



AMERICAN BRAIN FOUNDATION

Board of Directors Meeting

May 13, 2022

10:00 a.m. CT

Virtual Conference Call

Board Members	David Dodick, MD, Chair; Ben Lenail, Vice Chair; Jacqueline French, MD, Secretary; James Essey, Treasurer; Merit Cudkowicz, MD; David Eagleman, PhD; Dan Gasby; Robert Griggs, MD; James Grotta, MD; Frances Jensen, MD; Ralph R. Leslie; Ronald Peterson, MD, PhD; Alyx Porter, MD; Sean Sansiveri; Orly Avitzur, MD, President AAN; Mary Post, CEO AAN
Guests	
Staff	Jane Ransom, ED; Kevin Myren, CFO; Noah Zack, Emily Christian; Julia Miglets-Nelson; Lisa Dahlberg, Liam Moore, Kim Howard

	AGENDA ITEM <i>*Indicates Board Action Needed</i>	PRESENTED BY
10:00 CT	Call to Order <ul style="list-style-type: none"> Consent Agenda* <ul style="list-style-type: none"> Approve minutes of Board Meeting of March 19, 2022 Approve 2021 ABF Audit as recommended by AAN/ABF Joint Audit Committee Confirm Clifton Larson Allen as auditors for 2022 as recommended by the AAN/ABF Joint Audit Committee Call for disclosure of conflicts of interest Board Chair Remarks 	David Dodick, MD, Chair
10:10	Guest Speaker <ul style="list-style-type: none"> Industry trends in neuroscience 	TBA, Genentech
10:30	Research <ul style="list-style-type: none"> Neuroinflammation 	Robert Griggs, MD, Chair, Research Advisory Committee
10:40	Commitment to Cures 2022	Sean Sansiveri & Emily Christian, Dir. of Advancement and External Relations

11:10	Conflict-of-Interest Policies & Procedures <ul style="list-style-type: none"> • Motion to approve revised COI policies and procedures* 	Sean Sansiveri & Jim Grotta, MD
11:20	Break	
11:30	Strategic Plan <ul style="list-style-type: none"> • Vision & Mission • Planning Process & Timeline 	David Dodick, MD & Jane Ransom, Executive Director
12:40	AAN Update	Orly Avitzur, MD
12:50	Finance <ul style="list-style-type: none"> • Financial Statements for period ending 3/31/22 	Jim Essey, Treasurer
1:00	Adjourn	David Dodick, MD

Meeting Materials:

- Minutes of Board of Directors Meeting of March 19, 2022 (Draft) – page 3
- Executive Director Report - page 8
- Draft Conflict-of-Interest Policies & Procedures - page 14
- Strategic Planning Timeline & Assignments – page 21
- Q1 Financial Memo & Statements ending March 31, 2022 – page - 30
- December 31, 2021 ABF Audited Financial Report & Memo's - page 35

* Items that require board vote



**American Brain Foundation
Executive Committee Meeting
March 19, 2022
10:00 a.m. CT
Video Conference Call**

In Attendance: David Dodick, MD, Chair; Ben Lenail, Vice Chair; James Essey, Treasurer; Jacqueline French, MD, Secretary; Orly Avitzur, MD; Merit Cudkowicz, MD; Robert C. Griggs, MD; James C. Grotta, MD; Frances Jensen, MD; Ron Petersen, PhD, MD; Alyx B. Porter, MD; Sean Sansiveri

Excused: David Eagleman, PhD; Dan Gasby; Ralph Leslie, Suzanne Miller

Guest: Jeff Schreifels, Veritus Group

Staff (non-voting): Jane Ransom, ED; Mary E. Post; Emily Christian; Lisa Dahlberg; Kim Howard; Julia Miglets-Nelson; Liam Moore; Samantha Ross, Susan Corcoran

The meeting was called to order at 10:01 a.m. CT by David Dodick.

The members approved the Consent Agenda (minutes of the October 30, 2021 meeting and Joint Investment Policy Update) unanimously.

Welcoming new Board Members, Merit Cudkowicz, MD and Ralph Leslie.

Board Chair Remarks – David Dodick, MD

- ABF recently granted \$4.5M in grants to AAN for the 2022 Cure One, Cure Many LBD Research Award, and for Next Generation Research Grants.
- We have already exceeded our fundraising goal for Commitment to Cures
- ABF welcomes Samantha Ross as Operations and Program Assistant, and ABF's ninth team member.

Financial Report - Jim Essey, Treasurer

Financial Statements for Fourth Quarter ending December 31, 2021:

- Good financial report overall. We had for \$6,282,141 in revenue, but unaudited preliminary actuals come out to \$6,705,881. The increase in unrestricted funds raised is particularly positive.
- Operating expense comparison was also positive, given the budgeted \$2,637,434, versus preliminary actuals at \$2,278,114. Management fees decreased significantly due to lower space usage at the AAN headquarters. Technology fees have decreased due to lower price of new CRM database. Higher advertising costs led to more income. Meetings and travel budget slashed, proving we can be efficient and productive going to virtual meetings.

- Net Operating Increase. In 2020 ABF had a large surplus. In 2021, we had budgeted for a net decrease, but preliminary totals show a net surplus again, due to higher fundraising totals.
- Net Asset Reserve (75% of the average of the last two years actual expenses and the succeeding years operating budget excluding any grants with donor restrictions and noncash items):
 - o Total unrestricted net assets: \$5,880,255
 - o Less minimum required net asset reserve: (\$1,752,821)
 - o Unrestricted net assets exceeding Reserve target: \$4,127,434

ABF's Major Donor Fundraising Program – Guest Presenter Jeff Schreifels with Veritus

- ABF retained the Veritus group last year to overhaul and provide management expertise to our major giving program.
- An ideal nonprofit pipeline goes from donor acquisition to planned and capital gifts, with different ROIs at each level.
- **Donor attrition** is when a donor gives a gift one year and drops off the following year. In the nonprofit sector, this trends down with the average attrition rate at 45% of donors per year.
- Compare this to **Value attrition**, where a donor remains, but donates a smaller amount.
- How are donors lost?
 - o Donors not knowing how their gift made a difference. Feedback and contact with donors is essential.
 - o A large caseload of “unqualified” donors means fundraisers waste time trying to connect with donors who aren’t interested.
 - o Fundraisers not correctly measuring progress.
- Caseload should have a dual purpose: securing funds for the program while fulfilling donor passions and interests. It’s not all about the money, but building relationships and trust are just as valuable in the end. Match donor interests to our actual programs!
 - o The fact that we mention donors in our mission is telling.
- Having the right caseload. We want a portfolio of donors who want a relationship with us. 1 in 3 donors who meet the major gift criteria wants that personal relationship.
 - o Tier the donors, balancing the amount of effort we put on them to the potential outcomes.
 - o Revenue goals and strategic plans for every donor.
- ABF-specific assessment (August 2021): All in all, “tremendous growth opportunity”.
 - o Significant donor and value attrition from year to year.
 - Could be due to memorial or one-time gifts
 - o Revenue forecast
 - Major gifts take time to increase, but potential revenue could reach over \$6,230,364 over the next five years.
 - o How can the ABF Board be supportive?
 - Be an ambassador
 - Review the list of current major donors
 - Create/enhance a development committee focused on major gifts
 - Steward/cultivate/ask specific donors for support
 - Be patient, as building relationships takes time
 - Continue to grow the development team

Presentation Discussion/Questions:

- David Dodick asking about the lack of personal contact during times of COVID. Does this affect the attrition rate? Jeff responded that some organizations have really struggled, and others have flourished via Zoom. How does the donor want to be contacted? That could really vary from person to person and knowing how each person works best will help develop those connections.
- Merit Cudkowicz asks about working with organizations that cast a wide net in terms of what they support, like the ABF. Jeff Schreifels replied that creating those connections will help us define what our donors are passionate about.
- Jim Essey asks about specific disease-focused donations (as in the LBD focus last year). Will donors focused on LBD be lost as we pivot to other diseases and conditions? Jeff Schreifels said we can keep them if we are giving feedback on the impact of their donations and learning more about their specific interests.
- Jim Essey also asking about potentially increasing our staff in order to continue focusing on this. Jeff Schreifels responded that there is room for staff growth, particularly in major donor fundraising.
- Robert Griggs asked about memorial gifts and one-time gifts. How do we identify one-time major donors? Jeff Schreifels suggested giving those out-of-the-blue major donors a bit of contact identifying what inspired those donors to give, and their intentions to give again.

Commitment to Cures Update – Sean Sansiveri

David Dodick thanked Sean Sansiveri for the incredible work he's done as Commitment to Cures (C2C) Chair, increasing our visibility and return on investment.

C2C is Wednesday, April 6th in Seattle. In person and livestream available. Hosted by David Dodick.

Fundraising update: "Very strong", far exceeding our goal. Currently sitting at \$568,643 (and still increasing), 10x more than the event 5 years ago, more than double than last year. About 300 guests confirmed for in-person event. Many new sponsors, particularly in the sports community.

"Streamer Bowl" gaming competition via Twitch raised more than \$200,000.

Sean Sansiveri asked the board to help promote C2C by sending emails and sharing on social media. Staff is sending you everything you need.

ABF Strategic Planning – Jane Ransom, David Dodick, MD

- Our last strategic plan expired at the end of 2021, so we're due to create a plan for 2024-2028 that aligns with our business plan.
- From 2017-2022 we've made good progress on our strategic goals, but we need to engage in "breakthrough" thinking about moving to the next level. Questions we need to be asking are:
 - What are the factors that are accelerating or inhibiting growth?
 - What is our niche in the "marketplace" of brain disease research endeavors?
 - At what pace should we be growing?
 - What does the ABF's self-sufficiency look like?
 - o What should our relationship to the AAN be like?
- What strategic investments should we make with our unrestricted net assets?

- Is our fundraising approach an exponential investors model or a traditional development-with-stewardship model and why?
- What are the scope and targets in our drive to become a household name?
- Who?
 - o Board/staff work groups to develop recommendations on critical questions
 - o Executive committee to provide leadership
 - o Full board needs to agree on the need for planning and process
- When?
 - o May 13th Board Meeting
 - Prelim reports from subcommittees
 - o September 10-11 Retreat
 - Final recommendations from subcommittees
 - Synthesize recommendations into a coherent whole
 - o Nov 18th Board Meeting
 - Written plan
- Strategic Goal 1: Research
 - o 2017 goals vs. 2023 updates
 - o Use research advisory committee to develop recommendations
- Strategic Goal 2: Fundraising
 - o Create a board/staff work group to develop recommendations
- Strategic Goal 3: Public awareness
 - o Create a board/staff work group to develop recommendations
- Strategic Goal 4: Aligned leadership, creating a thriving partnership with the AAN
 - o Create a board/staff work group to develop recommendations
- Financial Planning
 - o Forecasting revenue and expenses for this new plan over the next 3-5 years
 - o Strategic use of unrestricted net assets
 - o Update business plan to conform with strategic plan
 - Use Finance committee to develop recommendations

Strategic Planning Discussion/Questions:

Berch Griggs commented that the board should stay at a strategic level and not focus on the operational plans. Frances Jensen agreed, asking that the board focus on mission and vision. David Dodick said we need to clarify the difference between public advocacy and public awareness. Jackie French mentioned “brand awareness” being the most important, increasing our visibility as a research advocate. Jane Ransom mentioned our much-repeated goal of becoming the brain health equivalent of the American Heart Association. Ron Petersen said that this could affect our fundraising. David Dodick said it might be worth having a speaker from the AHA to discuss their strategy.

-10 Minute Break-

Executive Session – David Dodick, MD

Below are two motions made during the Executive Session, both motions were adopted unanimously by the ABF Board on 3/19/22.

Be it resolved: After careful review the Board of Directors sees no conflict of interest between Dr. David Dodick's new position at Atria Health and his role as Board Chair of the American Brain Foundation. The Board of Directors has 100 percent confidence in its Board Chair, David Dodick, MD, and expresses appreciation and enthusiasm for his prior and continuing leadership.

Be it resolved: The Board of Directors has reviewed the American Brain Foundation's conflict-of-interest (COI) policy and procedures and agrees that:

- ABF's board orientation training should include a segment on its COI policy, and the need for members of the Board and its officers to disclose changes in employment promptly.
- ABF will regularly review its conflict-of-interest policy and procedures.
- Either the Governance Committee or a special subcommittee will review any disclosures and potential conflicts-of-interest and report to the Executive Committee for discussion and management.
- The potential conflicts of nominees to and members of ABF's Board of Directors should be reviewed on a case-by-case basis. A person will not necessarily be excluded from the ABF Board simply because of their affiliation with a certain organization; rather, the Board will investigate whether that person's position within the organization or other factors that may present a conflict.

Meeting adjourned at 1:00 p.m. CT.



TO: Board of Directors
FR: Jane Ransom, Executive Director
DATE: May 9, 2022
SUBJECT: Report for Board Meeting of May 13, 2022

A surprise gift of \$300,000 to the American Brain Foundation received this month tells us something about how we are perceived. The gift was surplus settlement money from a class action lawsuit against the manufacturer of a ginkgo balboa supplement for falsely claiming that the supplement promotes brain health. Plaintiffs chose to give the money to ABF because they perceive us as an organization that, as opposed to the defendants in the suit, is actually doing something about brain health.

How do we fortify and augment that perception, in both our deeds and our public voice? What should our research, public awareness, and fundraising activities look like by 2030? What will characterize our partnership with the American Academy of Neurology? These and other critical questions must be addressed in strategic planning, culminating at the board retreat of Sept. 10-11.

There is work to do before the retreat. At our May board meeting we will revisit our mission and vision to consider whether there is any reason to restate them. Over the summer, work groups organized around the issues of Research, Public Awareness, Fundraising, and the AAN/ABF relationship will meet to update existing strategic goals or to replace them with new ones. We would like to see board members, staff, former board members, major donors, and AAN leaders populate these committees.

As work groups are developing recommendations, our Finance Committee will begin reviewing strategic investment options that could accelerate our progress and help us reach a new level.

In addition to strategic planning, our May board meeting will address industry trends in neuroscience, ABF's nascent neuroinflammation initiative, and a follow up from the conflict-of-interest discussion at the March meeting.

I am attaching the Q1 activity report (Ransom Note) I sent you on Monday, along with our Q1 2022 board scorecard.

RANSOM NOTE

Q1 2022



Dear Members of the **ABF Board of Directors** and **Research Advisory Committee**,

This is your ABF activity report for the first quarter of 2022. The attached ABF scorecard provides you with progress on key performance indicators.

First, some ABF board member news:

- On Thursday, April 28th, **Dr. Merit E. Cudkowicz**, Chief of the Neurology Department at Massachusetts General Hospital, was announced as the winner of the first annual Target ALS Rebecca Luker Courage Award. Congratulations, Merit!
- **Suzanne Miller** has resigned from the ABF board and will be joining the Alzheimer's Association board. She looks forward to promoting the ABF/ALZ partnership in her new role.

Regards,

Jane

RESEARCH

- Granted research funding in the amount of \$4,955,000 to AAN
 - \$3,015,000 for the LBD initiative
 - \$1,940,000 for Next Generation Research Grants (CRTSs)
- Sent award letters for 17 new early-career researchers
- Notified recipients of the 2022 Cure One, Cure Many Award in LBD of their 3-year, \$3 million award
- Outreach began for the neuroinflammation initiative:
 - Dr. Stephen Hauser agreed to chair the initiative
 - Board and staff members conversations with and invited 15 brain-focused organizations to help shape the initiative.

PHILANTHROPY

- Raised \$1,498,891, not including AAN's generous grant of \$1,250,000
- Grants included:
 - \$172,500 from Amgen for a CRTS in Migraine
 - \$92,800 from Alexion for the 2022 CSDA in Myasthenia Gravis
 - \$546,000 from The ALS Association for early-career grants in ALS
 - \$300,000 from The Foundation for Peripheral Neuropathy for two CRTS's
 - \$100,000 from the Association for Frontotemporal Degeneration for a CRTS
- Exceeded our \$253,000 goal for **Commitment to Cures 2022**
- The Winter/Spring 2022 Impact Report was sent to 5,800+ donors, lapsed donors, and select AAN member and *Brain & Life* subscriber prospects
- Direct mail highlighting the story of a man with dystonia was sent to 2,600 donors and lapsed donors.
- Began establishing "moves management" plans for all major donors in consultation with the Veritus Group
- A Houston supporter held a dinner party for the foundation. Board member Jim Grotta, MD was the key speaker
- ABF created individualized cultivation, stewardship, and solicitation plans for major donors

PUBLIC AWARENESS

- 2022 Commitment to Cures Awards:
 - Announced awardees via press release, web, social channels
 - On Feb. 21, hosted a virtual event with the recipients of the LBD grant, the selection committee, and our partners from AAN, Alzheimer's Association, and the MJ Fox Foundation, drew an audience of 507 registrants.
- Virtual Salons (with attendance averaging 100 people) included:
 - Sleep & Neurodegenerative Diseases, Dr. Phyllis Zee, 1/20/22
 - Know the Signs & Symptoms of MS, Parkinson's, Alzheimer's and other Brain Diseases, Dr. Jim Stevens, 2/16/22
 - Humanism in Neurology, Dr. Barbara Geisser, 3/16/22
- Promoted Commitment to Cures through:
 - Press release
 - AAN channels
 - Social Media
 - Email
 - Website
 - AAN and *Brain & Life* channels
- Prepared hybrid Commitment to Cures Program
- Website and Social Media performance on track to meet 2022 goals
 - 89,111 Web visitors compared to 57,030 in Q1 2021
 - 72,196 unique Web visitors compared to 48,158 in Q1 2021
 - 71,251 social followers compared to 37,129 in Q1 2021

- Maintained social media postings 5+ days per week on Facebook, Twitter, Instagram, and LinkedIn, pulling content from *Brain & Life* magazine
- Co-raised awareness of ABF in AAN channels:
 - 3 ads and 3 articles in AANnews
 - 3 announcements in AANenews
 - 1 ad in *Brain & Life*
 - 3 mentions in AAN CEOs Leadership Update
- Mailed first of two annual ABF Impact Reports to major donors and partners

THRIVING PARTNERSHIP (ABF/AAN)

- Worked closely with AAN Annual Meeting staff to align ABF activities with theirs
- Collaborated with AAN research staff on:
 - Promotion and virtual presentation of 2022 Commitment to Cures award
 - Funding Agreement for LBD biomarker initiative
- Continued collaboration with AAN on marketing and cross-promotion

2022 ABF BOARD SCORECARD

Strategic Goal #1		FUNDRAISING			
Outcomes		Q1 2022	Threshold	Target	Maximum
1. Total funds raised					
a. Restricted		\$1,097,900	\$6,793,324	\$7,132,990	\$8,491,655
b. Unrestricted		\$400,991	\$1,163,508	\$1,221,683	\$1,279,859
c. AAN Support		\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
2. Major Donor Pipeline Value					
a. Number of Solicitations		55	183	192	229
b. Total Gift Ask		\$815,000	\$11,330,000	\$11,896,500	\$14,162,500
3. Donors					
a. Total Number of Donors		1301	4143	4350	4558
b. Total Donors from Website		449	1610	1691	1771
4. Staffing - Total FTE's					
a. Total FTEs		9	9	9	9
b. Retention Rate		100%	100%	100%	100%
5. Functional Ratios					
a. Programming		93%	83%	85%	87%
b. Fundraising		1%	9%	8%	7%
c. Management		6%	8%	7%	6%
6. Fundraising Efficiency Ratio					
a. Cost to Raise a \$1		\$0.02	\$0.06	\$0.05	\$0.04
b. Revenue Raised Per FTE		\$356,671	\$1,016,825	\$1,067,666	\$1,118,507
7. Charity Navigator Rating		Four Star	Three Star	Three Star	Four Star
8. Guidestar Rating		Platinum	Gold	Gold	Platinum
Strategic Goal #2		RESEARCH GRANTS			
Outcomes		Q1 2022	Threshold	Target	Maximum
1. Total Grant & Awards Funded					
a. AAN Total		\$4,955,000	\$3,402,000	\$3,402,000	\$3,402,000
b. Other Grants Total		\$0	\$200,000	\$200,000	\$200,000
2. Total # of Grants					
a. AAN Total		16	15	16	17
b. Other Awards Total		0	1	2	3
3. Total AAN ROI on ABF Research Grants		409%	259%	259%	259%

2022 ABF BOARD SCORECARD

Strategic Goal #3		PUBLIC AWARENESS			
Outcomes		Q1 2022	Threshold	Target	Maximum
1. Stakeholder awareness of ABF					
a. Web Visitors		89,111	308,033	338,836	369,640
b. Unique Web Visitors		72,196	253,616	266,297	278,978
c. Social Media Reach		71,251	79,756	87,732	95,707
d. Email Subscribers		23,041	26,334	27,651	28,967
e. Online Donations		\$97,107	\$359,665	\$395,632	\$431,598
Strategic Goal #4		AAN/ABF PARTNERSHIP			
Outcomes		Q1 2022	Threshold	Target	Maximum
1. AAN US Dues Paying Neurologists who give to ABF		3.5%	10.5%	11.2%	11.5%
2. Percentage of AAN staff donating to the ABF		43%	60%	63%	66%
3. AAN ROI on Total ABF Fundraising		162%	787%	787%	787%

**Conflict of Interest and Compensation Policy of
The American Brain Foundation
("the Organization")**

Adopted by the Board of Directors: _____, 2022

ARTICLE I

PURPOSE

The directors, officers and key persons of the Organization owe a duty of loyalty to the Organization. This duty requires that in serving the Organization, they act solely in the interests of the Organization and not in their personal interests or in the interests of their relatives, businesses, or others.

The purpose of this Conflict of Interest and Compensation Policy (the "Policy") is to (a) help directors, officers and key persons to meet their ongoing responsibility to disclose any interests that conflict or may appear to conflict with the interests of the Organization; and (b) protect the interests of the Organization when it is contemplating entering into a transaction, agreement or other arrangement that might benefit the private interest of a director, officer or key person of the Organization or might result in an "excess benefit transaction" (a transaction subject to IRS penalty taxes in which a director, officer or key person receives an economic benefit that exceeds the value of the services, property or payment the Organization receives in return).

This Policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to charitable organizations.

ARTICLE II

DEFINITIONS

1. Related Party

- (a) a director or officer of the Organization;
- (b) a key person of the Organization;
- (c) a director, officer or key person of an affiliate of the Organization;
- (d) a relative of any director, officer, or key person of the Organization or an affiliate of the Organization;
- (e) an entity in which a director, officer, or key person of the Organization or of an affiliate of the Organization or a relative of any such individual has a thirty-five percent (35%) or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent (5%).

2. Related Party Transaction

Any transaction, agreement or other arrangement in which a director, officer, key person or other Related Party has an Interest (defined below) and in which the Organization or any affiliate of the Organization is a participant. However, a transaction is not a Related Party Transaction if: (i) the transaction or the Related Party's financial interest in the transaction is *de minimis*, (ii) the transaction would not customarily be reviewed by the Board of Directors or boards of directors of similar organizations and is available to others on the same or similar terms, or (iii) the transaction constitutes a benefit provided to the Related Party solely as a member of a class of the beneficiaries that the Organization intends to benefit as part of the accomplishment of its mission, which benefit is available to all similarly situated members of the same class on the same terms.

3. Affiliate

Any entity controlled by, or in control of, the Organization.

4. Key person

A person, other than a director or officer, whether or not an employee of the Organization, who (i) has responsibilities, or exercises powers or influence over the Organization as a whole similar to the responsibilities, powers or influence of directors and officers, (ii) manages the Organization, or a segment of the Organization that represents a substantial portion of the activities, assets, income or expenses of the Organization, or (iii) alone or with others controls or determines a substantial portion of the Organization's capital expenditures or operating budget.

5. Relative

A person's spouse or domestic partner, ancestors, siblings (whether whole or half-blood), children (including adopted children), grandchildren, and great-grandchildren and the spouses or domestic partners of a person's siblings, children, grandchildren and great-grandchildren.

6. Financial interest

A Related Party has a financial interest if the Related Party directly has or is negotiating a transaction, agreement or other arrangement with the Organization from which the Related Party receives or will receive an economic benefit, or the Related Party has, directly or indirectly:

- a.** A current or potential ownership or investment interest in any entity with which the Organization has or is negotiating a transaction, agreement, or other arrangement; or
- b.** A current or potential compensation arrangement with any entity or individual with which the Organization has or is negotiating a transaction, agreement, or other arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

7. Interest

A financial interest or other interest. "**Other interest**" includes any interest other than a financial interest that impairs or might impair a director's, officer's or Key Person's independence or objectivity in the discharge of his or her duties to the Organization or is contrary to the

Organization's stated values and/or mission statement. Examples of an interest include, but are not limited to: (i) a participant in a proposed transaction is an individual, or an entity owned by an individual, with whom the director, officer or Key Person has a close personal or business relationship; (ii) the director, officer or Key Person, or one of his or her Relatives, serves on the board of directors of another nonprofit organization that is a participant in, or competing with the Organization in connection with, a proposed transaction; or (iii) the transaction or arrangement being considered by the Organization is one that the director, officer or Key Person would like to pursue for his or her personal benefit or that of one of his or her Relatives.

ARTICLE III

CONFLICTS OF INTEREST

A conflict of interest arises when a person has an actual or potential Interest that impairs or might appear to impair his or her independence or objectivity in the discharge of his or her responsibilities and duties to the Organization.

Related Party Transactions always involve conflicts of interest. They are not necessarily improper but must be handled in accordance with the procedures below to ensure that the Organization only enters into transactions that are in the best interests of the Organization.

Directors, officers and Key Persons should err on the side of caution and make full disclosure of any situation that might impair or appear to impair their independence or objectivity.

ARTICLE IV

PROCEDURES

1. Duty to Disclose

a. Upon initial election or appointment, and annually thereafter, each director, officer, and Key Person must complete, sign and submit to the Chair of the Governance Committee a written statement in the form of the Acknowledgment and Disclosure Statement attached to this Policy.

b. In addition, directors, officers and Key Persons must disclose in good faith any possible conflict of interest, including any Interest which they have (or, to the best of their knowledge, any of their Relatives or businesses have) in any proposed transaction, agreement or other arrangement, as soon as they become aware of the Interest and always before the consideration of the transaction, agreement or other arrangement by the Board of Directors ("Board") or authorized committee of the Board ("Committee"). For purposes of this Policy, the disclosure should be made in writing to the Chair of the Governance Committee and include all relevant facts about the Interest. The Chair of the Governance Committee shall provide a copy of all disclosures to the Board or Committee considering the transaction.

2. Procedures for Addressing a Related Party Transaction

a. Upon receiving a disclosure (or otherwise becoming aware) that a Related Party has an Interest in a proposed Related Party Transaction, the Board or Committee shall determine whether the transaction, agreement or other arrangement in fact meets the definition of a Related Party Transaction (e.g., involves an Interest which is not de minimus and is the type of transaction that the Board typically reviews).

b. The director, officer or Key Person with the Interest may make a presentation to and respond to questions by the Board or Committee but may not be present at, participate in, or attempt to improperly influence Board or Committee deliberations or voting regarding whether the transaction, agreement or other arrangement constitutes a Related Party Transaction and, if so, further deliberations or voting regarding the Related Party Transaction.

c. If a Related Party has a substantial financial interest in the proposed Related Party Transaction, the Board or Committee shall consider alternatives to the Related Party Transaction to the extent available (e.g., alternatives that would be equally or more advantageous that could be obtained with reasonable effort). A financial interest shall be considered substantial if it involves:

- (i) an ownership or investment interest representing more than 1% of the outstanding shares of a publicly traded company or 10% of the outstanding shares or comparable interest of a privately owned company with which the Organization has or is negotiating a transaction, agreement or arrangement or which is otherwise involved in a transaction, agreement or arrangement with the Organization; or
- (ii) an ownership or investment interest which produces a significant amount of income for or constitutes a significant part of the net worth of the director, officer or Key Person, or a Relative of the director, officer or Key Person, in any entity with which the Organization has or is negotiating a transaction, agreement or arrangement or which is otherwise involved in a transaction, agreement or arrangement with the Organization; or
- (iii) a compensation arrangement of any kind with any entity or individual with which the Organization has or is negotiating a transaction, agreement or arrangement or with any entity or individual which is otherwise involved in a transaction, agreement or arrangement with the Organization if the compensation of the director, officer or Key Person is contingent on the transaction, agreement or arrangement or is likely to be increased as a result of it.

The Board or Committee may, after review, consider other financial interests to be substantial.

d. After considering alternatives if required, the Board or Committee shall determine by majority vote of the directors present (provided a quorum is present at the time of the vote), whether the Related Party Transaction is fair, reasonable and in the Organization's best interest at the time of the determination, and, if so, whether to enter into the Related Party Transaction.

3. Procedures for Addressing Conflicts other than Related Party Transactions

a. Upon receiving a disclosure (or otherwise becoming aware) that a director, officer or Key Person has or may have a conflict of interest not involving a Related Party Transaction, the Board or Committee shall determine whether a conflict of interest exists. The director, officer or Key Person with the conflict or possible conflict may make a presentation to and respond to questions by the Board or Committee but may not be present at, participate in, or attempt to improperly influence Board or Committee deliberations or voting regarding whether a conflict exists.

b. If the Board or Committee determines that a conflict does exist, the Board or Committee shall decide how to handle the conflict, taking care to ensure that any resolution is consistent with the

best interests of the Organization. The person with the conflict may not be present for or participate in deliberations or voting with respect to the conflict.

4.. Violations of the Conflict of Interest Policy

a. If the Board or Committee has reasonable cause to believe that a director, officer or Key Person has failed to disclose an actual or possible Interest or otherwise violated this Policy, it shall inform the director, officer or Key Person of the basis for such belief and afford the director, officer or Key Person an opportunity to explain the alleged failure or violation.

b. If, after hearing the response of such individual and after making further investigation as warranted by the circumstances, the Board or Committee determines that the director, officer or Key Person has failed to disclose an actual or possible Interest or otherwise violated this Policy, it shall take appropriate disciplinary and corrective action.

ARTICLE V

RECORDS OF PROCEEDINGS

The minutes of meetings of the Board or Committee at which a Related Party Transaction or other conflict of interest was discussed or voted on shall be prepared contemporaneously and shall contain:

a. The names of the directors, officers and Key Persons who disclosed or otherwise were found to have an Interest in a Related Party Transaction or other possible conflict of interest, the nature of the Interest, and the extent of the director's, officer's or Key Person's participation in the meeting;

b. A record of any determination as to whether the disclosed transaction, agreement or other arrangement constituted a Related Party Transaction or other conflict, and the specific reasons supporting the determination.

c. A record of any determination as to whether the Related Party Transaction was fair, reasonable and in the best interest of the Organization, notwithstanding the Interest, and the reasons for the determination, including any alternatives to the Related Party Transaction which were considered;

d. A record of how a conflict other than a Related Party Transaction was handled, and

e. The names of the persons who were present for discussions and votes relating to the Related Party Transaction or other conflict of interest and a record of any votes taken.

ARTICLE VI

CONFLICT OF INTEREST DISCLOSURE STATEMENT

a. Prior to their initial election or appointment and annually thereafter, directors, officers and Key Persons shall complete the attached Conflict of Interest Disclosure Statement and submit it to the chair of the Governance Committee.

b. The Governance Committee shall review all disclosure statements and retain them in the confidential files of the Governance Committee.

ARTICLE VII

ADOPTION AND AMENDMENT

This Board may amend this Policy by majority vote of the directors present at any meeting of the Board, provided that a quorum is present at the time of the vote.

DRAFT

The American Brain Foundation
Conflict of Interest Disclosure Statement

Please complete this Statement and return it to the Chair of the Governance Committee.

I hereby acknowledge that I have: (1) received a copy of the Organization's Conflict of Interest and Disclosure Policy ("Policy"); (2) read and understood the Policy; and (3) agree to comply with the Policy.

The information set forth below is correct and complete to the best of my knowledge. During the time I am a director, officer or Key Person of the Organization, I agree to keep this information up to date and promptly report any actual or possible Interest that is required to be disclosed under the Policy.

I hereby disclose:

- (1) All entities in which I hold a position as director, trustee, officer, owner (either as a sole proprietor or partner), member, or employee and with which the Organization has a relationship:
- (2) Any transaction in which the Organization is or may be a participant and as to which I may have a conflicting interest, either personally or through my Relative or business:
- (3) Any other situation which poses or may pose a conflict of interest.

Dated: _____

Name: _____

Signature: _____

Strategic Planning Timeline & Assignments

American Brain Foundation 2022

Governance Timeline



Work Groups Timeline



August 1

Deliver recommendations to Executive Committee



Sept. 1

Deliver revised recommendation to Board of Directors



Nov. 18

Deliver financial forecast to Board of Directors



These are the Work
Groups

Research Strategy

2024-2030

Research Advisory Committee

Berch Griggs, Jim Grotta, Jackie French, Ron Petersen, Jane Ransom, Julia Miglets-Nelson

By 2030 what will be ABF's impact on brain disease research?

How will our impact be achieved and measured?

What investments must we make?

Fundraising Strategy

2024-2030

Board/Staff Committee

Emily Christian, Kim Howard, Lisa Dahlberg, Julia Miglets-Nelson, Alyx Porter, Merit Cudkowicz, Sean Sansiveri

What fundraising model will be supporting the foundation as we envision it in 2030?

What is the glide path to a 2030 where ABF has steady, stable operating revenue?

What investments are needed?

Public Awareness Strategy

2024-2030

Board/Staff Committee

Emily Christian, Liam Moore, David Dodick, Dan Gasby, Jacqueline French, David Eagleman, Ron Petersen, Frances Jensen

Who will be our primary and secondary audiences in 2030, and how will we measure their awareness?

What will the foundation be known and valued for in 2030?

What investments are needed?

Aligned Partnership Strategy

2024-2030

AAN/ABF Joint Leadership Committee

Orly Avitzur, Mary Post, Natalia Rost, David Dodick,
Jane Ransom, Berch Griggs, Carlayne Jackson

By 2030, through what partnerships will
ABF have an impact on brain disease
research?

How will our impact be achieved and
measured?

What investments must we make?

Financial Strategy

2024-2030

Finance Committee

Jim Essey, Ben Lenail, Ralph Leslie, Charles Flippen,
Jane Ransom, Kevin Myren, Noah Zak

How can we accelerate growth with our
unrestricted net assets?

At what pace can we expect to grow?

What ROI should key investors expect?



Date: Friday, May 13th, 2022

To: ABF Board of Directors

From: Kevin Myren, CPA Chief Financial Officer
Jane Ransom, Executive Director
Noah Zak, Staff Accountant

Subject: Preliminary 2022 Q1 Financial Reports

The enclosed materials present the financial performance of the American Brain Foundation for the First Quarter of 2022

Statement of Operations

- Operating Revenues of \$6.8M
- Operating Expenses are \$5.5M
- Net Operating Increase is \$1.3M
- Long-Term Investments are (\$319K)

Revenue

ABF raised \$2.7M in Q1 of 2022, falling short of the total Q1 fundraising goal by (20%). The \$2.7M raised includes the following:

- \$1.1M for future research initiatives
- \$1.25M AAN operating grant
- \$207K in unrestricted funds
- \$193K in Sponsorships and Registrations for Commitment to Cures

In the GAAP Adjustment section of the Income Statement, the Release from Restrictions line has a positive variance of 2.4M or 81% due mainly to the recognition of the Cure One Cure Many LBD grant that was released sooner than budgeted for. Of the \$5.3M released, below are the primary contributors:

- \$3M Cure One, Cure Many LBD Grant
- \$1.8M for 2022 Next Generation Research Grants
- \$325K in administrative support from the Cure One, Cure Many LBD Grant

Expenses

Grants & Awards Expenses are over budget by (\$2.1M) or (77%) due to timing of the actual recognition of the expense versus the budgeted recognition of the expense for the Cure One, Cure Many LBD Grant. This variance will decrease as the year goes on.

Natural Expenses are 17% under budget, but there is some variation within the different expense areas:

- Salaries and Benefits expenses are underbudget by \$18K or 8% due to the timing of the expense
- Technology expense is over budget by (\$28K) or (104%) primarily due to the timing of the quarterly CRM expense and the new prospect research tool expense.
- Professional Services expenses are under budget by \$16K or 10% due primarily to the monthly Yakkety Yak expense and monthly legal fees coming in lower than anticipated for Q1.
- Advertising Expenses are under budget by \$2K or 10% due to advertising expenses coming in at a lower rate than expected.
- Meetings & Travel Expenses are under budget by \$35K or 64% due to the March Board meeting being moved from in-person to virtual.
- Management Fee is under by \$4K or 6% due to the management fee coming in lower than anticipated per the business plan

Statement of Financial Position

- The Foundation ended Q1 2022 with total assets of \$19.0M, which includes:
 - \$2.1M in cash and short-term investments
 - \$5.9M in grants receivable
 - \$10.6M in long-term investments, of which 46% represents restricted Endowments and Donor Advised Funds
- Liabilities are \$5.7M
 - \$5.3M or 94% is in Grants Payable
- Net Assets total \$13.3M
 - \$6.4M or 48% of net assets are restricted by donors

Provided in the following pages are:

- Preliminary 2022 Q1 Income Statement
- Preliminary 2022 Q1 Functional Expense Report
- Preliminary 2022 Q1 Balance Sheet



American Brain Foundation
YTD Operating Statement
Mar 2022 YTD

	Mar 2022 YTD Actuals	Mar 2022 YTD Budget	Favorable (Unfavorable)	Actuals to Budget Favorable (Unfavorable)	Mar 2021 YTD Actuals	2022 YTD Actuals to 2021 YTD Actuals Favorable (Unfavorable)
REVENUE						
GRANTS & GIFTS RAISED						
AANI Support Grant	1,250,000	1,250,000	-	0%	1,250,000	-
Unrestricted	207,360	297,264	(89,904)	-30%	241,342	(33,982)
Funds Raised for Future Years - Research	1,097,900	1,621,436	(523,536)	-32%	2,047,115	(949,215)
Funds Raised for Future Years - Awards	1,532	-	1,532		8,000	(6,468)
Funds Raised for Future Years - Public Awareness	2,250	27,500	(25,250)	-92%	3,798	(1,548)
Funds Raised for Commitment to Cures	193,500	235,000	(41,500)	-18%	91,628	101,872
Total Funds Raised	2,752,542	3,431,200	(678,659)	-20%	3,550,254	(797,712)
GAAP ADJUSTMENT						
Funds Raised for Future Years Released from Restrictions	(1,295,182)	(1,883,936)	(588,754)	31%	(2,150,540)	(855,358)
Total GAAP Adjustment	5,338,934	2,950,000	2,388,934	81%	1,408,040	3,930,894
	4,043,753	1,066,064	2,977,689	279%	(742,500)	4,786,253
						-
Net Operating Funds Available	6,796,294	4,497,264	2,299,030	51%	2,807,754	3,988,540
OTHER REVENUE						
Gift in Kind Revenue	-	-	-		75,880	(75,880)
Interest Revenue	582	975	(393)	-40%	1,091	(510)
Other Revenue	705	-	705		485	221
						-
Total Revenue	6,797,582	4,498,239	2,299,342	51%	2,885,210	3,912,371
EXPENSES						
FUNDING EXPENSE						
Grants & Expenses	4,955,000	2,800,000	(2,155,000)	-77%	1,446,000	(3,509,000)
NATURAL EXPENSES						
Salaries & Benefits	216,477	234,626	18,149	8%	221,103	4,626
General Office	43,202	43,740	539	1%	16,337	(26,864)
Technology	56,623	27,800	(28,823)	-104%	100,259	43,635
Professional Services	141,524	157,066	15,542	10%	124,752	(16,772)
Advertising	25,594	28,389	2,795	10%	23,446	(2,148)
Meetings & Travel	20,500	56,260	35,760	64%	1,250	(19,250)
Depreciation	9,337	9,336	(1)	0%	9,337	-
Facilities & Management Fee	57,570	61,446	3,876	6%	57,000	(570)
Total Natural Expenses	570,826	618,663	47,837	8%	553,484	(17,342)
OTHER EXPENSES						
Gift in Kind Expense	-	-	-	0%	75,880	75,880
						-
Total Expense	5,525,826	3,418,663	(2,107,163)	-62%	2,075,364	(3,450,462)
Net Operating Increase (Decrease)	1,271,755	1,079,577	192,179	18%	809,846	461,909
Long Term Investment Earnings	(319,083)	-	(319,083)		407,428	(726,511)
CHANGE IN UNRESTRICTED NET ASSETS	952,673	1,079,577	(126,904)	-12%	1,217,274	(264,602)



American Brain Foundation
Functional Expenses and Ratios
For the Three Months Ending
March 31st 2022

	2022 Management	2021 Management	Management Variance	2022 Fundraising	2021 Fundraising	Fundraising Variance	2022 Programming	2021 Programming	Programming Variance
EXPENSES									
Salaries and Benefits	66,976	80,955	13,979	58,279	54,431	(3,848)	91,222	85,717	\$ (5,504)
General Office	25,159	11,350	(13,809)	15,383	6,949	(8,434)	4,568	119	\$ (4,449)
Software and Maintenance	30,900	75,825	44,925	11,707	17,871	6,163	12,108	4,949	\$ (7,159)
Professional Fees	14,477	16,007	1,530	26,848	28,309	1,461	125,792	103,416	\$ (22,377)
Management and Service Fees	17,024	19,886	2,862	15,806	14,396	(1,410)	24,740	22,718	\$ (2,022)
Meeting and Travel	3,020	1,079	(1,941)	8,528	18	(8,510)	8,952	153	\$ (8,799)
Grants and Awards	-	-	-	-	-	-	4,955,000	1,446,000	\$ (3,509,000)
Depreciation	-	-	-	-	-	-	9,337	9,337	-
Interest Expense	-	-	-	-	-	-	-	-	-
Total Natural Expenses	\$157,556	\$205,103	\$47,546	\$136,551	\$121,973	(\$14,578)	\$5,231,719	\$1,672,409	(\$3,559,310)
Professional Fees	-	-	-	-	37,940	37,940	-	37,940	37,940
Grants and Awards	-	-	-	-	-	-	-	-	-
Total Gift In Kind Expenses	\$0	\$0	\$0	\$0	\$37,940	\$37,940	\$0	\$37,940	\$37,940
						-			-
Total Expenses	\$157,556	\$205,103	\$47,546	\$136,551	\$159,913	\$23,362	\$5,231,719	\$1,710,349	(\$3,521,370)

	Management	Fundraising	Programming
2022 YTD Actuals	2.9%	2.5%	94.7%
2022 Goal	7.0%	8.0%	85.0%
2021 YTD Actuals	9.9%	7.7%	82.4%



American Brain Foundation

Statement of Financial Position

As of March 31, 2022

	Year To Date 03/31/2022	Year To Date 03/31/2021	Net Change
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	744,525.59	598,362.89	146,162.70
Short-Term Investments	1,418,684.41	2,351,712.74	(933,028.33)
Grants and Gifts Receivable	2,878,900.47	3,573,488.07	(694,587.60)
Accounts Receivable	272,035.29	8,239.00	263,796.29
Prepaid Expenses	26,205.48	20,779.63	5,425.85
Total Current Assets	<u>5,340,351.24</u>	<u>6,552,582.33</u>	<u>(1,212,231.09)</u>
FIXED ASSETS			
ABF Website	213,044.75	223,769.75	(10,725.00)
Accumulated Depreciation	(209,932.53)	(183,308.49)	(26,624.04)
Total Fixed Assets	<u>3,112.22</u>	<u>40,461.26</u>	<u>(37,349.04)</u>
LONG-TERM ASSETS			
Investments - Reserves	10,636,043.79	9,596,075.79	1,039,968.00
Grants and Gifts Receivable	3,064,005.69	3,102,064.92	(38,059.23)
Total Long-Term Assets	<u>13,700,049.48</u>	<u>12,698,140.71</u>	<u>1,001,908.77</u>
Total Assets	<u>19,043,512.94</u>	<u>19,291,184.30</u>	<u>(247,671.36)</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	325,766.28	78,738.36	247,027.92
Grants Payable	2,031,091.24	2,444,461.76	(413,370.52)
Deferred Revenue	31,150.00	19,628.00	11,522.00
Total Current Liabilities	<u>2,388,007.52</u>	<u>2,542,828.12</u>	<u>(154,820.60)</u>
LONG-TERM LIABILITIES			
Grants Payable	3,361,836.00	211,455.00	3,150,381.00
Total Long-Term Liabilities	<u>3,361,836.00</u>	<u>211,455.00</u>	<u>3,150,381.00</u>
NET ASSETS			
Unrestricted Net Assets	6,832,346.62	6,254,948.90	577,397.72
Restricted Net Assets	6,461,322.80	10,281,952.28	(3,820,629.48)
Total Net Assets	<u>13,293,669.42</u>	<u>16,536,901.18</u>	<u>(3,243,231.76)</u>
Total Liabilities and Net Assets	<u>19,043,512.94</u>	<u>19,291,184.30</u>	<u>(247,671.36)</u>



To: ABF Board of Directors

From: Shari L. Farber, CPA, MBA, Chair, Joint Audit Committee
Kevin C. Myren, CPA, Chief Financial Officer

Date: May 13th, 2022

Subject: Audit Committee Report

The Joint Audit Committee of the American Academy of Neurology (AAN), American Academy of Neurology Institute (AANI), and the American Brain Foundation (ABF) met on April 19, 2022. The purpose of the meeting was to meet with Clifton Larson Allen (CLA) to review and discuss their audit reports on the consolidated financial statements. The committee voted to approve as prepared the Consolidated Financial Statements of the American Brain Foundation for year ended December 31, 2021, and further recommended that the reports be provided to the Board of Directors for acceptance. The agenda for this meeting also included review and approval of the audit firm for the 2022 audit. The committee voted and confirmed the continuing use of CLA as the audit partner for the 2022 audit.

The Audit committee is charged with review of the financial practices of the ABF. We retain an outside auditor independent of ABF staff to carry out this review on behalf of the Board of Directors. Management is responsible for the financial statements and the financial reporting process, including the system of internal control. The auditors are responsible for expressing an opinion on the conformity of the financial statements in accordance with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the organization's accounting principles, and such other matters as are required to be discussed with auditors their independence from management and organization.

Clifton Larson Allen presented the results of their examinations, their evaluations of the organization's internal control, compliance with laws and regulations and the overall quality of the organization's financial reporting, in addition, to peer financial data benchmarking and trends. The audit went very well, with auditors noting in their report an unmodified opinion (the highest opinion a company may receive). No problems were encountered during the audit, and no material weaknesses and no significant deficiencies were noted.



American Brain Foundation

FY2021 Audit Results

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

Page 36
Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor

Scope of Services



Audit Scope

Audited financial statements for the year ending December 31, 2021



Deliverables

Audited financial statements for the years ended December 31, 2021 and 2020

Other Deliverables:

- Governance communication
- Internal control letter



Financial Statement Highlights

Overall

- Comparative financial statements
- No new accounting standards adopted
- Unmodified opinion which is the **highest level of assurance** a CPA firm can provide
- Includes disclaimer of opinion on any financial information included in published annual reports

Statements of Financial Position

- Total assets increased over \$3.0 million primarily driven by increases to funds held with others due to market appreciation in 2021 (+\$2.4 million) and increases to grants receivable (+\$720k)
- Total liabilities increased over \$251k primarily due to increase to total grants payable of \$282k, offset by modest declines to other liabilities
- Net assets – increase of \$2.8 million from prior year, with ending balances over \$16.5 million



Financial Statement Highlights

Statements of Activities

- Total operating support and revenue up 11.7% or \$751k
 - Grants and gifts up \$381k
 - Operating investment income up \$332k
 - Total nonoperating investment income increased \$327k with improved market conditions, contributing to positive bottom line
- Total operating expenses up 9.7% or \$447k to FY2020
 - Total salaries and wages flat to prior year
 - Grants expense up \$269k
 - Professional services expense up \$343k
 - Increases offset by decreases to management fees and meeting expenses, down \$144k and 64k, respectively
- Bottom line change in net assets of \$2.8 million, with \$934,210 surplus in net assets without restrictions and \$1,865,186 surplus in net assets with donor restrictions

Statement of Functional Expenses and Footnotes

- Allocations of expenses by function (excluding in-kinds)
 - 72.4% Program, 12.2% Admin, 15.4% Fundraising in 2021
 - 66.8% Program, 14.7% Admin, 18.5% Fundraising in 2020
- Footnote changes:
 - Note 1 – Reclassifications – investment breakouts
- Key footnotes:
 - Note 2 – Liquidity
 - Note 3 – Grants receivable
 - Note 7 – Grants payable
 - Note 8 – Net assets with donor restrictions



Governance Communication Letter

Overall

- Purpose is to provide an update on the audit since the planning meeting
- No changes in scope of audit
- No new standards

Estimates

- Estimates present in financial statements
- Useful lives of fixed assets
- Allowance and discounts
- Valuation of funds held with others
- Valuation of in-kinds
- Functional allocations
- We are comfortable with management's estimates

Difficulties

- No difficulties encountered
- No disagreements encountered
- No other findings to report

Other

- No audit adjustments
- No passed adjustments
- Management representation letter will be signed at conclusion of engagement with committee approval

Internal Control Matters

Topic	Communication
Purpose	<ul style="list-style-type: none"> Express an opinion on the financial statements, not on the effectiveness of internal controls. Our consideration of internal controls was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls.
Material Weakness	<ul style="list-style-type: none"> Reasonable possibility that a material misstatement would not be prevented or detected and corrected on a timely basis.
Significant Deficiencies	<ul style="list-style-type: none"> Less significant than a material weakness, yet important enough to merit the attention of governance.
Restricted Use	<ul style="list-style-type: none"> This communication is intended solely for the information and use of management, the audit committee, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.
Results	<ul style="list-style-type: none"> No Material Weaknesses or Significant Deficiencies identified Best practice recommendations: Formalize process for documenting vendor change callback in internal control procedures with new general ledger software implementation





Peer Benchmarking

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

Page 42

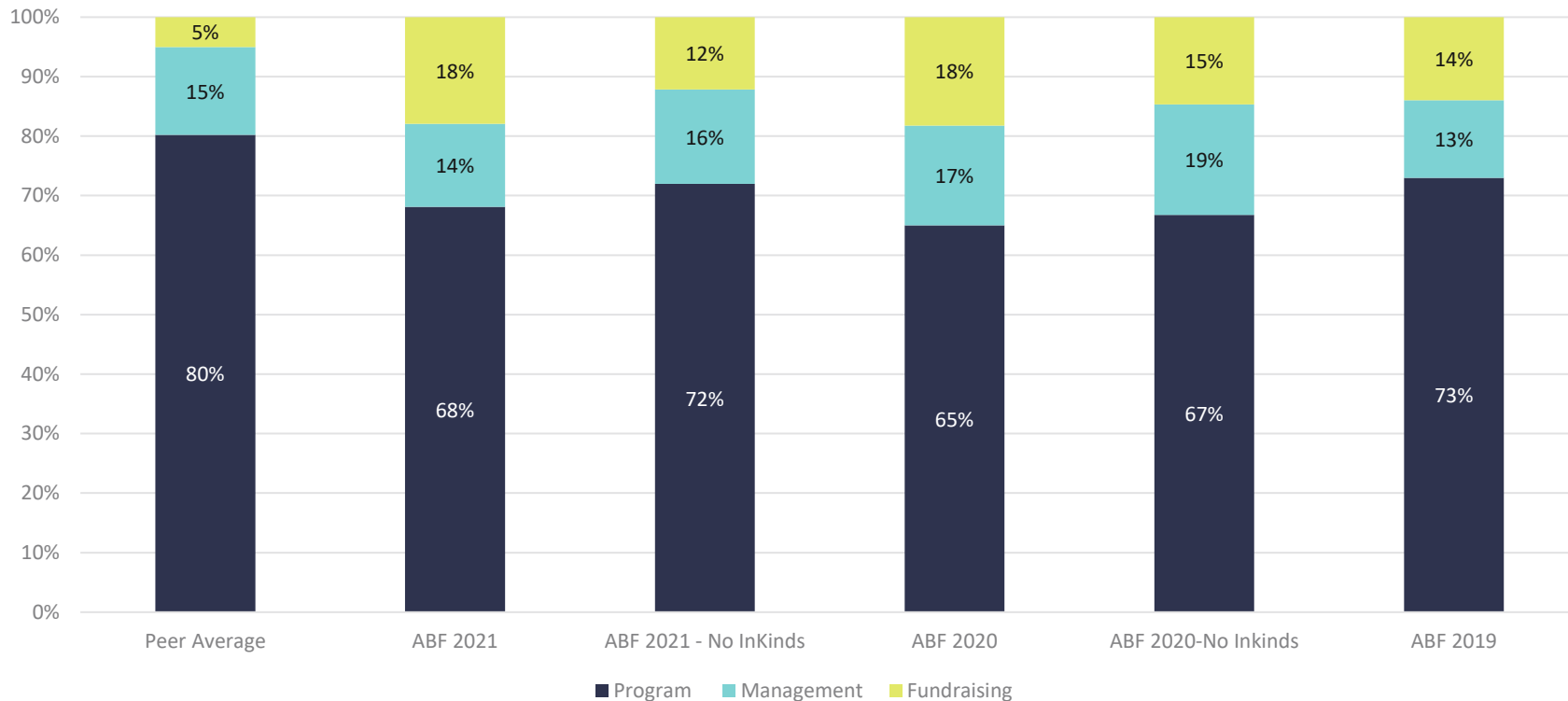
Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor

Benchmarking

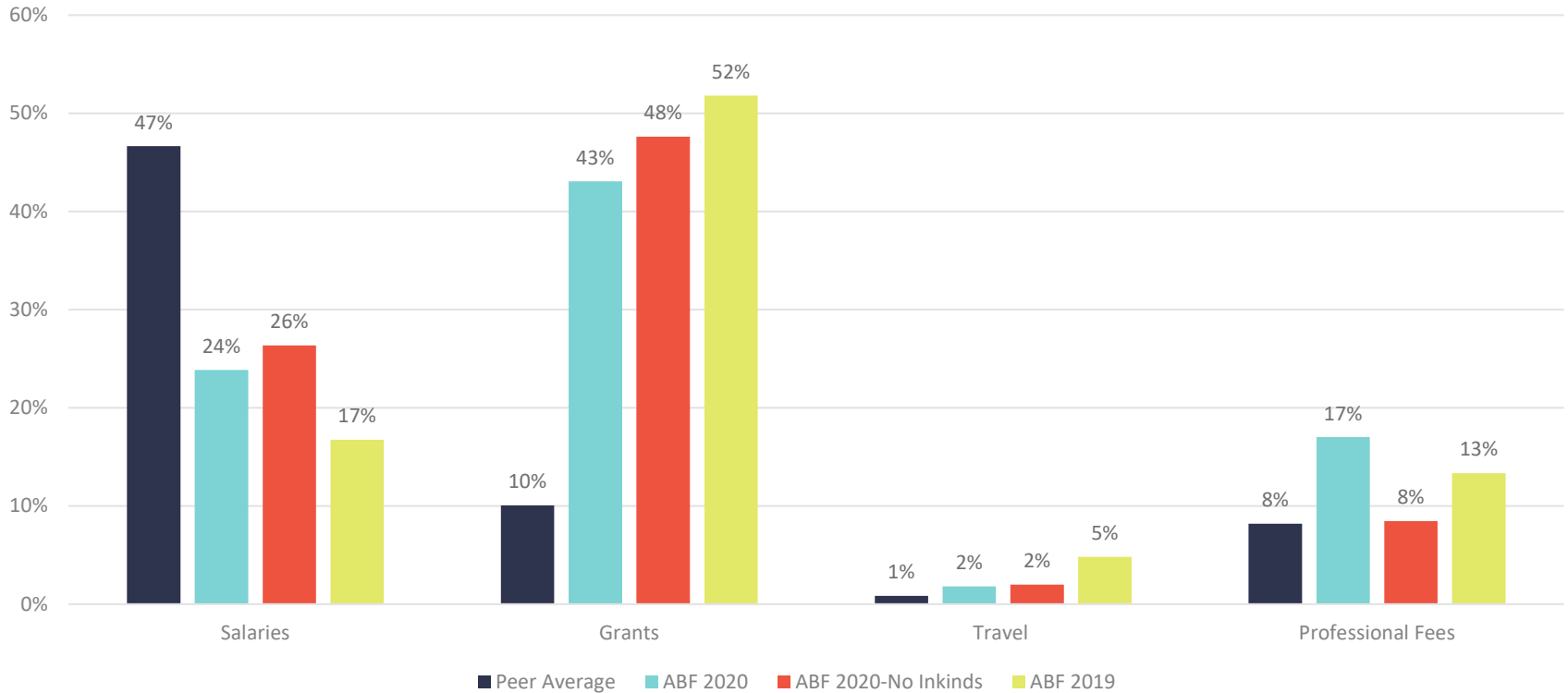
- Data pulled from CauseIQ from 2020-2021
- Includes approximately 100 public foundations, 501(c)(3) entities, with disease, health, and research missions
- Total assets from \$15-\$20 million
- Total revenue of \$5-\$10 million



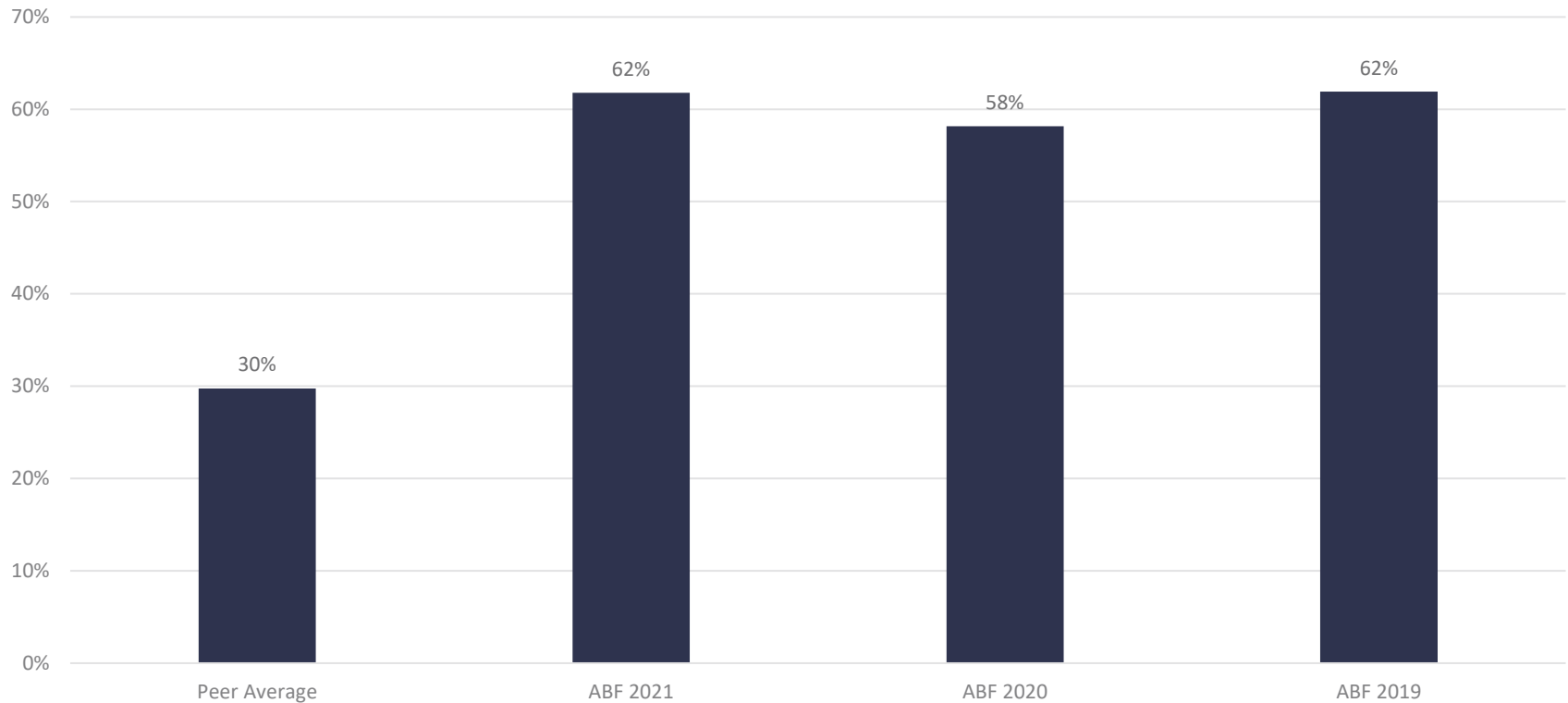
Functional Expense Categories



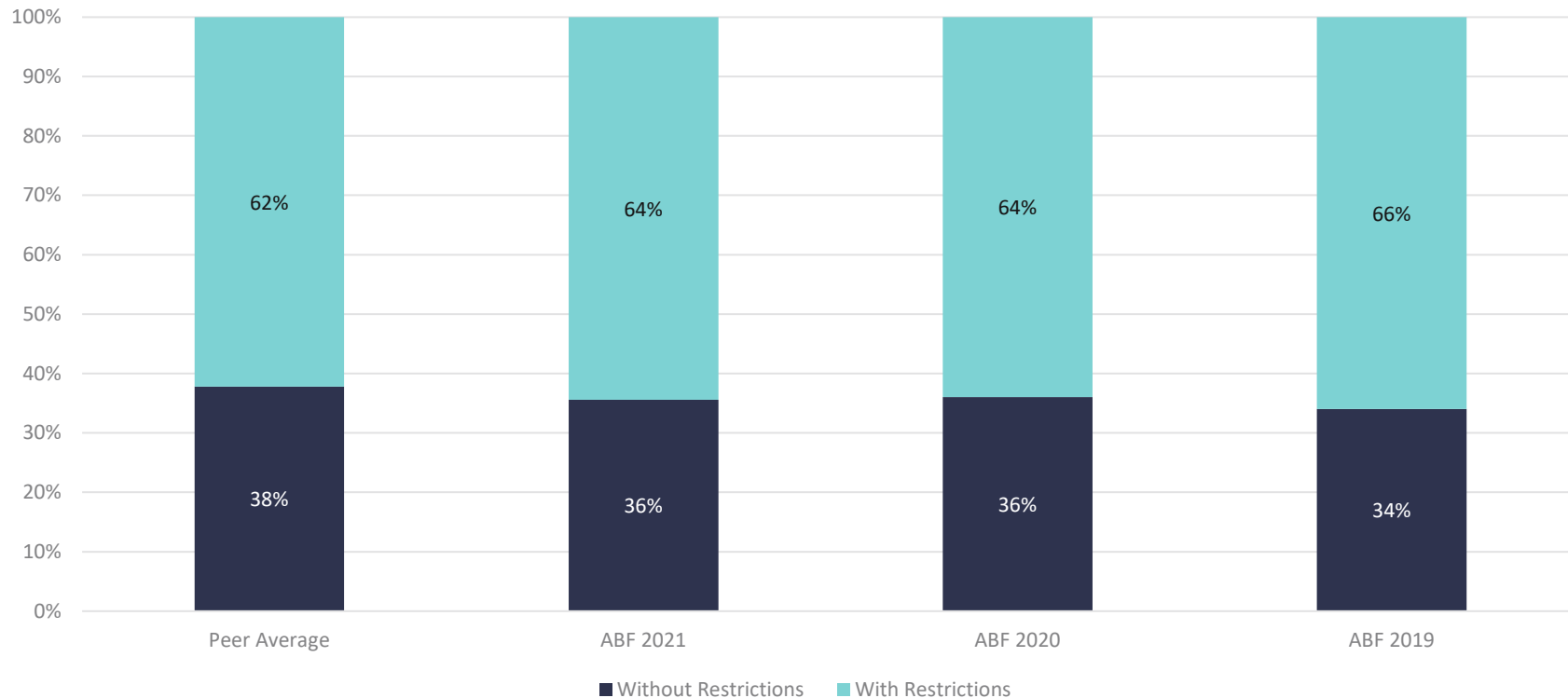
Expenses as a Percent of Total Expense



Investments as a Percent of Assets



Net Asset Categories



Fundraising Efficiency – Contributions per Expense



- The fundraising efficiency ratio is a KPI used by not-for-profit organizations to measure how efficient the organization is at raising money.
- It is calculated by dividing the contributions by the fundraising expenses.
- Excludes in-kind contributions and expense



Sarah Reichling, CPA
Principal
Sarah.Reichling@claconnect.com
612-397-3066

Mike Hinsch, CPA, MBA
Manager
Michael.Hinsch@claconnect.com
612-376-4504



CLAconnect.com



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Joint Audit Committee
American Brain Foundation
Minneapolis, Minnesota

We have audited the financial statements of American Brain Foundation (ABF) as of and for the year ended December 31, 2021, and have issued our report thereon dated April 19, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated July 26, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by American Brain Foundation are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Present value of long-term pledges receivable
- Valuation of funds held with others
- Selection of depreciable lives
- Methods and allocation of functional expenses

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated April 19, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants. We were informed by management that there were no consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document. You are responsible to provide us the opportunity to review such documents before issuance.

* * *

This communication is intended solely for the information and use of the joint audit committee and management of American Brain Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 19, 2022

Audit Committee and Management
American Brain Foundation
Minneapolis, Minnesota

In planning and performing our audit of the financial statements of the American Brain Foundation (ABF) as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the ABF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ABF's internal control. Accordingly, we do not express an opinion on the effectiveness of the ABF's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the ABF's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

* * *

This communication is intended solely for the information and use of management, the audit committee, and others within American Brain Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 19, 2022

AMERICAN BRAIN FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

DRAFT

**AMERICAN BRAIN FOUNDATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10

DRAFT

INDEPENDENT AUDITORS' REPORT

Board of Directors
American Brain Foundation
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of American Brain Foundation (the Foundation) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Brain Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Brain Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Brain Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Brain Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Brain Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the grant expense and total funds raised but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 19, 2022

DRAFT

**AMERICAN BRAIN FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,671,907	\$ 2,790,213
Grants and Gifts Receivable	1,679,726	1,389,925
Accounts Receivable	66,746	30,280
Other Assets	38,631	23,044
Total Current Assets	<u>4,457,010</u>	<u>4,233,462</u>
EQUIPMENT, NET	12,450	49,799
OTHER LONG-TERM ASSETS		
Funds Held with Others	11,230,468	8,796,078
Grants and Gifts Receivable, Net of Current Portion	2,478,300	2,048,437
Total Other Long-Term Assets	<u>13,708,768</u>	<u>10,844,515</u>
Total Assets	<u>\$ 18,178,228</u>	<u>\$ 15,127,776</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 32,352	\$ 65,013
Grants Payable	1,151,508	1,105,296
Related Party Payable	121,991	123,534
Total Current Liabilities	<u>1,305,851</u>	<u>1,293,843</u>
LONG-TERM LIABILITIES		
Grants Payable, Net of Current Portion	341,419	105,621
Refundable Advances	4,250	1,000
Total Long-Term Liabilities	<u>345,669</u>	<u>106,621</u>
Total Liabilities	1,651,520	1,400,464
NET ASSETS		
Without Donor Restrictions:		
Undesignated	5,880,256	4,946,046
With Donor Restrictions	10,646,452	8,781,266
Total Net Assets	<u>16,526,708</u>	<u>13,727,312</u>
Total Liabilities and Net Assets	<u>\$ 18,178,228</u>	<u>\$ 15,127,776</u>

See accompanying Notes to Financial Statements.

**AMERICAN BRAIN FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and Gifts	\$ 2,296,842	\$ 3,766,290	\$ 6,063,132
In-Kind Contributions	473,575	-	473,575
Investment Income	3,481	630,893	634,374
Other Revenue	485	-	485
Net Assets Released from Restrictions	2,531,997	(2,531,997)	-
Total Support and Revenue	5,306,380	1,865,186	7,171,566
EXPENSE			
Program Expenses	3,429,737	-	3,429,737
Support Services:			
Development	902,316	-	902,316
General and Administrative	702,957	-	702,957
Total Support Services	1,605,273	-	1,605,273
Total Expense	5,035,010	-	5,035,010
TOTAL CHANGES IN NET ASSETS BEFORE NONOPERATING INVESTMENT INCOME	271,370	1,865,186	2,136,556
Nonoperating Investment Income	662,840	-	662,840
TOTAL CHANGE IN NET ASSETS	934,210	1,865,186	2,799,396
Net Assets - Beginning of Year	4,946,046	8,781,266	13,727,312
NET ASSETS - END OF YEAR	<u>\$ 5,880,256</u>	<u>\$ 10,646,452</u>	<u>\$ 16,526,708</u>

See accompanying Notes to Financial Statements.

**AMERICAN BRAIN FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and Gifts	\$ 2,532,847	\$ 3,148,760	\$ 5,681,607
In-Kind Contributions	436,229	-	436,229
Investment Income	14,573	287,019	301,592
Other Revenue	1,216	-	1,216
Net Assets Released from Restrictions	2,275,812	(2,275,812)	-
Total Support and Revenue	5,260,677	1,159,967	6,420,644
EXPENSE			
Program Expenses	2,981,785	-	2,981,785
Support Services:			
Development	835,540	-	835,540
General and Administrative	770,938	-	770,938
Total Support Services	1,606,478	-	1,606,478
Total Expense	4,588,263	-	4,588,263
TOTAL CHANGES IN NET ASSETS BEFORE NONOPERATING INVESTMENT INCOME	672,414	1,159,967	1,832,381
Nonoperating Investment Income	335,651	-	335,651
TOTAL CHANGE IN NET ASSETS	1,008,065	1,159,967	2,168,032
Net Assets - Beginning of Year	3,937,981	7,621,299	11,559,280
NET ASSETS - END OF YEAR	<u>\$ 4,946,046</u>	<u>\$ 8,781,266</u>	<u>\$ 13,727,312</u>

See accompanying Notes to Financial Statements.

**AMERICAN BRAIN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	2021						
	Program			Total Program	Development	General and Administrative	Total
	Research Grants	Research Awards	Public Awareness				
Salaries and Benefits	\$ 134,970	\$ 40,776	\$ 237,682	\$ 413,428	\$ 243,417	\$ 423,516	\$ 1,080,361
General Office	897	437	3,500	4,834	77,858	28,302	110,994
Software and Maintenance	12,452	-	-	12,452	37,834	129,039	179,325
Professional Fees	1,674	1,000	501,321	503,995	143,714	46,854	694,563
Management and Service Fees	28,763	4,764	45,346	78,873	44,589	71,652	195,114
Meeting and Travel	135	-	4,363	4,498	9,604	3,594	17,696
Grants and Awards	2,069,813	176,220	-	2,246,033	-	-	2,246,033
Depreciation	-	-	37,349	37,349	-	-	37,349
Subtotal	2,248,704	223,197	829,561	3,301,462	557,016	702,957	4,561,435
In-Kind:							
Professional Fees	-	-	128,275	128,275	345,300	-	473,575
Total Expenses	<u>\$ 2,248,704</u>	<u>\$ 223,197</u>	<u>\$ 957,836</u>	<u>\$ 3,429,737</u>	<u>\$ 902,316</u>	<u>\$ 702,957</u>	<u>\$ 5,035,010</u>

See accompanying Notes to Financial Statements.

**AMERICAN BRAIN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	2020						
	Program			Total Program	Development	General and Administrative	Total
	Research Grants	Research Awards	Public Awareness				
Salaries and Benefits	\$ 101,275	\$ 56,014	\$ 235,043	\$ 392,332	\$ 311,313	\$ 390,588	\$ 1,094,233
General Office	1,166	84	6,012	7,262	55,159	23,652	86,073
Software and Maintenance	11,877	-	336	12,213	36,184	133,612	182,009
Professional Fees	4,750	2,220	177,855	184,825	105,800	60,202	350,827
Management and Service Fees	29,842	18,578	75,154	123,574	96,695	118,731	339,000
Meeting and Travel	734	433	33,882	35,049	3,814	43,383	82,246
Grants and Awards	1,790,253	186,352	-	1,976,605	-	-	1,976,605
Depreciation	-	-	40,271	40,271	-	-	40,271
Other Expenses	-	-	-	-	-	770	770
Subtotal	1,939,897	263,681	568,553	2,772,131	608,965	770,938	4,152,034
In-Kind:							
Professional Fees	17,805	-	191,849	209,654	219,694	-	429,348
Grants and Awards	-	-	-	-	6,881	-	6,881
Subtotal	17,805	-	191,849	209,654	226,575	-	436,229
Total Expenses	<u>\$ 1,957,702</u>	<u>\$ 263,681</u>	<u>\$ 760,402</u>	<u>\$ 2,981,785</u>	<u>\$ 835,540</u>	<u>\$ 770,938</u>	<u>\$ 4,588,263</u>

See accompanying Notes to Financial Statements.

**AMERICAN BRAIN FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,799,396	\$ 2,168,032
Adjustments to Reconcile Changes in Net Assets to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	37,349	40,271
Contributions to be Held in Perpetuity	(380,695)	(78,271)
Changes in Funds Held With Others	(2,434,390)	(622,670)
(Increase) Decrease in Current Assets:		
Grants and Gifts Receivable	(719,664)	(1,111,026)
Accounts Receivable	(36,466)	54,335
Other Assets	(15,587)	18,552
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(34,204)	27,248
Grants Payable	282,010	(266,978)
Refundable Advances	3,250	(5,450)
Net Cash Provided (Used) by Operating Activities	<u>(499,001)</u>	<u>224,043</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to be Held in Perpetuity	<u>380,695</u>	<u>78,271</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(118,306)	302,314
Cash and Cash Equivalents - Beginning of Year	<u>2,790,213</u>	<u>2,487,899</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,671,907</u></u>	<u><u>\$ 2,790,213</u></u>

See accompanying Notes to Financial Statements.

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The American Brain Foundation (ABF) is a nonprofit corporation established to support vital research into finding cures for brain disease, and is committed to improving patient care, quality of life, and public understanding of brain disease. Its vision is to cure brain disease.

Financial Statement Presentation

Net assets, support, revenue, expenses, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of ABF and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in supporting the mission of ABF.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ABF or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

ABF considers all highly liquid investments with an initial maturity of 12 months or less to be cash and cash equivalents. ABF maintains cash in bank accounts which, at times, may exceed federally insured limits. ABF has not experienced any losses in such accounts.

Receivables

Accounts, grants, and gifts receivables are stated at net realizable value. Accordingly, ABF accounts for uncollectible accounts by the reserve method, which is based on management's judgment considering historical information. Payment is required 30 days after receipt of the invoice. Individual accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted, the receivable is written off against the reserve. ABF had no allowance recorded at December 31, 2021 and 2020.

Equipment

Equipment is recorded at original cost. Additions, improvements, or major renewals at or over \$2,000 are capitalized. Any gains or losses on property and equipment retirement are included in the current year operations.

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment (Continued)

Depreciation is computed using the straight-line method at rates based on estimated service lives as follows:

Software	3 Years
Video Content	3 Years
Website Enhancements	5 Years

Funds Held With Others

Funds held with others are made up of reserved investments held at the American Academy of Neurology Institute (Academy) for purposes of earning long-term investment income. These funds are pooled with the investments at the American Academy of Neurology Institute. ABF has two board members that serve on a joint investment committee that oversees and monitors the investment pool. ABF has the ability to liquidate their investments at any time subject to the redemption restrictions on the individual investments. These investments in marketable securities are recorded at fair value and consist primarily of equity funds and corporate bond funds. Investments in certificates of deposit are recorded at cost. In addition, the investments include one limited partnership that is a diversified fund of hedge funds, reported at the estimated fair value of ABF's share of the fund, calculated daily or monthly by the custodian. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility.

Grants Payable

Grants payable consist of awards and grants approved for various research projects and fellowships. Grants payable are recorded at the signing of the contract with both the researcher and the institution. Long-term grants payable are discounted based on the year to be paid.

Grants and Gifts

Grants and contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions are recognized at fair value when the donor makes a promise to give to ABF that is, in substance, unconditional. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are recorded when the conditions upon which they depend have been met. Until that time, they are reported on the statement of financial position as a refundable advance.

Consequently, at December 31, 2021, conditional contributions approximating \$4.1 million, have not been recognized in the accompanying statement of activities. Of the total conditional contributions, all amounts represent agreements that are conditioned upon the selection of a grant recipient in conjunction with a research committee of an outside organization.

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

ABF categorizes its investments measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Investments valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, ABF may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Donated Goods and Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by American Brain Foundation. Donated goods are valued at market value on the date of donation. There were donated goods and services, primarily advertising in AAN publications, at a value of \$473,575 and \$436,229, respectively, for the years ended December 31, 2021 and 2020.

Allocation of Expenses

ABF's costs of providing its various services have been classified on a program basis in the statements of activities. Accordingly, certain costs have been allocated among the program and support services benefited. Expenses are charged directly to programs and support services where possible. Remaining expenses are allocated based on actual time spent on programs and support services.

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

ABF is organized and operates on a nonprofit basis and its tax-exempt status has been recognized by the Internal Revenue Service under Section 501(c)(3). ABF is classified as an organization which is not private foundations under the Internal Revenue Code (IRC) and charitable contributions by donors are tax deductible. ABF is subject to unrelated business income taxes under the IRC for federal and state tax purposes.

ABF follows the provisions of Financial Accounting Standards Board (FASB) ASC 740-10-25, which requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. ABF does not believe its financial statements include any uncertain tax positions. ABF’s tax returns are subject to review and examination by federal authorities.

Other Concentrations

ABF also has a potential credit risk in contributions receivable since the balance is due from a limited number of grantors and donors. For the year ending December 31, 2021, 65% of the total grants and gifts receivable balance was due from two grantors.

For the year ending December 31, 2021, 49% to total grants and gifts revenue was from two grantors.

Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or the total net assets as previously reported.

Subsequent Events

In preparing these financial statements, ABF has evaluated events and transactions for potential recognition or disclosure through April 19, 2022, the date the financial statements were available to be issued.

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 AVAILABILITY AND LIQUIDITY

As part of ABF's liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. ABF's investment policy establishes a target of holding 40% of the subsequent year's budget in liquid investments. Holding liquid investments in excess of the target is at the discretion of the board of directors and excess balances may be moved to long-term investments. As of December 31, liquid investments held by ABF were as follows:

	2021	2020
Cash and Cash Equivalents	\$ 2,671,907	\$ 2,790,213
Succeeding Year's Budget	5,688,957	4,971,777
Liquid Investments Reserve Percentage	40%	40%
Required Reserve	2,275,583	1,988,711
Excess Reserve	<u>\$ 396,324</u>	<u>\$ 801,502</u>

ABF's Operating Reserve Policy establishes a net assets without donor restrictions reserve equal to 75% of average of the last two years actual expenses and succeeding years operating budget excluding any grants with donor restrictions and noncash items. The reserve is reported annually to the board of directors. ABF's December 31, 2021 and 2020 net assets without donor restrictions reserves were \$5,880,256 and \$4,946,046 respectively. The reserve requirements were \$1,752,821 and \$1,698,767 indicating that ABF met the reserve policy requirements in 2021 and 2020, respectively.

ABF held the following financial assets that are available within one year for general expenditures as follows:

	2021	2020
Cash and Cash Equivalents	\$ 653,804	\$ 199,592
Accounts Receivable (to be Received within 12 Months)	1,746,472	1,420,205
Short-Term Investments (CDs)	2,018,103	2,590,621
Funds Held by Others (Available within 12 Months)	8,279,953	6,226,258
Donor Restricted Dollars	(5,217,638)	(4,117,521)
Total Financial Assets	<u>\$ 7,480,694</u>	<u>\$ 6,319,155</u>

NOTE 3 GIFTS AND GRANTS RECEIVABLE

Grants and gifts receivable at December 31 are as follows:

	2021	2020
Less than One Year	\$ 1,679,726	\$ 1,389,925
One to Five Years	2,521,419	2,099,625
Total	4,201,145	3,489,550
Less: Discount to Present Value	(43,119)	(51,188)
Net Contributions Receivable	<u>\$ 4,158,026</u>	<u>\$ 3,438,362</u>

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 GIFTS AND GRANTS RECEIVABLE (CONTINUED)

Amounts are presented in the statements of financial position as follows at December 31:

	2021	2020
Current	\$ 1,679,726	\$ 1,389,925
Long Term	2,478,300	2,048,437
Total	<u>\$ 4,158,026</u>	<u>\$ 3,438,362</u>

Contributions expected to be received beyond one year are reflected at the present value of future cash flows at the date of donation using a discount rate of approximately 0.4% to 2.5%.

NOTE 4 EQUIPMENT

Equipment consists of the following at December 31:

	2021	2020
Software and Website	\$ 213,045	\$ 223,770
Less: Accumulated Depreciation	(200,595)	(173,971)
Net Software and Website	<u>\$ 12,450</u>	<u>\$ 49,799</u>

NOTE 5 FUNDS HELD WITH OTHERS

The investments of ABF are pooled with reserve investments at the American Academy of Neurology Institute and are recorded as funds held with others on the statement of financial position. ABF does not own specific underlying investments within the investment pool. The custodian has allocated investments based on percentage held by ABF as follows at December 31:

	2021	2020
Reserves:		
Fixed Income	\$ 2,058,554	\$ 1,971,182
Non-US Equities	2,450,809	1,824,157
US Equities	4,563,521	3,666,537
Alternatives	-	615,662
Funds of Hedge Funds	1,272,568	716,053
Cash and Cash Equivalents	885,016	2,487
Total Investments	<u>\$ 11,230,468</u>	<u>\$ 8,796,078</u>

Investments in the corporate bond funds, money market mutual funds, equity securities, and equity funds are recorded at fair market value. The funds of hedge funds are recorded at the estimated fair value of ABF's share of the fund, calculated monthly by the custodian.

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 FUNDS HELD WITH OTHERS (CONTINUED)

ABF's share of the investment income on the funds held with others consists of the following at December 31:

	2021	2020
Interest and Dividends	\$ 437,891	\$ 219,072
Realized Gains on Investments	2,460,526	-
Unrealized Gains (Loss) on Investments	(1,604,778)	403,598
Total Investment Income	<u>\$ 1,293,639</u>	<u>\$ 622,670</u>

The realized and unrealized gains and losses are included in investment income (loss) on the statements of activities. ABF maintains long-term reserve investments through long-term investment holdings. These investments are separated from ABF's general checking and savings accounts. All investment returns on long-term reserve investments are considered nonoperating.

NOTE 6 FAIR VALUE MEASUREMENTS

ABF uses fair value measurements to record fair value adjustments to certain investments and to determine fair value disclosures. For additional information on how ABF measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

In determining the appropriate levels, ABF performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following tables present the balances of assets measured at fair value on a recurring basis by level within the hierarchy at December 31:

2021			
	Level 1	Level 2	Level 3
Funds Held With Others:			
Investment Pool Held with Others	\$ -	\$ 11,230,468	\$ -
Total Fair Value	<u>\$ -</u>	<u>\$ 11,230,468</u>	<u>\$ -</u>

2020			
	Level 1	Level 2	Level 3
Funds Held With Others:			
Investment Pool Held with Others	\$ -	\$ 8,796,078	\$ -
Total Fair Value	<u>\$ -</u>	<u>\$ 8,796,078</u>	<u>\$ -</u>

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 GRANTS PAYABLE

Grants payable include the following at December 31:

	2021	2020
Current Portion of Grants Payable	\$ 1,151,508	\$ 1,105,296
Long-Term Portion of Grants Payable	341,419	105,621
Net Grants Payable	<u>\$ 1,492,927</u>	<u>\$ 1,210,917</u>
Amounts Due:		
One Year or Less	\$ 1,151,508	\$ 1,105,296
One to Five Years	346,667	105,834
Discount to Present Value	(5,248)	(213)
Net Grants Payable	<u>\$ 1,492,927</u>	<u>\$ 1,210,917</u>

Grants expected to be paid beyond one year are reflected at the present value of future cash flows using a discount rate of approximately 0.7% to 1.0%.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

ABF net assets that are restricted by donors until actions of ABF or the passage of time as of December 31:

	2021	2020
Education, Research, and Award Funds	\$ 7,612,605	\$ 6,064,402
Operational Support	-	38,963
Annual Meeting and Public Awareness Programs	83,333	108,082
Total	<u>\$ 7,695,938</u>	<u>\$ 6,211,447</u>

ABF net assets that the donor has stipulated the funds be maintained in perpetuity as of December 31:

	2021	2020
Research Endowments:		
General Research	\$ 554,823	\$ 554,088
Alzheimer's/Dementia	60,000	60,000
Epilepsy	120,970	120,970
Multiple Sclerosis	384,269	384,269
Subtotal	<u>1,120,062</u>	<u>1,119,327</u>
Awards	1,830,452	1,450,492
Total	<u>\$ 2,950,514</u>	<u>\$ 2,569,819</u>

Net assets restricted by donors due to time or purpose, in addition with perpetual restrictions, totaled \$10,646,452 and \$8,781,266 as of December 31, 2021 and 2020, respectively.

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 9 DONOR-RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by ABF incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows at December 31:

	2021	2020
Research Grants	\$ 2,158,126	\$ 1,833,516
Awards	177,104	184,242
Public Awareness	62,804	146,551
Operational Support	133,963	111,503
Total	<u>\$ 2,531,997</u>	<u>\$ 2,275,812</u>

NOTE 10 ENDOWMENT

ABF's donor-restricted endowment consists of 28 individual funds established to support research and awards and, as required by accounting principles generally accepted in the United States of America, net assets associated with those endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of ABF has determined the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ABF classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

ABF considers the following factors when making a determination to appropriate or accumulate donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of ABF and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of ABF
7. The investment policies of ABF

ABF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 8% over the long term.

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 10 ENDOWMENT (CONTINUED)

Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, ABF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ABF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints.

ABF has a policy of appropriating for distribution each year 5% of its endowment fund's moving average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, ABF considered the long-term expected return on its endowment. Accordingly, over the long-term, ABF expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation.

This is consistent with ABF's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specific term as well as to provide additional real growth through new gifts and investment return. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires ABF to retain as a fund of perpetual duration. Funds with such deficiencies were included in net assets with donor restrictions. These deficiencies, which ABF believes are temporary, resulted from unfavorable market conditions. The board of directors determined that continued appropriations was prudent. There are no funds that fall below the level that the donor requires as of December 31, 2021 and 2020.

Changes in endowment net assets for the fiscal years ended December 31 consisted of the following:

	With Donor Restrictions		Total
	Purpose	Perpetual	
Balance - December 31, 2019	\$ 1,292,476	\$ 2,491,549	\$ 3,784,025
Investment Income	269,623	-	269,623
Contributions	-	78,271	78,271
Appropriation of Endowment Funds	(103,084)	-	(103,084)
Balance - December 31, 2020	1,459,015	2,569,820	4,028,835
Investment Income	597,232	-	597,232
Contributions	-	380,695	380,695
Appropriation of Endowment Funds	(118,730)	-	(118,730)
Balance - December 31, 2021	<u>\$ 1,937,517</u>	<u>\$ 2,950,515</u>	<u>\$ 4,888,032</u>

**AMERICAN BRAIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 RELATED PARTY TRANSACTIONS

All employees are employed by the American Academy of Neurology and then leased to ABF. ABF pays all direct costs relating to employees and pays a management fee for services which include: management oversight, human resources, finance, information systems, and marketing. The total amount of services received from the Academy was as follows for the years ended December 31:

	2021	2020
Services Provided	\$ 195,115	\$ 349,731
Leased Employees	1,076,000	1,094,234
Account Payable	121,991	123,533

ABF in 2021 and 2020 received grants of \$1,250,00 and \$1,500,000, respectively, from the Academy in support of their operations.

ABF in 2021 and 2020 awarded grants to the Academy of \$1,875,000 and \$1,630,000, respectively, to support clinical research training scholarships. ABF also provided support to the Academy for various awards in 2021 and 2020 totaling \$171,160 and \$167,850, respectively. As of December 31, 2021 and 2020, ABF had a payable to the Academy of \$1,336,251 and \$1,099,585, respectively, related to these grants.