

ADA Business Innovation Group (ADABIG)

ADA Business Innovation Group Board of Directors

Crowley, Joseph, 2022, Ohio
 Hanzelin, Rick, 2024, Illinois
 Kim, Kija, 2022, Massachusetts
 Kunkel, Ryan, 2023, Illinois
 Liew, Roger, 2023, Illinois
 MacIver, Carolyn, 2024, Wisconsin
 Norbo, Kirk, 2023, Virginia*
 Cohlma, Raymond, Illinois, ADA executive director
 Rosato, Richard, 2024 New Hampshire

Board of Directors Discussion Participants**

Sabates, Cesar ADA president
 Sholty, Paul, ADA chief financial officer

Board of Directors Legal Advisors**

Christiansen, Scott, ADABIG retained legal counsel***
 Elliott, Thomas, C., Jr., ADA deputy general counsel and ADABIG corporate secretary

Steffl, Tim, chief executive officer****

Goodman, James, chief executive officer*****
 Ebert, Suzanne, vice president, dental practice & relationships
 Decker, Jeremy, director, marketing
 Kaplan, Kenny, director, technology applications & projects
 Tungate, Cathy, director, advisory services

* *Chair*

** *Non-voting*

*** *No Longer Retained*

**** *Through June, 2022*

***** *Effective July, 2022*

ADA Practice Transitions™

ADA Business Innovation Group (ADABIG) is a wholly-owned subsidiary of the American Dental Association (ADA) formed in 2018 to provide market solutions for dentists while creating a new source of non-dues revenue. In 2019, ADABIG released ADA Practice Transitions (ADAPT), its first service, a virtual platform dedicated to making the process of joining or leaving a dental practice more predictable and successful by matching dentists with compatible philosophies of care. 2022 has brought significant changes to the ADABIG (ADAPT) business model as the ADA looks to incorporate ADAPT into the broader vision of *My ADA Life*, a critical function of the new ADA app focusing on helping all dentists match the best mode(s) of practice based on their needs and goals. The integration of ADAPT into the ADA will continue through 2022 and 2023.

Advancing ADA Strategic Goals and Objectives: Agency Programs, Projects, Results and Success Measures

Objective 5: Total revenue, including dues and non-dues, will increase by 2–4% annually

CEO Report

ADABIG overall net financial performance for year-end 2021 was -4.3% to budget (see below). Net losses totaled <\$3.06M> on a budget of <\$2.93M> primarily driven by gross revenue targets missing budget by <\$402K> or -58.4% to budget.

Financial Report 2021 Unaudited

	YTD Actuals 2021		YTD Budget 2021		\$ Variance	% Variance
	December	December	December	December		
Association Match Revenue	\$ 36,500	160,000			(123,500)	-77.2%
Practice Sales Revenue	249,560	528,000			(278,440)	-52.7%
Revenue	\$ 286,060	688,000			(401,940)	-58.4%
Salaries and temporary help	1,323,182	1,227,566			95,616	7.8%
Fringe Benefits	441,135	404,655			36,480	9.0%
Total staff compensation, taxes & fringes	1,764,317	1,632,221			132,096	8.1%
Print, Publications & Marketing	331,739	532,500			(200,761)	-37.7%
Travel Expenses	43,805	48,000			(4,195)	-8.7%
Consulting Fees & Outside Services	264,693	431,000			(166,307)	-38.6%
Professional Services	30,308	45,600			(15,292)	-33.5%
Office Expenses	20,880	142,200			(121,320)	-85.3%
Facility and Utility Costs	198	44,040			(43,842)	-99.6%
Depreciation and Amortization	605,226	584,046			21,180	3.6%
Bank & Credit Card Fees	1,323	0			1,323	-
Other Expenses	121,591	0			121,591	-
Services from ADA	162,936	162,936			0	0.0%
Total Expenses	3,347,016	3,622,543			(275,527)	-7.6%
Net income (loss) before Income Tax	(3,060,956)	(2,934,543)			(126,413)	-4.3%
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Net income (loss) - "GAAP Basis"	\$ (3,060,956)	(2,934,543)			(126,413)	-4.3%

Financial Report Through Q1 2022

Through mid-2022, ADABIG is on plan as compared to budget and expected to meet year-end budget (see below). However, generation of significant net non-dues revenue is not materializing. This is the ongoing primary business concern of the existing ADABIG model and was exacerbated by the cyber security incident this year.

Income Statement YTD Actuals/YTD Budget

	YTD Actuals 2022		YTD Budget 2022		\$ Variance	% Variance
	March	March	March	March		
Association Match Revenue	\$ 4,500	22,000			(17,500)	-79.5%
Practice Sales Revenue	102,000	78,000			24,000	30.7%
Revenue	\$ 106,500	100,000			6,500	6.5%
Salaries and temporary help	311,501	291,172			20,328	7.0%
Fringe Benefits	119,471	115,401			4,070	3.5%

Total staff compensation, taxes & fringes	430,972	406,573	24,398	6.0%
Print, Publications & Marketing	85,219	133,125	(47,906)	-36.0%
Travel Expenses	15,518	36,250	(20,732)	-57.2%
Consulting Fees & Outside Services	70,010	163,000	(92,990)	-57.0%
Professional Services	7,506	11,400	(3,894)	-34.2%
Office Expenses	484	35,550	(35,066)	-98.6%
Facility and Utility Costs	0	11,010	(11,010)	-100.0%
Depreciation and Amortization	156,827	156,827	0	0.0%
Other Expenses	940	0	940	-
Services from ADA	42,594	40,734	1,860	4.6%
Total Expenses	810,070	994,470	(184,400)	-18.5%
Net income (loss) before Income Tax	(703,570)	(894,470)	190,900	21.3%
Net income (loss) - "GAAP Basis"	\$ (703,570)	(894,470)	190,900	21.3%

The merger of ADAPT into ADA systems for gained efficiencies, reduction of duplication of efforts and utilization of the ADAPT platform for the broader practice type matching are the drivers of significant change underway now and through 2023 for ADABIG. Many details, timing and financial impacts are not known at the time of this report. Business, governance and staff changes are being closely monitored by the ADA Board of Trustees in addition to the ADABIG Board of Directors. All current practices, business strategies, personnel, and plans are being reassessed with the focus on maximizing all assets, especially in terms of the ADA app, and reducing expenses, while maintaining service levels for those utilizing ADAPT services now and in the future. Overall, users are very pleased with the experience, service and knowledge received from ADAPT.