

Josiah Macy, Jr. Foundation

Aligning Health
Professional
Education with
Contemporary Needs



2009 Annual Report



The Foundation's logo incorporates the mid-nineteenth century ship's flag of Josiah Macy & Sons, New York shipping and commission merchants and ancestors of Josiah Macy, Jr.



Report of the Josiah Macy, Jr. Foundation

2009

Josiah Macy, Jr. Foundation

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“With generous funding from the Macy Foundation, we have an unprecedented opportunity to develop a curriculum on interdisciplinary team-based care using the latest educational technologies and a blended-learning approach. This is a strategy our students love and one that makes it easier for our faculty to reach a large, diverse group of learners.”

Marc Triola, M.D.

Assistant Professor of Medicine

Director, Division of Educational Informatics

Chief, Section of Medical Informatics

New York University School of Medicine / NYU Langone Medical Center

Principal Investigator, NYU 3T: Teaching, Technology, Teamwork

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President's Statement



George E. Thibault, M.D.

President

Josiah Macy, Jr. Foundation

In the past year we have undertaken an internal strategic planning process to test some of the conclusions we had reached about our future direction during my first-year interviews, meetings, and reviews. We also wanted to determine whether we were organized in the best possible way to take advantage of our opportunities and to maximize our effectiveness.

The results of this process have been validating and enlightening. We received affirmation that, building on our proud history in medical education, we could have even greater impact on health professional education innovation at this critical moment. We know that the health professions need to better align health professional education with a changing healthcare system and with the changing demography of the public we serve. Many agree that the issues I emphasized in last year's annual report—teamwork, interprofessional education, quality, patient safety, longitudinal clinical experiences, systems of care, efficiency, and diversity—must be an important part of the educational experiences of all health professionals in the twenty-first century. At the same time, we cannot detract from the importance of a sound scientific foundation in the education of all health professionals. In fact, we need to lessen the distance between scientific and clinical



education to more fully integrate them across the continuum of education and throughout the career of each health professional.

As a means to achieve these goals more readily, the Macy Foundation will become more intentional in its grant giving to focus more attention on themes that are at the intersection of education and healthcare delivery to the public. We will be working on improving the ways in which we announce our intentions to the world (eg, improved website and standardized application process), communicate with our grantees, and publicize the results of the work we support. I hope you will see the results of these planned changes in the upcoming year.

This year's annual report follows the format that we adopted last year. It reports on our finances for our fiscal year (July 1, 2008–June 30, 2009) but includes our grant-giving activity for the calendar year 2009. This format enables us to give the most current information about our grant-giving activity. In addition to reporting briefly on all new and active grants, we will continue to highlight clusters of grants that are thematically related. Building on the recommendations of our 2008 Macy Conference, "Revisiting the Medical Education Mission at a Time of Expansion," and

broadening that message more generally across the health professions, this year's annual report theme is "Aligning Health Professional Education with Contemporary Needs."

Three clusters of grants address different aspects of the alignment theme. The first cluster deals with better preparing physicians for practice in the twenty-first century by focusing on the health needs of special populations (rural and inner-city) and by moving to a more integrated framework for the educational experience. An insufficient number of physicians choose to serve rural and inner-city populations, and these new physicians are often poorly prepared to do so by traditional educational models. Also, the current educational model is too fragmented to prepare students adequately for the care of chronic illness and for the team approach to care. The novel curricular developments represented by the first cluster of grants address these deficiencies.

The second cluster of grants relates to the development of curricula and programs to teach physicians and nurses in training the principles and practices of patient safety and of improving the quality of care. In addition to highlighting core content that is underrepresented in most health professional education today, these grants

also model interprofessional planning and education.

The third cluster of grants explicitly focuses on strategies for the interprofessional education of health professional students. Each of these grants represents a different combination of the health professions (ie, nursing/medicine, nursing/medicine/pharmacy, nursing/medicine/dentistry/public health) as well as varied settings and approaches. Our goal with this cluster of grants is to have a measurable and sustainable impact on the attitudes and behaviors of the health professionals exposed to the curricular innovations and to derive principles of interprofessional education that might be generalizable.

Each of these themes—preparing health professionals for the care of special populations, teaching principles of patient safety and quality improvement, and modeling teamwork and interprofessional work—is one facet of the alignment goal. We will be looking for other proposals to further develop these themes and for projects that aim to strengthen alignment between education and the needs of the public in other ways. In each instance our goals will be to improve the education of those health professionals touched by the innovations and to derive those elements that can and should become a more general part of health professional education for all. To that end, we plan to convene groups of grantees working on similar themes to promote their learning and accelerate the process of innovation in each area.

As this report goes to press, there is the potential for a large number of uninsured Americans to obtain healthcare coverage. While much has been written about what the proposed legislation will

not do, it is important to note (and celebrate) what it could do. The consequences of going without health insurance have been well documented, and moving a significant segment of the population out of this high-risk group is both a social and a moral good. However, it will be incumbent upon us as a society to produce health professionals in adequate numbers and with adequate skills to enable the newly insured (and all Americans, for that matter) to reap the benefits of our healthcare system. It also will be incumbent upon us to have a healthcare workforce that will provide leadership for the additional changes that go beyond insurance reform to make our healthcare system more reliable, efficient, accessible, and equitable. That is why the work we are engaged in is so compelling and timely.

Our most recent Macy Conference ended just before we took this report to press. It was entitled, “Who Will Provide Primary Care and How Will They Be Trained?” The monograph that emerges out of this conference will address critical educational and organizational issues relevant to healthcare reform. You will be hearing more about the conference recommendations and the actions that result from them in the months ahead. This will be another aspect of our work to align health professional education with contemporary needs.



George E. Thibault, M.D.
President



History

Kate Macy Ladd endowed the Josiah Macy, Jr. Foundation in 1930, in memory of her father, who died of typhoid fever at the age of 38. By the time of her death in 1945, she had given the Foundation 19 million dollars. This endowment has grown and represents the sole source of the foundation's funds.

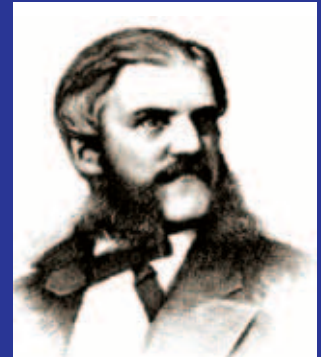
Josiah Macy, Jr. was an eighth generation descendant of Thomas Macy, one of the first European settlers of Nantucket. Thomas Macy emigrated from England in 1635 and initially settled in Salisbury, Mass. In 1659, he and nine other men purchased Nantucket Island (then a part of New York) in order to seek religious freedom from the Puritans who were persecuting the Quakers. Six generations and nearly 200 years later, Captain Josiah Macy left Nantucket and established a successful shipping firm in New York City.

Under Josiah Macy's sons and grandsons (one of whom was Josiah, Jr.) the firm prospered, opened the first oil refinery in New York, and ultimately was purchased by the Standard Oil Company.

In her prescient letter of 1930 establishing the endowment, Kate Macy Ladd outlined her vision



Kate Macy Ladd



Josiah Macy, Jr.

for the foundation. She wrote: "The gift should concentrate on a few problems rather than support many undertakings, [and]... primarily to be devoted to the fundamental aspects of health, sickness and of methods for the relief of suffering ... The preference should be given to the use of these funds to integrating functions in the medical sciences and medical education for which there seems to be particular need in our age of specialization and technical complexities ... The Foundation will take more interest in the architecture of ideas than in the architecture of buildings and laboratories."

Kate Macy Ladd was one of a few thoughtful observers of medicine in the 1940s to be concerned that the allure of technology might outstrip an appropriate focus on innovation in education and ways to alleviate suffering from disease. Her vision has guided the Foundation well as its programs have evolved from decade to decade to imaginatively meet the needs of the times. The Josiah Macy, Jr. Foundation has been a constant leader in medical and health professions education since its founding and we are proud of our legacy as we move to chart a new course for the first half of the twenty-first century.

Aligning Health Professional Education with Contemporary Needs



The Josiah Macy, Jr. Foundation, which has dedicated itself to fostering innovation in the health professions since 1930, is in the right intellectual place at the right political time to accelerate rigorous new thinking about training doctors, nurses, and other health professionals to serve society in the coming decades.

This Moment in Time

For the first time in thirty years, in response to a projected shortage of physicians, five new allopathic medical schools have been opened in the United States, seven more have applied for approval, and all but eighteen of 126 existing schools are increasing class size. By 2020, U.S. medical schools will graduate an additional 5,000 M.D.s every year. At the same time, nine new osteopathic medical schools have been added to the nineteen already in existence, and more are planned. Clearly, we are in the midst of a serious national discussion about healthcare that will almost certainly lead to important changes in our delivery system over the next decade.

If ever there were an opportunity to think seriously about bold innovations in health professionals' education, this is the time. In October 2008, the Macy Foundation examined novel educational opportunities in light of the anticipated growth in its report, "Revising the Medical Education Mission at a Time of Expansion."¹

As conference chair Jordan J. Cohen, M.D., noted "this moment in time ... provides an unparalleled opportunity to re-examine longstanding assumptions in medical education," as well as the societal mission of medical schools. This moment in time is also an occasion to honor what Abraham Flexner did for medical education with his seminal report in 1910 and to modify the way we educate health professionals to meet the needs of the nation in the twenty-first century.

The Josiah Macy, Jr. Foundation, which has dedicated itself to fostering innovation in the health professions since 1930, is in the right intellectual place at the right political time to accelerate rigorous new thinking about training doctors, nurses, and other health professionals to serve society in the coming decades. The Foundation's 2008 conference report is a call to action at a time when the need for innovation is urgent and compelling. Healthcare reform, however it unfolds, will place new demands on health professionals of all kinds. In turn, these reforms will require striking innovation in the way health professionals are educated. The Macy

conference crystallized the reasons educational innovation is essential and demonstrated cogently the opportunity to align education with society's healthcare needs.

These observations are among the highlights:

- Institutional leaders must show commitment to innovation.
- Institutional leaders must be men and women who represent the ethnic and racial diversity of the United States.
- The healthcare workforce must be drawn from all segments of American society.
- The standards for determining merit for admission to health professional schools, medical school in particular, may need to be broadened to reduce reliance on standardized tests, grade point averages, and an academic experience in which science predominates.
- All health professional schools should expand their curricula to include subjects that are newly recognized as vital to good practice, including quality and patient safety, a capacity to use information science for the benefit of the patient and society, principles of public health, and the health implications of cultural diversity among professionals and patients.
- New models for clinical education are needed.

The requirement that students' college years be spent studying the biological and physical sciences may weed out future doctors who have all the right personal characteristics to serve inner city and/or rural patients. Thus, the 2008 report says, "There was strong support for re-examining the

medical school admissions process—with its heavy reliance on MCAT and test scores—in an effort to attract a broader range of potential students."¹

In short, times change and successful institutions change with them. Perhaps most importantly, collaboration, teamwork, and good communication (which can be taught) should replace the hierarchies and silos that prevail in too many educational environments today. Though the Macy Conference focused on medical schools, the findings and recommendations are broadly applicable across the health professions.

In direct response to "Revisiting the Medical Educational Mission at a Time of Expansion," the Macy Foundation has followed up with a number of projects. The first of these projects is designed to keep track of what is happening.

With a grant from the Macy Foundation, the Association of American Medical Colleges (AAMC) will track the development of new schools and innovative curricula through a series of measures that include providing online sites and offering occasional conferences at which educational innovators can share experiences with each other and with existing schools. These forums will be a means for sharing new ideas and documenting innovations so that they can be evaluated over time.

A commissioned monograph, "New and Developing Medical Schools," by Michael E. Whitcomb, M.D., formerly with the AAMC, documents the beginnings of the new medical schools and describes what makes each unique.²

The Robert Graham Center in Washington, D.C., will use a Macy grant to report on the career pathways of all medical school graduates at this



time of expansion, creating an online mapping tool to allow policymakers, planners, and others to see the regional footprints of all allopathic medical schools in the United States.

Innovations in Medical Education

If the coming decade has a theme, innovation and collaboration will be it. To that end, the Macy Foundation is supporting pilot programs to encourage medical and nursing graduates to learn together in both urban and rural locations.

The heads of Johns Hopkins Medicine are introducing a new leadership track in Internal Medicine–Pediatrics (MP) combined residency programs with a focus on urban primary care. “While playing a crucial role in the health care of the underserved, Johns Hopkins’ departments of Internal Medicine and Pediatrics consistently produce leaders in specialized fields of medicine and research but no leaders in ‘family-oriented’ urban primary care systems and delivers,” Hopkins officials acknowledge.

Now, by selecting four residents a year for dual certification in internal medicine and pediatrics, Hopkins intends to address the primary care leadership needs in Baltimore while also creating a model nationwide. To entice highly motivated residents into the program and to expand the scope of their training, Hopkins will offer each a master’s degree in public health, business, or education at Hopkins’ expense, to be pursued while the residents are training at inner-city facilities. In addition, the program will link closely with the School of Nursing “to capitalize on the extensive outpatient experience to facilitate ‘co-training’ as residents and nurse practitioner students learn to care for the same patients in one clinic from the outset.” They will develop a curriculum focusing on the unique health issues of an inner-city population, including such topics as substance abuse, violence, mental health, and nutrition. This curriculum will also be made available to all trainees in Johns Hopkins University School of Medicine.

At Tulane University School of Medicine, the Macy Foundation is supporting an equally novel

program to produce physicians to care for the state's largely rural population through the Rural Immersion Program, which, like the Hopkins initiative, has strong support at the highest levels of university leadership. Louisiana has three medical schools that graduate 400 physicians a year. Only about thirty-five enter primary care in the state. The Rural Immersion initiative represents an attempt not only to change those statistics but also to establish a model that can be adapted elsewhere in the country. The program begins with an admissions process that will actively seek prospective students from rural environments with an interest in careers in rural medicine. After the second year of medical school, students will begin a nine-month immersion rotation with a primary preceptor in the community, during which a faculty "circuit rider" from the medical school will visit each rural immersion site on a regular schedule to ensure that the program is meeting standards set for ongoing care and learning.

Tulane describes its program as one that "will offer a continuous, longitudinal experience with a unique public health focus that requires participants to collaborate with other health professionals as members of a team." The idea that students need to learn how to work as part of a team is one of several concepts that resonates through many institutions' efforts to change the way they teach.

The University of California at San Francisco (UCSF) will use Macy Foundation funding to track students' learning experiences, clinical experiences, and professional development during the course of a year of longitudinal integrated clerkships. Analysis of the program, which will

include substantial training outside of tertiary care hospitals, will inform discussions about reforming clinical clerkships nationally. Three institutions are part of this experiment in longitudinal learning: The UCSF Parnassus, Mount Zion, and Lakeshore facilities; The Yankton Ambulatory Program at the Sanford School of Medicine at the University of South Dakota; and the Harvard Medical School/Cambridge Integrated Clerkship program.

The New York University (NYU) Langone Medical Center has received a Macy grant to support its program called NYU 3T: Teaching, Technology, Teamwork, which will train physicians and nurses to expand the frontiers of medical science and patient care. The emphasis will be to continue and enhance NYU's work to foster collaborative learning between medical and nursing students while employing new educational technologies to encourage self-directed, lifelong learning.

Teaching Quality, Patient Safety, and Teamwork

Until recently, quality in healthcare was taken for granted as the logical consequence of good medicine and nursing. Today, however, it is clear that both quality and patient safety are the subjects of good scholarship and are disciplines that can and must be taught.

The Geisinger Health System, with headquarters in Danville, Pennsylvania, is a working healthcare organization and a laboratory for the study of relationships between medical and nursing students. Geisinger provides primary through



tertiary care in a region with some two million people spread out over forty-two rural counties. By drawing on its population of medical and nursing students, Geisinger leaders are committed to an innovative thirty-month program in which healthcare professionals will mentor students in what is called “Hands-on Quality Improvement: The Physician-Nurse Relationship.” Geisinger’s educational program, which is already underway, will, for example, continue to “crystallize all the complex steps before, during and after medical procedures that require teamwork between disparate personnel and precision in care implementation.” The “Geisinger Quality Short Course,” a longitudinal program of study during an eight-month period, is another of the innovative efforts to which the institution’s leadership is committed.

Virtually all of the various programs use interprofessional group-based care as a centerpiece. Macy funding will not only enable Geisinger to advance its work but will also support efforts to disseminate this program nationally.

The Institute for Healthcare Improvement (IHI) is dedicated to equipping health professions students, and current health professionals with the knowledge and skills to promote quality improvement and safety through an instrument called IHI Open School. IHI reports growing interest among many educational leaders to integrate instruction in “quality and safety and experiential learning” into existing academic programs. With support from the Macy Foundation, IHI is conducting an eighteen-month initiative to design and implement improved models for teaching quality and safety with a select group of six medical and nursing schools using IHI Open School programming as

a resource. In addition, IHI will focus on ways to sustain the adoption of new approaches in all of its participating institutions.

The Mayo Clinic is another major institution that has made a commitment to improving patient care through its “Quality and Safety Initiative.” As Mayo leaders note, “Only in the past few years has the concept of Quality Improvement entered into the lexicon of medical training, from that of veteran practitioners to the newest medical and allied health students.” Mayo has developed a curriculum based on teaching quality and safety, dedicated to workshops for medical educators, portable curricular materials, assessment tools, and ongoing consultative assistance to groups within the institutional family. With help from Macy, the Mayo Clinic plans to take its Quality and Safety Curriculum Initiative to institutions nationwide as a means to reach thousands of healthcare professionals in a cost-effective way and to improve the care of the millions of patients they serve.

Innovation in Interprofessional Education and Communication

Collaboration and teamwork are among the key concepts for good professional education and improved patient care in the twenty-first century. Interprofessional education is a primary means of achieving this goal, which will require a certain change in the culture that has existed in our health professional schools and academic health centers.

The University of Washington, which has fostered close relationships among its schools of medicine, nursing, dentistry, pharmacy,

social work, and public health, and is a strong supporter of teamwork, says that “High quality, patient-centered healthcare requires not only effective communication within teams but also between the team members and the patient.” Although the idea that healthcare professionals should be actively taught to work together is developing traction, it remains a relatively new concept that demands innovative educational approaches. University of Washington leaders are experimenting with a program that focuses on team learning through simulation-based training. “In much the same way that airline pilots train on flight simulators, students in the health professions learn procedures on ‘human patient simulators’ as a powerful tool.” The idea is that interprofessional training using simulation brings together health professional students in a way that mimics what happens when actual healthcare teams treat patients in hospitals or clinics.

The Macy Foundation will contribute to this university’s multi-school effort to improve collaborative simulation-based training, to develop sound, ingrained communication, and to validate this innovative approach. The University of Washington’s program will include a customizable Web-based assessment toolkit that can be exported and adapted to other institutions and settings. The goal is to develop robust, sustainable interprofessional educational experiences that will be required for all health professional students.

The University of Pittsburgh is also showing innovative ways to approach interprofessional education through a program to train a healthcare workforce to treat the multiple needs of the elderly in a changing healthcare system. Pittsburgh has a large number of health professions schools, including Schools of



Medicine, Dentistry, Pharmacy, Nursing, Public Health, and Health and Rehabilitation Services. This gives the city a special capacity when it comes to thinking about innovation in an interprofessional environment. As the University leadership notes, services for elderly patients are often delivered by many different caregivers with little or no coordination or communication among them.

Macy will contribute to the University of Pittsburgh's program to develop new instructional resources for key geriatric problems, refine educational strategies for learning across health professions in the long-term care, (uniquely developing a "teaching nursing home" model), and initiate an institutional transformation in interprofessional education to equip all students for the demands of care in a changing environment.

The Texas Woman's University and Baylor College of Medicine have joined forces to refine a pilot project to research interprofessional communication among nursing and medical students to improve collaboration, patient safety, and teamwork. The Macy Foundation is providing funds to enable these two institutions to establish a formal, embedded program to train nursing and medical students with the TeamSTEPPS™ communications strategies in a simulated clinical environment. The program was developed by the Department of Defense Patient Safety Program in collaboration with the Agency for Healthcare Research and Quality. One of its principal objectives is the creation of an ongoing collaboration between the two schools that could serve as a model for other medical school/nursing school collaborations.



Columbia University Medical Center also has a number of schools in the health professions, including schools for medicine, nursing, dentistry, and public health. As Columbia's leaders cogently observe, "the health professions have long lamented their inability to get along with one another." With support from the Macy Foundation, the deans of Columbia's four health schools are committed to what they call a "year-long high-stakes and high-intensity" weekly working seminar to break down barriers and create positive interprofessional collaboration." The seminars will be framed in basic educational disciplines and will incorporate narratives to inspire new knowledge of oneself and others, participatory action research theory, and knowledge translation methods to find solutions. Among its other facets, the Columbia experiment will showcase areas of educational theory that are not widely applied to the world of healthcare.

As one can see from these carefully chosen examples, there are disparate ways to approach innovation in interprofessional education in healthcare to meet the needs of society in a changing world. Some projects are likely to yield great success that can be widely emulated. Others may be more locally viable. And some may not work. The important thing is that each of these projects, taken together, demonstrates how serious both the Macy Foundation and the community of health professions educators are about bringing new ways of thinking for the benefit of professionals and patients alike. We will continue to pursue innovation throughout the coming years. Events are already planned in 2010 to further this goal.

In January of 2010 the Macy Foundation showed its continued dedication to innovation in the name of advancing the care of the public when it sponsored an invitational conference to look ahead a decade or more. This conference, entitled “Who Will Provide Primary Care And How Will They Be Trained?” tackled one of the more important and perplexing challenges we face. The nation lacks sufficient primary care providers at present. No matter what shape healthcare reform legislation takes, the demand for a large cadre of primary care providers will be even larger, and, at present, even more elusive to many segments of the population. We see this conference as just the beginning of the Foundation’s contributions to a long-term solution to one of society’s most urgent needs—maintaining an adequate number of appropriately trained and distributed primary care providers to care for all Americans.

The Flexner Report will celebrate its centennial in 2010. Thus, it seems fitting that the Carnegie

Foundation for the Advancement of Teaching, which commissioned the Flexner Report, and the Josiah Macy, Jr. Foundation, which is celebrating its eightieth year, will jointly host a conference on two studies from Carnegie on topics of mutual interest: *Educating Nurses* was released in 2009; *Educating Physicians* will come out in 2010. Educational leaders of five campuses with both medical and nursing schools and with a demonstrated record of educational innovation will be chosen to meet in June 2010 for intense discussion about reform in nursing and medical education. The discussion will emphasize common themes of integration, systems improvement, professional development, and new models of clinical education.

The Josiah Macy, Jr. Foundation, which has dedicated itself to fostering innovation in the health professions since 1930, is in the right intellectual place at the right political time to accelerate rigorous new thinking about training doctors, nurses, and other health professionals to serve society in the coming decades.

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- 1 Hager M, Russell S, editors.
Revisiting the Medical School Educational Mission at a Time of Expansion. Proceedings of a Conference Sponsored by the Josiah Macy, Jr. Foundation;
Charleston, South Carolina, in October 2008.
 - 2 Whitcomb, M.
New And Developing Medical Schools: Motivating Factors, Major Challenges, Planning Strategies
Josiah Macy, Jr. Foundation
October 2008

New Grants

Association of American Medical Colleges (AAMC)

A study entitled “Learning from the Experience of A Consortium of New and Developing Medical Schools” aims to enhance our collective understanding of the challenges, opportunities, and experiences of the new medical schools being developed at the start of the twenty-first century in an effort to 1) support the new schools and provide a venue for them to share projects and innovations; 2) maintain a record of the history and development of these new schools (the first in the last quarter of the century); 3) learn from their experiences and produce a written record to promote the sharing of those lessons learned and catalyze in existing medical schools the development and implementation of innovative curricula; and 4) disseminate widely to all medical schools the results of the development, implementation, and evaluation of these new educational programs.

M. Brownell Anderson, Senior Director, Educational Affairs, is the principal investigator of a grant of up to \$482,670 for a period of four years, effective July 1, 2009.

Awarded May 2009

Mayo Clinic

“Improving Patient Care through Education: The Mayo Clinic Quality and Safety Initiative” is an innovative project that recognizes the importance of teaching quality and safety as subjects in their own right. The Mayo’s curriculum initiative addresses the need to integrate these topics into medical education, with the hope that the new curriculum will be widely adopted.

Prathibha Varkey, M.D., M.P.H., is the principal investigator on this \$350,000 Macy Foundation grant, which runs from 2009 through June 2012.

Awarded May 2009



Institute for Health Care Improvement (IHI)

A study on “Health Professions Education: Retooling for Quality and Safety” is intended to test and integrate various models of learning to equip health professions students with the necessary principles of quality and patient safety to enhance care in the twenty-first century. Web-based learning is part of this innovative project.

Penny Carver, M.Ed., and Don Goldmann, M.D., are the principal investigators on this two-year Macy grant of \$524,571, which took effect in July 2009 and runs through June 2011.

Awarded May 2009



IHI’s Executive Director of Performance Improvement, Robert Lloyd, Ph.D., conducts a site visit to the University of Missouri, Columbia, one of the six selected sites of the Retooling for Quality and Safety Initiative of the IHI Open School. This demonstration project, generously funded by the Macy Foundation, promotes interprofessional education and the integration of quality and safety concepts in the health professions curriculum.

New York University Langone Medical Center / New York University School of Medicine and College of Nursing



“The simulation with the Medical Students was very valuable... I felt it gave everyone a perspective on patient centered collaborative care.”

— Emilio de Guia,
NYU College of Nursing

An innovative program, “NYU 3T: Teaching, Technology, Teamwork,” is designed to ensure better training of physicians and nurses to improve patient care by fostering collaborative learning. Longitudinal team-based care, cultural competencies, and the management of health disparities among underserved populations are key goals.

Marc M. Triola, M.D., Director of the Division of Educational Informatics, and Terry Fulmer, Ph.D., R.N., Dean of the College of Nursing, are the co-principal investigators on this grant. The Macy Foundation will contribute \$792,499 to support this four-year program through 2013.

Awarded May 2009

Robert Graham Center for Policy Studies in Family Medicine and Primary Care

A project entitled “Medical School Footprints”, will provide for a novel mapping application that will measure and report the regional impact of medical schools. This project will also create an online mapping tool that will allow policymakers, planners, and advocates to reveal the regional footprint of all allopathic medical schools in the United States.

Andrew Bazemore, M.D., M.P.H., Assistant Director of the Graham Center, is the principal investigator on this Macy grant. The Macy Foundation will contribute \$149,444 to support this eighteen-month program.

Awarded May 2009

University of Pittsburgh

“My experiences of volunteering at a nursing home and assisted-living facility were influential in my decision to apply to medical school. While volunteering, I was really saddened to see the stress and weariness shown by the staff (especially the nursing assistants) and by the loneliness and isolation felt by the residents. Even though right now I cannot fully appreciate the complexity of our current system for long-term care, someday I hope to improve and find alternatives to this system.”—Tao Liu, *First-year Medical Student*

The University of Pittsburgh Schools of Health Sciences are building a new educational model that will be responsive to the current and projected needs of an aging population. The Schools of Medicine, Dental Medicine, Pharmacy, Nursing, Public Health, and Health and Rehabilitation Services are each collaborating on what the University calls IP-MACY, for interprofessional modeling and caring for the elderly—a longitudinal, portable program to educate students and faculty in long-term care.

Steven L. Kantor, M.D., and Susan Meyer, B.S.Pharm., Ph.D., are the principal investigators for this grant. The Macy Foundation has contributed \$327,329 to the support of this innovative program for three years ending in June 2012.

Awarded May 2009

Carnegie Foundation for the Advancement of Teaching

It seems fitting that in 2010, the centennial of the Flexner Report, the Report’s original publishers—the Carnegie Foundation for the Advancement of Teaching—joins with the Josiah Macy, Jr. Foundation to sponsor an innovative conference, “Educating Nurses and Physicians: Toward New Horizons.” The focus of the conference will be new studies being published by the Carnegie Foundation in each of these fields: *Educating Nurses* (in 2009) and *Educating Physicians* (forthcoming in 2010).

Pat Hutchings, Vice President, and William M. Sullivan, Senior Scholar, are the principal investigators for this grant. The Macy Foundation has contributed \$136,877 to the support of this two-and-a-half-day conference in June 2010.

Awarded October 2009

Columbia University Medical Center

“Training for Health Care Team Effectiveness” is a one-year project at Columbia University that will include each of the university’s four health professional schools: medicine, dental medicine, nursing, and public health. High-level faculty members from each school are committed to creating a collaborative approach to teaching healthcare team effectiveness and to building parity among the schools from the beginning of this effort.

Rita Charon, M.D., Ph.D., is principal investigator on this \$199,505 one-year planning grant from the Macy Foundation.

Awarded October 2009

Geisinger Health System Foundation

“Hands-on Quality Improvement: The Physician-Nurse Relationship” is designed to use quality improvement studies as a model to foster better teamwork among physicians and nurses, while also teaching teamwork to medical and nursing students in the Geisinger System, which provides primary care to approximately 42 million people spread out over 42 counties in rural Pennsylvania.

Adele Mattinat Spegman, Director, Institute on Nursing Excellence, B.S.N, M.S., Ph.D., and John R. Boker, Ph.D., B.S., M.Ed., M.S., Vice President, Faculty and Curriculum Development, Academic Affairs, are co-principal investigators for this grant. The Macy Foundation has awarded \$193,368 to support this program through 2012.

Awarded October 2009

Johns Hopkins Medicine

The Johns Hopkins Internal-Medicine-Pediatrics Urban Leadership Training Program is a two-phase multi-institutional program that creates a novel residency combining internal medicine and pediatrics to prepare physicians to become leaders in urban primary care in Baltimore and in other cities across the nation.

Program leaders at Hopkins are Edward D. Miller, M.D., Dean, School of Medicine; Leonard Feldman, M.D., Program Director; Rosalyn Stewart, M.D., Associate Program Director; and Myron Weisfeldt, M.D., Director, Department of Medicine.

The Macy Foundation has awarded \$703,384 toward support of the program over a four-year period, effective November 2009.

Awarded October 2009

Texas Woman's University and Baylor College of Medicine

After spending its own funds on a pilot study to research interdisciplinary communication between nursing and medical students, Texas Woman's University and Baylor College of Medicine have initiated the formal embedded use of TeamSTEPPS™, an evidence-based teamwork system developed by the Department of Defense Patient Safety Program to optimize patient outcomes by improving communication and other teamwork skills among healthcare professionals.

P. Ann Coleman, Ed.D., R.N., Director, Education Center for Clinical Innovations and Advanced Technologies, from Texas Woman's University, will serve as principal investigator.

The Interdisciplinary Clinical Collaborative Practice Project has received an eighteen-month Macy Foundation grant in the amount of \$278,308.

Awarded October 2009

Tulane University School of Medicine

Tulane will launch a nine-month Rural Immersion Program in Louisiana to fulfill the majority of core clinical requirements for students during the third-year rotation. The program will offer medical students the opportunity to work and live in rural communities, including a novel longitudinal experience with a focus on public health and collaboration with other health professionals as members of a team.

Benjamin P. Sachs, M.D., Senior Vice President of the University and Dean of the School of Medicine, represents Tulane's commitment to this program, which will be directed by Richard Streiffer, M.D., Chair of the Department of Family and Community Medicine.

The Macy Foundation has awarded \$411,400 to support the Rural Immersion Program for three years, effective December 2009 to November 2012.

Awarded October 2009

Ongoing Grants

American Board of Internal Medicine

This three-year grant, to be completed in August 2010, tests the use of a Practice Improvement Module to train internal medicine and family practice residents to provide geriatric care in an ambulatory setting. Findings are being reviewed and summarized in the final year.

American Dental Education Association

The American Dental Education Association (ADEA) has initiated a study aimed at increasing racial diversity in the dental workforce. This model is based on a successful medical model that has increased the enrollment of underrepresented minority students. The ADEA is adapting this model for recruitment of underrepresented minority students from high school into a seven-year dental education program. Models are being developed and tested in New York, Georgia, and New Mexico, where leaders from the Columbia University College of Dental Medicine, the University of New Mexico, and the Atlanta University Center (in conjunction with the Medical College of Georgia School of Dentistry) are developing local plans. This grant is to be completed in June 2010.

Association of American Medical Colleges and American Association of Colleges of Nursing

David A. Davis, M.D., Vice President for Continuing Healthcare Education and Improvement at the Association of American Medical Colleges, and Joan Stanley, Ph.D., Senior Director of Education Policy for the American Association of Colleges of Nursing, co-hosted a working conference on the content and delivery of continuing education and its linkages to clinical performance and healthcare outcomes. The two-day conference, held in February 2009, involved forty experts in the delivery of continuing education, learner preparation and support, and nursing and physician regulation, who identified issues that need to be addressed. A summary report will provide recommendations for the delivery, content, and outcomes of future continuing education for nurses and physicians. This grant is to be completed in July 2010.



Association for Prevention Teaching and Research

This grant, due for completion in January 2011, supports development of a framework for a common curriculum about prevention to be used by seven health professions. It also supports development of a Web-based Preventive Education Resource Center for use by faculty in those professions.

Brandeis University

This grant supports a study, due for completion in December 2011, that is assessing faculty development at five medical schools: Duke University School of Medicine, George Washington University School of Medicine and Public Health, Tufts University School of Medicine, University of Minnesota Medical School, and the University of New Mexico School of Medicine. The study places emphasis on identifying ways to improve the career development of minority and women faculty by altering existing medical school cultures.

Fund for Public Health in New York, Inc.

This three-year grant, to be completed in 2010, supports the Epidemiology Scholars Program at the New York City Department of Health and Mental Hygiene and is a collaborative effort with several schools of public health nationally. Its goals are to develop sustainable agency-wide research aimed at reducing the morbidity and mortality gaps between the city's richest and poorest neighborhoods and to give practical field research experience to public health students.

George Washington University

This grant, due for completion in April 2010, supports a study of past efforts to train new primary care physicians, recruit underrepresented minorities, and improve the geographic distribution of physicians, as well as an analysis of current efforts in these areas. Findings and recommendations for new and expanding medical schools produced in 2009 will be published and available to a broad audience.

Harvard Medical School

This three-year grant supports establishment of a Center for the Study of Diversity in Science. A major goal is to identify effective mechanisms for the academic and career advancement of racial and ethnic minority and urban and disadvantaged individuals. This Center will serve as a national resource for such efforts. Support continues to June 2011.

The Institute for Health Policy at Massachusetts General Hospital

The recent Macy Conference on Continuing Education in the Health Professions raised a number of questions about continuing medical education (CME). This proposal from Eric G. Campbell, Ph.D., of the Institute for Health Policy at the Massachusetts General Hospital, addresses four of those questions: 1) What types of CME work best? 2) How much CME do we need? 3) How should this set of CME activities be organized? and 4) How should this set of CME activities be paid for? The researchers then produced a white paper on a new conceptual model for continuing education and the implications for the cost and source of funding, completed in 2009. This grant is to be completed in August 2010.

The Institute of Medicine

The Institute of Medicine (IOM), a branch of the National Academy of Sciences, conducted an assessment of the idea of developing a national institute devoted to the continuing education of healthcare professionals. The establishment of such an institute was recommended by participants at the Macy Conference on Continuing Education in the Health Professions. This study is following the established IOM format, in which a fourteen-member committee—with representatives from academic medicine, health professions education, nursing, accreditation, information technology, education theory, and health economics—held three meetings in Washington, D.C., and then issued a peer-reviewed report based on their findings and recommendations.

New York University Master's Program in Global Public Health

This grant, which runs through June 2010, is based on the premise that global health involves the collaboration of many disciplines. Macy funding supports development of an interdisciplinary master's degree program to prepare graduates for leadership in global public health. Graduates are expected to have first-hand field experience in global health in which they will learn to work in teams with those of different professional backgrounds.

Robert Graham Center for Policy Studies in Family Medicine and Primary Care

This project by the Robert Graham Center for Policy Studies in Washington, D.C. aims to develop better understanding of the factors that influence a physician's choice of populations to serve. The study looks at a number of factors that may influence this decision, including education-related debt, experience with underserved populations and training in underserved areas, primary care experience, county of birth (ie,

rural, suburban, urban), race, and exposure to Title VII grants while in training. Because no objective study has ever looked at the effect of debt on career choices and the medical school debt burden is rising, an answer to the question about the impact of debt is of particular importance. This grant is to be completed in December 2010.

School of Public Health and Health Professions at SUNY, Buffalo

This grant, which runs through July 2010, supports the development, implementation, and evaluation of a core curriculum for the health professions. The curriculum will focus on professionalism/communications, evidence-based practice, and population health and wellness.

State University of New York-Upstate Medical Center

This grant, completed in September 2009, supports the development of a strategic management simulation-based modules of training competency for use in graduate medical education. Similar modules adapt for medicine interactive programs which have proved useful in other fields, such as aviation, the military, and corporations committed to effective decision-making.

University of Washington Schools of Health Sciences

This project, which runs through November 2011, from the University of Washington Schools of Health Sciences (Schools of Medicine, Nursing, Dentistry, Pharmacy, Social Work, and Public Health) aims to validate and then disseminate an innovative simulation-based team-training program that was developed to improve communication among interprofessional healthcare team members. Using simulation as a tool, students mimic actual healthcare teams as they interact with each other and with patients in challenging clinical situations. The goal is to promote high-quality, patient-centered care by training students to communicate more effectively with each other and with their patients. Once validated, the program will be disseminated with an exportable “Interprofessional Team Training Kit” for use by other health sciences schools.

University of California San Francisco School of Medicine

This project, which runs through September 2011, from the University of California San Francisco School of Medicine, Harvard Medical School, Cambridge Hospital at Harvard Medical School, and Sanford School of Medicine of the University of South Dakota is comparing alternative longitudinal, integrated clerkships with more traditional clinical clerkships. Several medical schools have developed alternative models based on principles of sociocultural studies, learning theory, and workplace learning, in which students work in community practices and develop continuing and long-term relationships with patients. This model aims to overcome concerns that traditional hospital-based clerkships may not adequately prepare students to manage chronic illness and practice in an ambulatory setting. Project leaders anticipate that students in the alternative clerkship model will obtain more experience in actual clinical activities in which they will connect with physicians, other healthcare providers, and patients, inspiring a more patient-centered approach in their own practices.

Presidential Discretionary Grants

Veterans of America

This award is to support the outreach program that focuses on educating veterans and the public about mental health injuries, expanding access to mental health resources, and offering community outreach to veterans suffering from these wounds.

\$10,000 Awarded 1/06/09

New York University School of Medicine

This award is to support the Fourth Annual Conference on the Health of the African Diaspora: Challenges and Solutions from Medical School to Practice and Leadership.

\$5,000 Awarded 1/22/09

North Carolina Central University

This award is to support the NCCU Blood and Bone Marrow Program, a program that will serve as a model to other Historically Black Colleges and Universities for engaging in donor behaviors that help reduce deaths and/or improve the quality of life for others.

\$3,000 Awarded 1/22/09

Columbia University

This award is to support a summer program (SPURS) that provides an intense research experience to underrepresented undergraduate students and gives them meaningful training in biomedical research. This program enhances the likelihood that each student will achieve a career in biomedical research and/or medicine by pursuing an advanced degree.

\$20,000 Awarded 4/22/09

New York Academy of Sciences

This award is to support a Medical Student and Research Fellow Alliance at the New York Academy of Sciences.

\$25,000 Awarded 6/11/09



Drexel University College of Medicine/ Institute for Women’s Health and Leadership

This award is to support the development of a comprehensive informational website encompassing archival and current information about women’s health and leadership topics

\$27,000 Awarded 6/11/09

Associated Medical Schools of New York

This award is to support a project that will focus on preparing the leaders of medical and dental schools to inspire and provide leadership for the fundamental changes to New York State’s medical and dental education.

\$35,000 Awarded 6/11/09

American Medical Association/Peer Review Congress

This award is to support the Sixth International Congress on Peer Review and Biomedical Publication, which was held September 10-12, 2009.

\$5,000 Awarded 6/11/09

National Hispanic Medical Association

This award is to support a leadership summit, “Strategies to Increase Diversity in the Health Professions and Title VII of the PHS Act.”

\$35,000 Awarded 7/14/09

Baylor College of Medicine

This award is to support the “National Symposium on Faculty Development in Medical Education Reform: A 2020 Vision of Faculty Development across the Medical Education Continuum.”

\$35,000 Awarded 7/14/09

Physicians for Human Rights

This award is to support Physicians for Human Right's National Student Program, which will continue its intensive work to ensure that human rights education becomes mainstream in medical and nursing schools across the United States.

\$35,000 *Awarded 7/14/09*

American Association of Public Health Dentistry

This award is to underwrite the honoraria for up to twelve committee members selected from a distinguished list of faculty and public health practitioners.

\$35,000 *Awarded 11/17/09*

Association of American Medical Colleges- American Medical Association

This award is to support the AAMC-AMA conference, "New Horizons in Medical Education," which will mark the 100th anniversary of the Flexner Report, September 20-22, 2010.

\$35,000 *Awarded 11/17/09*

Massachusetts General Hospital

This award is to support a research project, "Improving Empathy and Relational Skills in Resident Physicians: A Randomized Controlled Trial."

\$25,000 *Awarded 12/09/09*

Financial Report



Josiah Macy, Jr. Foundation Financial Statements

Fiscal Year

July 1, 2008 to June 30, 2009

Josiah Macy, Jr. Foundation Financial Statements

Fiscal Year July 1, 2008 to June 30, 2009

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Independent Auditor's Report

To the Board of Directors of
Josiah Macy, Jr. Foundation

We have audited the accompanying statements of financial position of Josiah Macy, Jr. Foundation (a not-for-profit corporation) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Organization. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Josiah Macy, Jr. Foundation as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
December 22, 2009

Statements of Financial Position

| | <u>2009</u> | <u>2008</u> |
|--|------------------------------------|------------------------------------|
| Assets | | |
| Cash and cash equivalents (Notes 1c and 9) | \$ 2,870,743 | \$ 6,755,042 |
| Investments, at fair value (Notes 1d and 3) | 113,827,574 | 142,276,393 |
| Accrued interest and dividends receivable | 275,749 | 324,889 |
| Prepaid expenses and other assets | 110,641 | 244,195 |
| Fixed assets, at cost, less accumulated depreciation (Notes 1e and 4) | <u>4,736,966</u> | <u>2,527,140</u> |
| Total Assets | <u><u>\$121,821,673</u></u> | <u><u>\$152,127,659</u></u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Due to broker | \$ 36,857 | \$ 360,423 |
| Grants payable (Notes 1f and 5) | 938,710 | 862,790 |
| Accrued retirement benefits (Note 8) | 5,358 | 2,850 |
| Other accrued liabilities | 301,595 | 176,893 |
| Deferred federal excise tax (Note 2) | <u>-</u> | <u>67,872</u> |
| Total Liabilities | 1,282,520 | 1,470,828 |
| Net Assets | | |
| Unrestricted | <u>120,539,153</u> | <u>150,656,831</u> |
| Total Liabilities and Net Assets | <u><u>\$121,821,673</u></u> | <u><u>\$152,127,659</u></u> |

See notes to financial statements

Statements of Activities

| | <u>2009</u> | <u>2008</u> |
|---|-----------------------------|-----------------------------|
| Revenue | | |
| Interest on investments | \$ 1,366,429 | \$ 1,667,466 |
| Dividends on investments | 1,570,590 | 1,580,710 |
| Grant refunds and other | <u>70,217</u> | <u>215</u> |
| Total Revenue | <u>3,007,236</u> | <u>3,248,391</u> |
| Expenses (Note 7) | | |
| Salaries | 1,134,321 | 945,432 |
| Employee benefits (Note 8) | 301,059 | 356,746 |
| Professional services | 358,782 | 372,071 |
| Equipment and minor improvements | 63,588 | 96,505 |
| Utilities, insurance and building maintenance | 73,486 | 68,171 |
| Other administrative expenses | 345,443 | 337,006 |
| Investment counsel and custodian fees | 690,196 | 791,161 |
| Depreciation | 23,289 | 20,660 |
| Provision for taxes (Note 2) | | |
| Excise and unrelated business tax | 25,000 | 57,250 |
| Deferred | (67,872) | (183,002) |
| Grants and conferences, publications and program planning | | |
| Medical and premedical education | 3,189,346 | 4,921,794 |
| Discretionary grants awarded | 500,000 | 500,000 |
| Conferences | 298,509 | 123,913 |
| Matching gift grants | 332,394 | 300,376 |
| Publications and program planning - net of refunds | 327,531 | 333,626 |
| Organizational dues | <u>56,620</u> | <u>55,506</u> |
| Total Expenses | <u>7,651,692</u> | <u>9,097,215</u> |
| Change in unrestricted net assets from operations | (4,644,456) | (5,848,824) |
| Net realized and unrealized loss on investments | <u>(25,473,222)</u> | <u>(14,741,573)</u> |
| Change in net assets | (30,117,678) | (20,590,397) |
| Net assets, beginning of year | <u>150,656,831</u> | <u>171,247,228</u> |
| Net Assets, End of Year | <u><u>\$120,539,153</u></u> | <u><u>\$150,656,831</u></u> |

See notes to financial statements

Statements of Cash Flows

| | <u>2009</u> | <u>2008</u> |
|---|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ (30,117,678) | \$(20,590,397) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 23,289 | 20,660 |
| Net realized and unrealized gain on investments | 25,473,222 | 14,741,573 |
| Credit for deferred federal excise tax | (67,872) | (183,002) |
| Changes in operating assets and liabilities | | |
| Accrued interest and dividends receivable | 49,140 | (4,659) |
| Prepaid expenses and other assets | 133,554 | (214,625) |
| Grants payable | 75,920 | 538,878 |
| Accrued retirement benefits | 2,508 | 237 |
| Other accrued liabilities | 124,209 | (46,136) |
| Net Cash Used By Operating Activities | <u>(4,303,708)</u> | <u>(5,737,471)</u> |
| Cash Flows From Investing Activities | | |
| Purchases of investments | (91,772,315) | (104,133,769) |
| Proceeds from sales of investments | 94,424,346 | 111,141,299 |
| Payment for fixed asset additions | <u>(2,232,622)</u> | <u>(330,765)</u> |
| Net Cash Provided By Investing Activities | <u>419,409</u> | <u>6,676,765</u> |
| Net increase (decrease) in cash and cash equivalents | (3,884,299) | 939,294 |
| Cash and cash equivalents, beginning of year | <u>6,755,042</u> | <u>5,815,748</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 2,870,743</u> | <u>\$ 6,755,042</u> |
| Supplemental Disclosure of Cash Flow Information | | |
| Excise taxes paid | <u>\$ -</u> | <u>\$ 160,000</u> |

See notes to financial statements

Notes to Financial Statements

Note 1 - **Organization and Summary of Significant Accounting Policies**

a - Organization

The Josiah Macy, Jr. Foundation (the “Foundation”) is a private foundation which provides grants to colleges, universities and other professional associations relating primarily to medical education and preparation for careers in the health professions.

b - Net Assets Classification

The Foundation’s net assets consist of unrestricted net assets which are fully available at the discretion of management and the Board of Directors to utilize in any of the Foundation’s programs or supporting services.

c - Cash and Cash Equivalents

The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

d - Investments

The Foundation was required to adopt Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“SFAS 157”), effective July 1, 2008.

SFAS 157 clarifies that fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Under SFAS 157, fair value measurements are not adjusted for transaction costs. SFAS 157 provides for use of a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Foundation. Unobservable inputs reflect the assumptions developed by the Foundation based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.

An asset or liability’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

Notes to Financial Statements

Continued

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

d - Investments (continued)

Investments in common stock, U.S. government and agency obligations, mutual funds and corporate obligations are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values.

Investments in certain alternative investments are classified within Level 2 of the fair value hierarchy. Fair value is determined by the general partners or management of the companies, based on quoted prices for similar assets.

Investments are classified within Level 3 of the fair value hierarchy because they trade infrequently (or not at all) and therefore have little or no readily available pricing. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. Certain alternative investments are classified within Level 3 of the fair value hierarchy.

For positions that are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability and such adjustments are generally based on available market information. In the absence of such evidence, management's best estimate is used.

The values assigned to these investments and any unrealized gains or losses are reported based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such differences could be material. The ultimate realization of such amounts depends on future events and circumstances and therefore valuation estimates may differ from the value realized upon disposition of individual positions.

e - Fixed Assets

Buildings and furnishings are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 15 years.

f - Grants

The Foundation normally provides grants to colleges, universities and other professional associations for a period of one to three years. These grants are recorded as expense at the time they become unconditional. Conditional or revocable grants are disclosed as future commitments.

Notes to Financial Statements

Continued

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

g - Expense Allocations

Functional expenses which are not specifically attributable to program services or supporting services are allocated by management based on various allocation factors.

h - Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

i - Subsequent Events

The Foundation has evaluated subsequent events through December 22, 2009, the date that the financial statements are considered available to be issued.

Note 2 - Income Tax Status

The Foundation qualifies as a tax-exempt organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is not subject to federal income taxes under Internal Revenue Code Section 501(a). In addition, New York State (the "State") and New York City (the "City") have classified the Foundation as nonprofit in character and, as such, it is exempt from payment of income taxes to the State and City. However, as a private foundation, an excise tax of 1% or 2% is imposed on the net investment income of the Foundation.

Deferred federal excise tax arises from temporary differences between financial and tax reporting related to the difference between the cost basis and the fair value of marketable securities.

Unrelated business income taxes arise from investment activities that are subject to tax.

In addition, as a private foundation, qualifying distributions are required to be made for charitable, educational, or religious and scientific purposes equal to approximately 5% of the average fair value of the Foundation's cash and investments. All such required qualifying distributions have been made through June 30, 2009.

Notes to Financial Statements

Continued

Note 3 - Investments

The cost and fair value of investments at June 30, 2009 and 2008 were as follows:

| | <u>2009</u> | | <u>2008</u> | |
|---|----------------------|----------------------|----------------------|----------------------|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> |
| Common stock | \$ 38,151,017 | \$ 30,190,105 | \$ 38,732,125 | \$ 33,389,627 |
| U.S. government and agency obligations | 6,033,425 | 6,124,084 | 9,523,664 | 9,490,364 |
| Corporate obligations | 13,891,494 | 12,615,345 | 15,052,150 | 14,221,907 |
| Mutual funds | 24,102,591 | 19,438,933 | 22,872,573 | 20,445,048 |
| Alternative investments | <u>41,404,490</u> | <u>45,459,107</u> | <u>49,308,242</u> | <u>64,729,447</u> |
| Total | <u>\$123,583,017</u> | <u>\$113,827,574</u> | <u>\$135,488,754</u> | <u>\$142,276,393</u> |

In Fiscal 2009 and 2008, the Foundation had investments in alternative investments that include a limited partnership, a trust and offshore corporations. These investments are reported at fair value as determined by the general partner or management of the company. While these investments contain varying degrees of risk, the Foundation's risk is limited to its capital investment in each investment.

Investment fees of approximately \$602,000 related to the alternative investments were netted against the unrealized appreciation in 2009. Such fees approximated \$2,836,000 in 2008.

The following summarizes investments at June 30, 2009 by the levels within the fair value hierarchy used to measure their respective fair values:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|----------------------|---------------------|---------------------|---------------------|
| Common stock | \$ 30,190,105 | \$30,190,105 | \$ - | \$ - |
| U.S. government and agency obligations | 6,124,084 | 6,124,084 | - | - |
| Corporate obligations | 12,615,345 | 12,615,345 | - | - |
| Mutual funds | 19,438,933 | 19,438,933 | - | - |
| Alternative investments | <u>45,459,107</u> | <u>-</u> | <u>23,759,301</u> | <u>21,699,806</u> |
| | <u>\$113,827,574</u> | <u>\$68,368,467</u> | <u>\$23,759,301</u> | <u>\$21,699,806</u> |

Notes to Financial Statements

Continued

Note 3 - Investments (continued)

The following summarized changes in fair value of the Foundation's Level 3 investments for the year ended June 30, 2009:

| | <u>Alternative Investments</u> |
|------------------------|---|
| Balance, July 1, 2008 | \$35,816,247 |
| Realized gain | 580,288 |
| Unrealized loss | (11,079,333) |
| Purchases | 382,604 |
| Sales | <u>(4,000,000)</u> |
| Balance, June 30, 2009 | <u>\$21,699,806</u> |

Note 4 - Fixed Assets

Fixed assets at June 30 consist of the following:

| | <u>2009</u> | <u>2008</u> |
|--------------------------------|--------------------|--------------------|
| Land | \$1,922,700 | \$1,922,700 |
| Buildings and improvements | 1,291,072 | 1,281,672 |
| Furniture and fixtures | 134,023 | 79,446 |
| Construction in progress (*) | <u>2,627,079</u> | <u>457,941</u> |
| Total fixed assets | 5,974,874 | 3,741,759 |
| Less: Accumulated depreciation | <u>(1,237,908)</u> | <u>(1,214,619)</u> |
| Fixed Assets, Net | <u>\$4,736,966</u> | <u>\$2,527,140</u> |

(*) Construction in progress is expected to be completed in fiscal year 2010.

Notes to Financial Statements

Continued

Note 5 - Grants and Conference Expense

Grants (including conference costs) authorized by the Board of Directors were as follows:

| | <u>2009</u> | <u>2008</u> |
|---|--------------------|--------------------|
| Beginning balance | \$4,753,878 | \$7,420,313 |
| Authorized | 5,032,438 | 2,878,391 |
| Paid | (4,244,328) | (5,425,201) |
| Lapsed | <u>(177,970)</u> | <u>(119,625)</u> |
| Ending Balance | <u>\$5,364,018</u> | <u>\$4,753,878</u> |
| Grants payable | \$ 938,710 | \$ 862,790 |
| Future installments of multi-year grants and conference expense authorized | <u>4,425,308</u> | <u>3,891,088</u> |
| | <u>\$5,364,018</u> | <u>\$4,753,878</u> |

At June 30, 2009, the Foundation's Board of Directors had authorized grants of \$4,454,018 to be paid in future years. Of this amount, \$3,515,308 is conditional upon the grantees making satisfactory progress toward stated objectives and is revocable by the Board of Directors if certain conditions are not met.

Note 6 - Related Parties

Certain members of the Board of Directors of the Foundation have relationships with institutions that receive grants from the Foundation. Grants totaling \$1,019,500 and \$1,982,818 were paid to these institutions during the years ended June 30, 2009 and 2008, respectively. At June 30, 2009 and 2008, \$574,480 and \$269,500, respectively, were payable to these institutions (see Note 5). The Board members abstain from voting on grants to institutions with which they have a relationship.

Notes to Financial Statements

Continued

Note 7 - Functional Expenses

Functional expenses were incurred for:

| | <u>2009</u> | <u>2008</u> |
|------------------------|--------------------|--------------------|
| Program services | \$5,470,476 | \$6,930,721 |
| Management and general | <u>2,181,216</u> | <u>2,166,494</u> |
| | <u>\$7,651,692</u> | <u>\$9,097,215</u> |

Note 8 - Retirement Plan

The Foundation has a noncontributory employee retirement plan with Teachers Insurance and Annuity Association (TIAA) covering employees who meet specified service and age tests. The plan is funded by the purchase of individual annuity contracts with an insurance company. Premium payments of \$102,021 and \$99,520 were charged to operating expense for the years ended June 30, 2009 and 2008, respectively.

In addition, the Foundation's employees have the option to participate in supplemental retirement plans with TIAA through payroll deductions.

Note 9 - Concentration of Credit Risk

The Foundation maintains its cash balances in The Bank of New York Mellon which at times may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation or the Securities Investors Protection Corporation up to certain limits.

Notes to Financial Statements

Continued

Note 10 - Line of Credit

In August 2008, the Foundation secured a \$2,000,000 line of credit with The Bank of New York Mellon which expired on July 31, 2009. Advances on the line of credit provide for an interest rate based on either the prime rate, or the LIBOR rate plus 1.25%. There was no balance outstanding at June 30, 2009.

Note 11 - Fair Value of Financial Instruments

The provisions of Statement of Financial Accounting Standards No. 107, 'Disclosures about Fair Value of Financial Instruments', require disclosure of the fair value of financial instruments for which it is practicable to estimate the fair value. The fair value of investments has been presented in Note 3. The carrying amount of all other financial instruments approximates fair value because of their short maturity.



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