



**AMERICAN
BRAIN
FOUNDATION®**

**AMERICAN BRAIN FOUNDATION
Compensation Committee
February 6, 2017**

11:00 a.m. EST/10:00 a.m. CST/9:00 a.m. MST/8:00 a.m. PST

Call-in number: 866-740-1260
Access code: 9286317

Members

Ralph Jozefowicz, MD, Chair; Terrence Cascino, MD; Robert Griggs, MD; Lisa Shulman, MD

Staff

Jane Ransom, ED; Tim Engel, CFO

AGENDA ITEM

PRESENTED BY

Approve minutes of Dec. 5, 2016 meeting

Ralph Jozefowicz

Executive Director Review of 2016

Jane Ransom

CFO Report on ABF 2016 Results and Incentive Goals

Tim Engel

Executive Session:

- Recommend merit increase
- Recommend incentive bonus

Ralph Jozefowicz

Compensation Committee
Minutes of Dec. 5, 2016 Meeting

Attendance: Ralph Jozefowicz, Chair; Terrance Cascino, MD; Lisa Shulman, MD; Robert Griggs, MD

Staff: Jane Ransom, Tim Engel

The meeting was called to order at 11:00 a.m. Central Standard Time by Dr. Ralph Jozefowicz, committee chair.

Committee Timeline

Dr. Jozefowicz reviewed the Dec. 2016-Feb. 2017 committee timeline. The purpose of this meeting is to recommend the 2017 incentive goals to the Executive Committee. In January of 2017, the committee will reconvene for work on the CEO 's 2016 performance review.

2017 CEO Incentive

The committee reviewed the ABF's 2017 Board Scorecard and from it selected five areas for 2017 incentive goal-setting:

1. Number of peer-reviewed proposals posted on crowdfunding platform
2. Increased web site traffic
3. Total funds raised
4. Number of donors:
 - a. AAN members
 - b. Public
5. Financial health

Each of the five goals was tentatively weighted at 20 percent of the total. Jane Ransom will draft an incentive plan which includes Threshold, Target and Maximum goals for each of the five areas. It will be distributed to the Compensation Committee in time to add comments prior to the Executive Committee meeting of December 12, 2016. Dr. Jozefowicz will present the committee's recommendation to the Executive Committee.

2016 CEO Performance Review

In preparation for the 2016 CEO performance review, Tim will send a copy of the AAN CEO performance review questionnaire to Dr. Jozefowicz. Dr. Jozefowicz will revise it as appropriate for the ABF and distribute it to the Board.

Dr. Jozefowicz adjourned the meeting at 11:48 a.m.

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2016 Incentive Goals

	<u>As of 12/31</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	<u>Weight</u>
1. <u>Strategic Plan</u>					
Complete strategic plan and pivot toward execution					
		<u>Performance Indicators:</u>			
	<ul style="list-style-type: none"> • Strategic Plan completed • Goals, budget and action steps are developed for 2017 • Expertise secured for key initiatives (marketing and crowdfunding) • Metrics completed for measuring each of the four major strategies • ABF/AAN Memorandum of Understanding signed 				25%
2. <u>Fundraising</u>					
Raise \$762,500		\$762,500 ¹	\$875,000	\$1,000,000	50%
3. <u>Financial Health</u>					
Net operating increase ¹		(\$98,135)	(\$49,067)	\$0	25%

¹ This assumes the \$200,000 contingency in the budget is used.

MEMORANDUM

TO: ABF Compensation Committee
FROM: Jane Ransom
DATE: February 2, 2017, 2017
SUBJECT: Information for 2016 ED Performance Evaluation

Goal #1: Complete Strategic Plan and Pivot Toward Execution

Five performance indicators were incorporated to help assess progress toward the overall goal. Below I very briefly present the progress we've made under each of the indicators.

- 1. Strategic Plan completed:** The ABF's strategic plan for the years 2017-2021 was completed and adopted by the Board of Directors on September 18, 2017. The plan grew out of a robust process led by the Board's Strategic Planning Committee, and supported by investigation into brain disease research grant-making needs; best practices of similar foundations and nonprofits; and the views of AAN members and major donors gathered through surveys and interviews. A five-year financial forecast for the plan's implementation was simultaneously presented to the Board.
- 2. Goals, budget, and action steps are developed for 2017:** The Board adopted a new scorecard with metrics for measuring progress on the strategic plan on October 20, 2016 meeting. The 2017 goals and operations plan (incorporating specific action steps for each project) were developed in alignment with this scorecard. The 2017 budget for the first year of strategic plan implementation, was presented to and adopted by the Board on November 17, 2016. In addition, the ED presented the specifics of the 2017 fundraising plan at the Board's September and November, 2016 meetings.
- 3. Expertise secured for key initiatives (marketing and crowdfunding):** In August, 2016 the ABF secured the services of the Weber Shandwick marketing and communications firm to build the ABF's new website with crowdfunding platform, and to develop a national marketing plan. Key features of the marketing plan were presented at the Board's September, 2016 meeting. Work on the marketing initiatives proceeded throughout the fall of 2016 so that these key initiatives can be unrolled during 2017.
- 4. Metrics completed for measuring each of the four strategies:** A Board Scorecard, with threshold, target and maximum progress levels for each of the four strategies was completed and adopted by the Board on October 20, 2016. (See attached.)
- 5. ABF/AAN Memorandum of Understanding signed:** In September, 2017 the ABF and AAN Boards adopted Principles of Joint Collaboration (2017-19). By the end of the year, a Management Services Agreement (MSA), aligned with the "Principles" document, was completed. The MSA, which took effect on Jan. 1, 2017, was signed in January to accommodate the travel schedule of one of the parties.

MEMORANDUM

Goal #2: Raise \$762,500 Through Fundraising

The ABF's total fundraising revenue for 2016 was \$2.7 million. This includes the AAN's generous grant of \$1.1 million toward ABF operations, which was not included in the fundraising goal as stated in the 2016 incentive plan. The ABF raised an additional \$1.6 million--\$798,000 to cover its operations, as well as restricted gifts in the amount of \$802,000.

Goal #3: Finish 2016 with Net Operating Revenue of (\$98,135)

The unaudited financial statements for 2016 show an operating surplus of \$415,000.

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Plan Model**

	Incentive Goals					
	<u>2016 Actual</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	<u>Weight</u>	<u>Score</u>

1. Strategic Plan

Completed							
Completed							
Complete strategic plan and pivot toward execution			25%			1.50	0.38
Completed							
Completed							

2. Fundraising

\$	798,726	\$762,500	\$875,000	\$1,000,000	50%	1.50	0.75
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3. Financial Health

Net Operating Increase(1)	\$	412,489	(\$98,135)	(\$49,067)	\$0	25%	1.50	0.38
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(1) This assumes the \$200K contingency in the budget is used

Incentive Award- Sample Score Reflects how the Plan Places a Limit on Award						
Grade Level	<u>Threshold</u>		<u>Model</u>		<u>Award %</u>	
	<u>(Budget)</u>	<u>Target</u>	<u>Maximum</u>	<u>Score</u>		
CEO	5%	10%	15%	1.50	15.0%	
CEO	5%	10%	15%	0.50	5.0%	

CEO/ED 2016 Incentive Award

Base Salary x Award % = Incentive Award

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2016 Incentive Goals - Results

		Incentive Goals						
	<u>2016 Actual</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	<u>Weight</u>	<u>Interpolation</u>	<u>Score</u>	<u>Weighted Score</u>
1. <u>Strategic Plan</u>								
<u>Performance Indicators:</u>								
Completed		• Strategic Plan completed						
Completed		• Goals, budget and action steps are developed for 2017						
Completed		• Expertise secured for key initiatives (marketing and crowdfunding)	25%		1.50		1.50	0.38
Completed		• Metrics completed for measuring each of the four major strategies						
Completed		• ABF/AAN Memorandum of Understanding signed						
2. <u>Fundraising</u>	\$ 798,726	\$762,500	\$875,000	\$1,000,000	50%	0.50	0.16	0.66
3. <u>Financial Health</u>								
Net Operating Increase(1)	\$ 412,489	(\$98,135)	(\$49,067)	\$0	25%	1.50	1.50	0.38
(1) This assumes the \$200K contingency in the budget is used								

CEO/ED 2016 Incentive Award

Merit Increase Ratings Definitions:

Unsatisfactory –

- Performance is consistently below expectations
- A rating at this level requires that a performance plan be written
- Does not demonstrate organizational values consistently
- *Supervision: Requires excessive time and attention by supervisor*

Solid Performer –

- Individuals in this category consistently meet expectations and at times exceed them.
- Consistently demonstrate organizational values
- The requirements of performance are met and goals and objectives are achieved

Outstanding Performance –

- Individuals in this category demonstrate exceptional ability to exhibit organizational values
- Meets all job competency requirements, planned goals and objectives are achieved well above expectations

Compensation Committee selects one of the three performance levels and works. AAN's HR staff will work with the board to determine merit increase based upon performance level and pay grade level.