



American Brain Foundation
 Executive Committee
 Monday, December 17, 2018
 10:00 a.m. EST/ 9:00 a.m. CST/ 8:00 a.m. MST/ 7:00 a.m. PST

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

Members

Kevin Goodno, Chair; Susan Schneider Williams, Vice Chair; John Mazziotta, MD; Gordon Smith, MD; Ralph Józefowicz, MD

Staff

Jane Ransom, ED; Tim Engel, CFO; Natalie Baumgartner

	AGENDA ITEM	PRESENTED BY
9:00 am CT	Call to Order	Kevin Goodno, Chair
9:05	Approve minutes from November 5, 2018	Kevin Goodno
9:10	November Financial Statements	Ralph Józefowicz & Tim Engel, CFO
9:30	Update on Joint Planning with AAN	Jane Ransom, Executive Director
9:45	Input on February 24 th Board meeting agenda	Jane Ransom, Executive Director
	Adjourn	
	Meeting Materials: <ul style="list-style-type: none"> • Agenda • Minutes of November 5, 2018 • Financial Report • Board Agenda for February 24, 2019 	



**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)

- 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.

- 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.

DRAFT



Date: December 14, 2018

To: Members of the Board of Directors

From: Timothy Engel, CPA, Chief Financial Officer
Lindsey Taveren, Accountant

CC: Jane Ransom, Executive Director

Subject: November 2018 YTD Financial Report

The enclosed materials present the financial performance of the American Brain Foundation (ABF) for seven months ending November 30, 2018.

Statement of Operations

ABF realized \$4.3M in revenue as of November 2018, which includes Gift In Kind revenue of \$1M. Not taking into account the Gift In Kind, ABF is 20% under the revenue budgeted for 2018 YTD. The main driver of this deficit is lower than anticipated growth of unrestricted revenue.

Operating expenses are \$4.5M as of November 2018, which includes the Gift in Kind expense of \$1M. Not taking into account the Gift In Kind, ABF is 12% under the expenses budgeted for 2018 YTD. The positive variance in the expense budget is related to:

- Having fewer awards funded than budgeted for (due to identifying no recipients)
- The timing of payroll expenses
- Significant budget cuts to meeting, travel, and office related expenses

Long-term investment earnings (non-operating revenue) are (\$75K). The November YTD return was -2.7 compared to Policy Index of -1.5%.

Statement of Financial Position

The Foundation ended November 2018 with total assets of \$11.5M. Cash and investments total \$9.5M. Liabilities are \$1M, which includes grants payable of \$928K.

(in thousands)	30-Nov		
	2018	2017	Difference
Total Assets	\$ 11,471	\$ 12,613	\$ (1,142)
Total Liabilities	989	1,110	(122)
Unrestricted Net Assets	3,118	3,407	(289)
Temporarily Restricted Net Assets	5,264	6,371	(1,107)
Permanently Restricted Net Assets	2,101	1,724	376
Total Liabilities and Net Assets	\$ 11,471	\$ 12,613	\$ (1,142)

Provided in the following pages are the following:

November 2018 Statement of Financial Position
November 2018 Operating Statement

AMERICAN BRAIN FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF NOVEMBER 30TH

	2018	2017	Net Change
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 2,211,874	\$ 2,927,893	\$ (716,019)
Grants and Gifts Receivable, Net	541,814	11,989	529,825
Accounts Receivable			
Other Assets	23,018	50,793	(27,775)
Total Current Assets	2,776,706	2,990,675	(213,969)
FIXED ASSETS			
Office Equipment	223,770	223,770	
Less Accumulated Depreciation	(83,741)	(37,626)	(46,115)
Net Fixed Assets	140,029.00	186,144	(46,115)
LONG TERM ASSETS			
Investments	7,309,057	7,430,996	(121,940)
Grants and Gifts Receivable, Net	1,245,198	2,005,270	(760,072)
Total Long Term Assets	8,554,255	9,436,266	(882,012)
 Total Assets	\$ 11,470,990	\$ 12,613,085	\$ (1,142,096)
 LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 59,008	\$ 150,040	\$ (91,032)
Grants Payable	798,332	168,000	630,332
Deferred Grants	1,092	198,167	(197,075)
Total Current Liabilities	858,432	516,207	342,225
LONG TERM LIABILITIES			
Grants Payable	130,103	594,280	(464,177)
NET ASSETS			
Unrestricted	3,117,608	3,406,946	(289,338)
Temporarily Restricted	5,264,046	6,371,272	(1,107,226)
Permanently Restricted	2,100,799	1,724,381	376,418
Total Net Assets	10,482,453	11,502,599	(1,020,146)
 Total Liabilities and Net Assets	\$ 11,470,990	\$ 12,613,085	\$ (1,142,096)

American Brain Foundation
Income Statement
For the Eleven Months Ending November 30, 2018

	YTD 2017	YTD 2018	YTD 2018	Variance	2017	2018	2018	Variance
	Actuals	Actuals	Budget	Favorable	Actuals	Forecast	Budget	Favorable
				(Unfavorable)				(Unfavorable)
REVENUE								
GRANTS & GIFTS								
Unrestricted	\$ 515,429	\$ 402,364	\$ 1,194,078	\$ (791,714)	\$ 654,322	\$ 515,753	\$ 1,320,741	\$ (804,988)
AANI Grant	950,000	750,000	750,000	-	950,000	750,000	750,000	-
Budgeted Gift In Kind	-	36,934	-	36,934	-	36,934	-	36,934
Endowments	4,800	327,007	-	327,007	10,230	370,158	-	370,158
Research	3,056,913	1,784,059	1,784,059	-	3,838,001	2,212,267	2,212,267	-
Awards	159,373	156,650	50,000	106,650	161,273	156,650	150,000	6,650
Donor Advised	18,500	-	-	-	21,500	-	-	-
Event Sponsorship	84,000	78,000	164,500	(86,500)	129,500	78,000	164,500	(86,500)
Total Funds Raised	4,789,016	3,535,014	3,942,637	(407,623)	5,764,826	4,119,761	4,597,508	(477,746)
Non-GAAP Revenue	(3,323,586)	(2,345,716)	(1,998,559)	(347,157)	(4,160,504)	(2,817,074)	(2,526,767)	(290,308)
Net Funds Raised	1,465,429	1,189,298	1,944,078	(754,780)	1,604,322	1,302,687	2,070,741	(768,054)
Gift In Kind*	19,950	1,019,351		1,019,351	37,438	25,919		25,919
Released from Restrictions								
Unrestricted	78,482	139,708	35,000	104,708	262,120	405,391	49,000	356,391
Grants	933,329	1,686,806	1,868,446	(181,640)	890,249	1,701,806	1,875,109	(173,303)
Awards	178,802	200,792	180,000	20,792	178,802	200,792	180,000	20,792
Total Releases	1,190,613	2,027,306	2,083,446	(56,140)	1,331,171	2,307,989	2,104,109	203,880
TOTAL GRANTS & GIFTS	2,675,992	4,235,955	4,027,524	208,431	2,972,931	3,636,595	4,174,850	(538,255)
Interest Income	12,790	20,685	11,913	8,772	13,925	20,000	13,000	7,000
Other Revenue	752	1,157		1,157	752	1,157	750	407
TOTAL REVENUE	2,689,534	4,257,797	4,039,437	218,360	2,987,607	3,657,752	4,188,600	(530,848)
EXPENSES								
Functional Expenses								
Programming	1,931,358	2,879,882	3,269,523	389,641	2,083,747	3,163,999	3,452,468.49	288,470
Fundraising	487,827	240,140	373,988	133,849	530,296	364,883	394,914.82	30,032
Management	271,015	366,383	322,431	(43,952)	294,609	314,581	340,472.69	25,892
Total Functional Expenses	2,690,200	3,486,405	3,965,942	479,537	2,908,652	3,843,462	4,187,856	344,394
Gift in Kind Functional Expenses								
Programming	19,950	834,741		(834,741)	37,438	25,919		(25,919)
Fundraising		184,610		(184,610)				
Total GIK Functional Expenses	19,950	1,019,351		(1,019,351)	37,438	25,919		(25,919)
TOTAL EXPENSES	2,710,150	4,505,755	3,965,942	(539,813)	2,946,090	3,869,381	4,187,856	318,475
Net Operating Increase(Decrease)	(20,617)	(247,958)	73,495	(321,453)	41,517	(211,629)	744	(849,323)
Long Term Investments	577,499	(74,801)	-	(74,801)	568,784	-	-	-
UNRESTRICTED NET ASSETS	\$ 556,882	\$ (322,756)	\$ 73,495	\$ (396,251)	\$ 610,301	\$ (211,629)	\$ 744	\$ (212,373)

American Brain Foundation

Board of Directors Meeting

February 24, 2019

AGENDA

1. Call to Order & Introductions
2. Executive Session
 - a. Executive Director Performance Review
 - b. 2019 Incentive
3. Financial Report
4. Research Program Strategy
5. Joint Planning with AAN
6. Advancing our Mission in 2019
 - a. Fundraising
 - b. Marketing

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