



**American Brain Foundation  
Finance Committee Meeting  
February 15, 2022  
10:00 a.m. CT  
Video Conference Call**

**In attendance:** James Essey, Chair; Charles Flippen, MD; Ben Lenail; Ralph Leslie; David Dodick, MD

**Excused:** Suzanne Miller; Ken Shubin Stein, MD

**Staff:** Jane Ransom, ED; Kevin Myren, CFO; Noah Zak; Kim Howard

Jim Essey called the meeting to order at 10:02 a.m. CT.

The minutes of the October 19, 2021 meeting were approved unanimously.

**Introduction of Committee Members/Finance Staff – Jim Essey**

Jim opened the meeting by welcoming our new committee members and introducing staff from the ABF and AANI Finance department. He reiterated the purpose and expectations of the Finance Committee, which is to exercise the fiduciary responsibility of the board, to bring financial results and budgets to the board for approval, and to have strategic discussions as needed to become more self-sufficient while being good steward of the unrestricted money we receive from the AAN. Our unrestricted dollars will continue to increase due to the recent implementation of a 10% management fee added on to restricted money raised. As the money given to us from the AAN reduces every year, our return on their dollars given to us increases; it was 4 to 1 in 2021, and will be 6 to 1 in 2022. ABF grants are given to neurologic researchers during their early career training, allowing the next generation to develop their focus prior to applying for NIH money. In addition to these clinical research scholarships, the ABF is beginning to develop larger scale projects, strategically partnering with other organizations as part of cure one, cure many.

**2021 Preliminary Financial Statements for period ending 12/31/21 – Noah Zak/Jim Essey**

Noah reviewed the preliminary year-end income and operating statements, with the caveat that some numbers may change pending the outcome of our audit in March. Kevin spoke about our policies regarding short term cash/investments vs. long term reserves. Ralph inquired about in-kind expenses; Jim and Noah explained that our primary source of gift-in-kind revenue is from the ad space that the AANI gives to us in their publications.

Functional Expenses for 2021 fell a bit short for two reasons:

- The allocation of expenses from the gifts-in-kind. We will be reviewing that with our auditors to see if that can be changed.
- The \$1M gift for LBD which we agreed to give to the AAN in 2022 instead of 2021 due to accounting definitions. This negatively affects our programming ratio.

Jim explained that Programming (the orange section) consists of grant giving, public awareness programs, and educational events. The Management and Fundraising (blue and green sections) are our costs of running the organization.

Our Balance Sheet shows total assets of \$17.8M, which again, will change a little due to long-term reconciliation that is yet to be completed. Current liabilities are \$1.2M, most of which are grants payable. Net assets are at \$16.2M.

### **2022 Budget Review and Development Report – Noah Zak**

Total funds raised in 2022 are much higher than in 2021. The amount released from restrictions is also going up, mostly due to LBD money. Natural expenses will go up in 2022 mainly due to meetings and travel returning to normal and our new hire.

### **ABF/AANI Grant Agreement – Jim Essey**

Every year, we receive unrestricted funds from the AANI; it was \$1.25M in 2021 and 2022, and will reduce to \$1M in 2023. The AAN is requesting a change in the way the language in our agreement is interpreted, so that if ABF raises more unrestricted monies than it spends in an operating year, the excess would be credited against the following year's AAN operating grant (only up to the amount of the grant). This amount could also be adjusted pending timing issues such as the LBD 3-year grant.

Kevin Myren and Noah Zak were excused from the remainder of the meeting. Jim opened the floor to discussion:

- Ben is OK with the concept, as it's mainly an intra-company transfer of funds. His concern is how to explain this to ratings agencies or other key stakeholders.
- Ralph would prefer to keep any overage to allow for cash reserves. We could operate with the change, but it puts us in a situation where we would need to cover our natural expenses each year without having any excess.
- David sees the AAN contribution as an investment in our growth as a brand over time, which in the end benefits the AAN. Question as to timing, why now?
- Charles agreed, the AAN wants the ABF to succeed and become independent. The timing is in line with your maturation, not intended to pull the rug out from under you. This is a natural conversation to have at this point in the ABF's growth.
- Jane would prefer to keep the surplus as a means to keep growing, to invest in additional marketing and/or staff as needed. Concerned about staff and board morale.
- Jim agrees that having the excess as a cushion will provide flexibility. The ABF is still in a growth stage where it's difficult to know our spending needs years in advance.
- Charles understands our issues with timing and staff uncertainty. He will relay our concerns to Mary and Orly.
- Jane mentioned one donor who had always restricted their donation in the past, now trusts us enough to change their giving to a general operating donation.
- Jim feels that the ABF is on the cusp of something major, asks the AAN to give us a few more years at the current understanding.

Meeting adjourned at 11:00 a.m. CT