**TSC Alliance**

**Joint Executive and Finance Committee Meeting Notes**

**Friday, November 10, 2023**

**DRAFT**

**In attendance via Zoom**

**Voting Officers:** Bill Joseph (Chair), Paul Waxlax, Lesley Holmes Brittany Smith

**Finance Committee Members:** Brittany Smith (Chair), Mark Carroll, Kristi Lengyel, Paul Waxlax

**Board Committee Chairs (Non-Voting):** Shafali Jeste, Laura Marks, Darcy Krueger, Matt Bolger, Derek Bauer

**Staff:** Steve Roberds, Rachel Wojnilower, Cynthia Arcuri, Kari Rosbeck

**Welcome and Opening Remarks**

Bill Joseph called the meeting to order at 3:04 pm ET.

**Approval of October 13, 2023 Executive Committee Meeting Minutes**

Lesley Holmes requested a motion to approve the minutes from the prior Executive Committee meeting. *Bill Joseph* motioned to approve the minutes and *Paul Waxlax* seconded. *The motion passed without dissent.*

**Treasurer’s Report**

**Approval of October 12, 2023 Finance Committee Meeting Minutes**

Brittany Smith requested a motion to approve the minutes from the prior Finance Committee meeting. *Paul Waxlax* motioned to approve the minutes and *Kristi Lengyel* seconded. *The motion passed without dissent*.

**Charity Navigator Rating System Overview**

Cynthia Arcuri provided an overview of the Charity Navigator rating system. Our current rating is a four-star charity. Our score is weighted based on three categories—Accountability & Finance (80%), Leadership & Adaptability (10%), and Culture & Community (10%). We have not been invited to provide information on the Impact & Results category so that is currently inapplicable.

Accountability & Finance is based on:

* Independent board and appropriate oversight (audit)
* Tax forms and policies (we check off whether we have certain policies in Form 990)
* Website disclosures
* Financial metrics

Culture & Community is based on:

* Constituent Feedback
* Equity practices

Leadership & Adaptability is based on:

* Mission, vision, goals
* Leadership development
* Mobilizing for mission

From 2016 through 2019, our rating was four stars. Our program/expense ratio improved from 7.4 to 1.00 over that time period. In 2021, our rating was three stars, which we were expecting coming out of the pandemic. In 2022, our rating was back to four stars.

Charity Navigator implemented a new rating system this summer, including changes to the financial metrics. Based on the criteria in the three categories and our overall financial metrics, we are projecting to be at four stars for 2023 and 2024.

A committee member asked about the requirement of “program expenses being at 70 percent or more.” We normally shoot for 80 percent. For certain organizations, Charity Navigator may be looking for 85 or more, but for medium size organizations likes ours, 70 percent is the standard. The number used to be 75, but the metrics are a little more lenient now. Another member noted that this inside look at the criteria is helpful.

**Review of Dashboard and Financials for September 30, 2023**

Statement of Financial Condition: Not a whole lot has changed since last month. We are above our cash projections. Our net assets are at roughly $7.1 million.

NTSA revenue: Year to date we are about $409,000 over budget.

NTSA expenses: We are slightly under budget because we did not record the international research conference expenses until October. Overall, the research conference resulted in a net outflow better than expected due to some extra sponsorships.

Net assets and functional expenses: Compared to last year, we are up about $400,000 in net assets. Our program expenses are around 79% which is better than we budgeted.

2023 cash projection: We are expected to be at around $2.1 million by the end of 2023.

2023 GAAP projection: The revenue projection is above budget by just under $300,000, which includes the extra $334,000 endowment transfer. The expenses are a little bit higher because of the preclinical consortium.

2023-2024 cashflow projections: Our operating reserve will be very close to what it was for 2023 (about $1.19 million).

**TSC Endowment Fund**

Based on a one year look back on the investment balance, we are very close now to $5.6 million. The market has been more stable this year. This balance includes a withdrawal taken for the annual contribution, but we have remained pretty consistent over the last year and have stayed close to our benchmarks. We made some realignments in October, but overall our portfolio looks strong.

**2024 Draft Budget**

2024 Budget Highlights:

2024 GAAP budget anticipating a decrease in net assets:



2024 cash projection is expected to be close to break-even:



We are budgeting a reduction in net assets but close to break-even on cash basis. Some of the increases in revenue assumptions come from our upcoming 50th anniversary gala as well as other grants.

A question was asked by a committee member about contract revenue and what that means. The contract revenue is from our preclinical contracts who are giving us revenue to organize studies. We also have expenses tied to these studies which we get to keep for ourselves (overhead). In 2023, we had a lot of these contracts but we do not know if we will have the same in 2024 so the decision was made to not inflate the budget numbers and instead take the more conservative approach.

Kari also noted that we were conversative in our revenue estimates but we are hoping to do better with the gala and other special events.

The 2024 key expense assumptions are fairly similar to 2023 with the exception of the preclinical contracts (increasing quite a bit due to Anya’s Accelerator expenses) and the research conference, which we will not be holding in 2024.

Cash flows in-flows and out-flows: In 2024, we are projecting more cash going out for science and medical over operating expenses.

2023 vs. 2024 cash basis: We will have increases in 2024 for special events, including the 50th anniversary gala.

A committee member asked where the expenses related to the use of the external HR company (Strategic HR) reside in the budget. Cynthia explained that Strategic HR is a company we can use on an hourly basis to consult. The expenses are reflected in “all other expenses.”

Bi-monthly financial milestones were presented to ensure the organization stays on pace with expectations. If the organization performs better than anticipated, various items may be added back.

Possible add-backs to the budget:

* Research opportunities:
  + biosample seed grants
  + Bucket A Preclinical studies (amounts can vary)
* Other opportunities:
  + add consulting hours with communications company such as adding more 50th anniversary stories (PR)
  + expanding external communications
  + more regional meetings for CP team
  + More clinic meetings
  + additional conference/training professional development opportunities
  + upgrading RE database

**Approval of 2024 Budget by Finance Committee**

Brittany Smith called for a motion to approve the 2024 budget. *Kristi Lengyel* motioned to approve the budget. *Paul Waxlax* seconded. *The motion passed without dissent.*

**Approval of 2024 Budget by Executive Committee**

Bill Joseph called for a motion to approve the 2024 budget by the Executive Committee. *Lesley Holmes* motioned to approve the budget. *Paul Waxlax* seconded. *The motion passed without dissent*.

**Update on Research Campaign and Plans for 50th Anniversary Year**

Kari provided an update on our campaign goal. We are currently at just over $2 million for the year. We expect the gifts to go up at the gala. Currently, we are at 41% of our goal. We are hoping to get to 50% of our goal by the gala.

Kari also provided an update on the planning for the 50th anniversary gala. She showed us the formal save the date for the event which will be held on October 25, 2024 from 6-10 pm Cipriani 42nd Street. The theme is *50 Forward – An Evening of Progress and Promise*. The planning committee just met to discuss various items, including the list of honorees: Derek Bauer, the PREVeNT Trial Core team, Nobelpharma, David and Penney Parks, and the Bhatia Family Foundation.

Kari also discussed the schedule, including hotel information. The Board meeting will take place the day before the gala on October 24. The planning committee will also continue to work on finalizing the entertainment and flow of the event. We want to break up the evening in three parts: the past, the progress, and the promise. In the promise part, we will announce the public phase of the research campaign.

The planning committee members include community members and industry partners, as well as TSC Alliance staff. Kari also discussed the revenue plan for 2024 to hit our revenue goal for the event, as compared to past years. The live auction did extremely well at the 45th gala so we are hoping for a similar outcome. We are being very conservative with the “Fund a Cure” estimate, but also expect that to do well. Finally, we already have $45,000 in sponsorships.

**Approval of Career Roadmap**

Paul Waxlax and Cynthia Arcuri discussed the career roadmap and gave a quick overview. The career roadmap represents a key development in TSC progress and growth with our organization. We are seeing two things this year to address those new complexities in the organization – the use of outside firm Strategic HR and the development of the career roadmap. The roadmap’s purpose is targeted directly at all TSC associates. The guidelines are meant help them with their career progression. The Compensation Committee has reviewed and approved the roadmap and outside legal counsel has also reviewed.

A question was raised regarding what happens when a staff member does not meet the core competencies for his or her position. The staff member will be mentored and there will be discussions and multiple check-in points during the year. Communication about progress will also be provided in the yearly evaluation and in writing.

*Bill Joseph* motioned to approve the career roadmap and *Lesley Holmes* seconded. *The motion passed without dissent*.

**Action Items**

Bill Joseph discussed the Minnesota State Charitable Registration Resolution. We complete this charitable resolution every year as a requirement of Minnesota law. We require approval by the Executive Committee for submission.

*Paul Waxlax* motioned to approve the state resolution and *Lesley Holmes* seconded. *The motion passed without dissent*.

**Next Meeting and Other Business**

Next meeting – December 11, 2023 at 8 pm ET (via Zoom)

There being no other business, *Lesley Holmes* motioned to adjourn the meeting. *Brittany Smith* seconded. The meeting was adjourned at 4:06 p.m. ET.

Respectfully submitted,

Lesley Holmes

Secretary