



**American Brain Foundation
Executive Committee Meeting
November 5, 2018
Held via Conference Call**

In attendance: Kevin Goodno, Chair; Ralph Józefowicz, MD; A. Gordon Smith, MD; Susan Schneider Williams

Staff: Jane Ransom, Shelly Collins Rucks, Tim Engel, CFO; Lindsey Taveren, Nouchie Xiong, Natalie Baumgartner

Excused: John Mazziotta, MD

The meeting was called to order at 9:00 a.m. CDT by Kevin Goodno.

The members approved the minutes of the September 10, 2018 meeting unanimously..

1. Executive Director Report

- a. **2018 Scorecard:** The Foundation is on track with philanthropy in total funds raised and funds raised restricted for research. The Foundation received a verbal commitment from the Michael J. Fox Foundation for \$1.5 million toward the Lewy Body Dementia Award. The Mary Groff Trust will also be making a gift that is significant for them. All of this is confidential. The Foundation is lagging in unrestricted funds raised. Solutions to the unrestricted funds will rely on the 2019 fund development plan and negotiation with AAN.

In research, we are close to achieving every goal. In public awareness, site visitors are yellow, which is attributable to the design flaws in our website, which are being repaired.

The AAN/ABF Partnership shows good participation by the AAN Board and staff. The number of AAN members giving is low, but dues check off and sustaining donors work will help us with that. The number of crowdfunding and website donors is linked to low public awareness. Staff is focusing on raising public awareness and raising social followers, which will take priority over promoting the crowdfunding page.

- b. **Joint Planning with AAN:** There have been two meetings between AAN and Foundation leaders. The first focused on the status of the AAN/ABF relationship. The second focused on the Foundation's history and on the split between the organizations. It has been important to understand the misunderstandings and confusion on both sides. Ms. Rydell has participated in all these meetings and has signaled that she wants better collaboration from both sides. The next meeting will focus on the mutual assistance and benefits that are being provided to each other. The AAN and Foundation will find one or two mutually beneficial initiatives to work on together. The Committee agreed that working on a mutually beneficial initiative would be good for both sides.

Financially, there are a lot of numbers being discussed by both sides.

2. Proposed 2019 Budget:

- a. **2018 Budget:** Dr. Józefowicz has been working alongside Mr. Engel, Ms. Ransom, Ms. Taveren, and Mr. Essey to present the budget more clearly. There is a new financial reporting format, which shows a comparison between 2017 and 2018. This shows the committee a trend of how the Foundation is doing as compared to last year. The new reporting method shows total funds raised by Development staff. Some of that money is confidential and cannot be booked in the year that it was raised. Previous statements have used generally acceptable accounting principles (GAAP), these new statements divert from that model.

The revenue and expenses came in lower than expected for 2018, this is partly as a result of the cancelation of the \$250,000 Minnesota Campaign. Ms. Ransom and Ms. Rucks expect to raise another \$200,000 through the rest of the year. There will still be a shortfall.

The Foundation is in the midst of its year end campaign, and with the hire of the new Annual Fund Manager, the Foundation is set to send out a three-piece series to all donors of less than \$1000. Dues check off show that the Foundation is trending ahead of its expected revenue. Ms. Ransom and Ms. Rucks will be making asks to those donors of \$1000 or more, and they are expecting to conservatively raise \$200,000 by the end of 2018. The Foundation could use the rest of a 2015 \$250,000 surplus to close the deficit.

There is a line for gift in kind, which shows the \$1 million in advertisements that were gifts in kind from AAN publications, Forbes, and other publications.

- b. **2019 Budget:** This budget was presented in the new format. In the 4th column of the budget is how much Ms. Ransom and her team are projected to raise in 2019. They expect to raise \$1 million for operational (with AANI grant at \$750,000), and they will recognize \$2.9 million for restricted that has been raised in years prior. The Foundation is doubling its unrestricted, which is a huge challenge.

Ms. Rucks explained that the Foundation's three-year plan included acquiring donors, which is the most expensive part of fundraising. A donor will need 5-7 contacts before someone makes their first gift. There will be an electronic newsletter that goes out to everyone. The Foundation is focusing on 3-4 geographic areas.

For expenses, the grants and awards budgets are going up. Otherwise, expenses are very tightly budgeted. The Foundation does have reserves that can move the organization forward, so long as a conservative growth plan is created to show when that will turn around. By 2021, the Foundation wants to see the budget goals to be positive.

The Foundation's cash flow is being closely monitored by the Finance team. With nearly \$6 million in investments, the Foundation might have to liquidate some investments to promote positive cash flow. This might be on the agenda for discussion at the 2019 February Board meeting. It will also be important for the Foundation to know how much the AAN will be willing to give the Foundation

financially. This will help the Foundation plan. However, the Foundation needs to prepare for the fact that the support might not be as much as expected.

Ms. Ransom informed the Committee that a clear financial plan from the AAN might not get voted on until June. The AAN leadership needs to better understand the relationship, and their Board might balk at a vote giving AAN a large financial sum without proper preparation. Members of the Committee agreed that the relationship between the AAN Board and the Foundation has become strained over the years with new members joining and old members, who know the Foundation, leaving. The Foundation will be included in AAN's strategic planning. Ms. Ransom acknowledged that she would speak more with Ms. Rydell about the Committee's concerns that the AAN Board is highly skeptical. The new AAN Board members need to better understand the Foundation's role and its history with AAN. The AAN Board leadership has communicated that they want to continue the relationship with the Foundation, and that it will be a financial relationship.

MOTION: To present the 2019 Budget to the Board at its next meeting.

APPROVED. (Unanimous)

3. **Proposed 2019 Scorecard:** The only real change in the scorecard is the removal of "amount raised in crowdfunding" and "crowdfunding donors" in Strategic Goal #1. For Strategic Goal #2, two new goals have been introduced: 1) Evaluation and Strategy Report for Crowdfunding Readiness prepared by June 2019, and 2) Evaluation and Strategy Report for ABF Research Portfolio development by June 2019. "Money Granted through Crowdfunding" has been removed as a metric. The rest of the scorecard is the same as the 2018 version. There will also be supplementary marketing metrics report that will come alongside every scorecard.

The Crowdfunding metrics are being removed from the scorecard because the Foundation cannot successfully build the crowdfunding site without building a larger social media following. Business best practices say that the Foundation needs 30,000 followers, and the Foundation currently has 6,000 followers. This is informed by research Stephanie has been doing and continued work to launch projects with minimal success. The Foundation will need to talk about what this means for the Foundation's website. Currently, crowdfunding is a plug in on the website, so the look and feel does not need to look different, but it will move things around.

The Committee suggested that the Foundation feature the CRTS/CSDA's on the crowdfunding site as 90% funded. The Foundation agreed that this was a good idea but recognize that there is no way to pull people into our website without the broader public awareness. The Foundation has stopped soliciting new projects for the site but will consider putting the CRTS/CSDA's up to cover operating costs and to show its successes.

4. **Board Meeting Agenda for November 13, 2018:** There will be a vote on new and renewing Board members, and new Research Advisory Committee Members. These individuals have been vetted by the Governance Committee. The Committee agreed that the agenda looked good.

The Committee did make the comment that the scorecard should under Strategic Goal #4 should be careful using a percentage of AAN members donating. As AAN membership increases, the percentage of donors may decrease. The Foundation should not be penalized for that.

Adjourn at 10:00 am CT.