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1. The first part of the document discusses the importance of maintaining accurate records of all transactions and the role of the accounting system in providing reliable financial information. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods used to collect and analyze data, including surveys, interviews, and focus groups. It describes how these methods are used to gather information from different stakeholders and how the data is then analyzed to identify trends and patterns.

3. The third part of the document discusses the challenges faced in the collection and analysis of data, such as the difficulty of obtaining accurate information from respondents and the potential for bias in the data. It also discusses the importance of ensuring the confidentiality and security of the data.

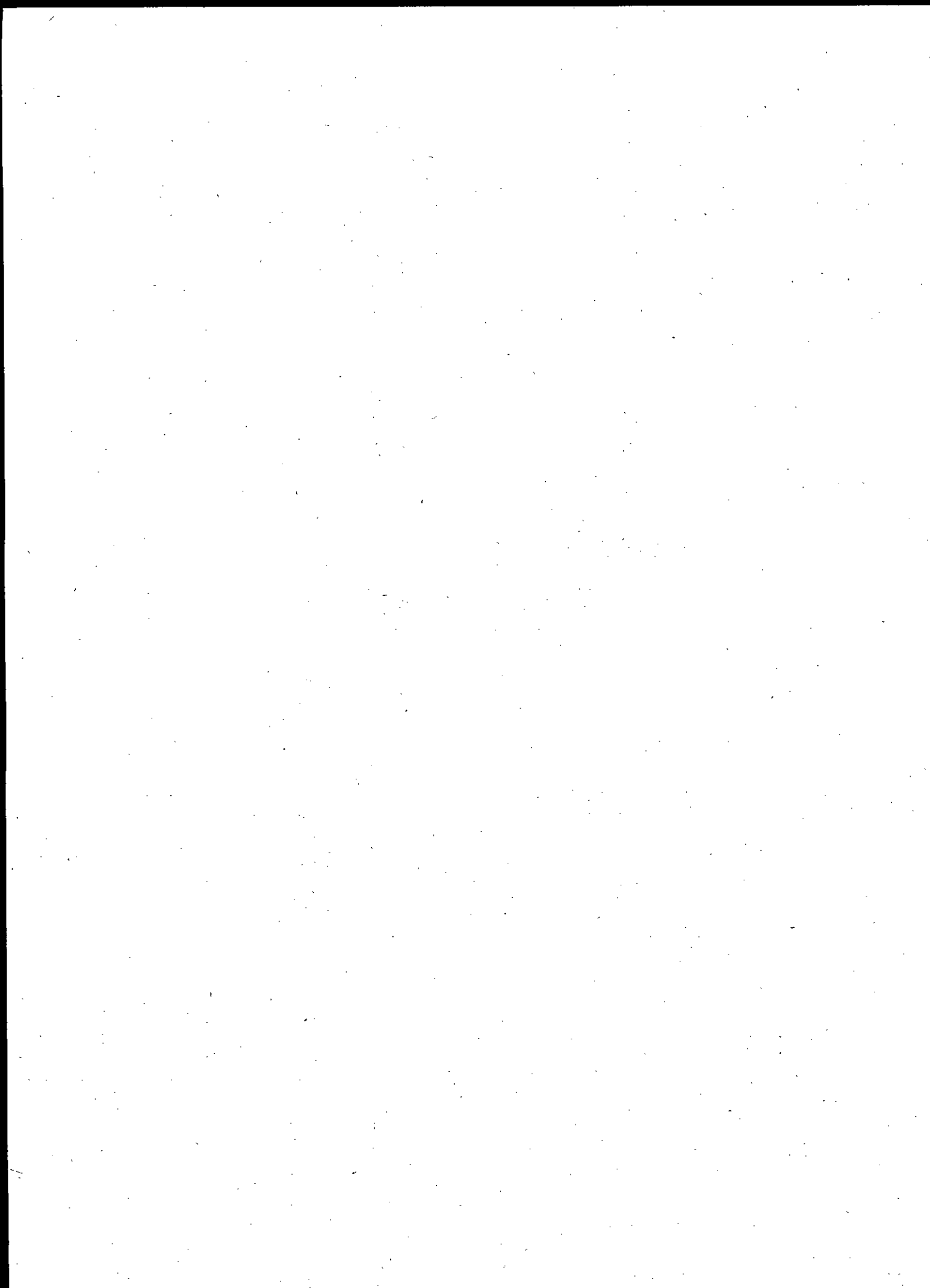
4. The fourth part of the document discusses the results of the data collection and analysis, including the identification of key findings and the implications for the organization. It also discusses the need for ongoing monitoring and evaluation to ensure that the data remains relevant and accurate over time.

5. The fifth part of the document discusses the conclusions drawn from the data and the recommendations for future research and action. It emphasizes the need for continued collaboration and communication between the organization and its stakeholders to ensure the success of the project.

**THE FEIGHNER RESEARCH INSTITUTE**  
**YEARS ENDED NOVEMBER 30, 1997 AND 1996**

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# **DEREZIN, BREIER & C O M P A N Y**

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A PARTNERSHIP WITH PROFESSIONAL CORPORATIONS\*

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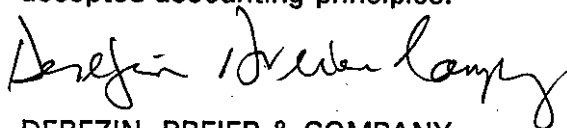
**August 3, 1998**

Board of Directors  
The Feighner Research Institute  
La Mesa, California

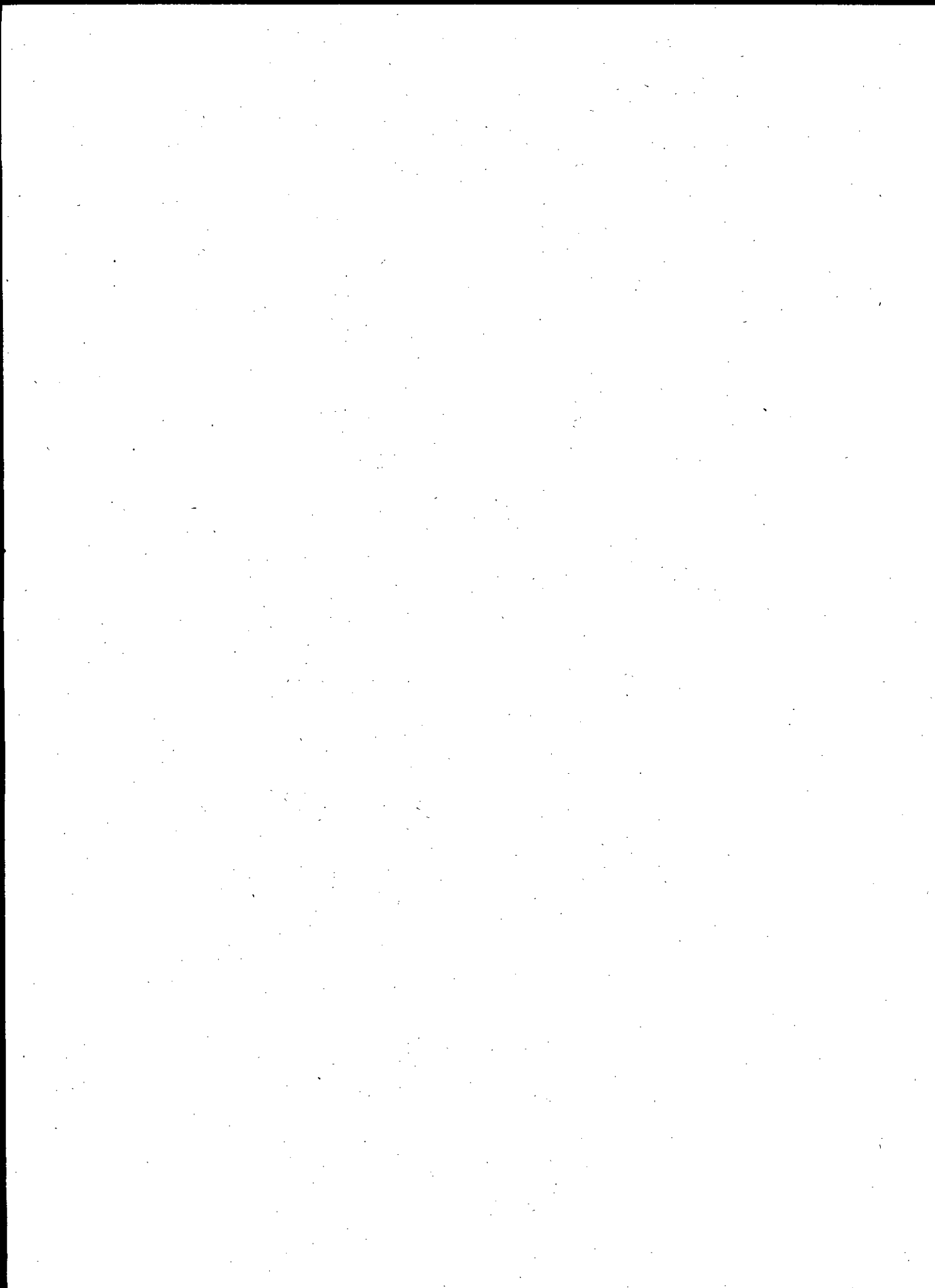
We have reviewed the accompanying balance sheets of The Feighner Research Institute as of November 30, 1997 and 1996, and the related statements of income, shareholders' equity, cash flows and schedules of general and administrative expenses and statement of income - London division for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of The Feighner Research Institute.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



DEREZIN, BREIER & COMPANY



THE FEIGHNER RESEARCH INSTITUTE  
BALANCE SHEETS  
NOVEMBER 30, 1997 AND 1996  
(See Accountant's Review Report)

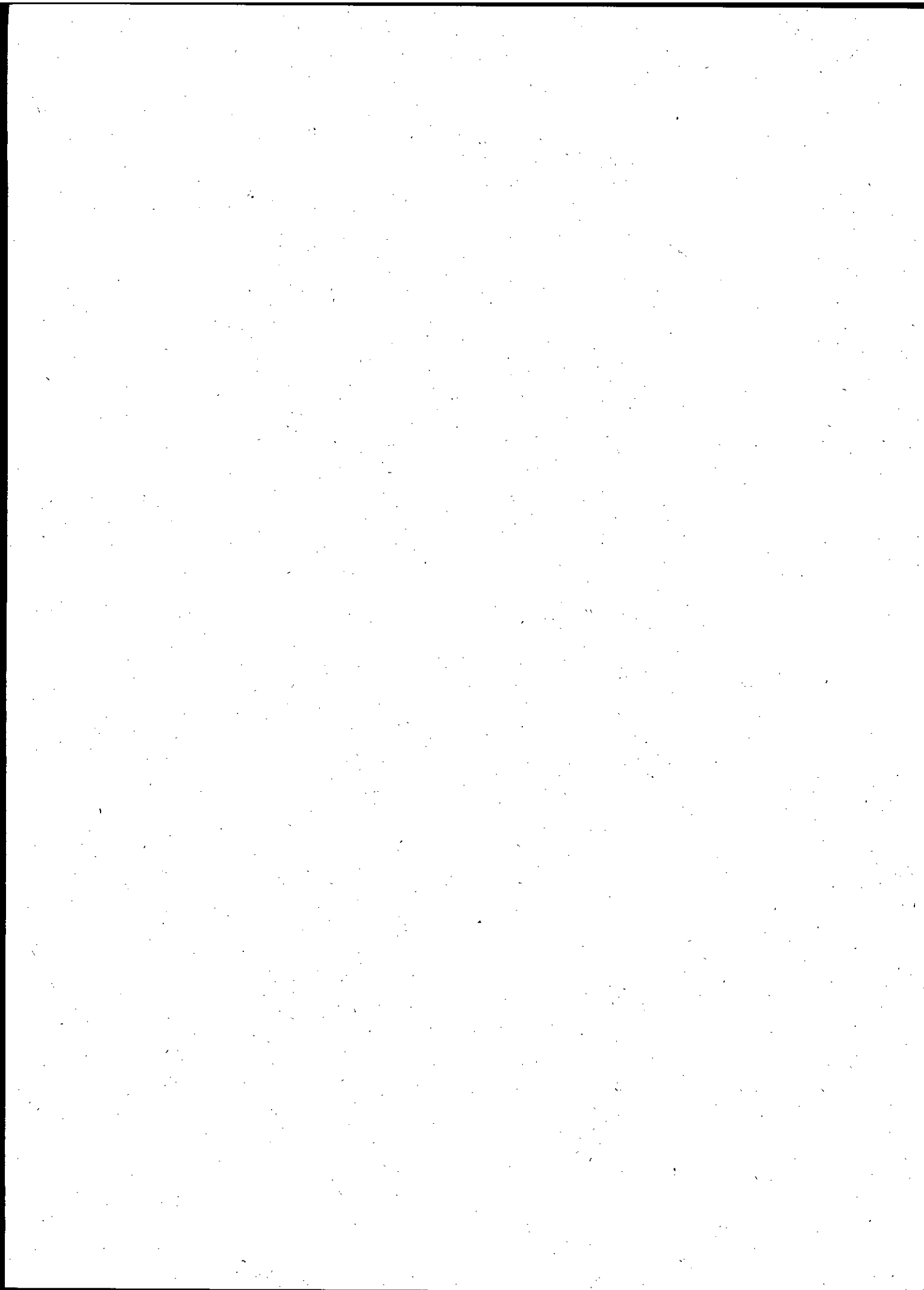
ASSETS

	<u>1997</u>	<u>1996</u>
Current assets:		
Cash	\$ 242,555	\$ 561,843
Accounts receivable (Note 1)	353,591	312,606
Government bond fund	264,455	264,455
Other receivables and prepaid expenses	10,839	11,831
Income taxes prepaid	<u>9,064</u>	<u>4,201</u>
Total current assets	<u>880,504</u>	<u>1,154,936</u>
Property and equipment: (Note 1)		
Furniture and fixtures	35,031	31,717
Equipment	90,406	90,065
Leasehold improvements	<u>21,822</u>	<u>21,822</u>
	147,259	143,604
Less accumulated depreciation	<u>94,184</u>	<u>70,854</u>
Total property and equipment	<u>53,075</u>	<u>72,750</u>
Other assets:		
Security deposits	<u>7,982</u>	<u>6,232</u>
	<u>\$ 941,561</u>	<u>\$ 1,233,918</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 780,538	\$ 1,027,944
Total current liabilities	<u>780,538</u>	<u>1,027,944</u>
Shareholders' equity:		
Common stock, no par value, authorized 75,000 shares: issued and outstanding 1,000 shares	4,250	4,250
Retained earnings	<u>156,773</u>	<u>201,724</u>
Total shareholders' equity	<u>161,023</u>	<u>205,974</u>
	<u>\$ 941,561</u>	<u>\$ 1,233,918</u>

See notes to financial statements.

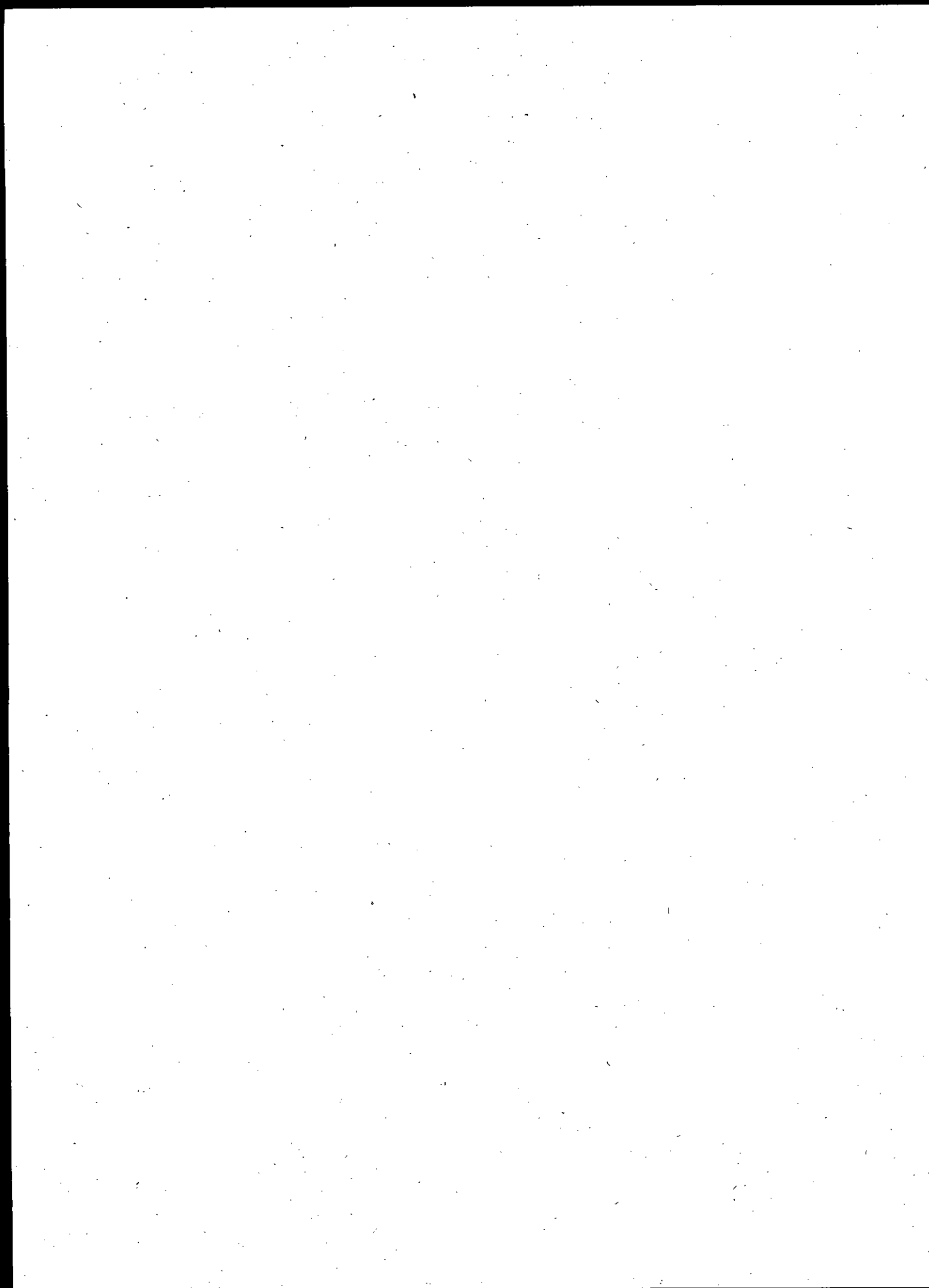




THE FEIGHNER RESEARCH INSTITUTE  
STATEMENTS OF INCOME  
YEARS ENDED NOVEMBER 30, 1997 AND 1996  
(See Accountant's Review Report)

	<u>1997</u>		<u>1996</u>	
	<u>Amount</u>	<u>Percentage of Grant Amount</u>	<u>Amount</u>	<u>Percentage of Grant Amount</u>
Grant income	\$ 1,354,613	100.0	\$ 1,852,615	100.0
Direct costs billed and research income	<u>12,373</u>	<u>.9</u>	<u>15,592</u>	<u>.8</u>
	<u>1,366,986</u>	<u>100.9</u>	<u>1,868,207</u>	<u>100.8</u>
Direct expenses:				
Medical evaluations, physicians	215,803	15.9	365,128	19.7
Hospital expense	35,700	2.6	182,450	9.9
Research expense	15,835	1.2	24,759	1.3
Laboratory and scan costs	<u>23,090</u>	<u>1.7</u>	<u>56,774</u>	<u>3.1</u>
	<u>290,428</u>	<u>21.4</u>	<u>629,111</u>	<u>34.0</u>
Grant income less direct expenses	1,076,558	79.5	1,239,096	66.8
Interest income	<u>30,059</u>	<u>2.2</u>	<u>39,958</u>	<u>2.2</u>
	1,106,617	81.7	1,279,054	69.0
General and administrative expenses	<u>988,447</u>	<u>73.0</u>	<u>1,184,424</u>	<u>63.9</u>
Income - San Diego division	118,170	8.7	94,630	5.1
Loss - London division	<u>(162,234)</u>	<u>(12.0)</u>	<u>(78,059)</u>	<u>(4.2)</u>
Income (loss) before taxes	(44,064)	(3.3)	16,571	.9
Income taxes, current	<u>887</u>	<u>—</u>	<u>4,012</u>	<u>.2</u>
Net income (loss)	<u>\$ (44,951)</u>	<u>(3.3)</u>	<u>\$ 12,559</u>	<u>.7</u>

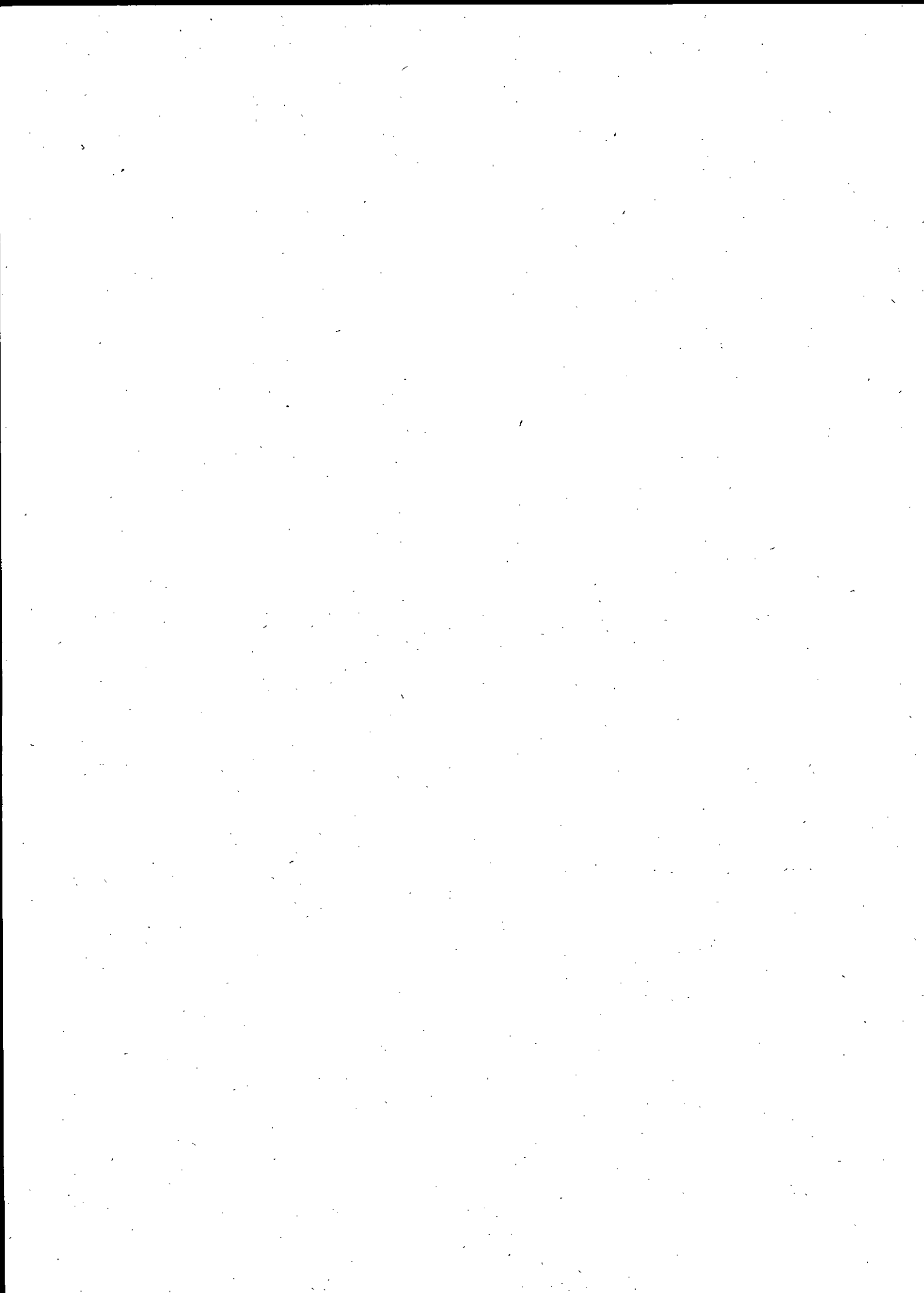
See notes to financial statements.



THE FEIGHNER RESEARCH INSTITUTE  
STATEMENTS OF SHAREHOLDERS' EQUITY  
YEARS ENDED NOVEMBER 30, 1997 AND 1996  
(See Accountant's Review Report)

	<u>Common Stock Outstanding</u>	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, November 30, 1995	1,000	\$ 4,250	\$ 190,165	\$ 194,415
Net income for the year			12,559	12,559
Dividends paid	<u>      </u>	<u>      </u>	<u>(1,000)</u>	<u>(1,000)</u>
Balance, November 30, 1996	1,000	4,250	201,724	205,974
Net loss for the year	<u>      </u>	<u>      </u>	<u>(44,951)</u>	<u>(44,951)</u>
Balance, November 30, 1997	<u>1,000</u>	<u>\$ 4,250</u>	<u>\$ 156,773</u>	<u>\$ 161,023</u>

See notes to financial statements.



THE FEIGHNER RESEARCH INSTITUTE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED NOVEMBER 30, 1997 AND 1996  
(See Accountant's Review Report)

	<u>1997</u>	<u>1996</u>
Cash flows from operating activities:		
Net income (loss)	\$ (44,951)	\$ 12,559
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	23,330	20,879
(Increase) decrease in:		
Accounts receivable	(40,985)	(289,317)
Other receivables and prepaid expenses	992	(8,927)
Security deposits	(1,750)	
Income taxes prepaid	(4,863)	(4,786)
Increase (decrease) in:		
Accounts payable	<u>(247,406)</u>	<u>93,379</u>
Net cash used in operations	<u>(315,633)</u>	<u>(176,213)</u>
Investing activities:		
Purchase of property and equipment	<u>(3,655)</u>	<u>(43,301)</u>
Financing activities:		
Dividends paid	<u>                    </u>	<u>(1,000)</u>
Net decrease in cash	(319,288)	(220,514)
Cash beginning	<u>561,843</u>	<u>782,357</u>
Cash ending	<u>\$ 242,555</u>	<u>\$ 561,843</u>
Supplemental disclosures of cash flow information:		
Income taxes paid during year	<u>\$ 5,750</u>	<u>\$ 8,798</u>
Interest paid during year	<u>\$ 0</u>	<u>\$ 0</u>

See notes to financial statements.

the economy. The model is a dynamic system of four equations in four variables:  $y$ ,  $k$ ,  $m$ , and  $h$ .

The first equation is the production function, which relates output  $y$  to capital  $k$ , labor  $m$ , and human capital  $h$ :

$$y = A k^\alpha m^\beta h^{1-\alpha-\beta} \quad (1)$$

where  $A$  is a constant,  $\alpha$  and  $\beta$  are the output elasticities of capital and labor, respectively, and  $1-\alpha-\beta$  is the output elasticity of human capital.

The second equation is the capital accumulation equation, which relates the growth rate of capital  $\dot{k}$  to the savings rate  $s$  and the depreciation rate  $\delta$ :

$$\dot{k} = s y - \delta k \quad (2)$$

The third equation is the labor force growth equation, which relates the growth rate of labor  $\dot{m}$  to the natural growth rate  $n$  and the migration rate  $\mu$ :

$$\dot{m} = n m + \mu \quad (3)$$

The fourth equation is the human capital accumulation equation, which relates the growth rate of human capital  $\dot{h}$  to the investment rate  $\gamma$  and the depreciation rate  $\delta$ :

$$\dot{h} = \gamma y - \delta h \quad (4)$$

The model is solved by finding the steady state values of  $k$ ,  $m$ , and  $h$ , which are determined by the intersection of the four equations.

The steady state values of  $k$ ,  $m$ , and  $h$  are denoted by  $k^*$ ,  $m^*$ , and  $h^*$ , respectively. The steady state output  $y^*$  is then given by:

$$y^* = A (k^*)^\alpha (m^*)^\beta (h^*)^{1-\alpha-\beta} \quad (5)$$

The steady state growth rate of output  $\dot{y}$  is then given by:

$$\dot{y} = \alpha \dot{k} + \beta \dot{m} + (1-\alpha-\beta) \dot{h} \quad (6)$$

The steady state growth rate of output  $\dot{y}$  is then given by:

$$\dot{y} = \alpha s y - \delta k + \beta n m + \mu + (1-\alpha-\beta) \gamma y - \delta h \quad (7)$$

The steady state growth rate of output  $\dot{y}$  is then given by:

$$\dot{y} = \alpha s y - \delta k + \beta n m + \mu + (1-\alpha-\beta) \gamma y - \delta h \quad (8)$$

The steady state growth rate of output  $\dot{y}$  is then given by:

$$\dot{y} = \alpha s y - \delta k + \beta n m + \mu + (1-\alpha-\beta) \gamma y - \delta h \quad (9)$$

The steady state growth rate of output  $\dot{y}$  is then given by:

$$\dot{y} = \alpha s y - \delta k + \beta n m + \mu + (1-\alpha-\beta) \gamma y - \delta h \quad (10)$$

The steady state growth rate of output  $\dot{y}$  is then given by:

$$\dot{y} = \alpha s y - \delta k + \beta n m + \mu + (1-\alpha-\beta) \gamma y - \delta h \quad (11)$$

The steady state growth rate of output  $\dot{y}$  is then given by:

$$\dot{y} = \alpha s y - \delta k + \beta n m + \mu + (1-\alpha-\beta) \gamma y - \delta h \quad (12)$$

The steady state growth rate of output  $\dot{y}$  is then given by:

$$\dot{y} = \alpha s y - \delta k + \beta n m + \mu + (1-\alpha-\beta) \gamma y - \delta h \quad (13)$$

THE FEIGHNER RESEARCH INSTITUTE  
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES  
YEARS ENDED NOVEMBER 30, 1997 AND 1996  
(See Accountant's Review Report)

	1997		1996	
	Amount	Percentage of Grant Amount	Amount	Percentage of Grant Amount
Administrative salaries and fees	\$ 484,211	35.7	\$ 740,549	40.0
Automobile expense	1,877		1,977	
Pension plan contributions, administrative	33,642	2.5	35,996	1.9
Contract services	35,747	2.6	45,764	2.5
Contributions	2,325		1,780	
Depreciation	19,735	1.5	18,619	1.0
Dues and subscriptions	949		1,412	
Education and training	2,604		504	
Employee benefits	19,489	1.4	13,669	
Equipment rental	634		612	
Insurance	49,056	3.6	44,887	2.4
Legal and accounting	10,226		9,573	
Miscellaneous	698		735	
Patient recruitment	118,056	8.7	78,337	4.2
Payroll taxes	45,338	3.3	44,601	2.4
Postage and supplies	23,523	1.7	21,077	1.1
Promotion and advertising	9,123		7,349	
Rent and utilities	88,592	6.5	94,307	5.1
Repairs and maintenance	6,996		3,155	
Special Events	6,042			
Storage	2,702		2,320	
Taxes and licenses	1,519		1,413	
Telephone	16,503	1.2	12,434	
Travel expenses	8,860		3,354	
	<u>\$ 988,447</u>	<u>73.0</u>	<u>\$1,184,424</u>	<u>63.9</u>

See notes to financial statements.

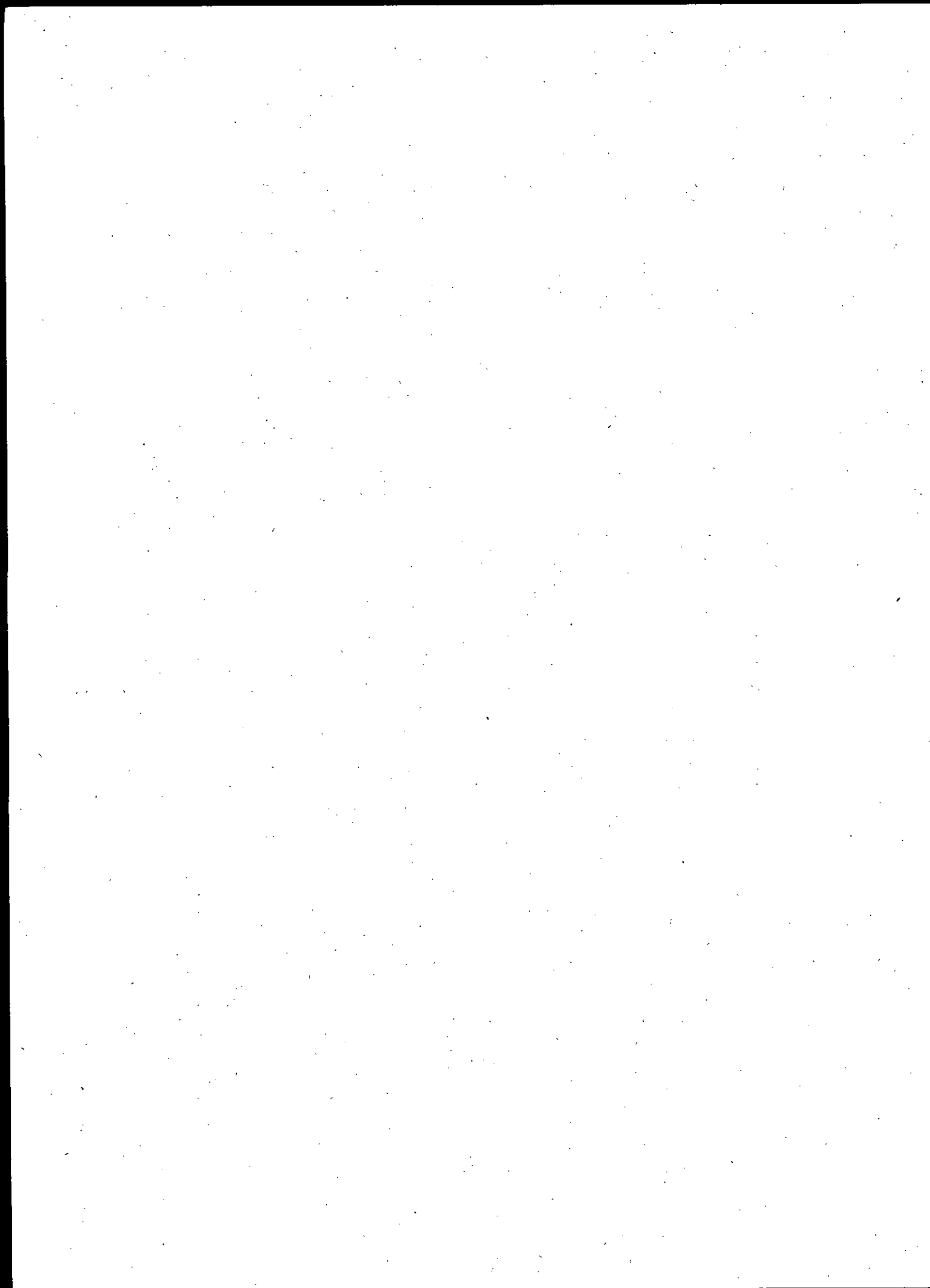




THE FEIGHNER RESEARCH INSTITUTE  
STATEMENTS OF INCOME - LONDON DIVISION  
YEARS ENDED NOVEMBER 30, 1997 AND 1996  
(See Accountant's Review Report)

	<u>1997</u>	<u>1996</u>
	<u>Amount</u>	<u>Amount</u>
Grant income	<u>\$ 113,372</u>	<u>\$</u>
Direct expenses:		
Medical evaluations, physicians	36,440	
Hospital expense	<u>16,936</u>	
	<u>53,376</u>	
Grant income less direct expenses	<u>59,996</u>	
General and administrative expenses:		
Administrative salaries and fees	116,522	
Automobile expense	6,041	
Pension plan contributions, administrative	9,084	
Compensation and reimbursement		27,403
Contract services	13,113	2,755
Depreciation	3,595	2,260
Employee benefits	6,243	
Miscellaneous	923	711
Office set up	8,700	
Patient recruitment	8,141	
Payroll taxes	7,975	
Postage and supplies	10,198	31,970
Promotion and advertising	2,270	
Rent and utilities	16,950	12,960
Telephone	4,659	
Travel expenses	<u>7,816</u>	
	<u>222,230</u>	<u>78,059</u>
Net Loss	<u>\$ (162,234)</u>	<u>\$ (78,059)</u>

See notes to financial statements.



THE FEIGHNER RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED NOVEMBER 30, 1997 AND 1996

1. Summary of Significant Accounting Policies:

Operations:

The Company performs drug studies for various pharmaceutical manufacturers. Grant income is taken into account as earned in the performance of the various drug studies by evaluating the level of completion of the individual study. The Company generally receives payments in advance of services that it performs. These prepayments are included in accounts payable.

Pension Plan:

The Company has a noncontributory defined contribution pension plan covering all full-time employees with one or more years of continuous service. Contributions are made in accordance with the provisions of the pension plan. The Company's policy is to fund pension plan costs accrued.

Cash Equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company had no cash equivalents at November 30, 1997 and 1996. Cash consists of cash on hand and cash in banks, including money market funds, as of November 30, 1997 and 1996.

Accounts Receivable:

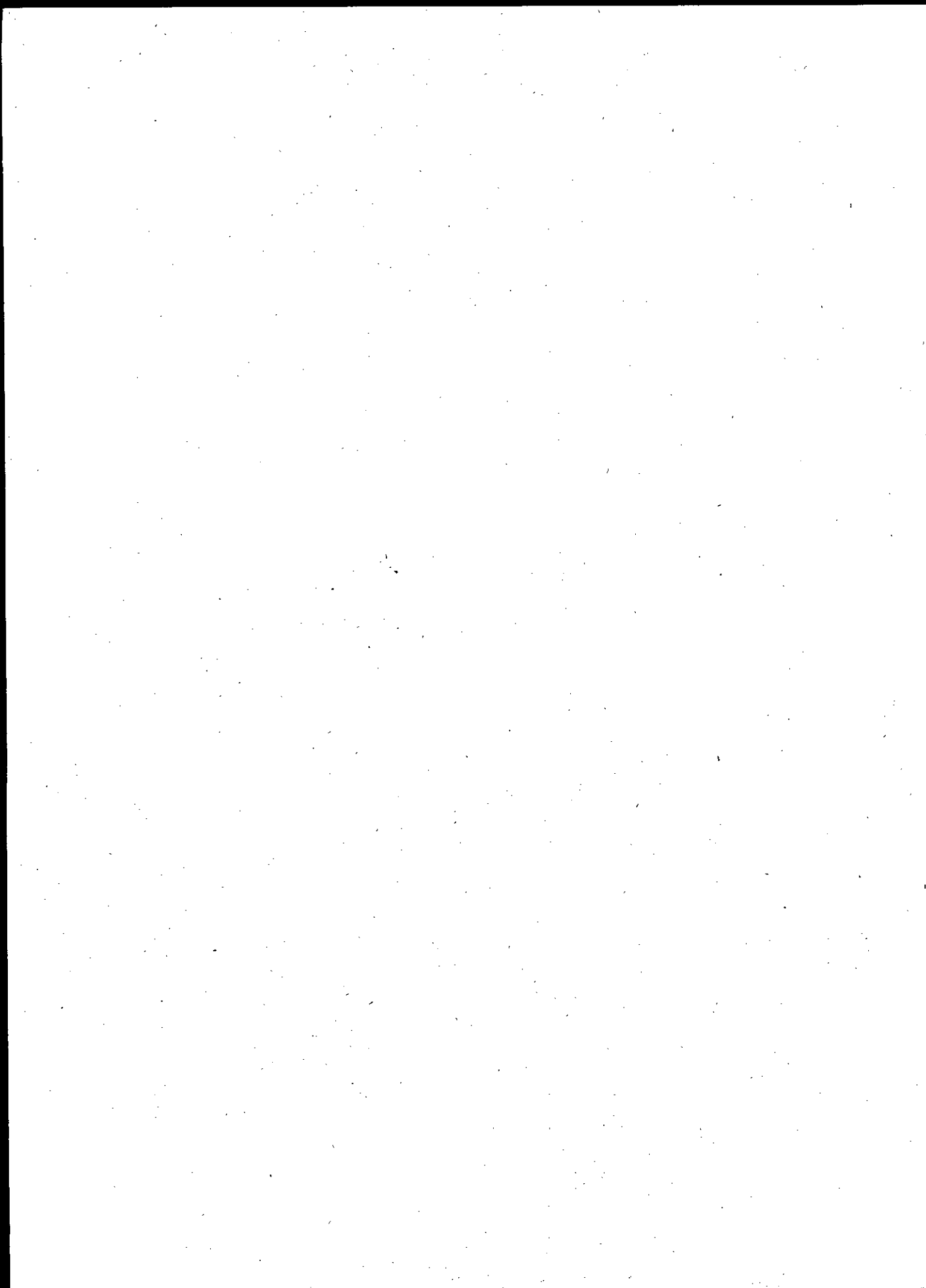
The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Investments:

The government bond fund is classified as available-for-sale and may be sold in response to changes in interest rates, liquidity needs and for other purposes. Available-for-sale securities should be carried at fair value. The government bond fund is being carried at cost which approximates fair value at November 30, 1997 and 1996.

Compensated Absences:

Employees of the Company are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when paid to employees.



THE FEIGHNER RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED NOVEMBER 30, 1997 AND 1996

1. Summary of Significant Accounting Policies: (Continued)

Property and Equipment and Depreciation:

Property and equipment are stated at cost. Depreciation or amortization is provided on a straight-line or an accelerated declining balance method, as appropriate, over the estimated useful lives of the assets.

Concentration of Credit Risk:

The Company places its cash and temporary cash investments with high credit quality institutions. At times such cash and temporary cash investments may be in excess of FDIC insurance limits.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Commitments:

The Company has commitments under noncancellable operating leases pertaining to the rental office and consulting rooms. Rents aggregated \$106,000 in 1997 and \$107,000 in 1996. The total lease commitment is as follows:

<u>Year Ending November 30,</u>	<u>Amount</u>
1998	\$ 95,000
1999	105,000
2000	109,000
2001	91,000
2002	61,000
	<u>\$ 461,000</u>

