



**Tai Sophia
Institute**

The Report

Spring 2008
Vol. 6 No. 1 Supplement



LEADERSHIP:
Building Capacity and
Securing our Foundation

Welcome



Sherman Cohn
Chairperson
Board of Trustees

From its founding a third of a century ago, Tai Sophia has come a very long way under the tutelage of its founders, Dianne Connelly and Bob Duggan. They have set a theme that has taken hold throughout the Institute, a theme that has made an impact both locally and nationally. Under their leadership, Tai Sophia is now a premier academic institution for the new healthcare.

According to Julie Gerberding, MD, director of the US Center for Disease Control and Prevention, our health system "cannot afford to continue in the direction" in which it is now going. "We are at a tipping point with our healthcare delivery system," she stated. Dr. Gerberding has called for the creation of "schools of health," which will focus on preventing disease and helping people lead healthier lives instead of concentrating merely on disease control and end-of-life issues. She may very well have been talking about Tai Sophia and where it has come under the tutelage of its founders.

And now we have new opportunities to deepen the work of Tai Sophia. The Board of the Institute took an important step in that process five years ago when it appointed Barbara Ellrich as Executive Vice President and Chief Operating Officer, and

began to build a superb leadership team under her direction. The latest step in building that team is the addition of Frank Vitale as Vice President for Business and Finance.

Now it is time for further change and deepening. The Board of Trustees has chosen Barbara as Chief Executive Officer of the Tai Sophia Graduate School. Her many years of successful work in so many capacities with the Institute has given the Board confidence in her leadership abilities in moving graduate programs forward to even greater strength and achievement.

Our president, Bob Duggan, is assuming a larger role, one that will guarantee the Institute's continued creativity. Barbara's assumption of the CEO role frees up Bob to do what he does so well: teach, write, think large, create future programs, and raise the financial gifts that will secure this work long into the future.

With this wonderful set of talents in place, the Trustees are confident that the Institute is on its course forward. Much needs to be done, of course, as it always does in a dynamic, growing institution. And the talent is in place to continue to make it happen. We are well-anchored in the philosophy and teaching that has brought us to our present place in the world, an anchor that is the foundation for the exciting future that lies ahead.

ON THE COVER:

Tai Sophia Institute's CEO Council (from left): Frank Vitale, VP for Business and Finance; Lisa Connelly-Duggan, VP for Enrollment; Barbara Ellrich, Executive Vice President and Chief Executive Officer; Blaize Connelly-Duggan, VP for New Ventures; and Mary Ellen Petrisko, VP for Academic Affairs

At Tai Sophia Institute, Taking the world into our arms

...When it's over, I want to say: all my life

I was a bride married to amazement.

I was the bridegroom, taking the world into my arms...

– "When Death Comes,"
by Mary Oliver

I choose the words of a poet to express my joy over our shared commitment ... our institute is about being awake to being alive, here, together, on this one good earth; to together "taking the world" into our arms, creating conversations and actions to honor the ancestors and to serve the next generations; to practicing a deep wonder over being here at all; to learning to be friends for each other's life and death; to being open to the inevitable changes in being alive.

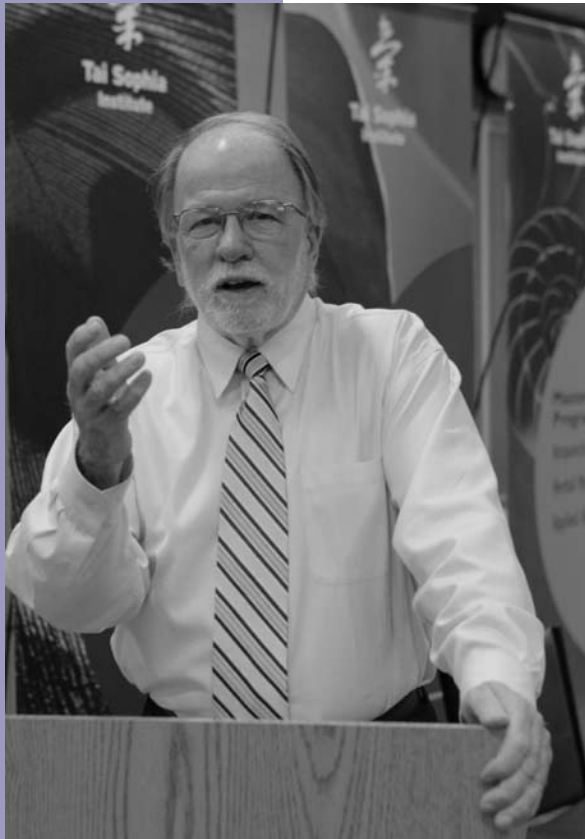
And so, as a founding impulse of Tai Sophia, I am greatly glad for the deepening and creative movement in leadership here at the Institute. I have faith in our future and gratitude for the next steps of this dance that we are all in together, this serious joyful taking of the world, our world, into our arms. I am "married to amazement" with you in this unrepeatable life.



Dianne M. Connelly
Co-founder and
Chancellor

Tai Sophia Institute, a private, nonprofit organization based in Laurel, Maryland, is a center for wellness-based education, patient care, and public policy discourse. Founded in 1975 as a small healing arts clinic, the Institute has evolved into a diverse resource providing graduate academic programs, continuing education, community wellness programs, and clinical services in acupuncture and herbal medicine. Its 12-acre main campus also houses a bookstore, library, herb and meditation gardens. Tai Sophia is accredited by the Middle States Commission on Higher Education and offers three graduate degrees in Acupuncture, Herbal Medicine, and Applied Healing Arts. The Master of Acupuncture program was the first in the United States to be accredited by the Accreditation Commission for Acupuncture and Oriental Medicine. The Institute's faculty, staff, and students donate more than 15,000 community service hours to a variety of projects, and its practitioners provide more than 35,000 treatments yearly. The Institute empowers wellness leaders, business executives and communities to learn the art of caring for and serving one another.

Deepening our work
 Institute's President looks to the future



Robert M. Duggan
 Co-founder and
 President

I am very proud of the 33 years of Tai Sophia history, and honored by the thousands and thousands of people who have created this Institute. We have 1100 graduates who practice throughout the country; we provide more than 35,000 healing treatments a year to clients in our clinic; we opened the doors to our own Laurel campus in 2002; and we created a wonderful and highly successful community-based treatment center in Baltimore that currently serves some 400 clients a day. The dream of Tai Sophia Institute now has a physical place to call its own, with 423 students enrolled—our largest-ever enrollment. Overall, we have attained a new plateau of service, stability, and quality of leadership.

As the campus, enrollment, and reach of Tai Sophia Institute continues to grow, so does its leadership; we are engaging, and relying upon, a more specialized and experienced leadership team to oversee our goals and commitments. As president, this means many of the hats I've worn since Tai Sophia's beginning have been reassigned, enabling me to engage more deeply in the issues and tasks germane to a university president.

In line with that shift, I am delighted that the Board of Trustees elected Barbara Ellrich as CEO of the graduate school. Barbara has been part of Tai Sophia for 26 years, bringing extraordinary dedication and commitment to this work and a deep understanding of our core values. She has been a partner through all of these years, and has helped guide every stage of the Institute's expansion.

Knowing that Barbara is managing the executive responsibilities crucial to the graduate school's successful operation, I now have the freedom to focus on further developing our vision, direction, and leadership, and to draw to Tai Sophia the academic and intellectual enrichment that will deepen the soul of the Institute. Taking a step back means I can approach the next seven to ten years with a longer view to build the financial strength of the Institute, to eliminate the debt incurred in building our new campus, and to build the resources for a strong future. My highest priority as president and one of Tai Sophia's founders is to enable the Institute's long-term success and viability, assuring that the extraordinary creation of the past 33 years is solidly grounded for service through the next 133 years.

At this time in Tai Sophia's history, I am deeply grateful to the Trustees and to Barbara and the rest of our leadership team, to our generous benefactors, our faculty, staff, and students, and to all in the Tai Sophia community who share our vision of being an anchoring academic institution for a global wellness community. I ask for your continued partnership and your support as we build this new world.

Designing the future
 Standing on the shoulders of the past

Twenty-six years after joining the Institute's staff, I still look forward to coming to work every day. Like many of us, I recognized immediately the deep resonance I had with the mission, vision, and values of this great, wonderful place called Tai Sophia.

There has been lots of growth and deepening over the years, both for the institution and for me. I started in 1981 as part-time Assistant to the Registrar. From there I successfully assumed the roles of Registrar, Director of Admissions, Academic Dean, Vice President for Education, and then Executive Vice President and Chief Operating Officer. Now as Chief Executive Officer of the graduate school, the "buck stops here" on all matters related to degree programs, clinical services, and community programs. The Board is holding me responsible for imagining, declaring, and steering the course of the graduate school's next phase of growth. The world is hungry for what we teach and is searching for learning communities like ours. I am honored to now be leading this effort in ways true to our values and mission.

Supported by the leadership of an experienced and very capable CEO Council, I am focused on our overall strategy and near-term goals for the graduate school, which include:

- Ensuring that the graduate school remains the embodied essence of Tai Sophia Institute as it moves into its next phase of growth
- Stabilizing the finances and funding
- Establishing a long-term vision
- Building a strong development team
- Making what we have work well ... and keeping it working into the future
- Increasing the effectiveness of our marketing and enrollment efforts
- Designing the next level of organizational needs
- Supporting the Board's development so that together we achieve our goals

As we design into this future, I am guided by the lessons I have learned as one of the earliest members of the Tai Sophia community. The values, culture, lessons and experiences I have gained here are like trusted ancestors on whose shoulders I stand. At the heart of what I have learned is that none of us ever does anything alone: oneness and partnership are the essentials of life.

It is a privilege to be walking this path in oneness and partnership with the members of the CEO Council — Mary Ellen Petrisko, Lisa Connelly-Duggan, Frank Vitale, and Blaize Connelly-Duggan — and with the entire Tai Sophia community. A deep bow of acknowledgment to each of you for your role in shaping the past and present, and for supporting the Institute into the future.



Barbara Ellrich
 Executive
 Vice President
 and Chief Executive
 Officer

Financial report Solidifying our institutional foundation



Frank Vitale
Vice President for
Business and Finance

With the underlying values and principles that have so ably guided Tai Sophia over the years firmly intact, and with our community mandate to maintain a positive healing presence in the world, the most immediate fundamental need of the Institute today is to solidify its financial foundation and provide for its ongoing operating needs.

As a private 501(c)(3) non-profit organization without the ordinary financial support of federal and state governments that many universities and colleges enjoy, Tai Sophia has but a few sources from which to derive income: 1) student tuition and fees; 2) community services; and 3) contributions. Because of this limitation, Tai Sophia has supplemented its campus development and operational requirements through other means, namely bank financing and loans from supporters of the Institute. Realizing that continuing to amass debt to finance the Institute's future isn't a healthy long-term approach, Tai Sophia's Board and executive management have embarked on an important capacity-building program to:

- Eliminate campus development debt and associated carrying cost;
- Help finance operations and community outreach efforts;
- Build necessary financial reserves to sustain Tai Sophia into the future;
- Invest in its faculty and staff, who anchor the Institute's academic, clinical, and community educational programs;
- Protect the long-term viability of Tai Sophia's campus facilities, which are now over five years old; and
- Provide scholarships for worthy students unable to afford tuition.

This kind of professional capacity-building is most often associated with those very successful non-profit organizations whose missions carry on well beyond their founders' dreams. Tai Sophia's goal is to perpetuate its contribution to, and influence on, the art and science of whole person healing. It looks to continue to build on its present-day reputation for delivering the highest quality academic and community programs, as well as the most personalized client care by graduate acupuncture and herbal medicine practitioners who staff its clinic centers and operate independent practices throughout the United States.

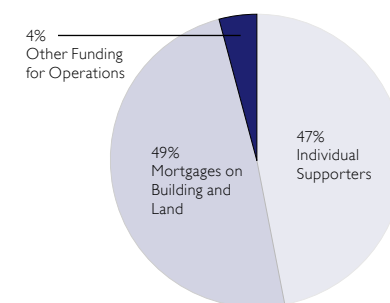
Underpinning our need to strengthen the Institute's financial footing is the work done to instill sound business practices and operating systems to facilitate budgeting, support program growth, allow for informed decision-making, and enable the assessment of our progress as we move forward within the framework of our mission-directed strategic goals. The evolution of Tai Sophia over the years has been extraordinary, both as a learning institution and in the leadership it has demonstrated in the world of complementary medicine. Now, 33 years later, with over 1100 graduates and 423 students currently engaged in

its three graduate degree programs, as well as tens of thousands of individuals participating in its clinical and community programs, the organization must address the significant debt incurred to help support these achievements. This debt, which presently amounts to a total of approximately \$18 million, consists largely of loans from individual supporters for the initial campus development, bank financing to purchase the building and land, and, to a lesser extent, other credit to supplement our day-to-day operating cash flow requirements.

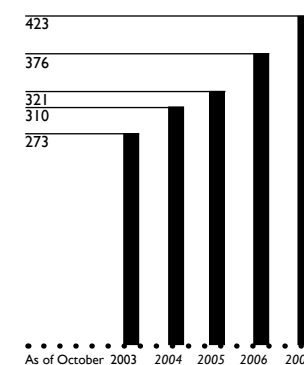
Part of the new capacity-building initiative aims to pay the principal and interest due Tai Sophia's individual supporters, which would considerably decrease total debt with accrued interest by approximately \$8.4 million and reduce annual interest expense by as much as \$700,000, thus improving the Institute's operating cash flow. In addition, the anticipated funding from the capacity-building program projected to support operations and create needed reserves will go a long way toward retaining and further developing faculty and staff, and providing for the Institute's students and campus facilities.

A major component of this financial revitalization is the adoption of a more conservative approach to Tai Sophia's financial matters. This means that the Institute will adhere to the principle of fiscal conservatism, a symbol of an organization with a strong balance sheet and excellent liquidity and cash flow, all of which will serve to assure the future growth and success of Tai Sophia and our partnerships with students, clients, supporters, and the rest of the world.

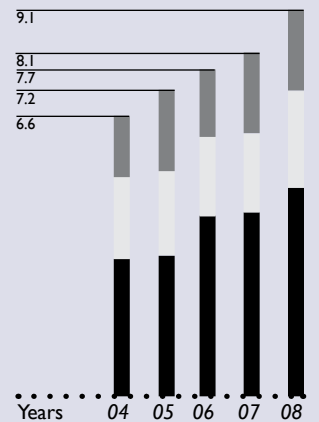
Total Debt at February 29, 2008: \$18 Million



Total Enrollment



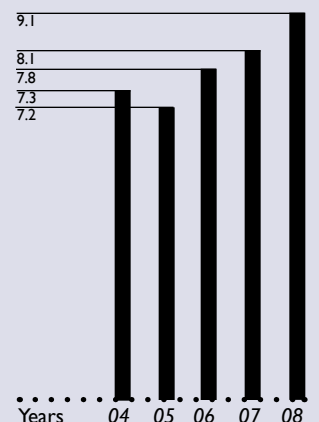
Total Operating Income* (in millions of dollars)



* Audited results except budget for fiscal year 2008. All years exclude non-cash gain on campus land

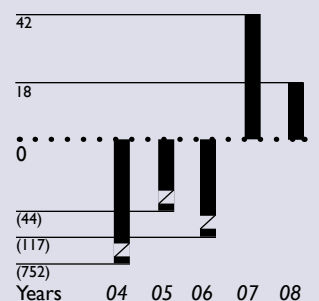
- Contributions
- Community Services
- Tuition and Fees

Total Operating Expenses* (in millions of dollars)



* Audited results except budget for fiscal year 2008

Increase (Decrease) in Net Assets* (in thousands of dollars)



* Audited results except budget for fiscal year 2008. All years exclude non-cash gain on campus land

Tai Sophia Institute represents the meeting point of the ancient healing traditions from the East and West; the Chinese word Tai means “great” and the Greek word Sophia means “wisdom.”

Together, the two words “great wisdom” serve as the foundation for our academic programs, clinical services, and community wellness offerings.

The premier academic institution for the nation’s emerging wellness system, Tai Sophia Institute offers graduate degree programs in Acupuncture, Herbal Medicine, and the Applied Healing Arts.

Our 12-acre campus houses a bookstore, library, clinic, meditation and herb gardens. We welcome and encourage you to explore the abundant opportunities for growth and renewal.



**Tai Sophia
Institute**

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