



**American Brain Foundation
Finance Committee Meeting
February 9, 2021
9:00 a.m. CT
Video Conference Call**

In attendance: James Essey, Chair; James Stevens, MD; Martin Shenkman, CPA; David Dodick, MD

Excused: James Erwin, Ben Lenail

Staff: Jane Ransom, ED; Kevin Myren, CFO; Lindsey Taveren; Kim Howard, Jessica Chase
Jim Essey, Chair, called the meeting to order at 9:05 a.m. CT.

The minutes of the October 27, 2020 meeting were approved unanimously.

Mr. Essey said the final 2020 numbers look good; we were able to deliver very successfully during a pandemic. He said he wanted the committee to discuss potentially revisiting our plans for the next few years based on this year's results and the impact of the pandemic.

Financial Statements ending December 31, 2020 (Lindsey Taveren)

Overall, very positive results. These slight changes have been made to the operating statement:

- A row has been added for the PPP loan to highlight that difference since it was not budgeted, the loan has been forgiven.
- Gift-in-kind revenue has been moved, too, so it does not distort the budget to actuals comparison since we don't budget for gift in kind revenue. The same thing was done on the expense side for gifts-in-kind.

The committee reviewed the financial statements, and these are the highlights presented:

- December total revenue \$5.3M, operating expenses \$4.6M and the net operating increase was \$672K. This increase was primarily driven by savings on the expense side. Fifty percent of the expense savings were from just meetings and travel due to the impacts of Covid-19. In addition to the net operating increase there was the long-term investment gain which brought our net assets up to \$1M. Total funds raised is \$6.8M, exceeding the budget by 11%. These positive results include the \$1.5M Alzheimer's Association grant for the LDB initiative and the \$1.65M McKnight Foundation grant for CRTS's in Cognitive aging. The \$145K PPP loan was also positive since it was not budgeted, and the unrestricted goal was exceeded by \$36K. Very positive fundraising results.
- New functional expense charts were presented, you can now see the comparison between 2019 actuals, 2020 Goal and the 2020 actuals. Our programming percentage is a lower than expected at 64.2%. This is mainly due to awarding fewer grants in 2020. Ms. Ransom noted a few grants organizations (Myasthenia Gravis Foundation, Muscular Dystrophy, Headache, and Alzheimer's) took a break in 2020, she expects them to return in 2022.

In 2021 we are starting the LBD initiative and will make \$1M will grant for that initiative alone. This will positively affect our programming number. Our third-party ratings should not be affected by this slight decline this year because the number used is an average over a three-year period.

- Trends over the last five years of the AAN membership donations from dues registrations were presented. In May 2020, a trial was done that strategically increased the amount from \$95 to \$125. The higher donation default yielded 10.8% even with a 4.8% drop in the number of individuals donating. In 2017 the donate box default was left “unchecked” which led to less funds raised, they returned to the box default being “checked” in 2018. The amount will remain at \$125 going forward after this successful trial.
 - Dr. Dodick mentioned his discussion with Dr. Stevens recently that awareness of the ABF seems to be very low amongst AAN members. Dr. Stevens asked that Jane see if we could have an article about the ABF that starts on the front page of the newsletter or in the president’s column at some point that draws more attention to the ABF.
- The statement of financial position presented with positive revenue trends. Total assets are at \$15.1M which is almost a \$2M increase of where we ended 2019. \$1.5M came from Alzheimer’s Association grant as well as investment earnings. Liabilities is roughly the same as 2019, we may see a jump from LBD at end of 2021. There is a surplus of \$1M in unrestricted net assets and \$1.1M net assets with donor restrictions. The 2020 operating reserve has almost \$3M of unrestricted net assets that exceed the minimum required operating reserve.
- The restricted assets schedule for research shows \$5M funds raised in 2020, \$2.8M of releases and \$119K interest gains. Total restricted assets available at year end is \$9.2M. Projected release projections were shared for future years. There is a strong pipeline through 2022 and beyond. Mr. Essey highlighted the massive increase of \$2.3M raised compared to 2019 which says a lot about our ability to raise money.

Development Report (Jane Ransom)

- We received an agreement with Michael J Fox Foundation for their matching money for the LBD fund of \$1.5M. We are also getting a two year fully paid CRTS in Migraine with Amgen of \$172,500 which shows that fundraising from Industry is starting to pay off. Not booked yet but should be booked by the end of the first quarter is the Association for Frontal Temporal Degeneration, they are giving us a \$100K grant for a CRTS in frontal temporal dementia. We are at almost \$2M dollars, we are off to a very good start.

Business Plan Update (Kevin Myren)

We are almost three years into the business plan and lots of things have changed, the team at ABF has been very successful, which is a real positive, but we have also been impacted by the effects of Covid. It is typical to modify a business plan as you move forward, rolling out an

updated plan to adjust to that new reality. Given all those reasons it is time to reset the next three years' projections.

Discussion:

- Mr. Shenkman mentioned that COVID is saving costs not having in-person meetings and maybe we should stick with virtual meetings and continue to do them more often than high cost in person meetings.
- Ms. Ransom mentioned we need to take a different look at travel as well. We are learning different ways of doing things. We are getting great results from our monthly donor salons drawing 50-90 donors from around the country at each salon without having to travel. We have also reduced our footprint at the AAN building which is also a substantial savings.
- Dr. Stevens mentioned revisiting the plan on a regular basis is good discipline, the AAN does that as well. You can question if you are on the right track and determine if there are any adjustments that need to be made or any outside factors like Covid that need to be addressed.
- Mr. Myren said it is great way to realign with the AAN, we want to be operating in parallel with them and not going in different directions. We want to make sure that planning and direction setting syncs up so we are all pulling in the same direction so we can all be more efficient and effective in what we do.
- Ms. Ransom said we are reviewing the assumptions that went into each year related to revenue and expenses and then we will go through and change things as needed based on new projections for 2022-2024.
- Ms. Ransom said the new business plan will be brought to the Finance Committee to review at the April 27, 2021 meeting.

Meeting adjourned at 9:43 a.m. CT