite. Helfgott also received a generous donation to establish a psychophysiology laboratory that will allow it to study the relation of subtle physiological changes to natural medicine treatments.

### EDUCATION

NCNM's innovative and rigorous natural medicine education programs are often touted as the template upon which all other naturopathic medicine programs have been built. In the 2007-2008 fiscal year, the college continued building on this solid academic foundation to ensure NCNM's place in the forefront of natural medicine education for decades to come.

#### NATUROPATHIC MEDICINE

In the past few years, the School of Naturopathic Medicine has focused on providing a more unified, integrated approach to medical education and offering fewer discrete, separate courses—a nationwide trend in medical education.

In 2007-2008, several areas in the naturopathic curriculum were significantly changed.

- A stronger physical medicine program was established, adding two full-time faculty members to direct and teach the program.
- The psychology curriculum has a more interactive classroom environment to better engage students; there is a greater focus on discussion and less on lecture.
- In today's economy, graduates must be prepared to create and grow successful practices. As a result, the business courses are focused on better business and practice management information.

### CLASSICAL CHINESE MEDICINE

In less than 12 years, the School of Classical Chinese Medicine (CCM) program has established an internationally respected reputation. It continues to build upon this growing reputation by developing new and innovative program offerings. This year, CCM:

- launched its new Certificate of Advanced Studies in Classical Chinese Medicine
- created a new Chinese cultural arts class, Wei Qi (Chinese chess), offered for the first time in Spring 2008
- created a new Chinese medical astrology class to be taught in 2009-2010
- reached the final accreditation steps for a Master of Acupuncture degree (MAc)
- established a Memorandum of Understanding between NCNM and Guangxi College of Traditional Chinese Medicine in mainland China to further the colleges' common mission of supporting Chinese medicine education and its practice throughout the world. Guangxi College, a leader in classical Chinese medicine, will work with NCNM to develop a world-class externship program in China; it is hoped that this program will be a key feature of CCM's future Doctor of Acupuncture and Oriental Medicine program.



Emily Dickmeyer, ND1, in the research lab



Dr. Heiner Fruehauf, Dr. David Schleich and Liu Libong, inscribing his book





#### NEW COURSE CURRICULUM

During the 2007-2008 academic year, NCNM initiated efforts to capture the ever-growing interest in natural medicine by exploring options for several new programs and degrees. The college contracted with a higher education research firm that specializes in educational programs and services analysis to investigate the potential demand for new, innovative additions to NCNM's curriculum. Research results prompted the college to select several areas as priorities for possible development:

- **Herbal Arts and Botanicals:** The first of a series of professional credential enhancement certificates is expected to launch in September 2010.
- **Master of Public Health:** Demand for this degree is high; NCNM will further explore this option in the coming year.
- **Clinic Nutrition:** This area also emerged as an area of interest. The college will likely choose this as its first undergraduate offering.

#### NEW WINTER ADMISSIONS

This year, NCNM began developing a mid-year matriculation for new students. A January entrance allows qualified incoming students the opportunity to join the fall cohort rather than waiting an additional year to begin their studies. The winter admissions option will be offered for the first time in winter term, 2008-2009.

#### PATIENT CARE

Caring for patients—restoring them to health and wellness—is the foundation of all that we do at NCNM, from the education students receive, to the research undertaken. NCNM students assist in approximately 40,000 patient visits per year through the school's teaching clinics and Portland area community clinics, learning a wide spectrum of medicine from pediatrics to cardiac care and general practice.

#### OUR TEACHING CLINICS:

##### NATURAL HEALTH CENTER AND PETTYGROVE CLINIC

Fiscal year 2007-2008 saw an expansion of clinic health care. The Pettygrove Clinic Shiatsu students treated approximately 1,400 patients for smoking cessation, weight loss and other wellness issues through a new group acupuncture program. The Natural Health Center (NHC) also launched a free program for U.S. military veterans serving in Iraq—"Heads Up for Heroes" provides neurofeedback training for vets suffering from traumatic brain injury or post-concussive syndrome.

In an effort to optimize limited clinic space, some room functions were modified to create a second room for minor surgery and an enlarged IV therapy room at NHC.

#### COMMUNITY CLINICS

In addition to NCNM's teaching clinics, students worked in collaboration with a dozen community social service agencies at satellite clinic locations in and around Portland.

Our clinics provided low-cost or no-cost natural health care for thousands of the underserved, uninsured or marginalized of our city: homeless teenagers, non-English-speaking immigrants, and those suffering from mental illness and drug and alcohol addictions.

These contributions have not gone unnoticed. NCNM was honored this year to be named by the Corporation for National and Community Service to the President's Higher Education Community Honor Roll for exemplary service efforts to disadvantaged youth. It is the highest federal recognition a school can achieve for its commitment to service-learning and civic engagement.



Receptionist Astrid Harmon chats with naturopathic students at the Natural Health Center



## Deepening Our Roots

### *Our Campus, Administration & People*

#### OUR CAMPUS

NCNM's founders' dream—to grow the practice of natural medicine in the U.S.—is being realized. The college has produced just under 2,000 graduates, more than 50 percent of the naturopathic physicians in the U.S. In 2007-2008 alone, 54 new physicians and 12 new Chinese medicine practitioners received degrees.

With student enrollment continuing to climb in the past five years, new departments and some key administrative staff positions were added to provide critical support for the college's growth. Continued expansion in turn required more space. In December 2007, NCNM purchased the building it had been leasing for administrative offices since 2005. With minor remodeling, faculty offices were moved from the academic building, which in turn allowed former offices to be reconfigured as additional teaching and laboratory space.

All of these were short-term solutions. To create capacity for the planned enrollment increases, the college will need more space to house a variety of academic functions and to consolidate our two teaching clinics, now located some distance from campus. During the year, college administrators investigated a number of locations but none have met these needs. In late June 2008, NCNM was in negotiation for the property immediately south of the academic building. This acquisition will allow the college to combine both teaching clinics in a remodeled facility on that property by mid-2009. Development plans for the remainder of the property will be staged over several years' time as capital campaign funds become available.



*Dr. Lisa Shaver instructs student Brooke Huffman in lab class*



## OUR ADMINISTRATION

All of NCNM's administrative areas contributed to the college's success, however, a few departments launched major new initiatives this year.

### ADVANCEMENT

NCNM began preparing for the launch of its first capital campaign in 2007-2008. The campaign will have three components: major donors, partnering businesses and alumni giving.

The Advancement department's newest venture, the Partners Program, was introduced in the fall of 2007 with the goal of fostering mutually beneficial relationships with synergistic companies in return for multi-year gifts. NCNM offers such companies the chance to support the best in natural medicine research, excellence in residencies, state-of-the-art clinic upgrades and involvement in premier projects, such as the Foundations of Naturopathic

Medicine. By June 30, 2008, more than 20 companies had joined the Partners Program to support NCNM with pledges totaling \$2.08 million.

Board members from years past have returned to NCNM offering support for the college's vision and mission in a wide variety of ways, from donating a new conference room table to actively supporting the impending launch of a new fundraising arm: the NCNM Board of Regents. In the next year, NCNM expects that the newly-formed Board of Regents, and their contacts and associates, will help the college remain fiscally strong during a challenging economic climate as it undertakes aggressive institutional growth.



## COLLEGE RELATIONS

The College Relations department facilitates and implements a wide range of activities to advance the college's mission and vision locally, nationally and internationally. It is committed to supporting NCNM's growth by integrating long-term strategic and financial plans through campus forecasting and master planning.

This year, College Relations promoted NCNM's interests and heightened its visibility by:

- working closely with the City of Portland on urban development issues to ensure that the school's transportation and accessibility needs are addressed
- inviting Congressman David Wu, former Oregon State Senator Ginny Burdick, Governor John Kitzhaber and Portland Mayor-elect Sam Adams as distinguished speakers to address student leaders on professional development and health care reform
- raising funds to provide matching travel grants that allowed NCNM students to attend a variety of events, including the New York Association of Naturopathic Physicians lobby days, the American Medical Student Association conventions and the Washington D.C. Federal Legislative Initiative
- developing partnerships for NCNM at an international level by fostering articulation agreements with accredited institutions and initial planning for collaborative work with Naturopathic Doctors International, a relationship which will support development of international student affairs



*Wish Garden Herbs kiosk attracts student interest at Health Biz Expo held in April*

## CONTINUING EDUCATION & ALUMNI AFFAIRS

NCNM reinvigorated its commitment to its alumni in October 2007 with the development of the Continuing Education (CE) and Alumni Affairs Department. The department's mission is to engage NCNM graduates to help build the profession and to support alumni with a range of benefits and professional enhancement activities.

The new department began laying its foundation and making plans for 2008-2009, including:

- developing an alumni association page on the NCNM Web site
- launching the Passport Program, a discount CE program for NDs



*President Schleich welcomes Governor John Kitzhaber to campus*

- planning a program of CE certificates for credential enhancement focused within the fields of naturopathic or classical Chinese medicine
- launching online CE classes



In April 2007, the Continuing Education and Alumni Affairs department, in collaboration with the Advancement department, introduced NCNM's first Health Biz Expo, a health symposium for natural medicine alumni and students. In May 2008, in conjunction with the School of Classical Chinese Medicine (CCM), the CE department kicked-off a "Classical Roots" seminar series to showcase NCNM faculty and bring international leaders in CCM to the school, beginning with a lecture by Dr. Liu Lihong and Dr. Tang Nong, "Classical Chinese Medicine in Modern China and Pearls of Wisdom from the Shanghan Lun."

The CE team also sponsored an expedition this year to the International Medical Hydrology Association's bi-annual conference in Portugal. Dr. Pamela Jeanne, ND, and Dr. Sussanna Czeranko, ND, assembled a network of colleagues and institutions to assist in developing a medley of "nature-cure" resources and knowledge focused on the roots of naturopathic medicine in modalities to treat disease, such as Balneotherapy, the use of mineral salts, and Speleotherapy, the use of air in underground caves.

#### MARKETING & COMMUNICATIONS

Portland's best-kept secret is that it has long been home to one of the best medical colleges in North America—and the second largest medical school in Portland.

To help NCNM achieve greater local, national and international visibility, the college established a Marketing and Communications department in fall of 2007. Responsibility areas included brand and Web site development and management, public relations and in-house print production.

Highlights of department accomplishments within the 2007-2008 academic year included adding exterior signage to campus buildings, creating a new NCNM logo, color palette and "look" to unify all the college's materials, and beginning Web site updates and improvements. When a public relations professional is added to the team early in 2008-2009, the department will be fully staffed.



*Dr. Sussanna Czeranko, Dr. Cynthia Bye and student Elysia Beattie*





## OUR PEOPLE

Our rigorous natural medicine curriculum and excellence in research continue to attract the best and brightest, making it no surprise that NCNM consistently appears in peer-reviewed journals and other notable publications. Our faculty is a talented and eclectic group of physicians, practitioners and scientists with considerable breadth of experience, nationally and internationally-recognized experts in their fields.

Professional acknowledgment can come in the form of appointments to prestigious committees and speaking invitations. This year, Dean of the School of Naturopathic Medicine, Rita Bettenburg, ND, received two such awards: She was appointed to the educational working group of the Academic Consortium for Complementary and Alternative Health Care, and was also named to the Board of Directors, Council on Naturopathic Medical Education.

Dr. Will Taylor was one of two U.S. speakers invited to present at the “Celebrating Links” congress in Heidelberg, Germany, in October 2007 in celebration of the 20th anniversary of “Links,” the international journal for classical homeopathy.



## FELLOWSHIPS & AWARDS

- The National Institutes of Health (National Center for Complementary and Alternative Medicine) three-year grant for research on type 2 diabetes and naturopathic care: **Kimberly Tippens, ND**
- Oregon Women in Higher Education Award: **Rita Bettenburg, ND**
- Oregon College of Oriental Medicine Founder’s Award: **Satya Ambrose, ND, LAc**
- Townsend Award, for work on hypothyroidism and thyroid replacement: **Martin Milner, ND**
- American Association of Naturopathic Physicians Award for Best Research: **Carlo Calabrese, ND, MPH; Jonathan Purnell, MD; Will Gregory, PhD; Erin Connelly, MA; Kimberly Tippens, ND, MSAOM; Barry Oken, MD**
- Ruth L. Kirschstein National Research Services Award Individual Fellowship: **Kimberly Tippens, ND, MSAOM**

## PUBLICATIONS

- April 2007: “Toxoplasmosis: Mind-Body Parasite?” Naturopathic Doctor News and Review: **Kurt Beil, ND**
- Oct. 2007: “Static Magnetic Field Therapy: A Critical Review of Treatment Parameters,” Evidence-based Complementary and Alternative Medicine: **Agatha P. Colbert, MD; Helane Wahbeh, ND; Noelle Harling, MSLIS; Erin Connelly, MA; Heather C. Schiffke, MATCM; Cora Forsten, NCNM, ND1; William L. Gregory, PhD; Marko S. Markov, PhD; James J. Souder; Patricia Elmer, PhD; Valerie King, MD, PhD**
- 2008: “Skin Impedance Measurements for Acupuncture Research: Development of a Continuous Recording System,” Evidence-based Complementary and Alternative Medicine (Vol. 5, No. 4): **Agatha P. Colbert, MD; Jinkook Yun, BSE; Adrian Larsen, DC; Tracy Edinger, ND; John Brons, PhD; Will L. Gregory, PhD; Tran Thong, PhD**
- Jan. 2008: “Constipation: The Hidden Culprit,” Naturopathic Doctor News and Review: **Gaia Mather, ND**
- Jan. 2008: “Proton Pump Inhibitors - For Better or Worse,” Naturopathic Doctors News and Review: **Steven Sandberg-Lewis, ND**
- Feb./March 2008: “Hypothyroidism: Optimizing Medication with Gradual Released Compounded Thyroid Replacement,” Townsend Letter: **Martin Milner, ND**
- 2008: “All Disease Comes From the Heart: The Role of the Emotions in Classical Chinese Medicine,” The American Acupuncturist: **Heiner Fruehauf, MA, PhD**

## GRANT-FUNDED STUDIES

- Carpal tunnel syndrome and static magnetic field therapy. **Agatha P. Colbert, MD; Patricia J. Elmer, PhD; Marko Markov, PhD; Nels Carlson, MD; Hans Carlson, MD; William Gregory, PhD.** Funding: R21 NIH NCCAM, 2006-2009.
- Multichannel system for measuring skin impedance at acupuncture. **Agatha Colbert, MD.** Funding: Miridia Technology, Inc. Subaward, SBIR NIH NCCAM, 2007-2009.
- Research in Complementary and Alternative Medicine program. **Erin Connelly, MA; Patricia Elmer, PhD; Heather Zwickey, PhD.** Funding: R25 NCCAM, 2007-2011.
- Expectancy in the treatment in metabolic syndrome and obesity. **Carlo Calabrese, ND, MPH; Jon Purnell, MD; Kimberly Tippens, ND, MSAOM; Patricia J. Elmer, PhD; Erin Connelly, MA; Barry Oken, MD.** Funding: CAMEO U19 NIH NCCAM, 2004-2009.
- Conditioned healing of experimental autoimmune encephalitis in rodents. **Rich Jones, MD; Heather Zwickey, PhD; Misty White; Meghan Musse; Nicole Moes, MS.** Funding: CAMEO U19 NIH NCCAM, 2004-2009.
- Hormonal controls, hunger and behavior in obese metabolic syndrome patients. **Kimberly Tippens, ND, MSAOM; Barry Oken, MD; Jon Purnell, MD; Carlo Calabrese, ND, MPH.** Funding: Supplement to CAMEO U19 NIH NCCAM, 2005-2009.
- RCT of the naturopathic anti-inflammatory diet. **Patricia Elmer, PhD; Anne Nedrow, MD; David Belknap; Julia Jordan, MS, RD, LD; Martha McMurry, MS, RD, LD; Lila Ojeda, MS, RD, LD; Jon Purnell, MD; Heather Schiffke, MATCM; Helane Wahbeh, ND; Heather Zwickey, PhD.** Funding: R21 NIH NCCAM, 2005-2009.
- Homeopathy in the treatment of influenza. **Carlo Calabrese, ND, MPH; Paul Herscu, ND; Janet Monnier, MD; Liz Kaltman, MPH; William Gregory, PhD.** Funding: Foundation for Homeopathic Education, grant/contract 2008-2009.



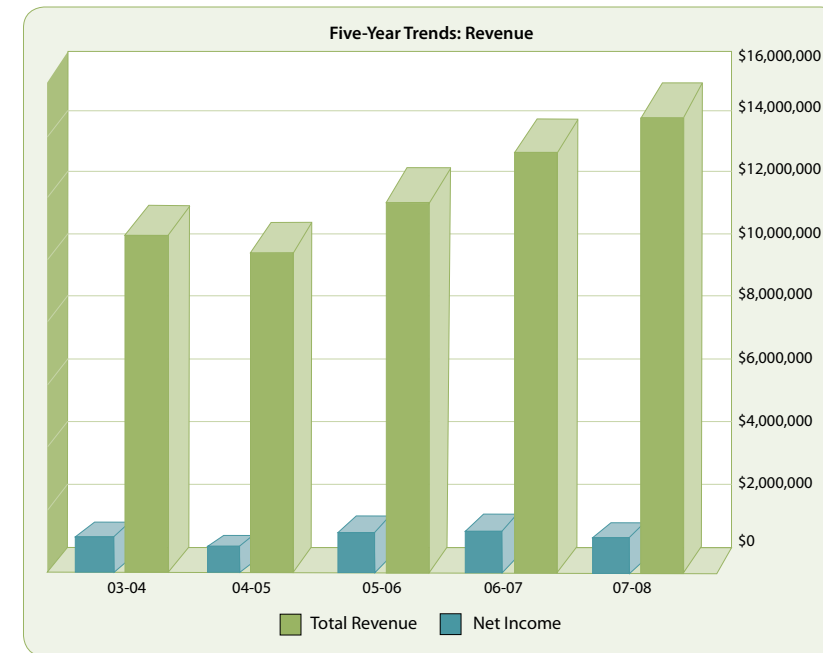
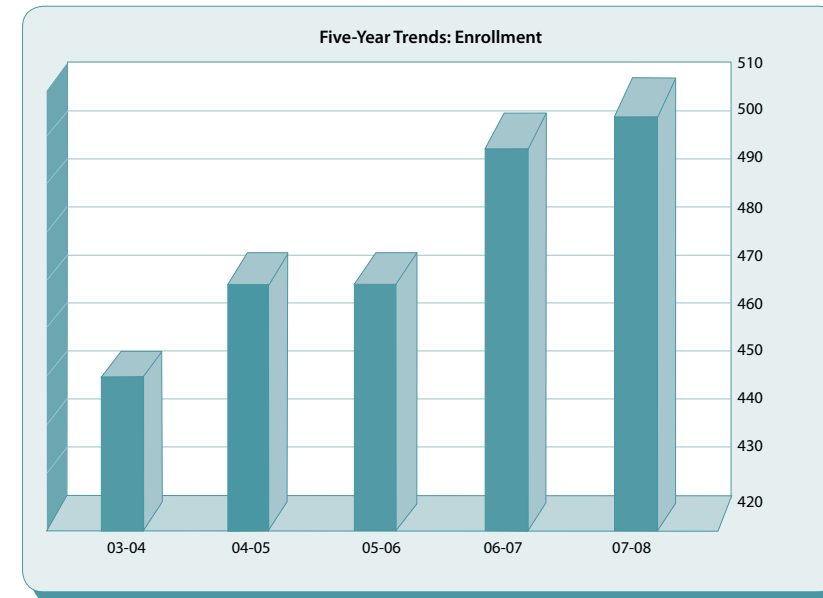
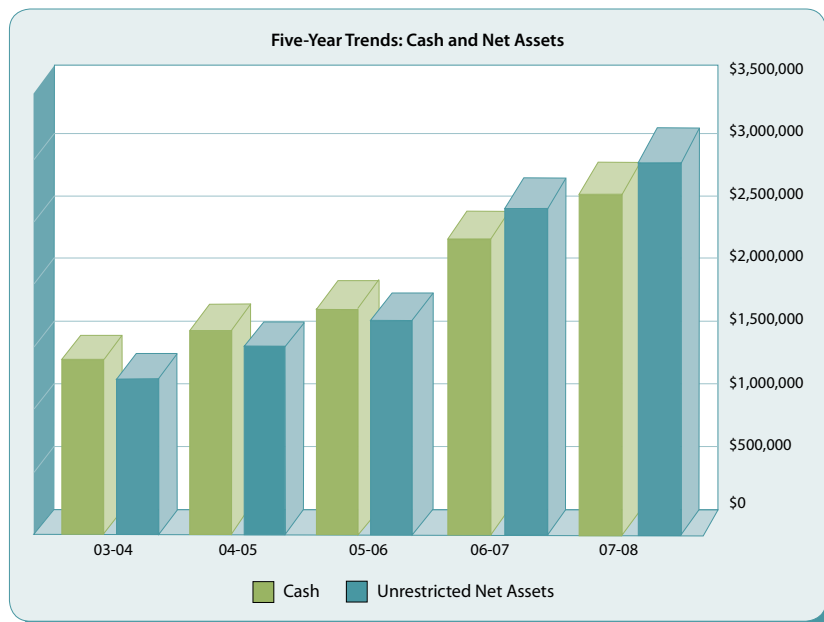
# Management Discussion & Analysis

In the 2007-2008 academic year, NCNM continued to strengthen its balance sheet. For the last several years it has maintained surpluses with the goal of building unrestricted cash reserves to insure the financial health and viability of the institution. The college has achieved that objective: As of June 30, 2005, unrestricted net assets were \$1,645,609; by June 30, 2008 they were \$2,748,781—an increase of \$1,103,172 (67%).

With board approval, NCNM has sought to expand its campus footprint. Instead of leasing space, the college strategically used cash to acquire assets, including the 2006 purchase of the Natural Health Center building on First Avenue and the administrative building, which NCNM bought at the end of 2007. In addition to building equity with existing cash, these property investments also allow the school more flexibility and efficiency in its use of space for facility management and design.

Being tuition dependent, NCNM has continuously monitored and improved enrollment figures while initiating new revenue streams. The college has seen steady, incremental enrollment numbers in its degree programs during the past three years, from a total of 471 students in 2006, to 507 in the 2007-2008 academic year—an increase of 8%. Several

revenue diversification plans began in 2007-2008. These included expanding the CE department, beginning the process to launch a mid-year matriculation in January, 2009, refocusing fundraising efforts, and enhancing bookstore and other retail operations.



The college also recognized and addressed significant challenges which arose during this period. In 2007-2008, Congressional action all but ended the federal School as Lender program which had enabled NCNM to offer \$300K annually in student assistance. The Financial Aid staff worked quickly to find alternatives and to inform students of the new guidelines in place. As the economic environment deteriorated in the summer of 2008, the institution took steps to safeguard its cash assets and to limit credit-crunch exposure to student loans. The college also took the first steps in creating a fundraising strategy—and received its first gifts—to support a major capital campaign, scheduled for a spring 2009 launch. It will be supported by a new Master Planning process and the development of a “case statement” document for potential donors. In the meantime, NCNM has taken on bridge-debt financing, which, although significant, falls well within the Department of Education’s composite ratio guidelines.

The financial statements which follow are excerpts from the independent auditors’ report. For access to the full report, please contact the NCNM Finance Office.



# Financial Statements

## STATEMENT OF FINANCIAL POSITION

June 30, 2008 (With Comparative Amounts for 2007)	2008	2007
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,046,559	\$ 2,643,230
Accounts receivable - net	136,333	237,989
Agency funds receivable	119,431	83,548
Inventory	212,099	187,284
Prepaid expenses	24,696	27,979
Investments	119,130	184,792
Note receivable	80,000	100,000
Contribution receivable	206,250	-
Property and equipment - net	9,183,771	4,512,262
Loan fees - net	130,030	67,532
<b>Total assets</b>	<b>13,258,299</b>	<b>\$ 8,044,616</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	538,231	\$ 701,522
Accrued interest	4,535	11,515
Accrued payroll	484,143	470,794
Retirement plan payable	11,746	-
Student deposits	27,200	30,400
Capital lease obligation	36,229	58,179
Lease security deposit	1,830	-
Long-term debt	7,502,558	2,641,091
<b>Total liabilities before interest rate swap</b>	<b>8,606,472</b>	<b>3,913,501</b>
Interest rate swap	-	75,658
<b>Total liabilities</b>	<b>8,606,472</b>	<b>3,989,159</b>
<b>Commitments and contingencies</b>		
<b>Net assets:</b>		
Unrestricted	2,748,781	2,426,590
Temporarily restricted	1,548,703	1,334,614
Permanently restricted	354,343	294,253
<b>Total net assets</b>	<b>4,651,827</b>	<b>4,055,457</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,258,299</b>	<b>\$ 8,044,616</b>

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2008 (With Comparative Totals for 2007)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2008	2007
<b>REVENUES &amp; OTHER SUPPORT</b>					
Tuition and fees	\$ 9,323,927	\$ -	\$ -	\$ 9,323,927	\$ 8,499,615
Private gifts and contracts	124,316	392,439	60,090	576,845	468,137
Government grants and contracts	193,263	563,925	-	757,188	760,016
Sales and service - clinics	2,629,608	-	-	2,629,608	2,532,593
Bookstore	543,258	-	-	543,258	462,768
Change in value of interest rate swap	(86,605)	-	-	(86,605)	1,126
Event revenue	-	6,243	-	6,243	150,466
Lending fees	-	790,124	-	790,124	757,755
Other revenue	338,874	21,415	-	360,289	272,689
Loss on disposal of equipment	-	-	-	-	(25,998)
Net assets released from restrictions	1,560,057	(1,560,057)	-	-	-
<b>Total revenues and other support</b>	<b>14,626,698</b>	<b>214,089</b>	<b>60,090</b>	<b>14,900,877</b>	<b>13,879,167</b>
<b>EXPENSES</b>					
Instruction	4,939,121	-	-	4,939,121	4,251,727
Research	1,009,194	-	-	1,009,194	854,940
Academic support	549,879	-	-	549,879	811,475
Student services	1,416,145	-	-	1,416,145	1,288,811
Institutional support	2,701,410	-	-	2,701,410	2,336,112
Fundraising	291,300	-	-	291,300	296,023
Clinics	2,795,441	-	-	2,795,441	2,615,943
Bookstore	602,017	-	-	602,017	475,863
<b>Total expenses</b>	<b>14,304,507</b>	<b>-</b>	<b>-</b>	<b>14,304,507</b>	<b>12,930,894</b>
<b>Increase in net assets</b>	<b>322,191</b>	<b>214,089</b>	<b>60,090</b>	<b>596,370</b>	<b>948,273</b>
Net assets, beginning of year	2,426,590	1,334,614	294,253	4,055,457	3,107,184
<b>Net assets, end of year</b>	<b>\$ 2,748,781</b>	<b>\$ 1,548,703</b>	<b>\$ 354,343</b>	<b>\$ 4,651,827</b>	<b>\$ 4,055,457</b>



# Financial Statements *Continued*

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2008 (With Comparative Totals for 2007)	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 596,370	\$ 948,273
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	339,209	214,251
Realized and unrealized gain on investments	(30,828)	(5,030)
Donation of investments	(30,929)	(98,477)
Forgiveness of note receivable	20,000	-
Permanently restricted contributions	(60,090)	(215,318)
Donated equipment	(12,546)	-
Loss on disposal of equipment	-	25,998
Change in value of interest rate swap	86,605	(1,126)
(Increase) decrease in:		
Accounts receivable	101,656	354,167
Agency funds receivable	(35,883)	(83,548)
Inventory	(24,815)	(21,617)
Prepaid expenses	3,283	(10,369)
Contribution receivable	(206,250)	-
Increase (decrease) in:		
Accounts payable	(163,291)	297,551
Accrued interest	(6,980)	(660)
Accrued payroll	13,349	41,016
Retirement plan payable	11,746	(5,775)
Unearned tuition	-	(329,687)
Student deposits	(3,200)	(5,400)
Lease security deposit	1,830	-
<b>Net cash provided by operating activities</b>	<b>599,236</b>	<b>1,104,249</b>
<b>Cash flows from investing activities:</b>		
Note receivable	-	(100,000)
Proceeds from sale of investments	127,419	-
Purchases of property and equipment	(281,308)	(132,300)
<b>Net cash used by investing activities</b>	<b>(153,889)</b>	<b>(232,300)</b>
Carried forward	445,347	871,949

## STATEMENT OF CASH FLOWS – CONTINUED

Year Ended June 30, 2008 (With Comparative Totals for 2007)	2008	2007
Brought forward	\$ 445,347	\$ 871,949
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capitalized loan fees	(129,362)	-
Permanently restricted contributions	60,090	215,318
Settlement of interest rate swap	(162,263)	-
Payments on capital lease obligation	(21,950)	(10,363)
Proceeds from long-term debt	277,349	-
Payments on long-term debt	(65,882)	(122,719)
<b>Net cash provided (used) by financing activities</b>	<b>(42,018)</b>	<b>82,236</b>
<b>Net increase in cash and cash equivalents</b>	<b>403,329</b>	<b>954,185</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,643,230</b>	<b>1,689,045</b>
<b>Cash and cash equivalents, end of year</b>	<b>3,046,559</b>	<b>\$ 2,643,230</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ 342,132	\$ 188,639
<b>Supplemental disclosures of noncash information:</b>		
Land and building acquired in exchange for long-term debt	\$ 4,650,000	\$ -
Long-term debt refinanced	1,116,423	-
Acquired equipment in exchange for capital lease obligation	-	68,542

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