

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



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## 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*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 19, 2022

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

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
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	4,457,010	4,233,462
<b>EQUIPMENT, NET</b>	12,450	49,799
<b>OTHER LONG-TERM ASSETS</b>		
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	13,708,768	10,844,515
Total Assets	\$ 18,178,228	\$ 15,127,776
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
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	1,305,851	1,293,843
<b>LONG-TERM LIABILITIES</b>		
Grants Payable, Net of Current Portion	341,419	105,621
Refundable Advances	4,250	1,000
Total Long-Term Liabilities	345,669	106,621
Total Liabilities	1,651,520	1,400,464
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	5,880,256	4,946,046
With Donor Restrictions	10,646,452	8,781,266
Total Net Assets	16,526,708	13,727,312
Total Liabilities and Net Assets	\$ 18,178,228	\$ 15,127,776

See accompanying Notes to Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
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	<u>2,531,997</u>	<u>(2,531,997)</u>	<u>-</u>
Total Support and Revenue	5,306,380	1,865,186	7,171,566
 <b>EXPENSE</b>			
Program Expenses	3,429,737	-	3,429,737
Support Services:			
Development	902,316	-	902,316
General and Administrative	<u>702,957</u>	<u>-</u>	<u>702,957</u>
Total Support Services	<u>1,605,273</u>	<u>-</u>	<u>1,605,273</u>
 Total Expense	<u>5,035,010</u>	<u>-</u>	<u>5,035,010</u>
 <b>TOTAL CHANGES IN NET ASSETS BEFORE NONOPERATING INVESTMENT INCOME</b>	 271,370	 1,865,186	 2,136,556
Nonoperating Investment Income	<u>662,840</u>	<u>-</u>	<u>662,840</u>
 <b>TOTAL CHANGE IN NET ASSETS</b>	 934,210	 1,865,186	 2,799,396
Net Assets - Beginning of Year	<u>4,946,046</u>	<u>8,781,266</u>	<u>13,727,312</u>
 <b>NET ASSETS - END OF YEAR</b>	 <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
<b>SUPPORT AND REVENUE</b>			
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
<b>EXPENSE</b>			
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
<b>TOTAL CHANGES IN NET ASSETS BEFORE NONOPERATING INVESTMENT INCOME</b>	672,414	1,159,967	1,832,381
Nonoperating Investment Income	335,651	-	335,651
<b>TOTAL CHANGE IN NET ASSETS</b>	1,008,065	1,159,967	2,168,032
Net Assets - Beginning of Year	3,937,981	7,621,299	11,559,280
<b>NET ASSETS - END OF YEAR</b>	\$ 4,946,046	\$ 8,781,266	\$ 13,727,312

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	<u>2,248,704</u>	<u>223,197</u>	<u>829,561</u>	<u>3,301,462</u>	<u>557,016</u>	<u>702,957</u>	<u>4,561,435</u>
In-Kind:							
Professional Fees	<u>-</u>	<u>-</u>	<u>128,275</u>	<u>128,275</u>	<u>345,300</u>	<u>-</u>	<u>473,575</u>
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						
	Research Grants	Research Awards	Public Awareness	Total Program	Development	General and Administrative	Total
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**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	(499,001)	224,043
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions to be Held in Perpetuity	380,695	78,271
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(118,306)	302,314
Cash and Cash Equivalents - Beginning of Year	2,790,213	2,487,899
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,671,907	\$ 2,790,213

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:

	<u>2021</u>	<u>2020</u>
Current	\$ 1,679,726	\$ 1,389,925
Long Term	<u>2,478,300</u>	<u>2,048,437</u>
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:

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

	<u>2021</u>	<u>2020</u>
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	<u>885,016</u>	<u>2,487</u>
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.

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**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			Fair Value
	Level 1	Level 2	Level 3	
Funds Held With Others:				
Investment Pool Held with Others	\$ -	\$ 11,230,468	\$ -	\$ 11,230,468
Total Fair Value	<u>\$ -</u>	<u>\$ 11,230,468</u>	<u>\$ -</u>	<u>\$ 11,230,468</u>
	2020			Fair Value
	Level 1	Level 2	Level 3	
Funds Held With Others:				
Investment Pool Held with Others	\$ -	\$ 8,796,078	\$ -	\$ 8,796,078
Total Fair Value	<u>\$ -</u>	<u>\$ 8,796,078</u>	<u>\$ -</u>	<u>\$ 8,796,078</u>

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**NOTE 7 GRANTS PAYABLE**

Grants payable include the following at December 31:

	<u>2021</u>	<u>2020</u>
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:

	<u>2021</u>	<u>2020</u>
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:

	<u>2021</u>	<u>2020</u>
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.

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**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:

	<u>2021</u>	<u>2020</u>
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.

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**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	\$ 1,937,517	\$ 2,950,515	\$ 4,888,032

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**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:

	<u>2021</u>	<u>2020</u>
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.

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