

## **Financial Development Committee**

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### **Introduction:**

This Committee is charged with raising money for the long term and short term needs of the AACPDm, beyond normal dues, and annual meeting registration fees. In very general terms, membership dues support the infrastructure, and Annual Meeting registration fees support the annual meeting. However, these two sources are insufficient to provide the quality of meeting and interim programs to which we have grown accustomed, without the requisite financial flexibility to make them truly special and memorable. Aside from ensuring excellence in those areas that form the core of our existence, endowment funding allows the AACPDm to do more for its members and the field. In the recent past, for example, funds have been made available for the special Symposium on Aging with CP, and the Academy has been to support several \$25,000 seed research grants submitted by members. A strong financial underpinning along with prudent and conservative management is necessary to tide us over in difficult times such as our current recession. In the early 1990's the AACPDm nearly failed because of a fiscal emergency. Both now, and in the future it is quite possible that members will not be able to afford the full costs of the Annual Meeting, and that the meetings will need to be subsidized. In fact, Industry already helps us with meeting costs through their unrestricted educational grants and formal sponsorships. Such funding, even with enhanced government and industry oversight, is more and more being seen by the general public as a conflict of interest, and thus may diminish in the years to come. This adds additional impetus for the AACPDm to have its own independent endowment.

### **Why an Endowment:**

The overall purpose of the Endowment is to support the Mission in an expanded fashion by supplementing operating budgets, enhancing our Annual Meeting, providing for additional educational opportunities, and providing an annual draw which can be called upon as necessary. It is always difficult to ask colleagues for additional funding in support of the AACPDm, especially during the worst recession of their lives. As counterintuitive as this might seem, this is exactly the time that the Academy needs the extra funding. When members and their Institutions are not as forthcoming with travel funding and meeting support, and attendance at the Annual meeting, and participation in other activities may be most at risk.

### **What are the possibilities for giving?**

Experience has shown that members want to help, but may be confused as to how funds are collected and distributed by the AACPDm. What follows is a brief description of the process along and with where contributions fit into the picture. The budget itself is published each year, but we briefly present an overview here with the hope that members can see how extra gifting fits into the overall picture.

### **Currently there are three major funds that the AACPDm utilizes to accomplish its goals.**

**Operating Fund.** This is where dues and meeting proceeds are deposited and from which we draw funds to support the day to day activities of the AACPDm such as management fees, annual meeting costs, midyear meeting costs, outside vendor costs, the Newsletter, Website, and other member communications during the year.

**The Reserve fund.** This fund is where the Board deposits funds that are designated to be used toward less immediate goals or those that are to be held for emergencies and special projects. The important characteristics of this fund is that all of the money in this fund draws interest, and the Board can draw both interest and principal from this fund as necessary to accomplish immediate goals. Individuals can give to this fund and be assured that the money will be immediately available to enhance the educational and research programs. If there are any funds left over after an annual meeting, the Board can direct that a portion of such funds be deposited in this account as long as there are sufficient funds for the operating budget. While we have meeting cancellation insurance, we try to maintain this fund at a level that could support our organization if we missed an entire annual meeting as happened in 2001. That is why it was named a reserve fund. Once that goal is assured, either by meeting cancellation insurance, or by actual cash, the money can be used to fill holes in the operating budget, to meet fiscal emergencies, or for special projects such as research grants. There is no limit as to how much the Board can use, but the Board has demonstrated conservatism and forbearance in stewarding these funds.

**Endowment:** This fund is managed by the Orthopaedic Education and Research Foundation (OREF) in our name. Over time this should become a major source of continuing funding for the AACPDm. It should simply get larger and larger. None of our other funds are similarly situated. Giving to the Endowment results in a strong financial base and assures the long term success and autonomy of our Academy. The important feature of this fund is that only the interest on the corpus is available to the Academy on a yearly basis. If you are the type of person who thinks strategically, and who believes that the corpus should never be violated, you will be interested in giving directly to this fund. The benefits will outlast you and will truly be a gift that goes on forever. As the endowment grows, the interest on the corpus grows, and can be used to support and enhance the mission, prestige and reach of the AACPDm. Following a three year search for a proper steward for these funds, the Board chose the OREF because they had a demonstrated record of success when it came to investing, had a long track record with industry support, and were on the cutting edge of complying with new regulations

governing such donations. Industry was comfortable giving to an OREF managed fund because they knew that they would not be accused of any conflicts of interest in doing so. When industry gives to an individual, there may be a direct conflict introduced. When they give funds to an organization as an unrestricted educational gift, they give up control, and they gain good will but there is no direct conflict, since the eventual disposition of the funds is then out of their influence.

### **Recent History of the Endowment**

Around 2007 the Board divided the funds that it had, made sure to honor all prior requests of donors who specified that their funds should reside in an endowed account, and then added some funds from the reserve account. Once funds are deposited with the OREF, they are essentially there forever with only the interest being available to the AACPD. That is why not all of the funds were deposited in the Endowment and why it was deemed important to maintain flexibility by having both a Reserve Fund all of which was available during an emergency, and a true Endowment Fund as the repository of money that could both produce recurring interest income on a yearly basis. Up to the time of renaming these funds in 2008, both the Reserve Fund and the Endowment were loosely referred to collectively as the Endowment, but this was confusing because some donors had given to an Endowment with the express purpose of making only the interest available to the AACPD, and not the corpus. Others wanted their funds to go to enhance current programs. Now there is only one Endowment fund, and all of it resides with the OREF. If, due to market conditions, the corpus of the fund would ever dip below the initial investment, no interest would be available until the corpus builds up again. An individual gives to this fund because he/she recognizes that the success of our group and our efforts on behalf of our members and those individuals affected by Cerebral palsy and related conditions over the long term depends on such structured giving.

### **Why give?**

Charitable giving results in a tax deduction of course, but it is usually the last thing about which people supporting our group are thinking. Most members give because it is consistent with their personal values, because they perceive that the educational and advocacy goals of our Academy are worthwhile for Society, and because they have personally benefited from the programs they have attended during their own careers in terms of education and networking. They feel a responsibility to attract newcomers to the field, to give back so that younger members and others in the field can have the benefits that they have enjoyed and they appreciate that it may be a while before Cerebral Palsy and other diseases associated with our group are likely to be conquered. They recognize that along with treating these patients comes a responsibility to do everything possible to enhance their lives, and that includes insuring that the very specialized education program that the AACPD provides will be there as long as there is the need

### **Three types of giving:**

**Annual Giving:** Many of you may have noticed that I became a formal sponsor of the Annual Meeting shortly after I was elected 2<sup>nd</sup> Vice President. Since I was already destined to be President, I felt there was no conflict, and frankly, we needed the cash, and our advisors flatly stated that officers should lead by example when it came to fund raising. At the very next meeting, despite my, and I will bet your own attitudes about asking for funding, I prevailed on the Past Presidents to consider such gifting. In fact many able individuals were simply waiting to be asked. I was truly awed and heartened by the response. It was overwhelming.

The next group to be reminded of the responsibilities of leadership was the Board itself. And again, what a great and gratifying response. Both Scott Hoffinger, MD and Hank Chambers, MD were particularly instrumental during their tenure with fundraising. Not that we have been lacking in participation over the years. Leon Greenspan, MD had a 25 year history of giving. Bob Rosenthal, MD was an early advocate of an Endowment, and gave a significant gift to help get the formal Endowment going. When the market crashed in 2008, the endowment lost nearly \$100,000, but that year, donations from the Past Presidents, the Board (100% participation), and the membership produced 115,000 in donations. Amazing, but it tells you a lot about the character of our group and their willingness of our members to support our mission over and above merely meeting day to day expenses. The result is that we lost a year, but still have the same financial picture as before the crash. I cannot say that about many of the other organizations to which I belong, but then of course I am from California. As Chair of the Financial Development Committee, I am very proud and gratified by the continued vision and generosity of our members over the years.

**Endowment Giving:** In so far as I have always championed the Endowment, you might wonder why the funds that I gave are destined to be spent immediately, and do not wind up in the endowment. The Budget of the AACPDMD is set annually and is not very flexible once set. In fact the provisional budget is proposed 9 months in advance of the Annual Meeting, based on a financial analysis of the Finance Committee. This budget is then formally ratified at the mid year Board meeting in March. Each incoming President, in order to make his/her meeting special needs to have some additional funds, and because I know and work with all these wonderful people, I have continue to support the Meeting directly. Once this phase of my career passes, I plan to direct these funds to the Endowment. In my financial life I have always thought long term and my thoughts about the AACPDMD are also long term. Judging from the responses of the Past Presidents, I am not alone. What are the size of the gifts we receive? They vary all over the place. But know that each is acknowledged individually and that each counts heavily in supporting our collective goals, adding to our joint pride, our sense of team and esprit de corps, and advancing our field. 100% participation at all levels gets the job done regardless of the size of any one gift. Members at all levels have been an amazing and generous group in the past and I have no doubt, given your commitment that you will continue to be supportive in the future.

**Industry Support:** Although all of our members benefit from fundraising in this area, it is the Academy Officers who insure continuing relationships and continuity with our Industry partners. In doing so we want to follow all the rules as do they and they want to help with our educational needs by sponsoring the Annual Meeting. This is different from our Vendors who lease space and benefit from the selected traffic that is generated during an annual meeting. In general, Companies and Foundations will not simply shift funds from their endowments to ours. Rather they prefer to spend their educational funds by enhancing our educational opportunities. There is a saying in gifting that all funds are fungible, meaning that once cash is available, directed funds can be used to free up other funds. Industry support is welcomed by our members when handled in an appropriate manner, because it ensures an excellent meeting, appropriate speaker funds, special sessions, and frees up other cash to eventually help with the reserve fund and endowment.

### **A Choice:**

As members of a group such as the AACPDMD we really have no choice. We all support the AACPDMD in one fashion or other. Giving, to be meaningful, probably ought to hurt a little, but given the past performance of our members, I can be confident that most Members really welcome an opportunity to support the AACPDMD's efforts at a higher level than mere dues alone would dictate. If you want your funds to go to work immediately and in full, use the *Annual Giving option*. If you want only the interest to be used and want the funds to last forever, designate the *Endowment Option* to receive your gift. Whatever you decide, please know that your contributions will be valued, acknowledged, and carefully considered in carrying out our overall mission and goals

Forms of Giving: Most of us simply donate by check once a year. However, as we get older it may be feasible to remember significant organizations in our wills. Remainder Trusts are but one mechanism. The OREF can serve as a contact point and work with you and your financial advisors to take advantage of these opportunities. Everyone's situation is different and most of us are likely to have some familiarity with the vehicles which have significant tax and family ramifications, but can end up being very cost effective. If you decide to go this route, we still want to acknowledge your gift immediately; no need to delay till the will is read. Just let us know and we will help with the details.

Acknowledgements:

The Board wants to acknowledge all gifts, and particularly appreciates continued gifting over a sustained period. To this end we have created individual categories of giving for those who want to lead by example: For example, if you pledge \$5,000 / year for 5 years, you would be listed as a Founder's Member. As noted, gifts may be pledged as Annual Giving to be used immediately or to the Endowment, from which only the interest would be used.

Legacy Club Members (\$5,000 and Up)

Partners for Progress (\$1,000 to \$4,999)

Champions (\$500 to \$999)

Ambassadors (\$100 to \$499)

Guardians (Up to \$99)

New this year

Due to the efforts of President Elect, Deb Gaebler, 10% of all sales by the local Artisans during the Welcome Reception in Scottsdale will be directed to the Endowment Fund. Thanks to my Committee for helping with many of the details of fund raising, and to our incoming President Deb Gaebler for keeping our Endowment fundraising before our membership. And for what promises to be a great meeting in Scottsdale.

Respectfully submitted,

William L. Oppenheim, MD  
Chair, Financial Development Committee