



**American Brain Foundation
Board of Directors
September 16, 2018
8:00 a.m. CST
Minneapolis, MN**

Call to Order: Sunday, September 16, 2018, by Board Chair Kevin Goodno

In Attendance: Kevin Goodno, Chair; Susan Schneider Williams, Vice Chair; David Dodick, MD; David Eagleman, PhD; James Essey, James Grotta, MD; Shafali Jeste, MD; Ralph Józefowicz, MD; Catherine Rydell, CAE; Jeffrey Rosenfeld, MD; Ralph Sacco, MD; Martin Shenkman, CPA; Lisa Shulman, MD; Gordon Smith, MD; Ben Utecht

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

Guests: Daniel Zismer, PhD

Excused: Dan Gasby; Robert Griggs, MD; John Mazziotta, MD; Joseph Sirven, MD

1. **Election of Dr. David Dodick:** On the recommendation of the Governance Committee, Dr. Dodick was put forward to fill the vacancy left by Dr. Bruce Miller effective immediately, with his first term ending, on December 31, 2019.

2. **MOTION** To elect Dr. Dodick to the Board.

Approved (Unanimous).

Dr. Dodick was invited into the Board room and seated as a member of the Board.

3. **Board Chair Report:** Mr. Goodno asked Board members to introduce themselves and said he hoped Board members would get to know each other better through the video interviews taking place throughout the meeting.

Mr. Goodno reported that AAN and the Foundation leadership met to discuss the shared vision of their relationship on Saturday, September 15. There was a unanimous desire to continue the partnership, but a joint vision and plan, including a financial agreement, need to be developed. Staff will develop next steps and action will be taken by the Board in February related to this work. The Joint AAN/ABF Leadership Committee will continue to meet.

4. **Consent Agenda:** The consent agenda contained:

- Minutes of the Board meeting of August 2, 2018
- Operating Reserve Policy
- Corporate Authorization to open bank accounts

MOTION To approve the all items on the consent agenda.

Approved (Unanimous).

5. **Board Member interview:** Mr. Goodno and Dr. Sacco interviewed each other.

6. **Financial Review:**

- **2018 YTD Budget:** Dr. Józefowicz reported that operating revenue and expenses are down, but expenditures and revenue will continue to change as the year progresses.

Both year-to-date actuals and the forecast for the second half of 2018 show that revenue and expenses are down. There is a projected shortfall of approximately \$74,000 for year end in 2018. Staff is expecting to raise \$700,000 before the end of the year.

Ms. Ransom explained that the year-end projection was made with the expectation that a \$250,000 major donor campaign in Minnesota would help us meet the 2019 revenue goal. This campaign is on hold because one of the campaign chairs wanted to raise money for research rather than for core support. Staff is working on alternative fundraising opportunities to fill the gap. If necessary, the Foundation has \$250,000 of unused surplus from 2015 that can be used this year or next.

The Board discussed how money could be raised for needed general support. When people give to the American Heart Association, they give to the American Heart Association, not just their research. The difference is that the American Brain Foundation does not have the brand recognition that century-old organizations like AHA possess. Therefore, the Foundation needs a greater investment in public awareness. Once the Foundation is known by the public, the public will be open to supporting our overall mission. The Board agreed that the brand recognition issue is due to the Foundation's young age. The Foundation needs to educate the public about brain disease, as well.

There was discussion of the Foundation's policy of taking ten percent of all restricted gifts to support operations, with a question about whether that isn't enough to cover operating expenses. However, most of our nonprofit organization funders are grandfathered in without funding for administrative costs and are not open to change.

The Foundation has almost \$3 million in reserves, which includes \$2 million in endowments and \$1 million in temporarily restricted net assets. The Joint Investment Committee of the AAN and ABF provides oversight to ABF's investments. Over time, the Foundation's investments have earned an average of 7% over the last 10 years. The investments are not conservative, but prudent and fall within the Board's fiduciary responsibilities. Long term, the Board should consider working with a wealth management firm, but that needs to come at the recommendation of the investment committee.

- **2019 Draft Budget:** Staff discussed a draft of the 2019 budget. In this draft of the budget, there is a deficit of \$405,000. Staff is working on reducing this deficit prior to presenting a final budget for the November Board meeting. The Board would like to see

AAN support shown in a line separate from the “gifts and grants” line to show how much the Foundation needs to raise.

The Board asked about the \$2.3 million released from restriction in the draft budget. These are already committed restricted funds that are released when there is a recipient found for the funds. Finance staff will provide a schedule of restricted money, showing how much has been raised and when it will be released.

7. **Board Member Interview:** Mr. Utecht and Dr. Dodick interviewed each other.
8. **Board Member Interview:** Dr. Shulman and Dr. Józefowicz interviewed each other.
9. **Scaling Up for Success - Part 1:** The Board watched a TED Talk by Dan Pallotta called “The way we think about charity is dead wrong.” Following the video, Jane Ransom noted two overarching issues facing the Foundation: 1) Incrementalism vs. scaling up, and 2) the challenge of funding the operational needs essential for supporting our research mission.

The Foundation is currently in a start-up phase. It has developed and tested products, such as the crowdfunding platform, an expansion of funding for AAN research scholarships, the Athlete Brain Health Fund, and soon-to-be established LBD Fund. Product development and testing is the earliest phase of a start-up. The next phase is scaling up to take our tested products to market to acquire new customers. This is the phase the Foundation is entering, and why we need to increase our budget for public awareness, marketing the website, and building organizational capacity. These are the investments that can bring us new donors and make us a household name.

Shelly Rucks discussed how these scaling up investments will enable the Foundation to expand its donor base, which is essential groundwork for a \$25 million endowment campaign, for an endowment that can provide core support in the future. Rucks showed that the Foundation can increase its donor base by 9,000 people by scaling up its investments in public awareness and donor base expansion. There was discussion about this goal. Some Board members thought it was too conservative and should be thought of as a minimum goal.

The Board members noted that most startups are concerned about the product. The Foundation needs clearer messaging about its product and how donations in the product will make a difference.

The Board needs to decide how aggressive or conservative our business model should be over the next five-year period. The Board agreed that the Foundation needs to build trust and understanding with the public. The Foundation also needs to better leverage the relationship with the AAN and make sure that its messaging also targets neurologists.

Mr. Goodno requested that acronyms not be used for the inclusion of public board members.

10. **Board Member Interview:** Dr. Grotta and Ms. Williams interviewed each other.

11. Organizational Culture: Mr. Utecht and Dr. Zismer from Keystone Culture Group gave a presentation on the importance of intentionally establishing organizational culture. The Board discussed that social events are necessary to establish the culture of the Foundation's Board. Some felt that there is confusion about the Foundation's belief system since we tend to go over the same philosophical issues repeatedly. Ms. Ransom felt we may be able to identify our belief system through a review of all of the video interviews of Board members from the meeting. Mr. Goodno asked Ransom to follow up with this.

12. Board Member Interview: Mr. Essey and Dr. Grotta interviewed each other.

13. New Tax Law: Martin Shenkman gave a presentation on using non-grantor trusts to salvage tax benefits from charitable contributions.

14. Board Member Interview: Dr. Smith and Mr. Shenkman interviewed each other.

15. Board Member Interview: Dr. Rosenfeld and Ms. Rydell interviewed each other.

16. Scaling Up for Success - Part 2: Mr. Goodno asked the Board to further discuss the balance between incrementalism and a more aggressive scale-up of the Foundation. Board members discussed scaling up as the more attractive option and agreed the staff should continue developing a plan. At the same time, the Board member wanted more clarity on (1) the case for support to donors; (2) the financial forecast; and (3) outcome metrics. The Board needs to be aggressive, but smart. Additionally, the Crowdfunding site needs to be supercharged as the Foundation's research giving menu.

17. Lewy Body Dementia (LBD) Fund of the ABF: The Foundation has attracted several potential major donors through Susan Williams' public outreach about LBD. In addition, Williams is participating in a documentary about Robin Williams and his struggle with LBD which is going to attract more donors. The Foundation needs to establish an LBD Fund as a "bucket" for contributions from these donors.

The Board went on to discuss the work of the Research Advisory Committee's LBD Subcommittee of ten neurologists who designed a \$5 million award for senior researchers in early diagnosis of LBD. This project will be presented to several major donors with a request for funding soon.

The Board agreed that this model for disease-specific awards is essential for the future. It matches donor desire with researcher needs. There was discussion of creating a portfolio of donor opportunities in several major brain diseases based upon the model we have developed with L to make a difference.

MOTION To approve the Lewy Body Dementia Fund of the American Brain Foundation.

Approved. (Ms. Williams abstained.)

18. Governance Structure: The Governance Committee is recommending that the Foundation maintain the current Executive, Governance, Research Advisory, and ad hoc Commitment

to Cures Committees. It also recommends retiring the Strategic Planning Committee and establishing a Finance Committee.

It is important that Board discussions be at a high, strategic level. The Executive Committee will be assigned to identify, prioritize, and plan the Board's strategic discussions. The AAN Board takes one day per year to refocus on key strategic topics. The Foundation's Board should consider something similar.

The Strategic Planning Committee has, until now, had responsibility for the Board scorecard. It is very important that this responsibility be transferred to another committee so that we remain on track with our strategic plan. The Executive Committee will be assigned responsibility for developing and maintaining the scorecard. Additionally, the Compensation Committee uses the scorecard to identify compensation.

19. The Governance Committee would like to see all Board members on at least one committee, with some exceptions for those whose talents might be used elsewhere, such as in fundraising.

The Board thanked the members of the Strategic Planning Committee for their hard work.

20. Executive Session

Adjourned 3:15 p.m. CT.