

Return of Organization Exempt From Income Tax

1999

Department of the Treasury Internal Revenue Service

Under section 501(c) of the Internal Revenue Code (except black lung benefit trust or private foundation) or section 4947(a)(1) nonexempt charitable trust

This Form is Open to Public Inspection

Note: The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 1999 calendar year, OR tax year period beginning and ending

B Check if: Change of address, Initial return, Final return, Amended return. C Name of organization: PHOCIS, INC. D Employer identification number: 93-0908525. E Telephone number: (503) 843-1356. F Check if exemption application is pending.

G Type of organization: [X] Exempt under 501(c)(3) (insert number) OR [] section 4947(a)(1) nonexempt charitable trust

Note: Section 501(c)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

H(a) Is this a group return filed for affiliates? [] Yes [X] No. I If either box in H is checked "Yes," enter four-digit group exemption number (GEN). J Accounting method: [] Cash [X] Accrual [] Other (specify).

K Check here [] if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if it received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

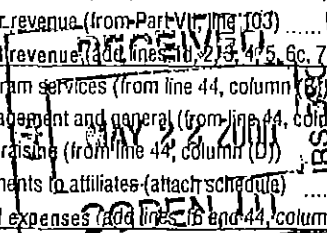
Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

REVENUE

Table with 21 rows for Revenue. Includes lines 1-12. Total revenue (line 12) is 1,860,850.

EXPENSES

Table with 10 rows for Expenses. Includes lines 13-21. Total expenses (line 17) is 1,228,974. Net assets at end of year (line 21) is 6,051,967.



Handwritten number 25

Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Table with 5 columns: (A) Total, (B) Program services, (C) Management and general, (D) Fundraising. Rows include: 22. Grants and allocations (attach schedule) cash \$482,335, noncash \$80,729; 23. Specific assistance to individuals; 24. Benefits paid to or for members; 25. Compensation of officers, directors, etc. 147,694; 26. Other salaries and wages; 27. Pension plan contributions; 28. Other employee benefits 5,827; 29. Payroll taxes 7,581; 30. Professional fundraising fees; 31. Accounting fees 8,200; 32. Legal fees 93,682; 33. Supplies 6,046; 34. Telephone 2,131; 35. Postage and shipping; 36. Occupancy; 37. Equipment rental and maintenance; 38. Printing and publications; 39. Travel 19,691; 40. Conferences, conventions, and meetings; 41. Interest 88,348; 42. Depreciation, depletion, etc. (attach schedule) 175,680; 43. Other expenses (itemize); 44. Total functional expenses (add lines 22 through 43) 1,228,974.

Reporting of Joint Costs. - Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? [] Yes [X] No
If "Yes," enter (i) the aggregate amount of these joint costs \$; (ii) the amount allocated to Program services \$; (iii) the amount allocated to Management and general \$; and (iv) the amount allocated to Fundraising \$

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? SEE STATEMENT 9

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Table with 2 columns: Description of program service, Program Service Expenses. Row a: THE EXEMPT ORGANIZATION MADE GRANTS AND OTHERWISE AIDED AND SUPPORTED PUBLICLY SUPPORTED TAX-EXEMPT EDUCATIONAL ORGANIZATIONS. (Grants and allocations \$ 563,064.) 1,148,570. Row e: Other program services (attach schedule) (Grants and allocations \$) Row f: Total of Program Service Expenses (should equal line 44, column (B), Program services) 1,148,570.

Part IV Balance Sheets

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year	(B) End of year
Assets	45 Cash - non-interest-bearing	43,645.	45 112,283.
	46 Savings and temporary cash investments	1,409,376.	46 1,574,119.
	47 a Accounts receivable	47a 4,810.	
	b Less: allowance for doubtful accounts	47b	47c 875.
			47c 4,810.
	48 a Pledges receivable	48a	
	b Less: allowance for doubtful accounts	48b	48c
	49 Grants receivable		49
	50 Receivables from officers, directors, trustees, and key employees		50
	51 a Other notes and loans receivable	51a	
	b Less: allowance for doubtful accounts	51b	51c
	52 Inventories for sale or use		52
	53 Prepaid expenses and deferred charges		53
	54 Investments - securities	STMT 12	54 78,168.
55 a Investments - land, buildings, and equipment: basis	55a 744,519.		
b Less: accumulated depreciation	55b 27,559.	55c 728,792.	
56 Investments - other		56 0.	
57 a Land, buildings, and equipment: basis	57a 6,182,656.		
b Less: accumulated depreciation	57b 1,663,194.	57c 4,576,233.	
58 Other assets (describe ► SEE STATEMENT 13)		58 338,646.	
59 Total assets (add lines 45 through 58) (must equal line 74)		59 7,175,735.	
60 Accounts payable and accrued expenses		60 47,285.	
61 Grants payable		61	
62 Deferred revenue		62 140,891.	
63 Loans from officers, directors, trustees, and key employees		63	
64 a Tax-exempt bond liabilities		64a	
b Mortgages and other notes payable	STMT 14	64b 1,550,882.	
65 Other liabilities (describe ►)		65	
66 Total liabilities (add lines 60 through 65)		66 1,739,058.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		
	67 Unrestricted	5,388,438.	67 5,877,061.
	68 Temporarily restricted	48,239.	68 174,906.
	69 Permanently restricted		69
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74		
	70 Capital stock, trust principal, or current funds		70
	71 Paid-in or capital surplus, or land, building, and equipment fund		71
	72 Retained earnings, endowment, accumulated income, or other funds		72
73 Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21)		73 5,436,677.	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)		74 7,175,735.	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return

a Total revenue, gains, and other support per audited financial statements	a	N/A
b Amounts included on line a but not on line 12, Form 990:		
(1) Net unrealized gains on investments \$		
(2) Donated services and use of facilities \$		
(3) Recoveries of prior year grants \$		
(4) Other (specify): \$		
Add amounts on lines (1) through (4)	b	
c Line a minus line b	c	
d Amounts included on line 12, Form 990 but not on line a:		
(1) Investment expenses not included on line 6b, Form 990 \$		
(2) Other (specify): \$		
Add amounts on lines (1) and (2)	d	
e Total revenue per line 12, Form 990 (line c plus line d)	e	

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a Total expenses and losses per audited financial statements	a	N/A
b Amounts included on line a but not on line 17, Form 990:		
(1) Donated services and use of facilities \$		
(2) Prior year adjustments reported on line 20, Form 990 \$		
(3) Losses reported on line 20, Form 990 \$		
(4) Other (specify): \$		
Add amounts on lines (1) through (4)	b	
c Line a minus line b	c	
d Amounts included on line 17, Form 990 but not on line a:		
(1) Investment expenses not included on line 6b, Form 990 \$		
(2) Other (specify): \$		
Add amounts on lines (1) and (2)	d	
e Total expenses per line 17, Form 990 (line c plus line d)	e	

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
E. RAY PHELPS, 20950 S.W. ROCK CREEK ROAD, SHERIDAN, OREGON 97378	DIR/PRESNT	138,992.	0.	0.
CHRISTINE PERPELITT, 20950 S.W. ROCK CREEK ROAD, SHERIDAN, OREGON 97378	DIR/SEC-TREAS	16,475.	0.	0.
MARK SIEGEL, 20950 S.W. ROCK CREEK ROAD, SHERIDAN, OREGON 97378	DIR	0.	0.	0.

Part VI Other Information

Yes No

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity
77 Were any changes made in the organizing or governing documents but not reported to the IRS?
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?
78 b If "Yes," has it filed a tax return on Form 990-T for this year?
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year?
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?
80 b If "Yes," enter the name of the organization SEE STATEMENT 15
81 a Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81 81a 0.
81 b Did the organization file Form 1120-POL for this year? 81b X
82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? 82a X
82 b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part III.) 82b N/A
83 a Did the organization comply with the public inspection requirements for returns and exemption applications? 83a X
83 b Did the organization comply with the disclosure requirements relating to quid pro quo contributions? 83b X
84 a Did the organization solicit any contributions or gifts that were not tax deductible? 84a X
84 b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? 84b N/A
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? N/A 85a
85 b Did the organization make only in-house lobbying expenditures of \$2,000 or less? N/A 85b
85 c Dues, assessments, and similar amounts from members 85c N/A
85 d Section 162(e) lobbying and political expenditures 85d N/A
85 e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A
85 f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A
85 g Does the organization elect to pay the section 6033(e) tax on the amount in 85f? N/A 85g
85 h If section 6033(e)(1)(A) dues notice were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? N/A 85h
86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12 86a N/A
86 b Gross receipts, included on line 12, for public use of club facilities 86b N/A
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders 87a N/A
87 b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b N/A
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX 88 X
89 a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 0.; section 4912 0.; section 4955 0.
89 b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year? If "Yes," attach a statement explaining each transaction 89b X
89 c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 0.
89 d Enter: Amount of tax in 89c, above, reimbursed by the organization 0.
90 a List the states with which a copy of this return is filed OREGON AND CALIFORNIA
90 b Number of employees employed in the pay period that includes March 12, 1999 90b 2

91 The books are in care of CHRISTINE PERPELITT Telephone no. 503-843-3521
Located at 20950 S.W. ROCK CREEK ROAD, SHERIDAN, OREGON ZIP +4 97378

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041-Check here and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Part VII Analysis of Income-Producing Activities

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
Enter gross amounts unless otherwise indicated.					
93 Program service revenue:					
(a) RENTAL INCOME			16	1,405,094.	
(b)					
(c)					
(d)					
(e)					
(f) Medicare/Medicaid payments					
(g) Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	9,418.	
96 Dividends and interest from securities			14	69,959.	
97 Net rental income or (loss) from real estate:					
(a) debt-financed property	531120	<1,695.>			
(b) not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	<2,825.>	
101 Net income or (loss) from special events			01	71,446.	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a PROPERTY TAX REFUND			03	3,698.	
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		<1,695.>		1,556,790.	0.
105 TOTAL (add line 104, columns (B), (D), and (E))					1,555,095.

Note: (Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.)

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	N/A

Part IX Information Regarding Taxable Subsidiaries (Complete this Part if the "Yes" box on 88 is checked.)

Name, address, and employer identification number of corporation or partnership	Percentage of ownership interest	Nature of business activities	Total income	End-of-year assets
N/A	%			
	%			
	%			
	%			

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge. (Important: See General Instruction U.)

Please Sign Here: *Christine Perpelitt* 10/15/00 *Christine Perpelitt* Secretary / Treasurer

Signature of officer: *Christine Perpelitt* Date: 10/15/00 Type or print name and title: Christine Perpelitt Secretary / Treasurer

Paid Preparer's signature: *Christine Perpelitt* Date: 5/2/00 Check if self-employed: Preparer's SSN or PTIN: _____

Preparer's Use Only: Firm's name (or yours if self-employed) and address: PERKINS & COMPANY, P.C. 1211 SW FIFTH AVE., SUITE 1200 PORTLAND, OR EIN: _____ ZIP +4: 97204-3712

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

1999

Department of the Treasury
Internal Revenue Service

Supplementary Information

MUST be completed by the above organizations and attached to their Form 990 or 990-EZ.

Name of the organization

PHOCIS, INC.

Employer identification number

93-0908525

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$50,000	0			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
ROBERT G. BURT, P.C. 1511 S.W. FIFTH AVE., #600, PORTLAND, OR 97201	LEGAL SERVICES	73,036.
Total number of others receiving over \$50,000 for professional services	0	

Part III Statements About Activities

Table with 3 columns: Question, Yes, No. Rows include: 1. During the year, has the organization attempted to influence national, state, or local legislation... 2. During the year, has the organization, either directly or indirectly, engaged in any of the following acts... 3. Does the organization make grants for scholarships, fellowships, student loans, etc.? 4a. Do you have a section 403(b) annuity plan for your employees? 4b. Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it...

Part IV Reason for Non-Private Foundation Status (See instructions.)

- The organization is not a private foundation because it is: (Please check only ONE applicable box.)
5 [] A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
6 [] A school. Section 170(b)(1)(A)(ii). (Also complete Part V, page 4.)
7 [] A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
8 [] A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
9 [] A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state
10 [] An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
11a [] An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
11b [] A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
12 [] An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
13 [X] An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Table with 2 columns: (a) Name(s) of supported organization(s), (b) Line number from above. Rows include: DELPHI SCHOOLS, INC. E.I.N. 93-0630376 (line 6), DELPHI ACADEMY OF BOSTON, INC. E.I.N. 04-2699036 (line 6).

14 [] An organization organized and operated to test for public safety. Section 509(a)(4). (See page 4 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12 above.) Use cash method of accounting. N/A
Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Table with columns for years 1998, 1997, 1996, 1995, and Total. Rows include: 15 Gifts, grants, and contributions received; 16 Membership fees received; 17 Gross receipts from admissions, merchandise sold or services performed; 18 Gross income from interest, dividends, amounts received from payments on securities loans; 19 Net income from unrelated business activities; 20 Tax revenues levied for the organization's benefit; 21 Value of services or facilities furnished; 22 Other income; 23-25 Summary rows; 26-27 Public support calculations; 28 Unusual Grants.

Part V Private School Questionnaire

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)		
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
34 a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation		

Schedule A (Form 990) 1999

Part VI-A Lobbying Expenditures by Electing Public Charities

(To be completed ONLY by an eligible organization that filed Form 5768)

N/A

Check here a [] If the organization belongs to an affiliated group.

Check here b [] If you checked "a" above and "limited control" provisions apply.

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred)

(a) Affiliated group totals

(b) To be completed for ALL electing organizations

Table with 3 columns: Line number, (a) Affiliated group totals, (b) To be completed for ALL electing organizations. Rows include Total lobbying expenditures, Total exempt purpose expenditures, and Lobbying nontaxable amount.

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50.)

Table with 6 columns: Calendar year (or fiscal year beginning in), (a) 1999, (b) 1998, (c) 1997, (d) 1996, (e) Total. Rows include Lobbying nontaxable amount, Lobbying ceiling amount, Total lobbying expenditures, Grassroots nontaxable amount, Grassroots ceiling amount, and Grassroots lobbying expenditures.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a Volunteers
b Paid staff or management (include compensation in expenses reported on lines c through h)
c Media advertisements
d Mailings to members, legislators, or the public
e Publications, or published or broadcast statements
f Grants to other organizations for lobbying purposes
g Direct contact with legislators, their staffs, government officials, or a legislative body
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
i Total lobbying expenditures (add lines c through h)

Table with 3 columns: Yes, No, Amount. Rows correspond to items a through i.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of:

Table with 2 columns: Yes, No. Rows include 51a(i) Cash, 51a(ii) Other assets, 51b(i) Sales of assets, 51b(ii) Purchases of assets, 51b(iii) Rental of facilities, 51b(iv) Reimbursement arrangements, 51b(v) Loans or loan guarantees, 51b(vi) Performance of services, and 51c Sharing of facilities.

- (i) Cash
(ii) Other assets
b Other transactions:
(i) Sales of assets to a noncharitable exempt organization
(ii) Purchases of assets from a noncharitable exempt organization
(iii) Rental of facilities or equipment
(iv) Reimbursement arrangements
(v) Loans or loan guarantees
(vi) Performance of services or membership or fundraising solicitations
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always indicate the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

N/A

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements.

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

b If "Yes," complete the following schedule: N/A

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

PROGRAM SERVICES:	DELPHI SCHOOLS, INC.	20950 SW ROCK CREEK ROAD, SHERIDAN, OREGON	N/A	4,885.
OPERTNG EXPS & BUDGET SHORTFALL	DELPHI SCHOOLS, INC.	20950 SW ROCK CREEK ROAD, SHERIDAN, OREGON	N/A	340,300.
PROGRAM SERVICES	DELPHI SCHOOLS, INC.	20950 SW ROCK CREEK ROAD, SHERIDAN, OREGON	N/A	36,500.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22				<u>482,335.</u>

FORM 990	MORTGAGES PAYABLE	STATEMENT 14
DESCRIPTION		BALANCE DUE
BANK OF AMERICA		0.
FLEET BANK		517,936.
FLEET BANK		209,494.
IMPERIAL BANK		554,878.
GMW COMMUNICATIONS, INC.		7,500.
KEY BANK		175,853.
TOTAL INCLUDED ON FORM 990, PART IV, LINE 64B, COLUMN B		1,465,661.

FORM 990 IDENTIFICATION OF RELATED ORGANIZATIONS STATEMENT 15
PART VI, LINE 80B

NAME OF ORGANIZATION	EXEMPT	NONEXEMPT
PARNASSUS EDUCATIONAL GROUP	X	
DELPHI SCHOOLS, INC.	X	
DELPHI ACADEMY OF BOSTON, INC.	X	

SCHEDULE A STATEMENT REGARDING ACTIVITIES WITH DIRECTORS, TRUSTEES, PRINCIPAL OFFICERS OR CREATOR STATEMENT 16
PART III, LINE 2

LINE 2C -
ALL EMPLOYEES ARE REQUIRED TO ACCEPT ROOM AND BOARD ON THE PREMISES AS A CONDITION OF THEIR EMPLOYMENT. THE REGULATIONS STATE THAT THE VALUE OF SUCH ITEMS ARE TO BE REPORTED ON FORM 990 TO THE EXTENT THAT SUCH AMOUNTS ARE INCLUDABLE IN THE GROSS INCOME OF THE EMPLOYEE. SECTION 119 OF THE INTERNAL REVENUE CODE OF 1986 EXCLUDES SUCH AMOUNTS FROM THE GROSS INCOME OF EMPLOYEES. THEREFORE, THE VALUE OF THIS ROOM AND BOARD HAS NOT BEEN DEVELOPED OR REPORTED IN COLUMN E OF PART V, FORM 990.

LINE 2D-
SEE PART V, FORM 990.

LINE 4 -
DISBURSEMENTS MADE IN FURTHERANCE OF THE ORGANIZATION'S CHARITABLE PROGRAMS ARE MADE ONLY TO TAX-EXEMPT EDUCATIONAL ORGANIZATIONS.

PHOCIS, INC.
 93-0908525
 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT
 YEAR-END 12/31/99

DESCRIPTION	CURRENT YEAR DEPRECIATION
LAND - BOSTON	-
LAND - SHERIDAN	-
LAND - SACRAMENTO	-
OFFICE EQUIPMENT	24,554
BUILDINGS - BOSTON	21,159
BUILDINGS - SHERIDAN	90,362
BUILDINGS - ADMIN.	39,605
TOTAL TO FORM 990, PART II, LINE 42	<u>175,680</u>

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
LAND - BOSTON	269,800	-	269,800
LAND - SHERIDAN	466,818	-	466,818
OFFICE EQUIPMENT	166,617	55,648	110,969
BUILDINGS - BOSTON	702,353	164,930	537,423
BUILDINGS - SHERIDAN	4,577,068	1,442,616	3,134,452
TOTAL TO FORM 990, PART IV, LINE 57	<u>6,182,656</u>	<u>1,663,194</u>	<u>4,519,462</u>

PHOCIS, INC.
 93-0908525
 DEPRECIATION OF ASSETS HELD FOR INVESTMENT
 YEAR-END 12/31/99

DESCRIPTION	CURRENT YEAR DEPRECIATION
BUILDINGS - SACRAMENTO	11,664
TOTAL TO FORM 990, PART I, LINE 6B	11,664

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
LAND - SACRAMENTO	345,000	-	345,000
BUILDINGS - SACRAMENTO	399,519	27,559	371,960
TOTAL TO FORM 990, PART IV, LINE 55	744,519	27,559	716,960



Secretary of State
 Corporation Division
 255 Capitol St. NE, Suite 151
 Salem, OR 97310-1327

Check the appropriate box below:
 BUSINESS/PROFESSIONAL CORPORATION
 (Complete only 1, 2, 3, 4, 6, 7)
 NONPROFIT CORPORATION
 (Complete only 1, 2, 3, 5, 6, 7)

FILED

OCT 28 1999

CERTIFIED A TRUE COPY
 SECRETARY OF STATE
 By: *[Signature]*

For office use only

File Number: 208842-19

Additional Sheet if Necessary
 Type or Print Legibly in Black Ink

NAME OF CORPORATION PRIOR TO AMENDMENT Phocis, Inc.

NEW NAME OF THE CORPORATION (if changed) N/A

A COPY OF THE RESTATED ARTICLES MUST BE ATTACHED see, attached.

BUSINESS/PROFESSIONAL CORPORATION ONLY

CHECK THE APPROPRIATE STATEMENT

The restated articles contain amendments which do not require membership approval. The date of the adoption of the amendments and restated articles was , 19 . These amendments were duly adopted by the board of directors.

The restated articles contain amendments which require membership approval. The date of the adoption of the amendments and restated articles was , 19 . The vote of the membership was as follows:

Class of shares	Number of shares outstanding	Number of votes entitled to be cast	Number of votes cast FOR	Number of votes cast AGAINST

The corporation has not issued any shares of stocks. Shareholder was not required to adopt the restated articles. The restated articles were adopted by the incorporators or by the board of directors.

NONPROFIT CORPORATION ONLY

5) CHECK THE APPROPRIATE STATEMENT

The restated articles contain amendments which do not require membership approval. The date of the adoption of the amendments and restated articles was October 29 1999. These amendments were duly adopted by the board of directors.

The restated articles contain amendments which require membership approval. The date of the adoption of the amendments and restated articles was , 19 . The vote of the membership was as follows:

Class of shares	Number of shares outstanding	Number of votes entitled to be cast	Number of votes cast FOR	Number of votes cast AGAINST

INCORPORATOR

Printed Name E. Ray Phalos Signature *[Signature]* Title President

NAME Robert G. Burt, Esq.

DAYTIME PHONE NUMBER (503) 223-3600

FEES

Make check for \$10 payable to "Corporation Division."

NOTE: Filing fees may be paid with VISA or MasterCard. The card number and expiration date should be submitted on a separate sheet for your protection.



RESTATED ARTICLES OF INCORPORATION

Pursuant to ORS 65.451, the Board of Directors of Phocis, Inc. (hereinafter referred to as the "Corporation"), being a nonprofit corporation with no members, hereby submits for filing the following Restated Articles of Incorporation:

ARTICLE I

Name, Duration, and Classification of Corporation

The Corporation's name is "Phocis, Inc.," its duration is perpetual, and its classification is a public benefit corporation.

ARTICLE II

Purposes and Powers of Corporation

The nature of the Corporation's business, and the purpose for which it is organized, are as follows:

(a) To operate exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code"), by exclusively engaging in the operation of a charitable funding organization organized to fund or otherwise aid and support Delphi Schools, Inc., an Oregon nonprofit corporation, and Delphi Academy of Boston, Inc., a Massachusetts nonprofit corporation, each of which is organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Code; and

(b) In the event that either Delphi Schools, Inc., or Delphi Academy of Boston, Inc., shall violate its tax-exempt purpose, or shall otherwise dissolve or cease to exist, the Corporation shall thereafter exclusively operate to fund or otherwise aid and support other organizations formed exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Code.

Subject to the restrictions set forth in these Restated Articles of Incorporation, the Corporation has the power to engage in any lawful activity for which corporations may be organized and operated under the Oregon Nonprofit Corporation Act (hereafter referred to as the "Act").

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Restrictions

The Corporation's assets are irrevocably dedicated to its charitable and educational purposes (assets of the Corporation located in the State of California are irrevocably dedicated to charitable and educational purposes meeting the requirements of Section 214 of the California Revenue and Taxation Code). No part of the Corporation's assets or its net earnings inure to the benefit of, or are distributed to, private persons, except that the Corporation pays reasonable compensation for services rendered, and makes payments and distributions in furtherance of the purposes for which it is organized.

No substantial part of the Corporation's activities consist of carrying on propaganda, or otherwise attempting, to influence legislation, except to the extent permissible under Section 501(h) of the Code. The Corporation does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

The Corporation does not carry on any activities not permitted to be carried on by

(a) A corporation exempt from Federal income tax under Section 501(c)(3) of the Code; or

(b) A corporation to which contributions or gifts are deductible under Section 170(c)(2) of the Code.

Subject to the Corporation's discharge of its valid debts and obligations (or the Corporation's provision for such discharge), and subject to the applicable provisions of the Oregon Nonprofit Corporation Act, upon the dissolution or winding up of the Corporation, the Corporation's assets (or proceeds therefrom) shall be distributed as directed by the Corporation's Board of Directors among one or more of the educational organizations described in Article II of these Restated Articles of Incorporation or, if none exists, among one or more nonprofit corporations, trusts, or community chests, funds, or foundations, organized and operated exclusively for charitable and educational purposes under Section 501(c)(3) of the Code (and, in the State of California, under Section 214 of the California Revenue and Taxation Code).

The use of and disposition of the Corporation's assets, upon its dissolution or winding up, in States other than Oregon shall be limited as set forth in the foregoing paragraph, and shall be conducted in a manner necessary to satisfy the requirements of the laws of such other States or exemption of such assets from taxation.

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Members

The Corporation has no Members.

ARTICLE V

Board of Directors

The Corporation's management is vested in its Board of Directors. The number of Directors is three. The qualifications, terms of office, manner of election, time and place of meetings, and powers and duties of the Directors is prescribed by the Corporation's Bylaws; provided, however, that such Bylaws are not inconsistent with any existing law or these Restated Articles of Incorporation.

ARTICLE VI

Limitation of Liability

No member of the Corporation's Board of Directors, uncompensated Officer of the Corporation, shall be personally liable to the Corporation for monetary damages for conduct as a member of the Board of Directors or as an uncompensated Officer; provided, however, that this Article shall not eliminate or limit the liability of any member of the Board of Directors or uncompensated Officer:

- (a) Any breach of the member of the Board of Directors or uncompensated Officer's duty of loyalty to the Corporation;
- (b) Any acts or omissions not in good faith, or which involve intentional misconduct or a knowing violation of law;
- (c) Any unlawful distribution;
- (d) Any transaction from which the member of the Board of Directors or uncompensated Officer derived an improper personal benefit; and
- (e) Any act or omission in violation of ORS 65.361 to 65.367.

The provisions of this Article are intended to be in addition to, not in limitation of, any other provision of the Corporation's Bylaws and agreements, the Act, and any law that limits or eliminates the liability of members of the Board of Directors or uncompensated Officers. No amendment to the Act that further limits the acts or omissions for which limitation or elimination of liability is permitted shall effect the liability of a member of the Board of Directors or uncompensated Officer for any act or omission occurring before the effective date of such amendment.

Indemnification and Advancement of Expenses

To the fullest extent permitted by the Act, the Corporation shall indemnify any member of the Board of Directors, or Officer of the Corporation, made party to a proceeding because of his or her status as a member of the Board of Directors, or an Officer of the Corporation, against liability incurred in such proceeding; provided, however, that no indemnification provided for in this Article shall provide indemnification from or on account of:

(a) Any breach of the member of the Board of Directors or uncompensated Officer's duty of loyalty to the Corporation;

(b) Any acts or omissions not in good faith, or which involve intentional misconduct or a knowing violation of law;

(c) Any unlawful distribution;

(d) Any transaction from which the member of the Board of Directors or uncompensated Officer derived an improper personal benefit; and

(e) Any act or omission in violation of ORS 65.361 to 65.367

The Corporation may, but shall not be required to, pay for or reimburse the reasonable expenses incurred by a member of the Board of Directors or an Officer of the Corporation, who is a party to such proceeding, in advance of the final disposition of the proceeding, to the fullest extent permitted by the Act.

DATED: October 20, 1999.

The above Restated Articles of Incorporation were adopted by the Board of Directors, in accordance with ORS 65.451, effective October 20, 1999.



Christine J. Perpelit
Secretary/Treasurer

Person to contact about
this filing:

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