



2011-2012 Annual Report





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*Our mission is to educate and train physicians, practitioners and pre-professionals in the art, science and research of natural medicine.*

# We are Community



The earth has swung around the sun again to present us with another autumn and a new academic year. In that orbit, events big and small have moved us further than ever along our path. Characterizing and even defining the numerous events of the past year is a theme central to our five-year strategic plan, the final version of which the NCNM board approved at the end of fiscal year 2011-2012. That plan is called: ***We Are Community: a Framework for Action, 2012-2017***. What you will read here is all about our various communities, traditional and emerging.

There is, for example, our *student community*, both full- and part-time, an enrollment that is closing quickly on 600. For them we are evolving a revitalized program mix to make sure they are ready for the healthcare landscape ahead of them. The provost and her academic team have a *framework for curriculum re-engineering* project plan, “Cosmos/Galaxy,” which will weave the deepest aspects of tradition with the complexities of integrative medicine.

The vice-president of advancement and her team have expanded our continuing medical education offerings, which in the past year have achieved escape velocity from our modest offerings of the past. That same department has moved deeply into several communities with NCNM’s ECO Project, offering healthy nutrition practices for children and their families. Advancement’s alumni affairs department has shaped and launched outreach campaigns including the *Bill Mitchell Hall* and the *Ken Harmon Community Room* projects.

The dean of clinic operations has continued the powerful work of spreading out our *community clinic network* to serve thousands of patients all over greater Portland. A year after it opened, our Min Zidell Healing Garden has hosted a number of internal and external community events, including the spectacular Garden Gala,

which celebrated and strengthened the community building goals of our community clinics and the ECO Project. The NCNM community has thrown its arms wide in welcome to our local neighborhood association, which now holds its meetings at NCNM, knowing they are honored since we share so many common goals.

*We are community*, too, in the sense of being an active player in greater Portland. The manager of master planning and facilities projects shepherded NCNM’s Conditional Use Master Plan through 18 months of planning so that it is prepared for its formal presentation to the city in September 2012, embedding our 20-year vision permanently into NCNM’s larger community for the first time in its history.

Our efforts continue as “the profession’s college” with a growing number of recurring outreach projects designed to nourish the *professional communities* we serve: year five of the *ZRT Cup*, year three of the *Bob’s Red Mill Intercollegiate Cup*, year two of the *Sokenbicha Essay Cup*. More than 30 NCNM students and staff headed to Washington, D.C. for this year’s DC FLI (District of Columbia Federal Legislative Initiative) and NCNM staff helped in legislative efforts in Maryland, Iowa, North Dakota, New York and California. Our faculty are showing up repeatedly in national conferences with their groundbreaking clinical work and new publications.

The robust nature of NCNM’s plan for the next half decade is not about ricocheting from one new enthusiasm or one new influence to the next; rather, it is about strategically addressing the urgent needs of our many communities, with one eye on the practicalities of getting the work done and one eye on sustaining this work. The old unchanging challenges of fiscal strength, competition, and institutional memory of old bumpier paths were well met this past year. NCNM aspires to be noble in this work and aims to continue to serve our communities 100 years hence. Count on it.



David J. Schleich, PhD  
President

Nancy Wastcoat Garbett, MEd  
Chair, Board of Directors



*Green spaces, a campus commons, and campus beautification are an integral part of NCNM's 20-year Master Plan.*

The alchemy of change is transforming NCNM's campus, like watching the quickly moving frames of timelapse photography as each year new or renovated facilities are added to the footprint.

NCNM sits squarely in the middle of what has been called "the education triangle," near Oregon Health & Science University and Portland State University, near the South Waterfront, an area of rapid development. The need for a **20-year Master Plan**, a road map of NCNM's plans for future growth, became necessary to secure NCNM's rights to its Lair Hill location. As the fiscal year 2011-2012 winds down, NCNM is preparing to submit its completed 20-year Master Plan and Conditional Use Master Plan to the City of Portland for approval.

Green spaces, a campus commons, and campus beautification are an integral part of NCNM's 20-year Master Plan. The addition in 2010-2011 of the Min Zidell Healing Garden was NCNM's first step to manifest a greener campus. In 2011-2012, NCNM celebrated the first of many "living walls," an irrigated living-plant installation donated by **Bema Botanicals** and mounted in the NCNM Clinic waiting room.

Construction crews are fast at work finishing NCNM's seventh facility, the **NCNM Helfgott Research Institute and Community Education Center**. The newest jewel in NCNM's crown is located conveniently close to campus on the site of NCNM's former Natural Health Center. The new building will allow much needed space for the research department and students enrolling in the popular Master of Science in Integrative Medicine program. The building will feature **Charlee's Kitchen**; the **Violet Beebe Classroom**, a state-of-the-art classroom equipped to offer distance education; and the **Marjorie A. Gage Research Science Lab**. Charlee's Kitchen, an expansive teaching kitchen, was funded by **Bob and Charlee Moore**; founders of **Bob's**



**Red Mill Natural Foods**, and noted philanthropists and health advocates. Charlee's Kitchen will be used for ECO Project community workshops and for student research. The new facility will celebrate its grand opening in fall 2012.

In June 2012, NCNM completed the purchase of two adjoining **residential properties on Meade Street** next to its Administration Building and across for the NCNM Annex lecture hall. One of the properties will be razed. Plans for the other property are still preliminary.

The **NCNM Administration Building** has also been host to construction crews at the close of fiscal 2011-2012. Most of the campus staff and much of the faculty are preparing to move offices as renovations in the lower level of the building and in the spacious new **Ken Harmon Community Room** are completed. The work allows all administrative staff and the provost's academic team to be located within the same building and creates approximately 3,000 square-feet of student study space in the Academic Building.

Plans are on the drawing board for more change next fiscal year. The Academic Building's revered Great Hall is slated to be transformed into **Bill Mitchell Hall**. NCNM's "**Right Place, Right Time**" capital campaign has included Mitchell Hall in its fundraising goals.



## Our Campus

The physical changes taking place on the National College of Natural Medicine campus continue to be breathtaking, both in pace and scope. In 2007, NCNM made a commitment to remain in Lair Hill, a historic neighborhood in South Portland—to establish the campus footprint within a five-acre area bordered by a tangle of busy transportation thoroughfares near Portland's Ross Island Bridge and the Interstate 5 Highway. Not exactly a bucolic setting for a natural medicine college, but from its earliest days, NCNM has been known for bucking prevailing trends—and flourishing.



## Our Programs & Services

Practicing any medical discipline in the United States has become an increasingly challenging endeavor. With healthcare access acutely limited for large segments of our society, patients are sicker and the delivery of care is driven by evidence-based medicine and expectations concerning standards of care. Medical schools are more complex institutionally and programmatically than ever before, requiring careful oversight and the development of necessary resources to attend to medical management, patient safety, and physician competence.

*In 2011-2012, the development of integrated course offerings was in the planning stages among the academic team to help students develop skills that encourage and inspire interprofessional collaborative practice.*

NCNM's reputation as the "profession's college" has long been a tribute to its ongoing commitment to excellence. As naturopathic and Chinese medicine practitioners work to secure their roles as viable and leading medical professionals within the changing world of health care, NCNM is planning to introduce many changes within its academic programs. These changes are significant. They include **curriculum reform, faculty development and interprofessional development**. When fully implemented, the work now under way will be transformative—for NCNM, its faculty, students and alumni.

**Curriculum reform** has been a process of examination and discussion among our academic program team for several years. But **faculty development** and the evolution of curricula are intrinsically linked. Because faculty development is crucial to student satisfaction, that became a priority during 2011-2012, as NCNM began to lay the groundwork to offer a faculty development program.

The mandatory training program, to launch early in fiscal 2012-2013, has been designed by **Research Dean, Heather Zwickey, PhD**, based on a required course for faculty at Yale to improve teaching skills. For example, emphasis will be placed on teaching students the necessary skill of critical thinking, with a goal of fostering the capacity for lifelong learning. Continuing faculty education will aim at adapting instruction to successfully incorporate a diversity of learning styles.

In 2011-2012, the development of integrated course offerings was in the planning stages among the academic team to help students

develop skills that encourage and inspire **interprofessional collaborative practice**. Courses are being designed to help students within different professional programs engage in interactive learning with one another—a fundamental step toward learning to work effectively as members of clinical teams.

**NCNM's Helfgott Research Institute** is earning a national reputation as the best place to receive training in natural medicine research. The enthusiastic student reception in fall 2011 to the new **Master of Science in Integrative Medicine (MSiMR) program** surpassed expectations. The research department has been busy preparing new courses for its first cohort of standalone MSiMR students. The department is adding a number of talented new research instructors as it prepares to move to its new facility.

Helfgott Research Institute and other department administrators helped plan, with colleagues in the *Oregon Collaborative for Integrative Medicine*, the highly successful *International Research Congress on Integrative Medicine*, held in May 2012 for thousands of medical researchers from all over the world. NCNM was well represented with dozens of students and research faculty in attendance. **Dean of Research, Heather Zwickey, PhD**, and assistant professor **Kim Tippens, ND, LAc, MPH**, both presented to packed audiences at the conference. NCNM also hosted campus site visits over the two-day conference to more than 40 international guests.

In January 2012, **NCNM Residency Director, Melanie Henriksen, ND**, was promoted as the associate dean of the **School of Naturopathic Medicine**. In addition to the residency

program, Dr. Henriksen now oversees the administration of day-to-day programmatic operations and curriculum development. The ND department is developing several new educational initiatives. In spring 2011, **Medical Theater** was introduced into the clinical education course to allow students to observe naturopathic doctors as they enact patient visits. The course promotes student development of critical thought and decision-making processes while they learn patient management skills.

**The School of Classical Chinese Medicine (CCM)** is developing a number of exciting new electives, including a **Certificate in Confucian 5-Element Emotional Healing; Acupressure in Hospice Care, and Auriculotherapy**. The CCM department continues to grow its faculty roster, increasing its focus on ancient Chinese texts and incorporating them into the core curriculum.

In addition to academic offerings, the expansion of support services for students was introduced in 2011-2012 by the **Student Services** department to improve the student experience. More students require services that once were only needed by a few. NCNM is quickly fulfilling those needs: tutoring; mental health guidance and support; and medical accommodations. In addition, with the appointment this year of **Cheryl Miller, dean of student services** as NCNM's Title IX coordinator, the college is quickly addressing **Title IX federal legislation** that requires training in areas that are growing more significant in these troubled times: sexual harassment; mental health; and violence and sexual assault.





## Our Clinics

NCNM fiercely safeguards its outstanding reputation as a leader in natural medicine education. Natural medicine clinical education is advancing in practice, research and theory, while staying true to its core belief in the healing power of nature. Nowhere is this more evident than at NCNM clinics, where our clinical administration and staff continue to raise the bar to improve the clinical experience for patients, students and faculty.

*Natural medicine clinical education is advancing in practice, research and theory, while staying true to its core belief in the healing power of nature.*

The NCNM Clinic successfully reached another important benchmark as it implemented **state-of-the-art medical technology** that helps NCNM better serve clinic patients. In September 2011, following a 16-month process of implementation and training, the clinic rolled out **OCHIN Epic**, a widely used practice management and electronic health records (EHR) system. NCNM was the first natural medicine clinic in the nation to implement an EHR system and the first medical college that went live using OCHIN's software—designed specifically for safety-net clinics like NCNM's community clinics.

NCNM's new EHR system allows its practitioners to better coordinate care for patients within our participating **network of community clinics** in Portland. Thousands of community clinic visits are expected to run through the EHR system each year.

NCNM continues to increase the number of **community clinics** where its faculty of naturopathic doctors and Chinese medicine practitioners work with student interns to provide affordable health care to patients. The community clinics are a popular resource for growing numbers of low-income patients in the city. In 2011–2012, nearly 20 clinics offered more than 40 shifts per week to a widely diverse demographic of patients.

NCNM's implementation of clinical model shifts has been received enthusiastically by both patients and students. **Observation shifts**, first piloted by attending physician **Leslie Nicholas, ND**, allow student clinical interns to learn through observation as their

supervising attendants model patient management skills, such as charting, case-taking and assessment, and full patient care. Plans are under way to develop observation shifts with specialty focuses, such as gastroenterology.

Patients' excitement for the **NCNM Clinic's quarterly Open Houses** is spreading through targeted marketing and enthusiastic word-of-mouth. The weekend events all feature a theme to focus attention on a specialty area of medicine, such as pediatrics, women's health or heart health. The Open Houses offer free mini-consultations to potential new patients and their families, and along with the NCNM Clinic's pilot program of **reduced pricing**, the clinic is experiencing a robust increase in new and returning patients.

The clinic received a generous donation from **QuinTron**, a manufacturer of breath trace-gas analyzers that provide measurements that assist in the non-invasive diagnosis of small intestinal bacterial overgrowth (SIBO). The new QuinTron breath-analyzer is aiding in the cutting-edge clinical work being done at the NCNM Clinic. SIBO, previously an undiagnosed and unrecognized condition that afflicts thousands of people, is bringing naturopathic and medical doctors together to assist patients with gastrointestinal complaints. **NCNM Professor Steven Sandberg-Lewis, ND**, and **NCNM Clinic's Allison Siebecher, ND**, are using the breath analyzer to aid in their diagnosis and treatment of SIBO, an emerging area of gastroenterology. The clinical work being done on SIBO also enables the NCNM Clinic Lab to provide lab testing for all physicians in the Portland area.



“Act as if what you do makes a difference. It does.”  
—William James

## Our People

Our rigorous natural medicine curricula and excellence in research attract the best and brightest, making it no surprise that NCNM consistently appears in peer-reviewed journals, other notable publications, and at national and international conferences. Our faculty—talented physicians, practitioners and scientists with a considerable breadth of experience—are recognized experts in their fields. Our students, educated by some of the world’s finest natural medicine practitioners and researchers, are nationally recognized for their achievements.

### Faculty & Student Highlights

- **Assistant Professor, Nicole Vasilevsky, PhD**, was awarded the International Conference on Biomedical Ontology Fellowship (July 2011).
- **Assistant Professor, David Berkshire, ND, LAc**, completed a research sabbatical sponsored by BioResource, Inc., on German Biological Medicine during winter quarter 2012, with the intent to deepen the understanding of Chinese medicine concepts and homeopathy. The research information will be woven into NCNM’s Chinese medicine curriculum.
- **Assistant Professor, Marcus Miller, MD, ND**, who completed a sabbatical last year, has completed a redesign of the NCNM pharmacology course to include the greatly expanded Oregon pharmaceutical formulary.
- **MSOM candidate, Tiare Sheller**, wrote the winning essay for the second annual *Sokenbicha Essay Challenge Scholarship*, “Chinese Medicine Can Play an Important Preventive Role in American Healthcare.” Sheller’s essay is featured in *The American Acupuncturist* (Summer 2012).

- **Dean of the School of Classical Chinese Medicine, Laurie Regan, ND, PhD**, and **Professor Richard Barrett, ND**, were named “Harvard Macy Scholars” following their selection to participate in the Harvard Macy Institute’s Program for Educators in Health Professions (June 2012).

### Selected Publications

- **Hammer BU, Colbert AP, Brown KA, Ilioi EC**. “Neurofeedback for Insomnia: A Pilot Study of Z-Score SMR and Individualized Protocols.” *Appl Psychophysiol Biofeedback*, 2011 Jul 26. [Epub ahead of print]
- **Wahbeh H, Lu M, Oken M**. “Mindful awareness and non-judging in relation to posttraumatic stress disorder symptoms.” *Mindfulness*, August 2011. DOI 10.1007/s12671-011-0064-3.
- **Webb-Girard A, Self JL, McAuliffe C, Olude O**. “The effects of household food production strategies on the health and nutrition outcomes of women and young children: a systematic review.” *J Paediatr Perinat Epidemiol*, February 2012.

- **Self JL, Handforth B, Hartman J, McAuliffe C, Noznesky E, Schwei RJ, Whitaker L, Wyatt AJ, Webb Girard A**. “Community-engaged learning in food systems and public health.” *JAFSCD*, March 2012.
- **Mikolai J, Milner M**. “Naturopathic management of infections of the heart and their sequelae.” *Townsend Letter for Doctors and Patients*, 2012 May; 1(346):57-66.
- **Chao M, Tippens KM, Connelly E**. “Utilization of group-based, community acupuncture clinics: A comparative study with a nationally representative sample of acupuncture users.” *J Altern Complement Med*, 2012 Jun; 18(6):561-6.
- **Tippens KM, Oberg E, Bradley R**. “A dialogue between naturopathy and critical medical anthropology: toward a broadened conception of holistic health.” *Med Anthropol Q*, 2012 Jun; 26 (2):257-70.
- **Napoli, Rhesa (ND candidate)**. “Thyroid Problems Often Underlie Infertility, Pregnancy Complications.” *Holistic Primary Care*, Summer 2012; 13(2):2.
- **Loomis, ND, Marnie; Smith, Node (ND candidate)**. “Psychosomatic Pain: Not Merely ‘In Your Head Anymore.’” *Naturopathic Doctor News and Review*, June 2012; 8(6):15.

### Selected Academic Presentations

- **Carlo Torniai, PhD; Matt Brush; Nicole Vasilevsky, PhD; Eric Segerdell; Melanie Wilson; Tenille Johnson; Karen Corday; Chris Shaffer; and Melissa Haendel, PhD**. “Developing an application ontology for biomedical resource annotation and retrieval: Challenges and lessons learned;” International Conference on Biomedical Ontology, Buffalo, N.Y. (July 2011)
- **Kurt Beil, ND, LAc, MPH**, “Healthy By Nature;” International Conference, Vancouver, B.C. (September 2011)
- **Roger Batchelor, DAOM, LAc**, “Acupuncture Strategies for Pain;” Pain Society of Oregon, Portland, Ore. (September 2011)
- **Heather Zwickey, PhD**, “Evidence for Mushrooms in Cancer;” 7th Annual Pacific NW Excellence in Breast and Gynecologic Care Conference, Portland, Ore. (October 2011)
- **Kim Tippens, ND, LAc, MPH; Maria Chao, DrPH, MPA**. “Practice-based research in community acupuncture clinics: The utility of community-based participatory research;” Consortium of Academic Health Centers in Integrative Medicine, Annual Research Day, Los Angeles, Calif. (October 2011)





- **Heather Zwickey, PhD**, Keynote Speaker: "Cancer & Immunity;" Cancer Treatment Centers of America Integrative Medicine Conference, Tulsa, Okla. (November 2011)
- **Marnie Loomis, ND**, National Psoriasis Foundation webinar, "The Road Less Traveled" on triggers to psoriasis and other skin conditions, and how natural medicine can treat and prevent future skin outbreaks. (November 2011)
- **Roger Batchelor, DAOM, LAc**, "The Evidence for Acupuncture in Oncology Care: AcuTrials a Novel Database;" Legacy Good Samaritan Medical Center, Portland, Ore. (November 2011)
- **Steven Sandberg-Lewis, ND, DHANP**, "H pylori: Commensal or Cause of Many Diseases?" and "Unraveling Chronic GI Infections: Parasitic and Bacterial Testing and Treatment;" Institute of Women's Health & Integrative Medicine Conference, Portland, Ore. (January 2012)
- **Jeremy Mikolai, ND**, "Acute and Chronic Infections in Women;" Institute of Women's Health & Integrative Medicine Conference, Portland, Ore. (January 2012)
- **Kurt Beil, ND, LAc, MPH**, "Nature & Healing;" **Glen Nagel, ND**, "An Introduction to Naturopathic Medicine;" and **Michael Dunbar (ND and MAc candidate)**, "The Benefits of Shiatsu;" Portland Japanese Garden, Portland, Ore. (February 2012)
- **Amy Bader, ND**, "Naturopathic Medicine—Ancient Medicine Meets Modern Science;" Concordia College School of Management, Department of Health & Social Services Seminar on Integrative Medicine, Portland, Ore. (May 2012)
- **Kim Tippens, ND, LAc, MPH; Patricia J. Elmer, PhD; Cory Szybala (ND candidate); Somnath Saha, MD, MPH**. "Patient Perspectives on Provider Communication, Self-Management and Alternative Medicine in Conventional and Naturopathic Diabetes Care;" International Research Congress on Integrative Medicine and Health, Portland, Ore. (May 2012)
- **Heather Zwickey, PhD**, "State of the Science of Naturopathic, Chiropractic, and Asian Oriental Medicine;" International Research Congress on Integrative Medicine and Health, Portland, Ore. (May 2012)
- **Kurt Beil, ND, LAc, MPH**, "Effects of Environmental Settings on Measures of Holistic Health;" International Making Cities Livable Conference, Portland, Ore. (May 2012)
- **Richard Barrett, ND**, "Complementary and Alternative Medicine 2012" (Poster Presentation); International Research Congress on Integrative Medicine and Health, Portland, Ore. (May 2012)
- **Jeremy Mikolai, ND**, "In Vivo Immune Modulating Effects of Ashwagandha (Withania somnifera)" (Poster Presentation); International Research Congress on Integrative Medicine and Health, Portland, Ore. (May 2012)
- **Heather Zwickey, PhD**, "Case Reports: Translating Clinical Insights into Science, Featured Symposium: Clinical Research Literacy Curriculum;" International Association of Medical Science Educators, Portland, Ore. (June 2012)
- **Nicole Vasilevsky, PhD**, "Data and Information Management: Teaching Best Practices;" International Association of Medical Science Education Meeting, Portland, Ore. (June 2012)
- **Marnie Loomis, ND; Chris Cooke, ND**. "Conditions that may Masquerade as Depression;" National Wellness Week webinar presented for U.S. Department of Health & Human Services agency, SAMSHA, and Mental Health America of Oregon (September 2012)
- **Roger Batchelor, DAOM, LAc**, "An Overview: Chinese Medicine;" National Wellness Week webinar presented for U.S. Department of Health & Human Services agency, SAMSHA, and Mental Health America of Oregon (September 2012)







*Since NCNM first established its reputation as “the professions’ college” more than a half-century ago, it has nurtured many thousands of friendships in multiple ways.*

## Our Friends

Aristotle once compared friendship to a slow ripening fruit. Since NCNM first established its reputation as “the professions’ college” more than a half-century ago, it has nurtured many thousands of friendships in multiple ways. Over the years many of those friendships have grown and deepened.

Like widening ripples slowly spreading out upon still waters, NCNM’s “Friendship Circle” has gotten ever wider, many interlocking and diverse communities with one thing in common—a love for the natural medicine that is at the very core of NCNM’s institutional mandate. NCNM’s community of friends have helped the college manifest extraordinary changes for its students, alumni, faculty, staff and patients—in what almost seems like the blink of an eye.

**N**CNM’s ECO Project was first established in 2011 through the generous contribution from the co-founders of Bob’s Red Mill Natural Foods, **Bob and Charlee Moore**. ECO has continued to grow—thanks in part through the able leadership of lead physician **Courtney Jackson, ND**, and through the continued support of the Moore family, who pledged an additional \$100,000 to the program in the 2012-2013 academic year. The continued funding allows the successful ECO Project to recruit a second lead physician who will help oversee the community workshops led by NCNM students. The free 12-week community education workshops (some conducted entirely in Spanish) are designed to teach healthy food choices and food preparation to communities throughout the greater Portland area.

In 2011-2012, NCNM signed a transfer of net assets agreement with the Kansas-based Women in Balance Association, a nonprofit organization dedicated to educating women and health professionals about the health impact of hormone imbalance. NCNM assumed immediate ownership of the organization, renaming it **NCNM’s Women in Balance Institute**. The development of this new women’s health institute will fit perfectly into NCNM’s mission of providing its students natural medicine education, clinical training and research opportunities.

The Min Zidell Garden, which opened with fanfare a year ago, has become the ideal location for summer events, including the

second annual **Min Zidell Healing Garden Gala**, an elegant soiree held at the very end of the 2011-2012 fiscal year. Many old and new friends gathered in support of the fundraising event, **“We are Community,”** featuring keynote speaker Bob Moore. It also showcased two heartfelt videos in which community clinic patients and ECO Project workshop participants described the life-changing impact that their connection with NCNM is having on their health, their lives and their families.

**NCNM’s Partners Program** continues to grow. It has seen a 112% increase in pledges since the program was launched in 2009. By June 2012, NCNM received \$8.5 million in pledges from 104 companies and major donors who have signed up to support NCNM over a five-year period.

**NCNM’s Continuing Education** department is growing fast and strong by providing real educational value to NCNM’s far-flung alumni. By June of 2012, the CE department met 90% of its \$150,000 revenue goal—a 123% increase over revenues generated during 2010-2011.

The value CE offers NCNM’s graduates is substantial. The department is helping our grads enhance their educational and clinical skills with live presentations and conferences. This fiscal year the department also launched online webinars, which are being organized into an online video library to increase the opportunities of required CE credits for both NDs and Chinese medicine practitioners.



## Management Discussion & Analysis

In the 2011-2012 academic year NCNM embarked on a number of property improvement projects designed to increase capacity for a new Master of Science in Integrative Medicine Research program, build a teaching kitchen to support the previous year's launch of the Ending Childhood Obesity (ECO) Project, and reorganize office spaces in the academic and administration buildings to create much needed student study space. Costs incurred during these projects negatively impacted cash reserves at the end of the fiscal year: in contrast to the 2010-2011 surplus of \$2,100,875, the 2011-2012 balance sheet showed a decrease of \$80,291. During the same period, however, NCNM's total assets increased to \$22,351,785 from a total of \$21,990,504.

Our Department of Education composite ratio—the federal government's critical measure of an institution's financial health—fell to 2.0 from a previous 2.4, reflecting the shift in our assets from cash to property and buildings. This is well within the acceptable range and had been anticipated.

Enrollment was weaker this year both in projected new student and continuing student numbers. Total enrollment declined slightly in winter 2012 with 541 students, compared to the winter 2011 headcount of 560. One factor affecting this decline was a dip in winter 2011-2012 matriculation numbers: only 30 new students entered NCNM in January 2012 vs. 39 new admits in January 2011.

Attrition numbers were also unexpectedly high. By the end of the 2011-2012 academic year, 42 students had separated from the college through dismissals, withdrawals or leaves of various kinds. The loss of so many students, which represented approximately \$882,000 in tuition income, was mitigated by budgetary contingencies already in place to

account for estimated attrition and part-time vs. full-time credit loads. The impact on future years will continue as these smaller classes provide less tuition revenue.

This enrollment decline was not exclusive to NCNM; other natural medicine schools saw a similar reduction in numbers due to lower matriculation and/or higher attrition rates. While one year does not constitute a trend, NCNM will be vigilant in monitoring future signs of enrollment drift and will re-evaluate recruitment strategies appropriately for the coming year.

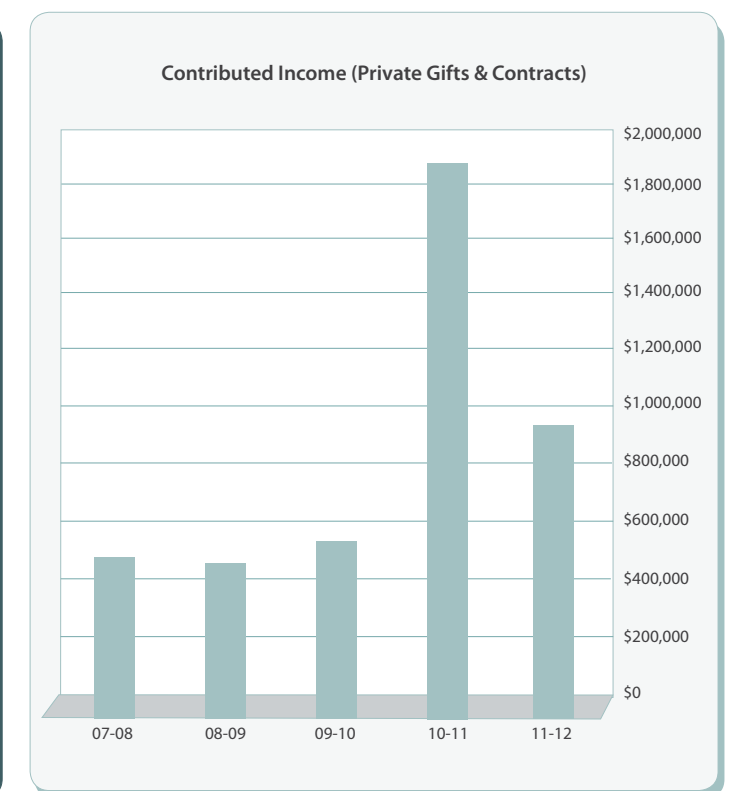
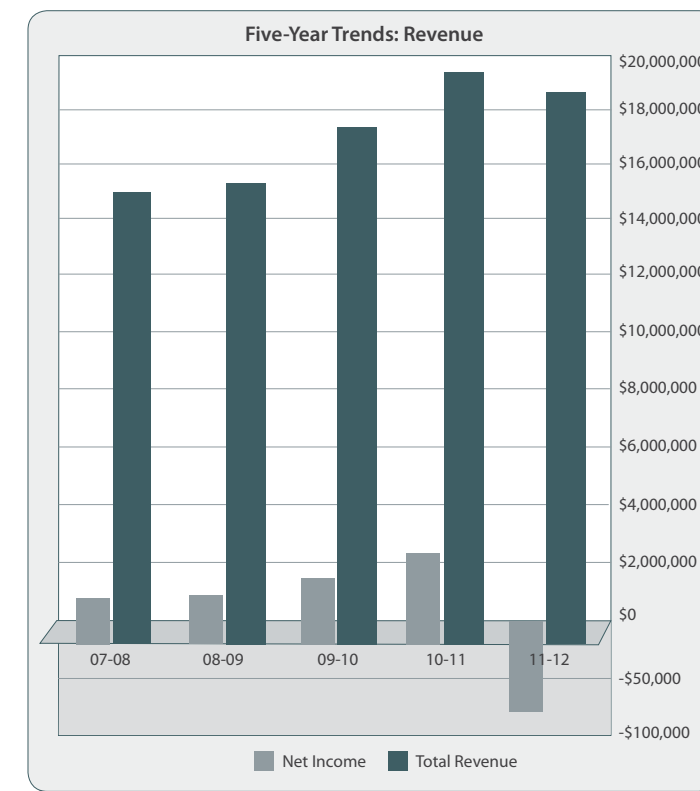
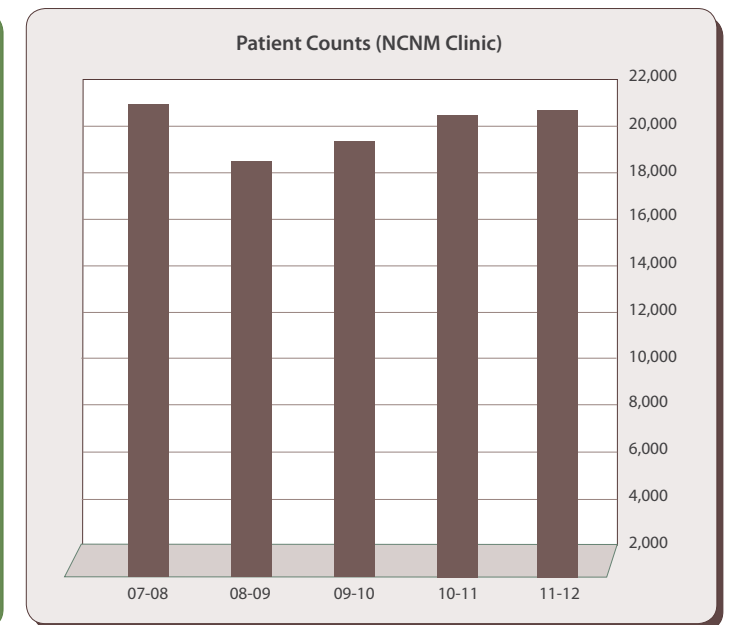
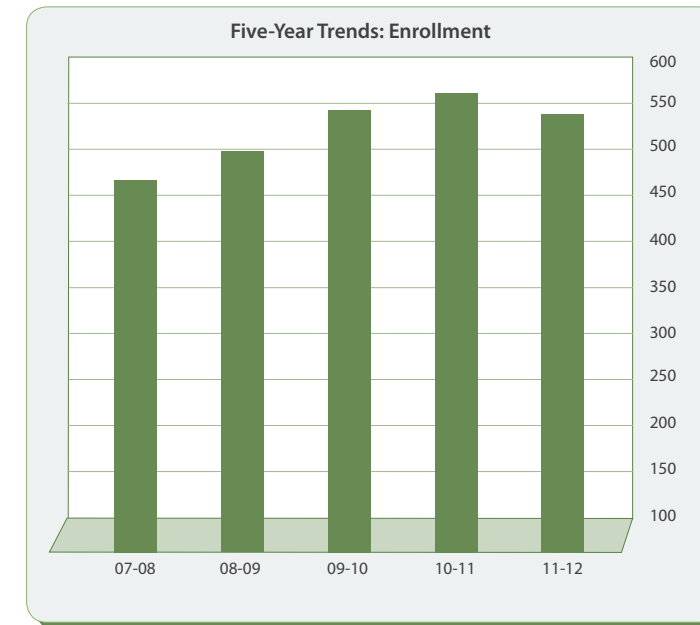
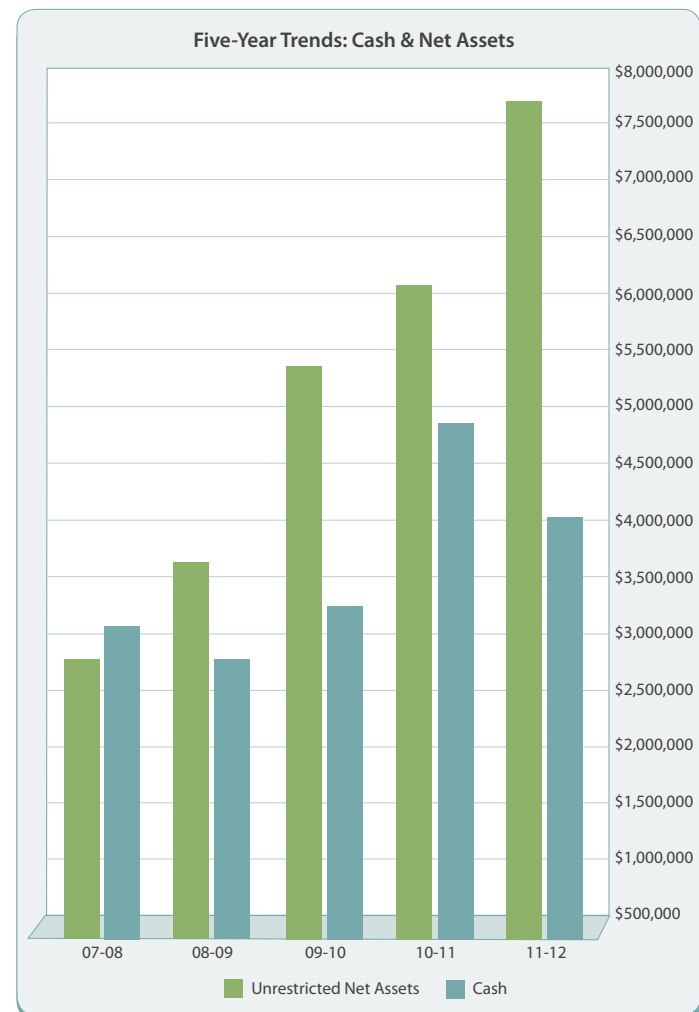
Clinic five-year trends indicate only a slight increase in patient services, as measured in total patient visits, during this academic year. After testing a new flat-fee pricing structure

at the end of 2011-2012, however, NCNM Clinic patient visits appeared to be on the rise. This lower pricing pilot will be continued during the summer of 2012; if new and returning patient visit numbers continue to improve, these prices may remain in place indefinitely. The goal is to increase patient volume, thereby providing students with adequate clinic contact opportunities, while at the same time increasing clinic revenue.

The sharp decline in 2011-2012 contributed income from the previous year is due largely to Bob and Charlee Moore's \$1.3 million gift in 2010-2011. In the context of the five-year trend, however, this year's total of \$964,533 represents a significant increase in contribu-

tions over time. A combination of foundation grants and gifts from numerous corporations and individuals—including a new contribution of \$100,000 from Bob's Red Mill—was responsible for the 2011-2012 year total.

The financial statements that 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

Year Ended June 30, 2012 (With Comparative Totals for 2011)	2012	2011
<b>ASSETS</b>		
Cash and cash equivalents	\$3,095,742	\$4,767,450
Certificates of deposit	905,442	-
Accounts receivable – net	102,186	142,701
Inventory	262,500	209,799
Prepaid expenses	46,436	92,080
Investments	98,480	111,825
Note receivable	-	20,000
Property and equipment – net	17,757,084	16,549,004
Loan fees – net	83,915	97,645
<b>Total assets</b>	<b>\$22,351,785</b>	<b>\$21,990,504</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	\$962,431	\$664,684
Accrued interest	-	1,668
Accrued payroll	673,261	561,916
Agency funds payable	13,415	18,420
Student body funds payable	37,718	27,024
Retirement plan payable	22,381	20,449
Deferred revenue	257,666	14,799
Student deposits	61,900	86,546
Lease security deposit	-	3,630
Long-term debt	7,127,339	7,315,403
Note payable	4,500,000	4,500,000
<b>Total liabilities</b>	<b>\$13,656,111</b>	<b>\$13,214,539</b>
<b>Net assets:</b>		
Unrestricted:		
Board designated – building fund	\$339,831	\$242,511
Undesignated	7,245,429	5,945,435
<b>Total unrestricted</b>	<b>7,585,260</b>	<b>6,187,946</b>
Temporarily restricted	704,125	2,219,706
Permanently restricted	406,289	368,313
<b>Total net assets</b>	<b>\$8,695,674</b>	<b>\$8,775,965</b>
<b>Total liabilities and net assets</b>	<b>\$22,351,785</b>	<b>\$21,990,504</b>

### STATEMENT OF ACTIVITIES

Year Ended June 30, 2012 (With Comparative Totals for 2011)				Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted	2012	2011
<b>REVENUES &amp; OTHER SUPPORT</b>					
Tuition and fees	\$14,175,168	-	-	\$14,175,168	\$13,623,452
Private gifts and contracts	248,288	675,664	40,581	964,533	1,889,699
Government grants and contracts	208,527	234,830	-	443,357	556,398
Sales and services – clinics	2,488,799	-	-	2,488,799	2,556,493
Bookstore	570,250	-	-	570,250	564,024
Event revenue	-	-	-	-	5,165
Other revenue	313,487	25,944	-	339,431	337,963
Loss on disposal of equipment	(133,728)	-	-	(133,728)	(60,849)
Net assets released from restrictions	2,454,624	(2,454,624)	-	-	-
Net assets redirected by donor	-	2,605	(2,605)	-	-
<b>Total revenues and other support</b>	<b>\$20,325,415</b>	<b>(\$1,515,581)</b>	<b>\$37,976</b>	<b>\$18,847,810</b>	<b>\$19,472,345</b>
<b>EXPENSES</b>					
Instruction	\$6,193,103	-	-	\$6,193,103	\$5,923,875
Research	838,353	-	-	838,353	703,348
Academic support	1,329,436	-	-	1,329,436	1,103,056
Student services	2,177,827	-	-	2,177,827	2,103,791
Institutional support	3,479,100	-	-	3,479,100	3,137,862
Fundraising	767,305	-	-	767,305	545,348
Clinics	3,389,587	-	-	3,389,587	3,221,025
Bookstore	753,390	-	-	753,390	633,165
<b>Total expenses</b>	<b>\$18,928,101</b>	<b>-</b>	<b>-</b>	<b>\$18,928,101</b>	<b>\$17,371,470</b>
<b>Increase in net assets</b>	<b>1,397,314</b>	<b>(1,515,581)</b>	<b>37,976</b>	<b>(80,291)</b>	<b>2,100,875</b>
Net assets, beginning of year	6,187,946	2,219,706	368,313	8,775,965	6,675,090
<b>Net assets, end of year</b>	<b>\$7,585,260</b>	<b>\$704,125</b>	<b>\$406,289</b>	<b>\$8,695,674</b>	<b>\$8,775,965</b>

Financial Statements Continued

STATEMENT OF CASH FLOWS

Year Ended June 30, 2012 (With Comparative Totals for 2011)	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$(80,291)	\$2,100,875
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	559,146	517,363
Unrealized loss on investments	13,345	11,085
Forgiveness of note receivable	20,000	20,000
Permanently restricted contributions	(40,581)	(7,672)
Loss on disposal of equipment	133,728	60,849
(Increase) decrease in:		
Accounts receivable	40,515	89,684
Agency funds receivable	-	20,135
Inventory	(52,701)	10,274
Prepaid expenses	45,644	(51,437)
Increase (decrease) in:		
Accounts payable	297,747	64,880
Accrued interest	(1,668)	(3,629)
Accrued payroll	111,345	58,388
Agency funds payable	(5,005)	(2,028)
Student body funds payable	10,694	27,024
Retirement plan payable	1,932	3,566
Deferred revenue	242,867	(10,965)
Student deposits	(24,646)	15,555
Lease security deposit	(3,630)	400
<b>Net cash provided by operating activities</b>	<b>\$1,268,441</b>	<b>\$2,924,347</b>
<b>Cash flows from investing activities:</b>		
Purchases of certificates of deposit	(905,442)	-
Purchases of property and equipment	(1,887,224)	(1,554,964)
<b>Net cash used by investing activities</b>	<b>\$(2,792,666)</b>	<b>\$(1,554,964)</b>
Carried forward	\$(1,524,225)	\$1,369,383

STATEMENT OF CASH FLOWS – CONTINUED

Year Ended June 30, 2012 (With Comparative Totals for 2011)	2012	2011
Brought Forward	\$(1,524,225)	\$1,369,383
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Permanently restricted contributions	40,581	7,672
Capitalized loan fees	-	(10,725)
Proceeds from long-term debt	-	495,633
Payments on long-term debt	(188,064)	(313,585)
<b>Net cash provided (used) by financing activities</b>	<b>(147,483)</b>	<b>178,995</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,671,708)</b>	<b>1,548,378</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,767,450</b>	<b>3,219,072</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$3,095,742</b>	<b>\$4,767,450</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$669,706	\$663,642
<b>Supplemental disclosure of noncash information:</b>		
Long-term debt refinanced	-	\$1,289,367

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