May 13, 2014

Thank you all for coming to tonight’s Annual Meeting.

I would like to start by saying a very heartfelt thank you to Jeff Dmochowski for his service as President of the Academy. Jeff took on this position just as he was retiring from practice, and looking forward to a more quiet and relaxing tempo to his days; the past year or so at the Academy has been anything but. Jeff stepped up to this position at a run not a walk and has put in many hours and many meetings, with much patience and steadiness. Jeff, we are grateful for your work.

As I now take up this position, I want to say how honoured I am to be doing this work. I am looking forward to working with the familiar Board members and the new Board “class of 2017”, and to working with all of you—our members—who are the core of this organization. An organization is not simply an idea or a structure: it is a community of people. It is worth noting the obvious here that the Academy is a place, but it is also only as good as its members, and its Board of Trustees and its staff.

I am also looking forward to a positive and promising future for the Academy. I was at last year’s Annual Meeting, and so were many of you. I was quite worried then, as many of us were. I am optimistic now.

To understand why I am optimistic about the future of the Academy, it is because we have made progress over the past 12 months in remarkable ways:

1) We have gone back to re-think and to re-discover our mission as an organization, and we have a clear sense of what we would like to be as an organization.

2) We have developed and started some concrete projects.

3) We have some tangible and accomplishments to share with you that have happened over the past year.

I am an MD but also an historian by training. What history teaches is that to understand the future, you can learn a lot from the past. And that’s what I would like to do tonight; I’d like to look back at two things—

1) back to the original Academy and its values and its mission
2) back to this time last year
From its beginnings in 1900 as a medical library for Rochester physicians, the Academy has been a place for education, conversation, and community service. When the Lyon family donated their house on 1441 East Ave. in 1939, the Academy became a home to educational events, social gatherings and discussions for generations of physicians from all the healthcare institutions and private practices in the community. In so doing, the Academy has served to enrich the professional and personal lives of our members, while supporting the broader educational needs of the medical profession and the health of our community.

Today, the Academy remains an institutionally and politically-neutral organization with a membership that is now open to all qualified applicants in medicine, nursing and allied healthcare professions, regardless of contractual affiliation, and is also open to scholars from academic institutions who study issues healthcare in humanities, arts, social sciences, and other disciplines. It is situated at the geographic hub of the provider community, unaligned with any single interest group (but welcoming all).

Since 1900 the practice of medicine and the system of healthcare have changed. To recognize and respond to change, the Academy has re-formulated its mission to accommodate the new opportunities and challenges in the 21st century while preserving the foundational core values.

Those core values are education, collegiality and collaboration, and community engagement.

Today, the Academy is an organization, a community and a home that is interprofessional, interdisciplinary and inter-institutional—a politically neutral inclusive place for continuing healthcare education, for social events, for collaborative research that will be of value to/supported by health care professionals and our community. Our re-vitalized mission is consistent with the values and vision of the Academy’s origins, but updated to meet needs of our members in the 21st century. As some of our Board members have observed, we are going back to the future.

**THE ACADEMY IS A HOME**
**NEW MISSION STATEMENT**

- Education, collegiality, community engagement
  - A place for inter-professional, inter-disciplinary, and inter-institutional education
  - A site for collaborative projects between medical and academic institutions, and community organizations to improve the health of the community through educational events, research projects and outreach.
  - A hub for intergenerational social and personal networking and professional discussions on issues of patient care and the practice of medicine
Now let’s look back to our last annual meeting. At that time, we faced a number of challenges—and the challenges had consequences that were financial. We are an organization that depends on revenues from four areas:

- We experienced a persistent decline in our MEMBERSHIP (and therefore our revenue from dues)
- A decline in number of EVENTS (and the revenue from those)
- A decline in our CME accreditation activities (and decline in the revenue from the fees for this service)
- A decline in our OFFICE LEASE business (for space on the second and third floors, and basement)

In addition, the BUILDING is a challenge. Our organization lives in a very wonderful but very old house. Deferred maintenance on the building required costly repairs of the roof, boiler, electrical systems; drainage problems resulted in basement flooding with expensive sequelae; the presence of asbestos in the floor and walls required remediation.

As a result of these five areas of either decreased revenues or increased expenses, we ran an operating deficit of $160K, and a severe cash flow problem that led to spending down of the Academy’s endowment. As you know the financial situation was so dire, we thought we would have to sell our building to survive.

So this is where we were in the last annual meeting. We asked members to help us decide what to do and were given one strong message: ”Try everything before selling the building!”

We had to find revenue sources and two possibilities were suggested: donations or something else.

We did not secure donations in the amount of $100K although Suzanne and Board members worked hard to explore a number of possibilities. We needed to find other sources or become insolvent.
We did find other sources of revenue. I can attribute our success here to three factors:

1. Partnership with the Pulsifer family, RGH, and UR Medicine
2. Education and research initiative by Dr. Larry Chessin
3. Extraordinary team effort by our Executive Director, Board, and staff here at the Academy

Suzanne and our Board set out to find supportive partners and collaborators, individuals and institutions, the Pulsifer Family who had created an endowment at the Academy decades before, and RGH and UR Medicine who had some connections with the Academy over the years. We were successful. The Pulsifers directed $32K from endowment fund toward CME program. Mark Clement, CEO RGH substituted an outright donation with a proposition: “We will not donate money to the Academy. However, if you can find a way to create value for RGH and the Academy, we will help you.” Together with RGH leadership and faculty we found a way to do that.

In January, 2014, Rochester Medical Museum and Archive leased about 5,000 square feet of Academy space. The historical home and its connection with medicine and healthcare, and its location close to Eastman House, MAG, and other attractions, made the Academy a valuable site for the museum. And for the Academy, the leased space generates $48K additional annual revenue.

This RGH partnership through the Museum and Archive also generated other positives: The Academy is providing CME accreditation for RGH educational activities, as well as a growing number of social and professional events for RGH departments and groups; there is some cost-sharing for the building maintenance contracts, and there is a possibility of increasing the rental space.
In addition to RGH, Suzanne and other Board members, including Larry Chessin, also reached out to leadership in other healthcare systems and institutions and also academic institutions with healthcare programs, like RIT.

At University of Rochester, Dr. Mark Taubman, Dean of UR School of Medicine and Dentistry, supports Academy’s mission and suggested we initially focus on “low hanging fruit” By that he meant that there were opportunities to hold URMC events at Academy where the parking and the venue are …. refreshing. Dr. Taubman helped us to do this. Suzanne and various Board members made 24 outreach visits with UR Medicine physicians and staff. The Academy has sponsored 25 UR events since October, 2013. We have a new fixed-price dinner offering for our UR events.

At Rochester Institute of Technology, we have reached out to the Director of healthcare professions programs at RIT, Dr. Daniel Ornt to explore ways that the Academy can support educational activities for students and faculty, as well as Interprofessional CME programs. We will meet with Dean Ornt on May 18.

We engaged institutions like RGH, Unity and UR Medicine to find opportunities and support, but occasionally, an individual reached out to us. Larry Chessin was not even a member last year, but had been, and was passionate that it was an organization of value to healthcare professionals and to the community, and its mission of collaboration and education. Recently Dr. Chessin directed to the Academy a $90K contribution from RGH Foundation for Crohn’s and Infectious Disease research and continuing medical education. The first CME program will take place on June-24-2014.

Noteworthy is our CME program. Over the past two years it has been thoroughly revised and updated, and recently received a four-year Re-Accreditation from MSSNY. The Academy is providing CME for a growing number of activities and programs at RGH and Unity Hospital. The wonderful job that was done by Amy Eisenburg Smith over the past 18 months is now being continued by Lydia Nicholson, and she is doing a great job.

We obtained a $100K M&T loan for working capital.

To begin to address the significant maintenance requirements of this beautiful house, we created a “building fund” in January to support emergency and high priority repairs and maintenance. Board and some of our members made contributions totaling $1200.00. And recently, Allis D’Amanda, the granddaughter of the Lyon family who donated this house recently gave a substantial donation and we have named the building fund in her honour.

And lastly we have developed and started a Mentoring program for medical students through a $5K grant from M&T bank. In this program seasoned Academy members can share their experiences and wisdom with the next generations and has been well-received by students and members alike. We plan to expand the program to include to residents, other healthcare professionals & pre-med students.
The Academy is an organization with mission, and it also has a business side with revenues and expenses. We are setting a course to financial stability through expense management and growth of key business areas. We have focused on stabilizing our finances over this past year so that we are an organization that is well-positioned to accomplish our mission and to provide new programs for members.

Let’s take a quick look at the finance of our organization then and now.
This bar graph, and the graphs to follow on the next 4 slides, represent 2 years’ actual results for 2012-13 and 2013-14 and projected results for 2014-15. The first step toward financial stability is to close the Academy’s persistent operating deficit.

Following on the heels of a 3-year trend, 2012-13 FY’s operating expenses were almost 2 times the Academy’s operating income. This situation created severe cash flow problems which carried over into FY 2013-14. In 2013-14, expenses were lowered by 19% and operating income grew by 14%. I’ll explain reasons for the growth in the next few slides. The operating deficit was reduced by almost $100K. Projections for 2014-15 are encouraging—as our revenue grows and we manage our expenses, we will reduce our deficit to about about $20K and this is very close to a balanced budget.

If we achieve our 2014-15 projections, we are closing most of the gap between expenses and revenue and on the path toward a sustainable business model.

Growth in the Academy’s key business areas is essential to closing the operating deficit.

I am happy to report, CME accreditation revenue – and area central to the mission of the Academy – grew 32% from 2012 to 2014. With over $55K CME revenue this year, we are positioned to achieve $60K in CME revenue next year.
Growth of the Academy’s events business is also a success story.

In 2012-13 the Academy booked a total of 90 events. This year, we held 105 events and grew revenue by 24%. Laurie Militello has become our “residential expert” and events manager *par excellence*. We are on a path to almost $40K revenue next year.

With the wonderful addition of the Rochester Medical Museum and Archive in January, Office leases are our highest revenue yielding business.

Next year, when the Academy benefits from a full year of the Museum’s tenancy in combination with our other 4 tenants, results in almost $80K in office lease revenue, more than 3X growth from 2012 to 2014.

Growth of our membership is our next challenge, as you see. We have work to do and I hope that each of you will find a way to help us with this.
We can only hypothesize the reasons for membership decline.

As a membership organization, we need to work to reverse this trend and create forward momentum with our members.

Last year, we passed a ByLaws change opening membership to medical scholars and other health care professionals. We will be reaching out to new members from these professions this year. With 2 new Board members representing medical scholars and nurses, and with the upcoming initiative with RIT, we will pursue and welcome new members to the Academy.

CONCLUSION:
I've shared with you many of the reasons why I believe 2014-15 can be a brand new day for the Academy! We have a diverse and interprofessional, interinstitutional and energized Board. We have outstanding support from our highly motivated staff and support team. We have new programs including a directly sponsored CME and a mentoring program for our members. And we have our members, which is most important of all. Members who love this place—all it has stood for in the past; all it can mean to health care professionals and our community in the future.

As an organization, we have a revitalized mission for the Academy to be a home for healthcare education, research, collegiality and community engagement across healthcare disciplines and systems.
I hope you have a sense of what the organization wants to be. Our next steps will require your help - to learn what you need and value as a member of the Academy and what the Academy can do for you. We will be thinking and talking more about that in the next monthly meetings.

I hope that this has helped you to understand where we were one year ago, and where we are now.

I think you will agree that we have made very significant progress since our last Annual Meeting. These efforts were the efforts of many - Suzanne Welch deserves special recognition - her creativity, patience, savvy, dedication, "grit", and her knack of seeing opportunities for the Academy and going out herself and with Board members, to make things happen. She is the force behind so many of the accomplishments that I’ve listed tonight. Amy Eisenberg for her administrative work. Her marketing abilities and personal commitment to making CME work and to make CME grow has transformed our CME process and expanded our users; Lydia Nicholson, who has taken over from Amy, continues to make innovative improvements to our CME business. Laurie Millitello, is our Events manager, and she and her crew are an essential part of this team effort. They have stretched themselves and their job descriptions, because they love this place, and its history and its potential. Larry Chessin jumped in and got involved because he saw the potential and the value of the Academy. And finally, Don Goldman is truly the Academy’s best salesperson because he believes in this organization so deeply.

I want to acknowledge them, and the Board members for not giving up, and for working individually and as a group to turn things around over the past year.

And now that leaves you, the members. Thank you for being here, and showing your support. We have changed the trajectory of the Academy from down to up. But we have much work to do, and we need your help now starting to think about membership. Are you wondering what you can do? There are many things you can do.

Please renew your membership. Stop at the membership table and fill our your membership tonight. Ask a colleague to join the Academy. Consider volunteering to serve on a committee; use the Academy for a special event. Contribute ideas, make a donation, give us some of your time.

I remind you that the Academy IS its members, and you each have something that you can contribute - in small ways, in big ways, in any way. Thank you for not giving up. Thank you for keeping the faith in the Academy. And hope for its future.

Thank you.