

FINANCIAL STATEMENTS
DOCTORS CLINIC FOUNDATION - CLEVELAND, OHIO
NOVEMBER 30, 1956

ERNST & ERNST

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FINANCIAL STATEMENTS

DOCTORS CLINIC FOUNDATION - CLEVELAND, OHIO

November 30, 1956

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C O N T E N T S

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ACCOUNTANTS' REPORT.....	PAGE 3
STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH.....	4
STATEMENT OF NET WORTH.....	5
STATEMENT OF INCOME AND EXPENSE.....	6
COMMENTS.....	7
DETAIL OF CASH BALANCES.....	8
DETAIL OF INCOME.....	9
DETAILS OF EXPENSES.....	10

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ERNST & ERNST

UNION COMMERCE BUILDING

CLEVELAND 14, OHIO

ACCOUNTANTS-AUDITORS
MANAGEMENT SERVICES

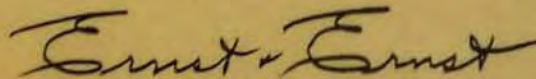
OFFICES IN PRINCIPAL CITIES
ASSOCIATES IN FOREIGN COUNTRIES

Board of Trustees,
Doctors Clinic Foundation,
Cleveland, Ohio.

We have examined the financial statements prepared on the general basis of cash receipts and disbursements of Doctors Clinic Foundation for the year ended November 30, 1956. 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 were able to apply in the circumstances.

We were unable to make a satisfactory examination of the cash transactions and certain other asset accounts because of the inadequacy of the accounting records and supporting documents, consequently the scope of our examination would not necessarily have disclosed irregularities, if any. Records pertaining to transactions prior to December 1, 1952, were in the possession of a special master in connection with pending litigation relating to Shorelyn properties, and therefore not readily available for our examination.

We are unable to express an opinion on the accompanying financial statements for the reasons stated in the preceding paragraph.


Certified Public Accountants

Cleveland, Ohio
March 11, 1957

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH

DOCTORS CLINIC FOUNDATION

November 30, 1956

ASSETS

CASH

Commercial accounts			\$ 34,363.85
Office cash fund			50.00
Savings accounts			<u>31,681.75</u>
			\$ 66,095.60

INVESTMENTS AND OTHER ASSETS

Claim in connection with Shorelyn Realty, Inc.-Note A	\$ 63,475.15		
Less reserve for possible loss	<u>25,475.15</u>	\$ 38,000.00	
Land-future building site-at cost		45,000.00	
United States Government Savings bonds-at cost		32,750.00	
Sundry investments, receivables, and deposit		<u>4,611.79</u>	120,361.79

FIXED ASSETS

Land		\$ 17,930.00	
Buildings	\$ 80,392.95		
X-ray equipment	94,155.53		
Furniture and fixtures	28,659.45		
Other equipment	<u>6,540.38</u>		
	\$ 209,748.31		
Less allowances for depreciation	<u>98,319.51</u>	111,428.80	<u>129,358.80</u>
			\$ 315,816.19

LIABILITIES AND NET WORTH

LIABILITIES

Notes payable			\$ 85,000.00
Payroll taxes and amounts withheld from employees			<u>1,961.97</u>
			\$ 86,961.97

NET WORTH

Appropriated for:			
Research	\$ 51,172.98		
Disciple building fund	<u>123,503.54</u>	\$ 174,676.52	
Unappropriated		<u>54,177.70</u>	228,854.22
			\$ 315,816.19

Note A - Legal action is pending seeking recovery of this amount from former trustees of the Foundation.

Note B - The financial statements have been prepared on the general basis of cash receipts and disbursements and do not include patient accounts receivable and certain other receivables and regular accounts payable.

STATEMENT OF NET WORTH
DOCTORS CLINIC FOUNDATION
November 30, 1956

	<u>APPROPRIATED FOR</u>			<u>TOTAL</u>
	<u>RESEARCH</u>	<u>DISCIPLE BUILDING FUND</u>	<u>UNAPPROPRIATED</u>	
Balance November 30, 1955	\$ 59,920.32	\$ 132,250.90	\$ 62,925.06	\$ 255,096.28
Deduct adjustments applicable to prior year:				
Reserve for possible loss- Shorelyn Realty Co.				\$ 25,475.15
Additional depreciation for prior years				7,890.47
Note and account receivable determined uncollectible as no record of debtor is available				7,585.50
Adjustment of payroll tax liability				2,589.69
Adjustment of cash balances to bank reconcilements				1,652.53
	<u>\$ 15,064.44</u>	<u>\$ 15,064.45</u>	<u>\$ 15,064.45</u>	<u>\$ 45,193.34</u>
ADJUSTED BALANCE DECEMBER 1, 1955	\$ 44,855.88	\$ 117,186.45	\$ 47,860.61	\$ 209,902.94
Add net income for the year	6,317.10	6,317.09	6,317.09	18,951.28
BALANCE NOVEMBER 30, 1956	<u>\$ 51,172.98</u>	<u>\$ 123,503.54</u>	<u>\$ 54,177.70</u>	<u>\$ 228,854.22</u>

Note - Reference is made to note to Statement of Assets, Liabilities, and Net Worth.

STATEMENT OF INCOME AND EXPENSE

DOCTORS CLINIC FOUNDATION

Year ended November 30, 1956

INCOME

Medical and surgical	\$ 141,574.49
Anesthesia	62,777.00
X-ray	16,760.20
Donations-general use	5,327.00
Interest	941.68
	<u>\$ 227,380.37</u>

EXPENSES

Salaries and wages	\$ 147,035.66
Depreciation allowances	14,740.84
Clinic operating expenses-see schedule	10,221.75
General expenses-see schedule	31,413.75
Interest on note payable	3,959.00
Interest and penalty payments for late payments of payroll taxes	1,058.09
	<u>208,429.09</u>
NET INCOME	<u>\$ 18,951.28</u>

Note - Reference is made to note to Statement of Assets, Liabilities, and Net Worth.

COMMENTS

FOUNDATION HISTORY

The Foundation was incorporated as a corporation not for profit on September 4, 1947, as the Renner Clinic Foundation and changed its name to Doctors Clinic Foundation on September 14, 1947. On June 14, 1949, the Internal Revenue Service informed the Foundation that it was considered an organization exempt from federal income taxes.

During the year ended November 30, 1956, the Foundation operated two out-patient clinics and a medical research department.

COMMENTS ON SCOPE OF EXAMINATION

Demand deposits and savings accounts were reported to us by the depository banks and the amounts reported were reconciled with balances shown by the records of the Foundation. The office cash fund was counted. A schedule of cash balances at November 30, 1956, is included in this report.

During the year ended November 30, 1956, the Foundation purchased land, known as Hillcrest Property, upon which the Foundation intends to erect a hospital.

United States Government Savings bonds were counted by us as of November 30, 1956.

Sundry investments, receivables, and deposit were tested by communication with recorded custodians or debtors.

Because the records of the Foundation for the period prior to November 30, 1952, were not available for our examination we were not able to determine the bases of the carrying value of fixed assets. Significant additions to the fixed asset accounts during the period from December 1, 1952, to November 30, 1956, were tested by examination of vendors' invoices, statements, or other data. Allowances for depreciation were reviewed.

The unpaid balance of the note payable was reported to us by the holder, and the liability for payroll taxes and amounts withheld from employees was reviewed.

DETAIL OF CASH BALANCES

DOCTORS CLINIC FOUNDATION

November 30, 1956

COMMERCIAL ACCOUNTS

The Cleveland Trust Company-Euclid Clinic	\$ 16,565.93
The Cleveland Trust Company-Research and Equipment Fund	18,576.00
National City Bank of Cleveland-Cedar Clinic	<u>778.08*</u>
	\$ 34,363.85

OFFICE CASH FUND

Held at Euclid Clinic	50.00
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SAVINGS ACCOUNTS

First Federal Savings & Loan Association, Willoughby, Ohio	\$ 10,934.13
Central National Bank of Cleveland-Doctors Research and Equipment Fund	10,050.00
East Cleveland Savings and Loan Association- Doctors Research and Equipment Fund	7,889.47
National City Bank of Cleveland-Building Fund	<u>2,808.15</u>
	<u>31,681.75</u>
TOTAL	\$ <u>66,095.60</u>

* Indicates red figure.

DETAIL OF INCOME

DOCTORS CLINIC FOUNDATION

Year ended November 30, 1956

Medical and surgical:		
Cedar Road Clinic		\$ 63,211.95
Euclid Avenue Clinic		<u>78,326.24</u>
		\$ 141,538.19
Anesthesia-net		62,777.00
X-ray		16,761.50
Donations-general use		5,527.00
Interest on savings accounts:		
First Federal Savings and Loan Association	\$	682.63
East Cleveland Savings and Loan Association		126.48
National City Bank of Cleveland		82.57
Central National Bank of Cleveland		<u>50.00</u>
		941.68
	TOTAL	\$ 227,380.37

DETAILS OF EXPENSES

DOCTORS CLINIC FOUNDATION

Year ended November 30, 1956

CLINIC OPERATING EXPENSES

Supplies and drugs	\$ 7,319.25
Heat, light, and power	1,209.91
Maintenance	782.33
Laundry	812.76
Laboratory expenses	97.50
TOTAL	\$ 10,221.75

GENERAL EXPENSES

Dues and subscriptions	\$ 2,052.67
Telephone and telegraph	2,204.52
Office supplies	1,376.13
Professional fees	7,035.00
Real estate taxes	1,066.92
Meetings	3,700.34
Insurance	885.23
Promotion	3,100.00
Postage	321.13
Research expenses	635.84
Payroll taxes	1,597.29
Photo expense	5,935.53
Donation	100.00
Miscellaneous	1,403.15
TOTAL	\$ 31,413.75

DOCTORS CLINIC

12337 CEDAR ROAD
CLEVELAND 6, OHIO

September 3, 1957

Ernst & Ernst
Cleveland
Ohio

Gentlemen:

In connection with your examination of the financial statements of the Doctors Clinic Foundation as of November 30, 1956 you have requested that we confirm to you certain representations implicit in the books of account and records kept by employees of the Company in the regular course of business, and advise you with respect to certain other matters not reflected in such books or records. As understood between the Company and you the examination was made in accordance with generally accepted auditing standards, that is, by means of testing and sampling of entries and accounts because complete verification of the books of account and record by detailed audit of every transaction was not practicable. Accordingly, the following representations, made as true to the best of our knowledge and belief, are made to supplement the information obtained by you from the books of account and record of the company, and to confirm information given orally to you.

CASH

X We understand that our records pertaining to cash receipts and disbursements were inadequate for you to satisfy yourself as to their accuracy and that your examination, would not necessarily disclose cash shortages or irregularities should any exist.

PROPERTY, PLANT AND EQUIPMENT

The Foundation has satisfactory title to all items of property, plant and equipment reflected in the amounts in the accounts relating thereto. No items of additions or improvements, material in amount, have been charged to expense.

The allowances for depreciation have been computed on the bases of cost.

GENERAL MATTERS

Our financial records are kept on the general basis of cash receipts and disbursements.

The estimate of the reserve for possible loss in connection with Shorelyn Realty properties is based on our judgement of the estimated recoverable amount in connection with pending litigation, details of which have been given to you by counsel.

Very truly yours,

R. Richard Renner, M.D.

RRR/cg

ERNST & ERNST

UNION COMMERCE BUILDING

CLEVELAND 14, OHIO

ACCOUNTANTS-AUDITORS
MANAGEMENT SERVICES

OFFICES IN PRINCIPAL CITIES
ASSOCIATES IN FOREIGN COUNTRIES

April 12, 1957

Doctors Clinic Foundation
12900 Euclid Avenue
Cleveland 12, Ohio

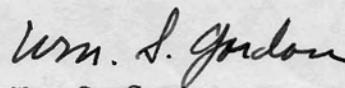
Attention - Dr. R. R. Renner

Gentlemen:

We enclose in duplicate Form 990-A -- U. S. Return of Organization Exempt from Tax -- of Doctors Clinic Foundation for the year ended November 30, 1956. The original should be executed by a duly elected officer, his title indicated, corporate seal affixed and filed with the District Director of Internal Revenue, Cleveland, Ohio, not later than April 15, 1956. There is no tax due with this return.

If the return is to be mailed, it should be posted without delay in order to reach the office of the Director on or before the date on which it is required to be filed.

Very truly yours,



Wm. S. Gordon
Resident Partner

WSG:mj
Enclosures

U. S. Treasury Department—Internal Revenue Service
U. S. RETURN OF ORGANIZATION EXEMPT FROM TAX
Section 501 (c) (3) of Internal Revenue Code of 1954

DO NOT WRITE IN
SPACE BELOW

This return must be filed on or before the 15th day of the fifth month following the close of the annual accounting period. Return must be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization.

NOTICE.—The law requires that certain information required on this return be made available to the public. Pages 3 and 4 are designed for this purpose and must be submitted as part of your return.

FOR CALENDAR YEAR

Or other taxable year beginning December 1, 19 55
and ending November 30, 19 56

Please type or print plainly

Date of exemption letter
June 17, 1949

Serial No.

**TAXPAYER'S
COPY**

Legal name of organization

Doctors Clinic Foundation

Address (number and street)

12900 Euclid Avenue

(City or town, postal zone number, county, and State)

Cleveland 12, Cuyahoga, Ohio

Line No.	GROSS INCOME		
1.	Gross sales or receipts from business activities	\$ 221,111 69	
2.	Less: Cost of goods sold or of operations (Attach itemized statement)	10,221 75	
3.	Gross profit from business activities	\$ 210,889 94	
4.	Interest	941 68	
5.	Dividends		
6.	Rents and royalties		
7.	Gain (or loss) from sale of assets, excluding inventory items (See instruction 2)	5,327 00	
8.	Other income (Attach itemized statement)		
9.	Total gross income (lines 1 to 8, incl.)	\$ 217,158 62	
INCURRED EXPENSES ATTRIBUTABLE TO GROSS INCOME			
10.	Compensation of officers, directors, trustees, etc. (Attach statement showing name, position, salary, and time devoted to position)	\$ 20,000 00	
11.	Salaries and wages (other than amounts shown on line 10). Number of employees <u>24</u>	127,035 66	
12.	Interest	5,017 09	
13.	Taxes	2,664 21	
14.	Rent		
15.	Depreciation (Attach schedule)	14,740 84	
16.	Miscellaneous expenses (Attach itemized statement)	28,749 54	
17.	Total expenses (lines 10 to 16, incl.)	\$ 198,207 34	
DISBURSEMENTS MADE WITHIN THE YEAR OUT OF CURRENT OR ACCUMULATED INCOME FOR PURPOSES FOR WHICH EXEMPT, AND ACCUMULATION OF INCOME			
18.	Administrative and operating expenses (not included above)	\$	
19.	Contributions, gifts, grants, etc.: (Attach list showing each class of activity for which disbursements were made with separate total for each. Also show to whom paid. If made to individuals related by blood, marriage, or adoption to any person having an interest in the organization such as director, trustee, officer, donor, etc., state relationship.)	\$	
20.	Accumulation of income within the year (line 9 less the sum of lines 17, 18, and 19)	\$ 18,951 28	
21.	Aggregate accumulation of income at beginning of the year (computed for prior years as on line 20)	235,378 09	
22.	Accumulation of income at end of the year (line 20 plus line 21)	\$ 254,329 37	
DISBURSEMENTS MADE OUT OF PRINCIPAL FOR PURPOSES FOR WHICH EXEMPT			
23.	Administrative and operating expenses	\$	
24.	Contributions, gifts, grants, etc.: (a) Paid out in prior years (b) Paid out within the year: (Attach list showing each class of activity for which disbursements were made with separate total for each. Also show to whom paid. If made to individuals related by blood, marriage, or adoption to any person having an interest in the organization such as director, trustee, officer, donor, etc., state relationship.)	\$	
RECEIPTS NOT REPORTED ELSEWHERE ON THIS FORM			
25.	Contributions, gifts, grants, etc., received (See instruction 3)	\$	

SIGNATURE AND VERIFICATION (See Instruction 8)

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return.

Cleveland 12, Cuyahoga, Ohio

Line No.

GROSS INCOME

1. Gross sales or receipts from business activities	\$ 221,111 69	
2. Less: Cost of goods sold or of operations (Attach itemized statement)	10,221 75	
3. Gross profit from business activities	\$ 210,889 94	
4. Interest	941 68	
5. Dividends		
6. Rents and royalties		
7. Gain (or loss) from sale of assets, excluding inventory items (See instruction 2)		
8. Other income (Attach itemized statement)	5,327 00	
9. Total gross income (lines 1 to 8, incl.)	\$ 217,158 62	

INCURRED EXPENSES ATTRIBUTABLE TO GROSS INCOME

10. Compensation of officers, directors, trustees, etc. (Attach statement showing name, position, salary, and time devoted to position)	\$ 20,000 00	
11. Salaries and wages (other than amounts shown on line 10). Number of employees 24	127,035 66	
12. Interest	5,017 09	
13. Taxes	2,664 21	
14. Rent		
15. Depreciation (Attach schedule)	14,740 84	
16. Miscellaneous expenses (Attach itemized statement)	28,749 54	
17. Total expenses (lines 10 to 16, incl.)	\$ 198,207 34	

DISBURSEMENTS MADE WITHIN THE YEAR OUT OF CURRENT OR ACCUMULATED INCOME FOR PURPOSES FOR WHICH EXEMPT, AND ACCUMULATION OF INCOME

18. Administrative and operating expenses (not included above)	\$	
19. Contributions, gifts, grants, etc.: (Attach list showing each class of activity for which disbursements were made with separate total for each. Also show to whom paid. If made to individuals related by blood, marriage, or adoption to any person having an interest in the organization such as director, trustee, officer, donor, etc., state relationship.)	\$	
20. Accumulation of income within the year (line 9 less the sum of lines 17, 18, and 19)	\$ 18,951 28	
21. Aggregate accumulation of income at beginning of the year (computed for prior years as on line 20) Schedule	235,378 09	
22. Accumulation of income at end of the year (line 20 plus line 21)	\$ 254,329 37	

DISBURSEMENTS MADE OUT OF PRINCIPAL FOR PURPOSES FOR WHICH EXEMPT

23. Administrative and operating expenses	\$	
24. Contributions, gifts, grants, etc.: (a) Paid out in prior years	\$	
(b) Paid out within the year: (Attach list showing each class of activity for which disbursements were made with separate total for each. Also show to whom paid. If made to individuals related by blood, marriage, or adoption to any person having an interest in the organization such as director, trustee, officer, donor, etc., state relationship.)	\$	

RECEIPTS NOT REPORTED ELSEWHERE ON THIS FORM

25. Contributions, gifts, grants, etc., received (See instruction 3)	\$	
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SIGNATURE AND VERIFICATION (See Instruction 8)

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return.

----- (Date) ----- (Signature of officer) ----- (Title) -----



I declare under the penalties of perjury that I prepared this return for the person named herein and that this return (including any accompanying schedules and statements) is, to the best of my knowledge and belief, a true, correct, and complete return based on all the information relating to the matters to be reported in this return of which I have any knowledge.

April 12, 1957 (Date)

Robert J. Boyer (Individual or firm signature)

Ernst & Ernst 1356 Union Commerce Building (Address)

Cleveland 14, Ohio

Schedule A.—BALANCE SHEETS (See Instruction 6)

ASSETS	Beginning of Year				End of Year			
	Amount		Total		Amount		Total	
1. Cash			\$ 101,812	25	\$ 66,095	60		
2. Notes and accounts receivable	\$ 71,560	15	71,560	15	\$ 64,575	15	64,575	15
Less: Reserve for bad debts								
3. Inventories			28,130	00			32,750	00
4. Investments in governmental obligations								
5. Investments in nongovernmental bonds, etc.								
6. Investments in corporate stocks			3,411	79			3,411	79
7. Other investments (itemize) Land-future building site	\$				\$ 45,000	00	45,000	00
8. Capital assets:								
(a) Depreciable (and depletable) assets (Attach itemized schedule)	\$ 207,035	11			\$ 209,748	31		
Less: Reserve for depreciation (and depletion)	75,688	20	131,346	91	98,319	51	111,428	80
(b) Land			17,930	00			17,930	00
9. Other assets (itemize) Deposit with workmen's compensation Board	\$		100	00	\$		100	00
10. Total assets			\$ 354,291	10			\$ 341,291	34
LIABILITIES								
11. Accounts payable			\$		\$		\$	
12. Bonds, notes, and mortgages payable:								
(a) With original maturity of less than 1 year	\$ 98,000	00	98,000	00	\$ 85,000	00	85,000	00
(b) With original maturity of 1 year or more								
13. Other liabilities (itemize) Payroll taxes and amounts withheld	\$		1,194	82	\$		1,961	97
			1,194	82			1,961	97
14. Total liabilities			\$ 99,194	82			\$ 86,961	97
NET WORTH								
15. Capital stock:			\$		\$		\$	
(a) Preferred stock	\$				\$		\$	
(b) Common stock								
16. Membership certificates								
17. Paid-in or capital surplus (or donated capital if a trust)								
18. Surplus reserves (itemize) For additional research	\$ 127,548	14			\$ 127,164	68		
For medical and surgical discoveries	127,548	14	255,096	28	127,164	69	254,329	37
19. Earned surplus and undivided profits								
20. Total net worth			\$ 255,096	28			\$ 254,329	37
21. Total liabilities and net worth			\$ 354,291	10			\$ 341,291	34

- State nature of activities (Attach detailed statement)
Operation of Clinic
- Have you filed a tax return on Form 990-T for this year... Yes No
Unrelated business gross income reported... \$ None
- What is the legal form of your organization (corporation, trust, unincorporated association, etc.)?
Corporation
- If successor to previously existing organization(s), give name(s) and address(es) of the predecessor organization(s) _____
- Was a Form 990-A filed for the preceding year? Yes No
If "Yes," to which District Director's office was it sent? Cleveland
- If you have capital stock issued and outstanding, state with respect to each class of stock—
 - The number of shares outstanding
 - The number of shares held by individuals
 - The number of shares held by organizations
 - The number of shareholders at end of year
 - Whether any dividends may be paid... Yes No
- If you acquired capital assets out of income, attach itemized list and amount thereof.

- Did you hold any real property for rental purposes on which there is an indebtedness incurred in acquiring the property or in making improvements thereto? Yes No
If "Yes," attach detailed statement in duplicate.
- Have you during the year either advocated or opposed (including the publishing or distributing of statements) any legislation, national, State, or local? Yes No
If "Yes," attach a detailed statement of such activities.
- Have you during the year participated in, or intervened in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office? Yes No
If "Yes," attach a detailed statement of such activities.
- After July 1, 1950, did—

The creator of your organization, or
A contributor to your organization, or
A brother or sister (whole or half blood), spouse, ancestor, or lineal descendant of such creator or contributor, or
A corporation owned (50 percent or more of voting stock or 50 percent or more of value of all stock) directly or indirectly by such creator or contributor

 - Borrow any part of your income or corpus? Yes No
 - Receive any compensation for personal services from you? Yes No
 - Have any part of your services made available to him? Yes No

(a) With original maturity of less than 1 year	\$ 98,000 00	98,000 00	\$ 85,000 00	85,000 00
(b) With original maturity of 1 year or more				
13. Other liabilities (itemize)	\$		\$	
Payroll taxes and amounts withheld	1,194 82		1,961 97	
		1,194 82		1,961 97
14. Total liabilities	\$ 99,194 82		\$ 86,961 97	
NET WORTH				
15. Capital stock:				
(a) Preferred stock	\$		\$	
(b) Common stock				
16. Membership certificates				
17. Paid-in or capital surplus (or donated capital if a trust)				
18. Surplus reserves (itemize)	\$		\$	
For additional research	127,548 14		127,164 68	
For medical and surgical dis-	127,548 14	255,096 28	127,164 69	254,329 37
coveries				
19. Earned surplus and undivided profits				
20. Total net worth	\$ 255,096 28		\$ 254,329 37	
21. Total liabilities and net worth	\$ 354,291 10		\$ 341,291 34	

1. State nature of activities (Attach detailed statement)
Operation of Clinic
2. Have you filed a tax return on Form 990-T for this year? Yes No
Unrelated business gross income reported \$ None
3. What is the legal form of your organization (corporation, trust, unincorporated association, etc.)?
Corporation
4. If successor to previously existing organization(s), give name(s) and address(es) of the predecessor organization(s)
5. Was a Form 990-A filed for the preceding year? Yes No
If "Yes," to which District Director's office was it sent? Cleveland
6. If you have capital stock issued and outstanding, state with respect to each class of stock—
(a) The number of shares outstanding
(b) The number of shares held by individuals
(c) The number of shares held by organizations
(d) The number of shareholders at end of year
(e) Whether any dividends may be paid. Yes No
7. If you acquired capital assets out of income, attach itemized list and amount thereof.
8. Have any changes not previously reported to the Internal Revenue Service been made in your articles of incorporation or bylaws or other instruments of similar import? Yes No
If "Yes," attach a copy of the amendments in duplicate.
9. Have you had any sources of income or engaged in any activities not previously reported to the Internal Revenue Service? Yes No
If "Yes," attach detailed statement in duplicate.

10. Did you hold any real property for rental purposes on which there is an indebtedness incurred in acquiring the property or in making improvements thereto? Yes No
If "Yes," attach detailed statement in duplicate.
11. Have you during the year either advocated or opposed (including the publishing or distributing of statements) any legislation, national, State, or local? Yes No
If "Yes," attach a detailed statement of such activities.
12. Have you during the year participated in, or intervened in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office? Yes No
If "Yes," attach a detailed statement of such activities.
13. After July 1, 1950, did—
The creator of your organization, or
A contributor to your organization, or
A brother or sister (whole or half blood), spouse, ancestor, or lineal descendant of such creator or contributor, or
A corporation owned (50 percent or more of voting stock or 50 percent or more of value of all stock) directly or indirectly by such creator or contributor
(a) Borrow any part of your income or corpus? Yes No
(b) Receive any compensation for personal services from you? Yes No
(c) Have any part of your services made available to him? Yes No
(d) Purchase any securities or other property from you? Yes No
(e) Sell any securities or other property to you? Yes No
(f) Have any part of your income or corpus diverted to him by any transaction? Yes No
If answer to any question is "Yes," attach detailed statement in duplicate.

13 B - Dr. R. R. Renner, Creator and present President received a salary of \$20,000.00.

66-16-63779-5

TAX SCHEDULES

DOCTORS CLINIC FOUNDATION

Year ended November 30, 1956

=====

ITEM 2-COST OF GOODS SOLD OR OPERATIONS

TAX SCHEDULES

DOCTORS CLINIC FOUNDATION

Year ended November 30, 1956

=====

ITEM 2-COST OF GOODS SOLD OR OPERATIONS

Supplies and drugs	\$ 7,319.25
Heat, light, and power	1,209.91
Laundry	812.76
Maintenance	782.33
Laboratory expenses	97.50
TOTAL	<u>\$ 10,221.75</u>

=====

ITEM 8-OTHER INCOME

DONATIONS

Dr. Mark Fanelli	\$ 2,125.00
Shaker Lakes Apartment Co.	2,000.00
Mr. Doaling	300.00
Mr. Mark Rutherford	200.00
Mr. Charles Peters	200.00
Dr. R. A. Miller	150.00
Mr. Clyde Oakley	100.00
Mrs. Montgomery	100.00
Sundry-under \$100.00 each	152.00
TOTAL	<u>\$ 5,327.00</u>

=====

ITEM 10-COMPENSATION OF OFFICERS, DIRECTORS, TRUSTEES, ETC.

<u>NAME</u>	<u>POSITION</u>	<u>TIME DEVOTED TO BUSINESS</u>	<u>SALARY</u>
R. R. Renner	President	All	\$ 20,000.00
F. S. Buell	Vice President	Part	-0-
J. W. Renner	Executive Vice President	Part	-0-
O. C. Mason	Secretary	Part	-0-
J. Fraier	Treasurer	Part	-0-
TOTAL			<u>\$ 20,000.00</u>

=====

TAX SCHEDULES

DOCTORS CLINIC FOUNDATION

Year ended November 30, 1956

ITEM 15-DEPRECIATION

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 1, 1955</u>	<u>ADDITIONS</u>	<u>BALANCE</u> <u>NOV. 30, 1956</u>
Buildings	\$ 80,392.95	\$ -o-	\$ 80,392.95
X-ray equipment	94,155.53	-o-	94,155.53
Furniture and fixtures	26,639.75	2,019.70	28,659.45
Other equipment	5,846.88	693.50	6,540.38
TOTALS	<u>\$ 207,035.11</u>	<u>\$ 2,713.20</u>	<u>\$ 209,748.31</u>

PROVISION

<u>ALLOWANCES FOR DEPRECIATION</u>	<u>BALANCE</u> <u>DEC. 1, 1955</u>	<u>ADJUSTMENT</u> <u>OF</u>	<u>YEAR ENDED</u> <u>NOV. 30, 1956</u>	<u>BALANCE</u> <u>NOV. 30, 1956</u>
Buildings	\$ 27,857.55	\$ -o-	\$ 4,019.65	\$ 31,877.20
X-ray equipment	21,479.53	6,906.90	9,415.47	37,801.90
Furniture and fixtures	25,201.72	223.08	411.35	25,836.15
Other equipment	1,149.40	760.49	894.37	2,804.26
TOTALS	<u>\$ 75,688.20</u>	<u>\$ 7,890.47</u>	<u>\$ 14,740.84</u>	<u>\$ 98,319.51</u>

ITEM 16-MISCELLANEOUS EXPENSES

Dues and subscriptions	\$ 2,052.67
Telephone and telegraph	2,204.52
Office supplies	1,376.13
Professional fees	7,035.00
Meetings	3,700.34
Insurance	885.23
Promotion	3,100.00
Postage	321.13
Research expenses	635.84
Photographic expenses	5,935.53
Donations	100.00
Miscellaneous	1,403.15
TOTAL	<u>\$ 28,749.54</u>

U. S. Treasury Department—Internal Revenue Service
U. S. RETURN OF ORGANIZATION EXEMPT FROM TAX
Section 501 (c) (3) of Internal Revenue Code of 1954

Serial No.

This return must be filed on or before the 15th day of the fifth month following the close of the annual accounting period. Return must be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization.

NOTICE.—The law requires that certain information required on this return be made available to the public. Pages 3 and 4 are designed for this purpose and must be submitted as part of your return.

FOR CALENDAR YEAR

Or other taxable year beginning December 1, 1955
and ending November 30, 1956

Please type or print plainly

Date of exemption letter
June 17, 1949

Legal name of organization

Doctors Clinic Foundation

Address (number and street)

12900 Euclid Avenue

(City or town, postal zone number, county, and State)

Cleveland 12, Cuyahoga, Ohio

Line No.

GROSS INCOME

1.	Gross sales or receipts from business activities.....	\$	<u>221,111</u>	<u>69</u>		
2.	Less: Cost of goods sold or of operations.....		<u>10,221</u>	<u>75</u>		
3.	Gross profit from business activities.....	\$	<u>210,889</u>	<u>94</u>		
4.	Interest.....		<u>941</u>	<u>68</u>		
5.	Dividends.....					
6.	Rents and royalties.....					
7.	Gain (or loss) from sale of assets, excluding inventory items (See instruction 2).....		<u>5,327</u>	<u>00</u>		
8.	Other income.....					
9.	Total gross income (lines 1 to 8, incl.).....	\$	<u>217,158</u>	<u>62</u>		

INCURRED EXPENSES ATTRIBUTABLE TO GROSS INCOME

10.	Compensation of officers, directors, trustees, etc.....	\$	<u>20,000</u>	<u>00</u>		
11.	Salaries and wages (other than amounts shown in line 10). Number of employees <u>24</u>		<u>127,035</u>	<u>66</u>		
12.	Interest.....		<u>5,017</u>	<u>09</u>		
13.	Taxes.....		<u>2,664</u>	<u>21</u>		
14.	Rent.....					
15.	Depreciation.....		<u>14,740</u>	<u>84</u>		
16.	Miscellaneous expenses.....		<u>28,749</u>	<u>54</u>		
17.	Total expenses (lines 10 to 16, incl.).....	\$	<u>198,207</u>	<u>34</u>		

DISBURSEMENTS MADE WITHIN THE YEAR OUT OF CURRENT OR ACCUMULATED INCOME FOR PURPOSES FOR WHICH EXEMPT, AND ACCUMULATION OF INCOME

18.	Administrative and operating expenses (not included above).....	\$				
19.	Contributions, gifts, grants, etc.: (Attach list showing each class of activity for which disbursements were made with separate total for each.).....					
20.	Accumulation of income within the year (line 9 less the sum of lines 17, 18, and 19). <u>Schedule</u>	\$	<u>18,951</u>	<u>28</u>		
21.	Aggregate accumulation of income at beginning of the year (computed for prior years as on line 20).....		<u>235,378</u>	<u>09</u>		
22.	Accumulation of income at end of the year (line 20 plus line 21).....	\$	<u>254,329</u>	<u>37</u>		

DISBURSEMENTS MADE OUT OF PRINCIPAL FOR PURPOSES FOR WHICH EXEMPT

23.	Administrative and operating expenses.....	\$				
24.	Contributions, gifts, grants, etc.: (a) Paid out in prior years..... (b) Paid out within the year: (Attach list showing each class of activity for which disbursements were made with separate total for each.).....	\$				

Schedule A.—BALANCE SHEETS (See Instruction 6)

	Beginning of Year				End of Year			
	Amount		Total		Amount		Total	
ASSETS								
1. Cash			\$ 101,812	25	\$ 66,095			60
2. Notes and accounts receivable	\$ 71,560	15	71,560	15	\$ 64,575	15	64,575	15
Less: Reserve for bad debts								
3. Inventories			28,130	00			32,750	00
4. Investments in governmental obligations								
5. Investments in nongovernmental bonds, etc.								
6. Investments in corporate stocks			3,411	79			3,411	79
7. Other investments (itemize) <u>Land—future building site</u>	\$				\$	45,000	00	45,000
8. Capital assets:								
(a) Depreciable (and depletable) assets	\$ 207,025	11			\$ 209,740	31		
Less: Reserve for depreciation (and depletion)	75,688	20	131,346	91	98,319	51	111,428	80
(b) Land			17,930	00			17,930	00
9. Other assets (itemize) <u>Deposit with workmen's compensation Board</u>	\$		100	00	\$		100	00
10. Total assets			\$ 354,291	10			\$ 341,291	34
LIABILITIES								
11. Accounts payable								
12. Bonds, notes, and mortgages payable:								
(a) With original maturity of less than 1 year	\$ 98,000	00	98,000	00	\$ 85,000	00	85,000	00
(b) With original maturity of 1 year or more								
13. Other liabilities (itemize) <u>Payroll taxes and amounts withheld</u>	\$		1,194	82	\$	1,961	97	
			1,194	82			1,961	97
14. Total liabilities			\$ 99,194	82			\$ 86,961	97
NET WORTH								
15. Capital stock:								
(a) Preferred stock	\$				\$			
(b) Common stock								
16. Membership certificates								
17. Paid-in or capital surplus (or donated capital if a trust)								
18. Surplus reserves (itemize) <u>For additional research</u>	\$ 127,548	14			\$ 127,164	68		
<u>For medical and surgical dis-</u>	127,548	14	255,096	28	127,164	69	254,329	37
<u>coveries</u>								
19. Earned surplus and undivided profits								
20. Total net worth			\$ 255,096	28			\$ 254,329	37
21. Total liabilities and net worth			\$ 354,291	10			\$ 341,291	34

GENERAL INSTRUCTIONS

1. An annual statement of gross income, receipts, disbursements, etc., on this form, is required by law of every organization which is exempt from tax as described in section 501 (c) (3) of the Code, excepting only (1) a religious organization; (2) an educational organization if it normally maintains a regular faculty and curriculum and normally has a regularly organized body of pupils or students in attendance at the place where its educational activities are regularly carried on; (3) a charitable organization, or an organization for the prevention of cruelty to children or animals, if supported in whole or in part by funds contributed by the United States or any State or political subdivision thereof, or primarily supported by contributions of the general public; (4) or an organization operated, supervised, or controlled by or in connection with a religious organization described in section 501 (c) (3). The law also requires that every such organization furnish the information called for on pages 3 and 4 and that such information be made available to the public. The law provides penalties for failure to furnish this information.

2. Attach a detailed statement showing with respect to each piece of property sold: (a) Date acquired and manner of acquisition; (b) Gross sales price; (c) Cost or other basis (value at time of acquisition, if donated); (d) Expense of sale and cost of improvements subsequent to acquisition; (e) Depreciation since acquisition; and (f) Gain or loss—(b) plus (e) minus (c) plus (d).

3. In all cases where line 25, page 1, includes money or property amounting to \$100 or more, which was received directly or indirectly from one person, in one or more transactions during the year, itemized schedules showing the total amount received from and the name

such records do not provide for this division, expenses may be divided on any reasonable basis, such as an approximation of the use of a facility or the time spent by an individual.

5. Activities in lines 19 and 24 (b), page 1, should be classified according to purpose in greater detail than merely charitable, educational, religious, or scientific. For example, payments for nursing service, for laboratory construction, for fellowships, or for assistance to indigent families should be so identified.

The detailed list of organizations and individuals to whom payments were made as well as other itemized statements called for on page 1 should be attached to page 2. Duplicates are not required in connection with pages 3 and 4.

6. The balance sheets, Schedule A, should agree with the books of account or any differences should be reconciled.

7. In all cases where line 6, Schedule A, includes 10 percent or more of any class of stock of any corporation, attach a list showing the name of the corporation, the number of shares of each type of stock owned (including information indicating whether the stock is voting or nonvoting), and the book value of the stock included in line 6, Schedule A.

8. Signature and verification.—The return must be signed either by the president, vice-president, treasurer, assistant treasurer or chief accounting officer, or by any other officer authorized to sign. A receiver, trustee, or assignee must sign any return which he is required to file on behalf of a corporation. The statement at the bottom of page 1 of the return is required to be signed by any person, firm, or corporation who prepared the taxpayer's return. If

12. Bonds, notes, and mortgages payable:							
(a) With original maturity of less than 1 year	.....	\$	98,000	00	\$	85,000	00
(b) With original maturity of 1 year or more	.....		98,000	00		85,000	00
13. Other liabilities (itemize):		\$			\$		
Payroll taxes and amounts withheld			1,194	82		1,961	97
			1,194	82		1,961	97
14. Total liabilities		\$	99,194	82	\$	86,961	97
NET WORTH							
15. Capital stock:		\$			\$		
(a) Preferred stock	.....	\$			\$	
(b) Common stock	.....					
16. Membership certificates							
17. Paid-in or capital surplus (or donated capital if a trust)							
18. Surplus reserves (itemize):		\$			\$		
For additional research			127,568	14		127,164	68
For medical and surgical discoveries			127,568	14		127,164	69
19. Earned surplus and undivided profits				255,096			254,329
20. Total net worth		\$		255,096			254,329
21. Total liabilities and net worth		\$	354,291	10	\$	341,291	34

GENERAL INSTRUCTIONS

1. An annual statement of gross income, receipts, disbursements, etc., on this form, is required by law of every organization which is exempt from tax as described in section 501 (c) (3) of the Code, excepting only (1) a religious organization; (2) an educational organization if it normally maintains a regular faculty and curriculum and normally has a regularly organized body of pupils or students in attendance at the place where its educational activities are regularly carried on; (3) a charitable organization, or an organization for the prevention of cruelty to children or animals, if supported in whole or in part by funds contributed by the United States or any State or political subdivision thereof, or primarily supported by contributions of the general public; (4) or an organization operated, supervised, or controlled by or in connection with a religious organization described in section 501 (c) (3). The law also requires that every such organization furnish the information called for on pages 3 and 4 and that such information be made available to the public. The law provides penalties for failure to furnish this information.

2. Attach a detailed statement showing with respect to each piece of property sold: (a) Date acquired and manner of acquisition; (b) Gross sales price; (c) Cost or other basis (value at time of acquisition, if donated); (d) Expense of sale and cost of improvements subsequent to acquisition; (e) Depreciation since acquisition; and (f) Gain or loss—(b) plus (e) minus (c) plus (d).

3. In all cases where line 25, page 1, includes money or property amounting to \$100 or more, which was received directly or indirectly from one person, in one or more transactions during the year, itemized schedules showing the total amount received from and the name and address of each such person shall be attached to this return. (The term "person" includes individuals, fiduciaries, partnerships, corporations, associations, and other organizations.)

4. Expenses may be divided between lines 10 through 16, page 1, and lines 18 and 23, page 1, on the basis of accounting records. If

such records do not provide for this division, expenses may be divided on any reasonable basis, such as an approximation of the use of a facility or the time spent by an individual.

5. Activities in lines 19 and 24 (b), page 1, should be classified according to purpose in greater detail than merely charitable, educational, religious, or scientific. For example, payments for nursing service, for laboratory construction, for fellowships, or for assistance to indigent families should be so identified.

The detailed list of organizations and individuals to whom payments were made as well as other itemized statements called for on page 1 should be attached to page 2. Duplicates are not required in connection with pages 3 and 4.

6. The balance sheets, Schedule A, should agree with the books of account or any differences should be reconciled.

7. In all cases where line 6, Schedule A, includes 10 percent or more of any class of stock of any corporation, attach a list showing the name of the corporation, the number of shares of each type of stock owned (including information indicating whether the stock is voting or nonvoting), and the book value of the stock included in line 6, Schedule A.

8. **Signature and verification.**—The return must be signed either by the president, vice-president, treasurer, assistant treasurer or chief accounting officer, or by any other officer authorized to sign. A receiver, trustee, or assignee must sign any return which he is required to file on behalf of a corporation. The statement at the bottom of page 1 of the return is required to be signed by any person, firm, or corporation who prepared the taxpayer's return. If the return is prepared by a firm or corporation, it should be signed in the name of the firm or corporation. The statement is not required if the return is prepared by a regular, full-time employee.

9. For further information see regulations under sections 6033 (a), 501 (a), and 6104 of the Internal Revenue Code.

Form 990-T.—Section 511 of the Code imposes a tax in case of certain organizations described in sections 401 (a) and 501 (c) (2), (3), (5), and (6), on income derived (a) from operation of a business enterprise which is unrelated to the purpose for which such organization received an exemption or (b) from certain rentals from property leased to others on a long-term basis. Such income and tax are to be reported on Form 990-T, copies of which may be obtained from the District Director of Internal Revenue.

Form 1099.—Every organization engaged in a trade or business making payments in the course of such trade or business of interest, rents, commissions, salaries or wages, or other fixed or determinable income (including allowances for expenses) or amounts of \$600 or more during the calendar year shall make returns on Forms 1096 and 1099, except that the making of such return will not be required with respect to the portion of any salary or wage payments reported on Form W-2.

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

DOCTORS CLINIC FOUNDATION - CLEVELAND, OHIO

NOVEMBER 30, 1957

ERNST & ERNST

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AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

DOCTORS CLINIC FOUNDATION - CLEVELAND, OHIO

November 30, 1957

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C O N T E N T S

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AUDITED FINANCIAL STATEMENTS:

ACCOUNTANTS' REPORT.....	PAGE 3
STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH.....	4
STATEMENTS OF INCOME AND EXPENSE AND NET WORTH.....	5
NOTES TO FINANCIAL STATEMENTS.....	6

OTHER FINANCIAL INFORMATION:

SUMMARY OF CASH BALANCES.....	7
COMPARATIVE DETAIL EXPENSES.....	8

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ERNST & ERNST

UNION COMMERCE BUILDING

CLEVELAND 14, OHIO

ACCOUNTANTS-AUDITORS
MANAGEMENT SERVICES

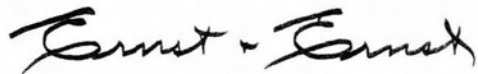
OFFICES IN PRINCIPAL CITIES
ASSOCIATES IN FOREIGN COUNTRIES

Board of Trustees,
Doctors Clinic Foundation,
Cleveland, Ohio.

We have examined the financial statements prepared on the general basis of cash receipts and disbursements of Doctors Clinic Foundation for the year ended November 30, 1957. 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.

We were unable to obtain the customary letter of representation with respect to items implicit in the books of account and such other matters which may not be reflected in the books and records.

In our opinion, subject to matter referred to in the preceding paragraph, the accompanying statements of assets, liabilities, and net worth, and statements of income and expense and net worth present fairly the financial position of Doctors Clinic Foundation at November 30, 1957, and its income and expense for the year then ended resulting generally from cash transactions.



Certified Public Accountants

Cleveland, Ohio
December 28, 1957

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH

DOCTORS CLINIC FOUNDATION

November 30, 1957, and November 30, 1956

	1957	1956
<u>ASSETS</u>		
<u>CASH</u>		
Commercial accounts	\$ 74,209.24	\$ 34,363.85
Savings accounts-Note A	70,032.31	31,681.75
Office cash fund	50.00	50.00
	<u>\$ 144,291.55</u>	<u>\$ 66,095.60</u>
<u>INVESTMENTS AND OTHER ASSETS</u>		
Claim in connection with Shorelyn Realty, Inc.-Note B	\$ 63,475.15	\$ 63,475.15
Less allowance for possible loss	<u>25,475.15</u>	<u>25,475.15</u>
	\$ 38,000.00	\$ 38,000.00
Land for future building site-at cost	45,122.03	45,000.00
United States Government savings bonds-at cost	34,550.00	32,750.00
Sundry investments, receivables, and deposit	<u>4,875.70</u>	<u>4,611.79</u>
	<u>\$ 122,547.73</u>	<u>\$ 120,361.79</u>
<u>FIXED ASSETS-on the basis of cost</u>		
Land	\$ 17,930.00	\$ 17,930.00
Buildings	\$ 80,392.95	\$ 80,392.95
Furniture and fixtures	29,154.45	28,659.45
X-ray equipment-Note C	-	94,155.53
Other equipment	<u>6,858.02</u>	<u>6,540.38</u>
	\$ 116,405.42	\$ 209,748.31
Less allowances for depreciation	<u>66,150.20</u>	<u>98,319.51</u>
	<u>\$ 50,255.22</u>	<u>\$ 111,428.80</u>
	<u>\$ 68,185.22</u>	<u>\$ 129,358.80</u>
	<u>\$ 335,024.50</u>	<u>\$ 315,816.19</u>
	NET FIXED ASSETS	
<u>LIABILITIES AND NET WORTH</u>		
<u>LIABILITIES</u>		
Notes payable	\$ 80,000.00	\$ 85,000.00
Payroll taxes and amounts withheld from employees compensation	1,791.33	1,961.97
	<u>\$ 81,791.33</u>	<u>\$ 86,961.97</u>
<u>NET WORTH-Note C</u>		
Appropriated for:		
Research	\$ 59,299.29	\$ 51,172.98
Disciple building fund	<u>131,629.85</u>	<u>123,503.54</u>
	\$ 190,929.14	\$ 174,676.52
Unappropriated	<u>62,304.03</u>	<u>54,177.70</u>
	<u>\$ 253,233.17</u>	<u>\$ 228,854.22</u>
	<u>\$ 335,024.50</u>	<u>\$ 315,816.19</u>
	TOTAL NET WORTH	

See notes to financial statements.

STATEMENTS OF INCOME AND EXPENSE AND NET WORTH

DOCTORS CLINIC FOUNDATION

Years ended November 30, 1957, and November 30, 1956

	<u>1957</u>	<u>1956</u>
<u>INCOME</u>		
Medical and surgical:		
Euclid clinic	\$ 67,872.08	\$ 78,318.54
Cedar clinic	65,570.08	63,255.95
	<u>\$ 133,442.16</u>	<u>\$ 141,574.49</u>
X-ray	64,579.42	16,760.20
Anesthesia-net	56,824.60	62,777.00
Donations-general use	10,278.55	5,327.00
Interest on savings accounts	1,000.56	941.68
Dividends credited to account with agent	263.91	-0-
	<u>\$ 266,389.20</u>	<u>\$ 227,380.37</u>
<u>EXPENSES</u>		
Salaries and wages	\$ 132,995.64	\$ 147,035.66
Depreciation allowances	15,021.89	14,740.84
Clinic operating expenses	10,640.35	10,221.75
General expenses	32,857.19	31,413.75
Interest on note payable	3,400.00	3,959.00
Interest and penalty payments for late payment of payroll taxes	130.85	1,058.09
	<u>\$ 195,045.92</u>	<u>\$ 208,429.09</u>
NET INCOME	<u>\$ 71,343.28</u>	<u>\$ 18,951.28</u>

NET WORTH

	<u>APPROPRIATED FOR</u>			
	<u>RESEARCH</u>	<u>DISCIPLE BUILDING FUND</u>	<u>UNAPPROPRIATED</u>	<u>TOTAL</u>
Balance December 1, 1956	\$ 51,172.98	\$ 123,503.54	\$ 54,177.70	\$ 228,854.22
Add net income for the year	23,781.09	23,781.09	23,781.10	71,343.28
	<u>\$ 74,954.07</u>	<u>\$ 147,284.63</u>	<u>\$ 77,958.80</u>	<u>\$ 300,197.50</u>
Less net value of X-ray equipment relinquished-Note C	15,654.78	15,654.78	15,654.77	46,964.33
BALANCE NOVEMBER 30, 1957	<u>\$ 59,299.29</u>	<u>\$ 131,629.85</u>	<u>\$ 62,304.03</u>	<u>\$ 253,233.17</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DOCTORS CLINIC FOUNDATION

November 30, 1957

Note A - A savings account of the Foundation is hypothecated in the amount of \$3,900.00 in connection with an employee's loan.

Note B - Settlement of a claim in connection with Shorelyn Realty, Inc. was consummated in January, 1958. The Foundation received approximately \$14,000.00 (net after payment of legal fees and delinquent real property taxes) and 100% of the outstanding capital stock of Shorelyn Realty, Inc. Shorelyn Realty, Inc's. only asset is title to real property which Foundation officers estimate has a value of approximately \$25,000.00.

Note C - Under an agreement entered into subsequent to November 30, 1957, the Foundation relinquished any right, title, or interest in X-ray equipment having a net book value of \$46,964.33. The agreement establishes a formula under which the Foundation will continue to be reimbursed for services in connection with X-ray examinations conducted by an adjoining institution.

Note D - The financial statements have been prepared on the general basis of cash receipts and disbursements and do not include patient accounts receivable and certain other receivables and regular accounts payable.

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OTHER FINANCIAL INFORMATION

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SUMMARY OF CASH BALANCES

DOCTORS CLINIC FOUNDATION

November 30, 1957

BANK	DESCRIPTION	AMOUNT
<u>COMMERCIAL ACCOUNTS</u>		
The Cleveland Trust Company- Mayfield-Lee Office	Research and Equipment Fund	\$ 43,225.01
National City Bank of Cleveland	Cedar Clinic	12,116.74
The Cleveland Trust Company-Eastgate Office	Hillcrest Fund	10,399.86
The Cleveland Trust Company-Euclid- Windermere Office	Euclid Clinic	<u>8,467.63</u>
		\$ 74,209.24
<u>SAVINGS ACCOUNTS</u>		
Shaker Savings Association	General	\$ 15,000.00A
First Federal Savings and Loan Association, Willoughby, Ohio	General	11,347.97
East Cleveland Savings and Loan Co.	Doctors Clinic Research and Expansion Fund	10,509.41
Central National Bank of Cleveland	Doctors Research and Equipment Fund	10,252.00
Third Federal Savings and Loan Association	General	10,058.34
The Continental Bank, Cleveland, Ohio	Capital Fund	10,000.00
National City Bank of Cleveland	Building Fund	<u>2,864.59</u>
		\$ 70,032.31
<u>OFFICE CASH FUND</u>		
Held at Euclid Clinic		50.00
	TOTAL	<u>\$ 144,291.55</u>

Note A - Hypothecated in the amount of \$3,900.00 in connection with an employee's loan.

COMPARATIVE DETAIL EXPENSES

DOCTORS CLINIC FOUNDATION

Years ended November 30, 1957, and November 30, 1956

	1957	1956
<u>CLINIC OPERATING EXPENSES</u>		
Supplies and drugs	\$ 7,442.04	\$ 7,319.25
Heat, light, and power	1,133.69	1,209.91
Maintenance	601.76	782.33
Laundry	932.93	812.76
Laboratory expenses	529.93	97.50
TOTALS	<u>\$ 10,640.35</u>	<u>\$ 10,221.75</u>
<u>GENERAL EXPENSES</u>		
Dues and subscriptions	\$ 2,365.83	\$ 2,052.67
Telephone and telegraph	2,064.20	2,204.52
Office supplies	833.86	1,376.13
Professional fees	15,211.50	7,035.00
Real estate taxes	1,137.67	1,066.92
Meetings	2,774.88	3,700.34
Insurance	964.16	885.23
Promotion	3,200.00	3,100.00
Postage	262.50	321.13
Sundry research expenses	42.00	635.84
Payroll taxes	1,426.93	1,597.29
Photographic expenses	1,088.71	5,935.53
Donation	-0-	100.00
Hospitalization	280.53	-0-
Miscellaneous	1,204.42	1,403.15
TOTALS	<u>\$ 32,857.19</u>	<u>\$ 31,413.75</u>

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

DOCTORS CLINIC FOUNDATION - MAYFIELD HEIGHTS, OHIO

NOVEMBER 30, 1960

ERNST & ERNST

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AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

DOCTORS CLINIC FOUNDATION - MAYFIELD HEIGHTS, OHIO

November 30, 1960

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C O N T E N T S

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AUDITED FINANCIAL STATEMENTS:	
ACCOUNTANTS' REPORT.....	PAGE 3
STATEMENT OF ASSETS, LIABILITIES AND FUNDS.....	4
STATEMENTS OF FUTURE HOSPITAL FUND RESERVE AND CLINIC FUNDS.....	6
STATEMENTS OF REVENUE AND EXPENSE.....	7
NOTES TO FINANCIAL STATEMENTS.....	8
OTHER FINANCIAL INFORMATION:	
ACCOUNTANTS' REPORT ON OTHER FINANCIAL INFORMATION.....	9
SUMMARY OF CASH BALANCES.....	10
PROPERTY, PLANT, AND EQUIPMENT.....	11
COMPARATIVE DETAIL EXPENSES.....	12

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ERNST & ERNST

UNION COMMERCE BUILDING

CLEVELAND 14, OHIO

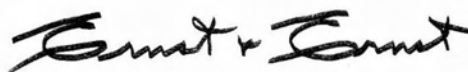
ACCOUNTANTS-AUDITORS
MANAGEMENT SERVICES

OFFICES IN PRINCIPAL CITIES
ASSOCIATES IN FOREIGN COUNTRIES

Board of Trustees
Doctors Clinic Foundation
Mayfield Heights, Ohio

We have examined the financial statements prepared on the general basis of cash receipts and disbursements of Doctors Clinic Foundation for the year ended November 30, 1960. 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 accompanying financial statements present fairly the assets, liabilities and funds of Doctors Clinic Foundation at November 30, 1960, and its recorded revenues and expenses for the year then ended, carried out principally on the basis of cash receipts and disbursements.



Certified Public Accountants

Cleveland, Ohio
December 19, 1960

STATEMENT OF ASSETS,

DOCTORS CLINIC

November 30, 1960,

	1960	1959
<u>ASSETS</u>		
<u>CASH</u>		
Commercial accounts	\$ 43,153.28	\$ 111,560.37
Savings accounts - Note A	160,408.12	97,120.76
Office cash funds	120.00	100.00
	<u>\$ 203,681.40</u>	<u>\$ 208,781.13</u>
<u>INVESTMENTS AND OTHER ASSETS</u>		
United States Savings Bonds - at cost	\$ 34,550.00	\$ 34,550.00
Investment in land - at cost	17,933.67	17,933.67
Amount receivable from future hospital fund	15,181.78	12,561.10
Sundry investments, receivables, and deposit	6,594.00	7,246.24
	<u>\$ 74,259.45</u>	<u>\$ 72,291.01</u>
<u>FIXED ASSETS - on the basis of cost - Note B</u>		
Land	\$ 142,032.54	\$ 17,930.00
Land improvements	11,222.00	-
Buildings	110,152.31	80,392.95
Furniture, fixtures, and equipment	47,501.70	37,983.14
	<u>\$ 168,876.01</u>	<u>\$ 118,376.09</u>
Less allowance for depreciation	85,227.26	77,147.01
	<u>\$ 83,648.75</u>	<u>\$ 41,229.08</u>
	<u>\$ 225,681.29</u>	<u>\$ 59,159.08</u>
<u>FUTURE HOSPITAL FUND</u>		
Land - at cost	\$ 64,961.99	\$ 65,122.03
Cash on deposit	127.42	1,811.49
Land deposit	-	10,000.00
	<u>\$ 65,089.41</u>	<u>\$ 76,933.52</u>
	<u>\$ 568,711.55</u>	<u>\$ 417,164.74</u>

See notes to financial statements.

LIABILITIES AND FUNDS

FOUNDATION

and November 30, 1959

1960

1959

LIABILITIES, RESERVE, AND FUNDS

LIABILITIES

Payroll taxes and amounts withheld from
employees compensation

\$ 2,962.75 \$ 2,009.02

Purchase money mortgage notes - Note B

107,000.00 -0-

\$ 109,962.75 \$ 2,009.02

FUTURE HOSPITAL FUND RESERVE

Reserve

\$ 49,907.63 \$ 64,372.42

Amount payable to operating funds

15,181.78 12,561.10

\$ 65,089.41 \$ 76,933.52

CLINIC FUNDS

Research fund

\$ 25,000.00 \$ 25,000.00

Building fund

241,659.39 186,222.20

Education and scientific development fund

10,000.00 10,000.00

Unrestricted development fund

30,000.00 30,000.00

Operating fund

87,000.00 87,000.00

\$ 393,659.39 \$ 338,222.20

CONTINGENT LIABILITIES - Note C

\$ 568,711.55 \$ 417,164.74

STATEMENTS OF FUTURE HOSPITAL FUND RESERVE AND CLINIC FUNDS

DOCTORS CLINIC FOUNDATION

Year ended November 30, 1960

FUTURE HOSPITAL FUND RESERVE

Balance at December 1, 1959		\$ 64,372.42
Donations received during year		<u>2,150.00</u>
		\$ 66,522.42
Expenses:		
Professional fees	\$ 11,731.82	
Consultant fees	2,400.00	
Real estate taxes	1,337.42	
Promotion	940.54	
Printing	79.12	
Miscellaneous	<u>125.89</u>	<u>16,614.79</u>
	BALANCE AT	
	NOVEMBER 30, 1960	\$ <u>49,907.63</u>

CLINIC FUNDS

	<u>RESEARCH</u>	<u>BUILDING</u>	<u>EDUCATION</u> <u>AND</u> <u>SCIENTIFIC</u> <u>DEVELOPMENT</u>	<u>UNRESTRICTED</u> <u>DEVELOPMENT</u>	<u>OPERATING</u>	<u>TOTAL</u>
	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	
Balance at December 1, 1959	\$ 25,000.00	\$ 186,222.20	\$ 10,000.00	\$ 30,000.00	\$ 87,000.00	\$ 338,222.20
Net income for the year	-0-	55,437.19	-0-	-0-	-0-	55,437.19
BALANCE AT NOVEMBER 30, 1960	\$ <u>25,000.00</u>	\$ <u>241,659.39</u>	\$ <u>10,000.00</u>	\$ <u>30,000.00</u>	\$ <u>87,000.00</u>	\$ <u>393,659.39</u>

See notes to financial statements.

STATEMENTS OF REVENUE AND EXPENSE

DOCTORS CLINIC FOUNDATION

Years ended November 30, 1960, and November 30, 1959

	1960	1959
<u>REVENUE</u>		
Medical and Surgical		
Euclid Clinic	\$ 56,679.78	\$ 63,066.20
Cedar and Hillcrest Clinics	<u>68,043.78</u>	<u>60,172.65</u>
	\$ 124,723.56	\$ 123,238.85
X-ray	123,104.60	111,337.80
Anesthesia - net	60,115.15	53,038.11
Interest on savings accounts	4,287.36	3,135.03
Dividend income	182.80	270.54
Miscellaneous income	<u>1,166.66</u>	<u>-0-</u>
	\$ 313,580.13	\$ 291,020.33
<u>EXPENSES</u>		
Salaries and wages	\$ 161,641.11	\$ 148,761.47
General expenses	31,899.54	22,445.53
Radiologist fees	30,416.70	27,833.32
Clinic operating expenses	12,573.20	10,543.47
Retirement plan expense	11,080.02	-0-
Depreciation allowances	8,080.25	5,551.42
Interest expense	2,452.12	-0-
Interest and penalty payment for late payment of payroll taxes	<u>-0-</u>	<u>261.01</u>
	\$ 258,142.94	\$ 215,396.22
NET INCOME	<u>\$ 55,437.19</u>	<u>\$ 75,624.11</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DOCTORS CLINIC FOUNDATION

November 30, 1960

Note A - Restrictions on savings accounts

A savings account of \$19,420.23 is subject to hypothecation restrictions totaling \$14,900.00 and is held as security for a collateral loan agreement with an unpaid balance of \$2,060.78. The Foundation is a co-maker of the latter loan; however, proceeds of the loan were not received by the Foundation and repayments are being made by an employee of an adjoining institution.

Note B - Purchase money mortgage notes

The purchase money mortgage notes are payable in consecutive monthly installments of \$846.16 (includes principal and interest) beginning January 2, 1961. Land, land improvements, and buildings with a cost of \$163,953.90 are pledged under a mortgage deed as security.

Note C - Commitments

Under agreement dated October 10, 1960, the Foundation, upon proper execution of said agreement, is committed to a maximum assessment of approximately \$62,000.00 for the construction of a sanitary sewer at the Hillcrest site.

Under agreement dated November 21, 1960, the Foundation has contracted to construct a building at a total cost of \$287,928.00.

Note D - Basis of financial statements

The financial statements have been prepared on the general basis of cash receipts and disbursements and do not include patient accounts receivable and certain other receivables and accounts payable.

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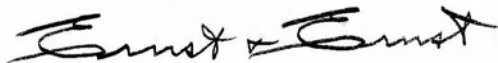
OTHER FINANCIAL INFORMATION

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ACCOUNTANTS' REPORT ON OTHER FINANCIAL INFORMATION

Doctors Clinic Foundation
Mayfield Heights, Ohio

The audited financial statements of the Foundation and our report thereon are hereinbefore set forth. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the aforementioned financial statements, and in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.



Certified Public Accountants

Cleveland, Ohio
December 19, 1960

SUMMARY OF CASH BALANCES

DOCTORS CLINIC FOUNDATION

November 30, 1960

COMMERCIAL ACCOUNTS

The Cleveland Trust Company Mayfield - Lee Office	Research and Equipment Fund	\$ 24,580.91
Euclid-Windemere Office	Euclid Clinic	7,696.64
Eastgate Office	Cedar and Hillcrest Clinics	<u>18,287.27</u>
		\$ 50,564.82
The National City Bank of Cleveland	Cedar Clinic	.05
Central National Bank of Cleveland	Payroll	<u>7,411.59*</u>
		\$ 43,153.28

SAVINGS ACCOUNTS

Central National Bank of Cleveland	Doctors Research and Equipment Fund	\$ 9,084.91
East Cleveland Savings and Loan Company	Research and Expansion Fund	9,169.63
First Federal Savings and Loan Association, Willoughby, Ohio	General	12,716.96
The National City Bank of Cleveland	Building Fund	3,101.47
Shaker Savings Association	General	19,420.23B
Second Federal Savings and Loan Association	General	9,900.24
The Continental Bank	Capital Fund	9,114.03
Third Federal Savings and Loan Association	General	9,215.44
The Twinsburg Banking Company	General	10,693.21
Cuyahoga Savings Association	General	9,090.00
The Ohio Savings Association	General	9,090.00
Park View Federal Savings and Loan Association	General	9,150.00
South Side Federal Savings and Loan Association	General	5,757.00
The State Savings and Loan Company	General	9,090.00
Union Savings and Loan Company	General	9,120.00
United Savings Association	General	9,120.00
Women's Federal Savings and Loan Association	General	<u>7,575.00</u>
		\$ 160,408.12

OFFICE CASH FUND

Cedar Clinic	\$ 20.00
Euclid Clinic	50.00
Hillcrest Clinic	50.00
	<u>\$ 120.00</u>
TOTAL	<u>\$ 203,681.40</u>

* Indicates red figure.

Note A - In addition to the above, the Foundation has cash on deposit with The Cleveland Trust Company, Eastgate Office, in the amount of \$127.42 at November 30, 1960, which has been classified as a part of the Future Hospital Fund Reserve.

Note B - See Note A to the financial statements.

PROPERTY, PLANT, AND EQUIPMENT

DOCTORS CLINIC FOUNDATION

Year ended November 30, 1960

	A S S E T S		
	BALANCE		BALANCE
	DEC. 1, 1959	ADDITIONS	NOV. 30, 1960
Land	\$ 17,930.00	\$ 124,102.54	\$ 142,032.54
Land improvements	-0-	11,222.00	11,222.00
Buildings	80,392.95	29,759.36	110,152.31
Furniture, fixtures, and equipment:			
Euclid Clinic	\$ 30,473.68	\$ 403.10	\$ 30,876.78
Hillcrest Clinic	-0-	8,795.46	8,795.46
Cedar Clinic	7,509.46	320.00	7,829.46
TOTAL FURNITURE, FIXTURES, AND EQUIPMENT	\$ 37,983.14	\$ 9,518.56	\$ 47,501.70
TOTALS	\$ 136,306.09	\$ 174,602.46	\$ 310,908.55

PROPERTY, PLANT, AND EQUIPMENT

DOCTORS CLINIC FOUNDATION

Year ended November 30, 1960

	A S S E T S			ALLOWANCES FOR DEPRECIATION			NET
	BALANCE		BALANCE	BALANCE		BALANCE	BALANCE
	DEC. 1, 1959	ADDITIONS	NOV. 30, 1960	DEC. 1, 1959	PROVISION	NOV. 30, 1960	NOV. 30, 1960
Improvements	\$ 17,930.00	\$ 124,102.54	\$ 142,032.54				\$ 142,032.54
	-0-	11,222.00	11,222.00	\$ -0-	\$ 561.10	\$ 561.10	10,660.90
	80,392.95	29,759.36	110,152.31	43,936.15	5,516.37	49,452.52	60,699.79
Furniture, fixtures, and equipment:							
Clinic	\$ 30,473.68	\$ 403.10	\$ 30,876.78	\$ 28,081.13	\$ 851.06	\$ 28,932.19	\$ 1,944.59
West Clinic	-0-	8,795.46	8,795.46	-0-	439.77	439.77	8,355.69
Clinic	7,509.46	320.00	7,829.46	5,129.73	711.95	5,841.68	1,987.78
TOTAL FURNITURE, FIXTURES, AND EQUIPMENT	\$ 37,983.14	\$ 9,518.56	\$ 47,501.70	\$ 33,210.86	\$ 2,002.78	\$ 35,213.64	\$ 12,288.06
TOTALS	\$ 136,306.09	\$ 174,602.46	\$ 310,908.55	\$ 77,147.01	\$ 8,080.25	\$ 85,227.26	\$ 225,681.29

COMPARATIVE DETAIL OF EXPENSES

DOCTORS CLINIC FOUNDATION

Years ended November 30, 1960, and November 30, 1959

	1960	1959
<u>CLINIC OPERATING EXPENSES</u>		
Supplies and drugs	\$ 8,467.37	\$ 6,597.03
Heat, light, and power	1,513.17	1,336.21
Laundry	1,337.76	1,137.51
Maintenance	1,119.64	1,030.88
Laboratory expenses	135.26	185.39
X-ray expense	-0-	256.45
TOTALS	<u>\$ 12,573.20</u>	<u>\$ 10,543.47</u>

<u>GENERAL EXPENSES</u>		
Promotion	\$ 7,076.52	\$ 3,200.00
Professional services	4,250.00	3,007.45
Insurance	3,567.09	1,752.89
Telephone and telegraph	2,822.73	2,314.94
Dues and subscriptions	2,592.89	2,579.14
Payroll taxes	2,528.30	2,256.98
Office supplies	2,411.34	881.62
Meetings	2,077.20	1,455.71
Hospitalization	1,446.50	1,159.76
Real estate taxes	1,074.60	2,933.00
Postage	548.48	416.31
Miscellaneous	1,503.89	487.73
TOTALS	<u>\$ 31,899.54</u>	<u>\$ 22,445.53</u>

Doctors Clinic Foundation
 Profit & Loss Statement
 September 30 - 1964

Income: -

X-ray Income Drs. Hospital	13764 ⁰⁰		
Anesthesia Income	6842 ⁵⁰		
Dental Income	3648 ⁰⁰		
Medical Directors Income	583 ³³		
		24838 ⁰³	
Hillcrest Medical Income	789 ⁵⁰		
Hillcrest X-ray Income	399 ⁰⁰		
Hillcrest Laboratory Income	453 ³⁰		
Hillcrest Pediatrics Income	980 ⁶⁰		
		2622 ⁴⁰	
Cedar Medical Income	2718 ⁰⁰		
Cedar X-ray Income	121 ⁰⁰		
Cedar Laboratory Income	216 ⁷⁵		
Cedar Pediatrics Income	481 ⁰⁰		
		3536 ⁷⁵	
Hospital Surgery Income	5635 ⁰⁰		
Hospital Consultation Income	2477 ⁵⁰		
Hospital O.B. Income	250 ⁰⁰		
		8362 ⁵⁰	
Other Income EKG Leads, etc.	1633 ⁵⁰		
		1633 ⁵⁰	
		40993 ¹⁸	
Operating Income		40993 ¹⁸	
Expenses		36323 ⁴⁰	
Operating Profit		4669 ⁷⁸	
Gain on Sale of Assets (Land Title) Sale of Red Brick Bldg.		128007 ⁰⁰	
		132676 ⁸⁰	
Current Contributions Dr. L. Richard Kenner		50 ⁰⁰	
		132726 ⁸⁰	

Doctors Clinic Foundation
Profit & Loss
September 30-1964

Expenses:

Interest Expense	202586
Adm. Office Supplies	1996
Adm. Travel & Entertainment	7940
Adm. Legal & Acct. Fees	350.00
Adm. Franchise	1160.00
Adm. Ins. Liab & Gen.	275.00
Adm. F.I.C.A. Employer	-
Adm. Real Estate Taxes	514.00
Hospitalization - Adm.	1177
Med. Drs. Salaries	14183.30
Anesthesia Salaries	1575.00
Advertising Drs.	3775
Travel & Entertainment	302.30
dues & Subscription	35.00
Call Service	75.00
Medical F.I.C.A. Employer	782
Hospitalization - Med. Drs.	9445
	<hr/>
	1875739

Expenses Cont'd.

Hickcrest

Business office Salaries	1137 ⁵⁰
Adm. Salaries	312 ⁵⁰
Exec. Salaries	783 ³⁴
Nurses Salaries	1186 ²⁵
Dental Salaries	3031 ⁶⁶
Maintenance Salaries	235 ⁰⁰
Telephone + Telegraph	659 ⁵⁹
Office Supplies	84 ⁵⁹
Postage	50 ⁰⁰
Yard work	126 ¹⁰
Maintenance Supplies	254 ¹
Repairs + Maintenance Beg	132 ²⁸
Janitorial Salaries	200 ⁰⁰
Hickcrest Grounds	250 ⁰⁰
Heat, Light + Power	328 ⁴³
Depr. Office Furn + Equip.	270 ⁰⁰
Depr. Bldgs (small)	290 ⁰⁰
Depr. Land Imp.	490 ⁰⁰
Depr. Medical Equip.	38 ⁰⁰
Depr. Dental Major	150 ⁰⁰
Supplies + Drug Medical	432 ⁴¹
Supplies + Drug Dental	698 ⁹⁸
May Expense	.48
Laboratory Expense	65 ⁰⁵
Laundry	141 ⁴⁹
Depr. Dental Minor	50 ⁰⁰
Depr. Constr. + Progress	610 ⁰⁰
F. I. C. A. Employer	153 ⁹⁸
Hospitalization	82 ⁶⁵
	14015 ⁶⁹

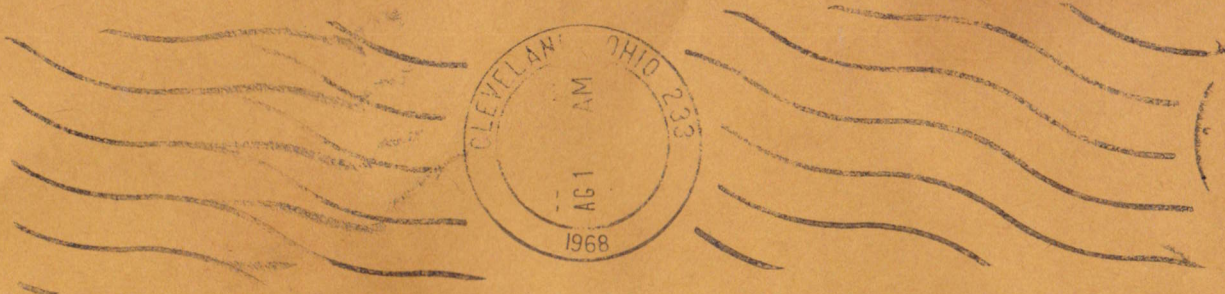
Expenses Cont'd.

Cedar

Business office Salaries	1137 ⁵⁰
Adm. Salaries	312 ⁵⁰
Exec. Salaries	783 ³⁴
Nurses Salaries	1516 ⁶⁸
Maintenance Salaries	280 ³⁹
Telephone & Telegraph	181 ⁰⁸
Office Supplies	66 ⁹¹
Postage	70 ⁰⁰
Repair & Maintenance Bldg.	50 ⁰⁰
Depr. Furn. & Equip.	40 ⁰⁰
Depr. Bldg.	230 ⁰⁰
Depr. Land Imp.	3 ⁵⁰
Supplies & Drugs Medical	473 ⁷⁵
X-ray Expense	185 ¹⁵
Laboratory Expense	6 ⁰⁰
Laundry	86 ³¹
F.I.C.A. Employer	100 ²¹
Hospitalization	27 ⁰⁰
	<hr/>
	5550 ³²

Expenses	
Adm.	18757 ³⁹
Health	12015 ⁶⁹
Cedar	5550 ³²
Total	<hr/>
	36323 ⁴⁰

DOCTOR'S HOSPITAL
12345 CEDAR ROAD
CLEVELAND 6, OHIO



RENNER CLINIC
6760 Mayfield Road
Mayfield Heights 24, Ohio

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

RENNER CLINIC FOUNDATION

MAYFIELD HEIGHTS, OHIO

MAY 31, 1968

ERNST & ERNST

RENNER CLINIC FOUNDATION

FORMERLY DOCTORS CLINIC FOUNDATION
A FOUNDATION NOT FOR PROFIT
6760 MAYFIELD ROAD
MAYFIELD HEIGHTS 24, OHIO

October 23, 1968

R. Richard Renner, M.D.
1259 Oakridge Drive
Cleveland Hts., Ohio 44121

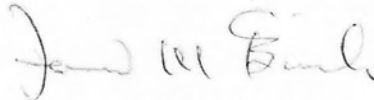
Dear Trustee:

Enclosed please find our annual audit report submitted by Ernst & Ernst.

Please review the report before the Annual Meeting, November 15, 1968, and if any questions arise or there are any items you wish detailed before the meeting, contact me at any time.

Very sincerely,

RENNER CLINIC FOUNDATION



James M. Birch,
Treasurer

Encl--Report

JMB:ipk

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AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

RENNER CLINIC FOUNDATION

MAYFIELD HEIGHTS, OHIO

May 31, 1968

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C O N T E N T S

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AUDITED FINANCIAL STATEMENTS:

ACCOUNTANTS' REPORT.....	PAGE 3
STATEMENT OF FINANCIAL POSITION.....	4
STATEMENT OF INCOME AND EXPENSES.....	6
STATEMENT OF CHANGES IN BALANCES OF FUNDS.....	7
NOTES TO FINANCIAL STATEMENTS.....	8

OTHER FINANCIAL INFORMATION:

ACCOUNTANTS' REPORT ON OTHER FINANCIAL INFORMATION.....	10
DETAIL STATEMENT OF INCOME AND EXPENSES.....	11

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ERNST & ERNST

UNION COMMERCE BUILDING

CLEVELAND, OHIO 44115

Board of Trustees
Renner Clinic Foundation
Mayfield Heights, Ohio

We have examined the statement of financial position of Renner Clinic Foundation as of May 31, 1968, and the related statements of income and expenses and changes in balances of funds 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. We previously made a similar examination of the financial statements for the preceding year.

In our opinion, the accompanying statements of financial position, income and expenses, and changes in balances of funds present fairly the financial position of Renner Clinic Foundation at May 31, 1968, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst

Cleveland, Ohio
June 26, 1968

STATEMENT OF

RENNER

MAY 31

1968

1967

ASSETSCLINIC FUNDS

Cash:

Commercial accounts	\$ 96,232	\$ 15,976
Savings accounts	50,801	27,975
Office cash funds	275	275
	<u>\$ 147,308</u>	<u>\$ 44,226</u>

Accounts receivable	\$ 139,884	\$ 141,559
Less allowance for doubtful accounts	60,000	55,000
	<u>\$ 79,884</u>	<u>\$ 86,559</u>

Investments and other assets:

Amounts receivable from Future Hospital and Nuclear Medicine Institute Funds	\$ 150,827	\$ 211,568
Sundry investments, receivables, advances and deposit	15,024	11,641
Rent prepaid for term of lease (expires January 31, 1974)	244,700	279,900
	<u>\$ 410,551</u>	<u>\$ 503,109</u>

Furniture, fixtures and equipment - at cost	\$ 96,442	\$ 94,849
Less allowances for depreciation	66,424	57,656
	<u>\$ 30,018</u>	<u>\$ 37,193</u>
	<u>\$ 667,761</u>	<u>\$ 671,087</u>

FUTURE HOSPITAL FUND

First mortgage notes receivable from sale of real estate and accrued interest (1968 - \$19,491; 1967 - \$16,712) - Note A	\$ 157,724	\$ 351,412
Note receivable from Cleveland Memorial Medical Foundation and accrued interest (\$1,000)	241,269	—
Advance to Cleveland Memorial Medical Foundation	—	96,270
Land - at cost	319,431	319,431
	<u>\$ 718,424</u>	<u>\$ 767,113</u>

DISCIPLES PAVILLION FUND - Note B

Savings accounts	\$ 2,655	\$ 2,545
Accrued interest receivable	2,041	773
	<u>\$ 4,696</u>	<u>\$ 3,318</u>

NUCLEAR MEDICINE INSTITUTE FUND - Note C

Commercial account	\$ 14,566	\$ 6,397
Equipment - at cost	\$ 14,283	\$ 7,190
Less allowance for depreciation	2,626	479
	<u>\$ 11,657</u>	<u>\$ 6,711</u>
	<u>\$ 26,223</u>	<u>\$ 13,108</u>
	<u>\$1,417,104</u>	<u>\$1,454,626</u>

FINANCIAL POSITION

CLINIC FOUNDATION

	<u>MAY 31</u>	
	<u>1968</u>	<u>1967</u>
<u>LIABILITIES AND FUNDS</u>		
<u>CLINIC FUNDS</u>		
Liabilities:		
Wages payable	\$ 1,823	\$ —
Payroll taxes and amounts withheld from employees' compensation	4,856	3,661
Miscellaneous accrued expenses	<u>1,721</u>	<u>1,377</u>
	\$ 8,400	\$ 5,038
Balance of funds	<u>659,361</u>	<u>666,049</u>
	\$ 667,761	\$ 671,087
 <u>FUTURE HOSPITAL FUND</u>		
Amount payable to Clinic Funds	\$ 148,862	\$ 211,568
Balance of fund	<u>569,562</u>	<u>555,545</u>
	\$ 718,424	\$ 767,113
 <u>DISCIPLES PAVILLION FUND</u>		
Balance of fund	4,696	3,318
 <u>NUCLEAR MEDICINE INSTITUTE FUND</u> — Note C		
Payable to Cleveland Memorial Medical Foundation	\$ —	\$ 703
Amount payable to Clinic Funds	1,965	—
Balance of fund	<u>24,258</u>	<u>12,405</u>
	\$ 26,223	\$ 13,108
 <u>CONTINGENT LIABILITIES</u> — Note D		

See notes to financial statements.

\$1,417,104 \$1,454,626

STATEMENT OF INCOME AND EXPENSES

RENNER CLINIC FOUNDATION

	<u>YEAR ENDED MAY 31</u>	
	<u>1968</u>	<u>1967</u>
<u>INCOME</u>		
Medical	\$ 468,840	\$ 482,729
Other	38,900	29,205
	<u>\$ 507,740</u>	<u>\$ 511,934</u>
<u>EXPENSES</u>		
Salaries and wages	\$ 345,558	\$ 349,457
General	98,836	98,017
Depreciation provision	8,768	8,762
Clinic operating expenses	21,186	21,105
Retirement plan - Note E	21,388	21,549
Provision for doubtful accounts	14,903	12,022
	<u>\$ 510,639</u>	<u>\$ 510,912</u>
NET (LOSS) - INCOME	<u>(\$ 2,899)</u>	<u>\$ 1,022</u>

See notes to financial statements.

STATEMENT OF CHANGES IN BALANCES OF FUNDS

RENNER CLINIC FOUNDATION

Year ended May 31, 1968

	RESEARCH FUND	BUILDING FUND	EDUCATION AND SCIENTIFIC FUND	UNRES DEVEL F
<u>CLINIC FUNDS</u>				
Balances at June 1, 1967	\$ 50,000	\$ 120,659	\$ 42,101	\$ 11
Educational expenditures			(3,789)	
Net loss for the year				
BALANCES AT MAY 31, 1968	<u>\$ 50,000</u>	<u>\$ 120,659</u>	<u>\$ 38,312</u>	<u>\$ 11</u>
<u>FUTURE HOSPITAL FUND</u>				
Balance at June 1, 1967		\$ 555,545		
Interest income		<u>16,725</u>		
		\$ 572,270		
Less real estate taxes		<u>2,708</u>		
BALANCE AT MAY 31, 1968		<u>\$ 569,562</u>		
<u>DISCIPLES PAVILION FUND</u>				
Balance at June 1, 1967		\$ 3,318		
Income:				
Interest from Cleveland Memorial Medical Foundation	\$ 1,268			
Other interest	<u>110</u>		<u>1,378</u>	
BALANCE AT MAY 31, 1968			<u>\$ 4,696</u>	
<u>NUCLEAR MEDICINE INSTITUTE FUND</u>				
Balance at June 1, 1967		\$ 12,404		
Income:				
Symposium grant from Atomic Energy Commission	\$ 4,500			
Grant-in-aid from Mallinckrodt Chemical Works	10,494			
Other grants-in-aid	6,550			
Tuition	42,775			
Lecture fees and other income	<u>9,857</u>		<u>74,176</u>	
			\$ 86,580	
Expenditures:				
Symposium lecture fees and related expenses	\$ 11,080			
Salaries	34,049			
Other expenses	<u>17,193</u>		<u>62,322</u>	
BALANCE AT MAY 31, 1968			<u>\$ 24,258</u>	

See notes to financial statements.

STATEMENT OF CHANGES IN BALANCES OF FUNDS

RENNER CLINIC FOUNDATION

Year ended May 31, 1968

	RESEARCH FUND	BUILDING FUND	EDUCATION AND SCIENTIFIC FUND	UNRESTRICTED DEVELOPMENT FUND	OPERATING FUND	TOTAL
<u>CLINIC FUNDS</u>						
Balances at June 1, 1967	\$ 50,000	\$ 120,659	\$ 42,101	\$ 118,000	\$ 335,289	\$ 666,049
Educational expenditures			(3,789)			(3,789)
Net loss for the year					(2,899)	(2,899)
BALANCES AT MAY 31, 1968	<u>\$ 50,000</u>	<u>\$ 120,659</u>	<u>\$ 38,312</u>	<u>\$ 118,000</u>	<u>\$ 332,390</u>	<u>\$ 659,361</u>
<u>FUTURE HOSPITAL FUND</u>						
Balance at June 1, 1967		\$ 555,545				
Interest income		16,725				
		<u>\$ 572,270</u>				
Less real estate taxes		2,708				
BALANCE AT MAY 31, 1968		<u>\$ 569,562</u>				
<u>DISCIPLES PAVILION FUND</u>						
Balance at June 1, 1967		\$ 3,318				
Income:						
Interest from Cleveland Memorial Medical Foundation	\$ 1,268					
Other interest	110					
BALANCE AT MAY 31, 1968		<u>\$ 4,696</u>				
<u>NUCLEAR MEDICINE INSTITUTE FUND</u>						
Balance at June 1, 1967		\$ 12,404				
Income:						
Symposium grant from Atomic Energy Commission	\$ 4,500					
Grant-in-aid from Mallinckrodt Chemical Works	10,494					
Other grants-in-aid	6,550					

NOTES TO FINANCIAL STATEMENTS

RENNER CLINIC FOUNDATION

May 31, 1968

NOTE A - FIRST MORTGAGE NOTES RECEIVABLE

The notes bear interest at 6% and are payable \$56,866 at September 6, 1968, and \$126,667 at March 6, 1969. The sale of real estate has been recorded net of \$45,300 which by terms of the sale agreement will be credited to the sale price at the time of the last payment on the first mortgage notes receivable.

NOTE B - DISCIPLES PAVILION FUND

The Code of Regulations states that this Fund was created for the purpose of raising money which the Foundation is authorized to use for the construction and equipping of hospitals and accessory buildings.

Among other things, the Code provides for a fund to be established by the Foundation to meet the hospital and medical expenses for such persons as are approved by the Disciples Pavilion Association. The Foundation is to provide such funds by reserving annually an amount equal to 5% of the Disciples Pavilion Fund which it used for the construction and equipping of hospitals and accessory buildings.

During fiscal 1967, \$25,356 of this Fund was donated to the Cleveland Memorial Medical Foundation's Hillcrest Hospital building fund, and under the terms of the pledge, such Foundation must return to the Disciples Pavilion Fund an amount equal to 5% of the money received annually for use in the construction of the proposed hospital.

NOTE C - NUCLEAR MEDICINE INSTITUTE FUND

The Nuclear Medicine Institute was organized to provide facilities for the training of doctors and technologists in the field of nuclear medicine. Use of the Fund is restricted to the extent that no operational indebtedness may be incurred in excess of its cash on hand.

NOTE D - CONTINGENT LIABILITIES

The Foundation has been named a co-defendant in two lawsuits currently pending in Common Pleas Court of Cuyahoga County. However, counsel has expressed the belief that exposure to the Foundation is adequately covered by insurance.

The Foundation may be liable to Cleveland Memorial Medical Foundation for a portion of certain expenses, the reimbursement of which by an outside insurance plan is currently being disputed. While the amount involved has not yet been determined, officers of Renner Clinic Foundation are of the opinion that the ultimate expense to the Foundation will not be material.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE E - RETIREMENT PLAN

The Foundation has a retirement plan for all professional employees. Prior service costs under the plan are fully funded and pension costs accrued are funded annually.

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OTHER FINANCIAL INFORMATION

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ACCOUNTANTS' REPORT ON OTHER FINANCIAL INFORMATION

Renner Clinic Foundation
Mayfield Heights, Ohio

The audited financial statements of Renner Clinic Foundation and our report thereon are presented in the preceding section of this report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the aforementioned financial statements, and in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole; however, it is not necessary for a fair presentation of the financial position and results of operations of the Foundation.

Ernst & Ernst

Cleveland, Ohio
June 26, 1968

DETAIL STATEMENT OF INCOME AND EXPENSES

RENNER CLINIC FOUNDATION

	<u>YEAR ENDED MAY 31</u>	
	1968	1967
<u>INCOME</u>		
<u>MEDICAL</u>		
Clinic and hospital services	\$ 227,524	\$ 239,699
X-Ray	146,131	140,916
Anesthesia	95,185	102,114
	<u>\$ 468,840</u>	<u>\$ 482,729</u>
<u>OTHER</u>		
Rent	\$ 7,630	\$ 6,083
Dividends and interest	20,602	19,146
Miscellaneous	10,668	3,976
	<u>\$ 38,900</u>	<u>\$ 29,205</u>
	<u>\$ 507,740</u>	<u>\$ 511,934</u>
 <u>EXPENSES</u>		
<u>SALARIES AND WAGES (Including doctors' salaries of \$258,251 in 1968, and \$268,249 in 1967)</u>		
	\$ 345,558	\$ 349,457
<u>GENERAL</u>		
Travel and entertainment	\$ 2,328	\$ 3,152
Telephone and telegraph	5,746	5,767
Professional services	6,795	5,824
Payroll taxes	8,874	8,759
Rent	56,076	56,085
Office supplies	2,407	3,088
Hospitalization	3,146	3,170
Insurance	3,802	3,725
Postage	1,641	1,566
Dues and subscriptions	5,145	4,834
Advertising	701	348
Miscellaneous	2,175	1,699
	<u>\$ 98,836</u>	<u>\$ 98,017</u>
<u>DEPRECIATION PROVISION</u>	8,768	8,762
<u>CLINIC OPERATING EXPENSES</u>		
Supplies and drugs	\$ 6,265	\$ 6,470
Heat, light, and power	3,727	3,778
Personal property taxes	4,169	2,844
Maintenance	2,479	2,676
X-Ray	2,963	3,676
Laundry	1,146	1,211
Laboratory	437	450
	<u>\$ 21,186</u>	<u>\$ 21,105</u>
<u>RETIREMENT PLAN</u>	21,388	21,549
<u>PROVISION FOR DOUBTFUL ACCOUNTS</u>	14,903	12,022
	<u>\$ 510,639</u>	<u>\$ 510,912</u>
NET (LOSS) - INCOME	<u>(\$ 2,899)</u>	<u>\$ 1,022</u>

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

RENNER CLINIC FOUNDATION

CLEVELAND, OHIO

MAY 31, 1971

ERNST & ERNST

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AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

RENNER CLINIC FOUNDATION

MAYFIELD HEIGHTS, OHIO

May 31, 1971

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C O N T E N T S

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AUDITED FINANCIAL STATEMENTS:	
ACCOUNTANTS' REPORT.....	PAGE 3
STATEMENT OF FINANCIAL POSITION.....	4
STATEMENT OF INCOME AND EXPENSES.....	6
STATEMENT OF CHANGES IN BALANCES OF FUNDS.....	7
NOTES TO FINANCIAL STATEMENTS.....	8
OTHER FINANCIAL INFORMATION:	
ACCOUNTANTS' REPORT ON OTHER FINANCIAL INFORMATION.....	10
DETAIL STATEMENT OF INCOME AND EXPENSE.....	11
DETAILS OF MARKETABLE SECURITIES.....	13

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ERNST & ERNST

UNION COMMERCE BUILDING

CLEVELAND, OHIO 44115

Board of Trustees
Renner Clinic Foundation
Mayfield Heights, Ohio

We have examined the statement of financial position of Renner Clinic Foundation as of May 31, 1971, and the related statements of income and expenses and changes in balances of funds 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. We previously made a similar examination of the financial statements for the preceding year.

In our opinion, the accompanying statements of financial position, income and expenses, and changes in balances of funds present fairly the financial position of Renner Clinic Foundation at May 31, 1971, and the results of its operations and changes in balances of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Cleveland, Ohio
July 13, 1971

A handwritten signature in black ink, appearing to read "Ernst Ernst", written in a cursive style. The signature is positioned to the right of the date and location text.

STATEMENT OF
RENNER

		MAY 31,	
		1971	1970
ASSETS			
CLINIC FUNDS			
Cash:			
Commercial accounts	\$ 28,742	\$ 30,973	
Savings accounts	13,330	20,096	
Office cash funds	150	150	
	42,222	51,219	
Accounts receivable	83,042	119,503	
Less allowance for doubtful accounts	42,000	70,000	
	41,042	49,503	
Investments:			
Short-term commercial paper	50,000	125,000	
Marketable securities at cost (approximate market value \$393,149)	387,328	267,335	
	437,328	392,335	
Other assets:			
Rent prepaid for term of lease (expires January 31, 1974)	125,520	167,650	
Sundry receivables, advances and other assets	43,086	32,588	
	168,606	200,238	
Property and equipment - on the basis of cost:			
Apartment land - Note B	40,000	40,000	
Apartment buildings and equipment - Note B	768,273	760,000	
Clinic equipment	55,698	56,048	
	863,971	856,048	
Less allowances for depreciation	93,656	45,938	
	770,315	810,110	
TOTAL CLINIC FUNDS		1,459,513	1,503,405
FUTURE HOSPITAL FUND			
Amount receivable from Clinic Funds	237,846	241,529	
Land - at cost	319,431	319,431	
TOTAL FUTURE HOSPITAL FUNDS		557,277	560,960
DISCIPLES PAVILION FUND - Note C			
Savings accounts	3,044	2,897	
Accrued interest receivable	7,747	6,479	
TOTAL DISCIPLES PAVILION FUNDS		10,791	9,376
		\$2,027,581	\$2,073,741

FINANCIAL POSITION

CLINIC FOUNDATION

MAY 31,

1971

1970

LIABILITIES AND FUND BALANCES

CLINIC FUNDS

Liabilities:

Accounts payable	\$ 1,073	\$ 2,563
Payroll taxes and amounts withheld from employees' compensation	1,636	1,655
Miscellaneous accrued expenses	9,450	15,840
Amount payable to Future Hospital Fund	237,846	241,529
Rental security deposits	13,140	13,146
Long-term debt (\$37,132 due within one year) - Note B	596,357	629,560

Balance of funds

<u>859,502</u>	<u>904,293</u>
<u>600,011</u>	<u>599,112</u>
<u>1,459,513</u>	<u>1,503,405</u>

FUTURE HOSPITAL FUND

557,277 560,960

DISCIPLES PAVILION FUND

10,791 9,376

COMMITMENT - Note D

\$2,027,581

\$2,073,741

See notes to financial statements.

STATEMENT OF INCOME AND EXPENSES

RENNER CLINIC FOUNDATION

	YEAR ENDED MAY 31,	
	<u>1971</u>	<u>1970</u>
INCOME		
Laboratory and X-ray services	\$ 15,348	\$ 15,695
Clinic rental and other income	56,896	29,822
Interest and dividends	22,125	27,283
Gains on security transactions	27,338	-0-
Apartment rental	<u>116,773</u>	<u>10,198</u>
	238,480	82,998
EXPENSES		
Salaries and wages	14,540	10,651
Donations	20,387	11,963
General	74,612	39,067
Depreciation (straight-line method)	8,418	3,785
Broker commission and safekeeping charges	1,255	1,945
Apartment operations (includes depreciation, straight-line method, of \$40,004)	<u>135,876</u>	<u>10,947</u>
	255,088	78,358
	(LOSS) INCOME FROM CONTINUING OPERATIONS	(16,608) 4,640
Net income (loss) from discontinued operations - Note A	17,724	(21,170)
	NET INCOME (LOSS)	<u>\$ 1,116</u> <u>\$ (16,530)</u>

See notes to financial statements.

STATEMENT OF CHANGES IN BALANCES OF FUNDS

RENNER CLINIC FOUNDATION

Year ended May 31, 1971

	<u>RESEARCH FUND</u>	<u>BUILDING FUND</u>
CLINIC FUNDS		
Balances at June 1, 1970	\$ 50,000	\$ 120,000
Educational expenditures		
Net income for the year		
BALANCES AT MAY 31, 1971	<u>\$ 50,000</u>	<u>\$ 120,000</u>
FUTURE HOSPITAL FUND		
Balance at June 1, 1970		\$ 560,000
Less real estate taxes		(3,000)
BALANCE AT MAY 31, 1971		<u>\$ 557,000</u>
DISCIPLES PAVILION FUND		
Balance at June 1, 1970		\$ 9,000
Interest from Cleveland Memorial Medical Foundation and savings account		1,000
BALANCE AT MAY 31, 1971		<u>\$ 10,000</u>

See notes to financial statements.

STATEMENT OF CHANGES IN BALANCES OF FUNDS

RENNER CLINIC FOUNDATION

Year ended May 31, 1971

	RESEARCH FUND	BUILDING FUND	EDUCATION AND SCIENTIFIC FUND	UNRESTRICTED DEVELOPMENT FUND	OPERATING FUND	TOTAL
CLINIC FUNDS						
Balance at June 1, 1970	\$ 50,000	\$ 120,659	\$ 35,491	\$ 118,000	\$ 274,962	\$ 599,112
Additional expenditures incurred during the year			(217)		1,116	(217)
BALANCE AT MAY 31, 1971	<u>\$ 50,000</u>	<u>\$ 120,659</u>	<u>\$ 35,274</u>	<u>\$ 118,000</u>	<u>\$ 276,078</u>	<u>\$ 600,011</u>
FUTURE HOSPITAL FUND						
Balance at June 1, 1970		\$ 560,960				
Real estate taxes		(3,683)				
BALANCE AT MAY 31, 1971		<u>\$ 557,277</u>				
DISCIPLES PAVILION FUND						
Balance at June 1, 1970		\$ 9,376				
Gift from Cleveland Memorial Medical Foundation and savings account		1,415				
BALANCE AT MAY 31, 1971		<u>\$ 10,791</u>				

Refer to financial statements.

NOTES TO FINANCIAL STATEMENTS

RENNER CLINIC FOUNDATION

May 31, 1971

NOTE A - REORGANIZATION

On January 1, 1970, through amendment of the articles of incorporation, the Foundation changed its general purpose and became a nonoperating charitable foundation. Accordingly, the Foundation began terminating all out patient clinic functions, except for a portion of the laboratory and X-ray departments which will be terminated on January 31, 1974 upon expiration of the sublease of the clinic facilities.

Income and expenses from the terminated clinic functions, classified as "net income (loss) from discounted operations" in the accompanying statement of income and expenses, are as follows:

	<u>1971</u>	<u>1970</u>
Income	\$ 188,778	\$ 484,037
Expenses	171,054	505,207

NOTE B - LONG-TERM DEBT

Long-term debt of the Foundation at May 31, 1971 consisted of the following:

Eastchester Apartment, Bay Harbor Island, Florida - mortgage loans assumed:		
The Prudential Insurance Company of America, 6%, First Mortgage Note, due December 1, 1978		\$ 114,341
Jay and Helen G. Rechtschaffer, 6%, Purchase Money Second Mortgage, due February 1, 1981		90,856
Harbor Manor Apartment, Bay Harbor Island, Florida - The Prudential Insurance Company of America, 6-1/4%, First Mortgage Note, due January 1, 1978		
Marius and Annette Ranson, 8%, Purchase Money Second Mortgage, due February 1, 1981		64,908
Purchase Money Third Mortgage - Eastchester Apartment and Harbor Manor Apartment: Northview Associates, a partnership, promissory note dated May 1, 1970, 7%, due March 30, 1979		
		261,454
		<u>\$ 596,357</u>

The Eastchester Apartments are encumbered by the first, second and third mortgages as well as by a mortgage deed ("the other mortgage") issued in connection with a loan to Varick Hill Realty Corp. (the seller) from Rechtschaffer on an apartment building owned by Varick. Terms of the second mortgage and the other mortgage provide that default on either loan (the Foundation has not obtained the knowledge of any such default) gives

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - LONG-TERM DEBT - CONTINUED

Rechtschaffer the right to call both loans and to foreclose on properties securing both loans. The Foundation has obtained a personal letter of indemnification from three individuals (all principals of Varick) guaranteeing performance by Varick on the other mortgage loan. Further, the Foundation, through an agreement with Varick, may make past due payments on the other mortgage loan on behalf of Varick, with the right of offset of such payments against the Foundation's third mortgage loan from Northview Associates (an affiliate of Varick).

NOTE C - DISCIPLES PAVILION FUND

The Code of Regulations states that this Fund was created for the purpose of raising money which the Foundation is authorized to use for the construction and equipping of hospitals and accessory buildings.

Among other things, the Code provides for a fund to be established by the Foundation to meet the hospital and medical expenses for persons approved by the Disciples Pavilion Association. The Foundation is to provide such funds by reserving annually an amount equal to 5% of the Disciples Pavilion Fund which it used for the construction and equipping of hospitals and accessory buildings.

During fiscal 1967, \$25,356 of this Fund was donated to the Cleveland Memorial Medical Foundation's Hillcrest Hospital building fund, and under the terms of the pledge, such Foundation must return annually to the Disciples Pavilion Fund an amount equal to 5% of the money received.

NOTE D - DONATION COMMITMENT

The Board of Trustees has committed the Foundation to donate \$100,000 to Bethany College. At May 31, 1971, \$30,000 had been paid, including \$20,000 during the current year.

NOTE E - FEDERAL INCOME TAXES

No federal income taxes have been provided on the Foundation's investment income since such transactions resulted in a tax loss.

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OTHER FINANCIAL INFORMATION

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ACCOUNTANTS' REPORT ON OTHER FINANCIAL INFORMATION

Renner Clinic Foundation
Mayfield Heights, Ohio

The audited financial statements of Renner Clinic Foundation and our report thereon are presented in the preceding section of this report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the aforementioned financial statements, and in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole; however, it is not necessary for a fair presentation of the financial position and results of operations of the Foundation.



Cleveland, Ohio
July 13, 1971

DETAIL STATEMENT OF INCOME AND EXPENSE

RENNER CLINIC FOUNDATION

	YEAR ENDED MAY 31,	
	<u>1971</u>	<u>1970</u>
INCOME		
MEDICAL		
X-ray services	\$ 9,681	\$ 8,718
Laboratory services	<u>5,667</u>	<u>6,977</u>
	15,348	15,695
CLINIC RENTAL AND OTHER INCOME		
Rental	46,658	19,410
Interest	8,870	4,754
Miscellaneous	<u>1,368</u>	<u>5,658</u>
	56,896	29,822
INTEREST AND DIVIDENDS		
Interest	16,044	24,445
Dividends	<u>6,081</u>	<u>2,838</u>
	22,125	27,283
GAIN ON SECURITY TRANSACTIONS		
	27,338	-o-
APARTMENT RENTAL		
Eastchester	74,127	6,863
Harbor Manor	<u>42,646</u>	<u>3,335</u>
	116,773	10,198
	<u>238,480</u>	<u>82,998</u>
EXPENSES		
SALARIES AND WAGES		
	14,540	10,651
DONATIONS		
Bethany College	20,000	10,000
Others	<u>387</u>	<u>1,963</u>
	20,387	11,963
GENERAL		
Travel and entertainment	919	754
Telephone and telegraph	96	1,705
Professional services	9,393	4,216
Payroll taxes	177	698
Rent	51,428	21,585
Office supplies	151	1,023
Hospitalization	91	531
Insurance	1,790	1,045
Postage	116	774
Advertising	-o-	66
Heat, light, and power	3,547	1,380
Personal property taxes	2,148	1,423
Maintenance	1,597	741
X-ray	1,616	1,595
Laboratory	1,033	874
Miscellaneous	<u>510</u>	<u>657</u>
	74,612	39,067

DETAIL STATEMENT OF INCOME AND EXPENSE

	<u>YEAR ENDED MAY 31,</u>	
	<u>1971</u>	<u>1970</u>
EXPENSES - CONTINUED		
DEPRECIATION (straight-line method)	8,418	3,785
BROKER COMMISSION AND SAFEKEEPING CHARGES	1,255	1,945
APARTMENT OPERATIONS		
Administrative and maintenance	54,838	4,260
Depreciation (straight-line method)	40,004	3,175
Interest on debt	41,034	3,512
	<u>135,876</u>	<u>10,947</u>
	255,088	78,358
(LOSS) INCOME FROM CONTINUING OPERATIONS	(16,608)	4,640
NET GAIN (LOSS) FROM DISCONTINUED OPERATIONS		
Income	188,778	484,037
Salaries and wages expense	(139,387)	(369,739)
General expenses	(31,667)	(135,468)
	<u>17,724</u>	<u>(21,170)</u>
NET GAIN (LOSS)	<u>\$ 1,116</u>	<u>\$ (16,530)</u>

DETAILS OF MARKETABLE SECURITIES

RENNER CLINIC FOUNDATION

May 31, 1971

<u>DESCRIPTION</u>	<u>NUMBER OF SHARES OR PRINCIPAL AMOUNT</u>	<u>COST</u>	<u>APPROXIMATE MARKET</u>
COMMON STOCKS			
American Airlines, Inc.	450	\$ 10,356	\$ 15,131
Carolina Light & Power Company	1,000	27,525	23,000
Connecticut General Insurance Corporation	200	14,250	12,125
Fuqua Industries, Inc.	689	25,462	15,847
Gray Drug Stores, Inc.	800	25,500	24,800
Lincoln National Corporation	360	25,260	26,825
Mid Texas Communications Systems, Inc.	500	7,750	7,100
Nationwide Corporation	100	763	1,088
Rex Noreco, Inc.	1,000	16,625	22,125
Telephone Utilities, Inc.	1,200	16,950	12,600
Time D. C., Inc.	800	15,300	14,800
Tremco	550	9,762	9,763
Universal Oil Products	600	16,800	12,225
	TOTAL COMMON STOCKS	<u>212,303</u>	<u>197,429</u>
PREFERRED STOCKS			
Reliance Electric Co.	300	14,850	20,325
Reynolds Metal Company	300	25,175	23,438
Textron, Inc.	400	2,625	11,800
	TOTAL PREFERRED STOCKS	<u>42,650</u>	<u>55,563</u>
BONDS			
Crown Zellerbach Corporation	\$ 50,000	50,125	51,625
EDP Resources, Inc.	10,000	5,850	6,400
The Standard Oil Company (Ohio)	50,000	49,875	51,563
	TOTAL BONDS	<u>105,850</u>	<u>109,588</u>
MUTUAL FUNDS			
Affiliated Funds	219	529	1,794
The Eberstadt Fund, Inc.	1,912	25,996	28,775
	TOTAL MUTUAL FUNDS	<u>26,525</u>	<u>30,569</u>
	TOTALS	<u>\$ 387,328</u>	<u>\$ 393,149</u>

Pepper Clinic Foundation
October 1971

October 71 5/110 71

Income

Medical Operations
Anesthesia
X-ray
Lab

-0-	1728600
78100	441900
37080	201680
115180	2372180

Investments

Interest
Dividends
Gains (Loss) Securities

80000	400000
61952	779922
97500	316250
239452	1496172

Clinic Building

Rent Income
Interest Income

385887	180124
-0-	6596
385887	1796692

Other Income

Total Operating Income

-0-	-0-
740519	5665024

Rental and Bldgs

Enterprise
Harbor Manor

578257	2793471
336350	1712722
914609	4706193

Total Income

1655128	10371447
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Federal Income Production
State of Illinois - Expend

October 1971

Expense	10/31	5/31/71
<u>Medical Expenses</u>		
Physician Salary	--	211500
Medical Office Salary		20000
Office Salary		30000
Travel & Lab Expense	75000	100000
Insurance (Health)	--	(12000)
Misc	2000	10000
	75000	130000
<u>Administrative Expense</u>		
Administrative Salary	60000	100000
Misc Expense	2000	10000
Professional Service	60000	30000
Real Estate Tax	30000	15000
Personal Property Tax	--	22000
	166500	252000
<u>General Operating Expense</u>		
Salaries	50000	313000
Donations	--	2000000
Investments	63272	80000
Building Expense	66019	420000
Insurance	136200	136200
Rent Expense	425000	2625000
	940191	5135000
Total Operating Expense	935566	2000000
Total Profit (Loss) from operations	667562	2300000
<u>Real Estate Expense</u>		
Employer's Operating	420000	2000000
Renter's Minor Operating	297000	1500000
Employer's Depreciation	220000	1100000
Renter's Major Depreciation	100000	500000
	1045000	5000000
Total Expense	2031126	13000000
Total Profit (Loss)	(370992)	(2000000)