Resolution No. 208 New

Report: N/A Date Submitted: 04/04/2025

Submitted By: Dr. Steven Saxe, delegate, Nevada

Reference Committee: A (Business, Membership and Administrative Matters)

Total Net Financial Implication: $900,000 Net Dues Impact: $9.00

Amount One-time: ________ Amount On-going: ________

ADA Strategic Forecast Outcome: Tripartite: Achieve a stable and successful Tripartite.

STRENGTHENING FINANCIAL OVERSIGHT AND ACCOUNTABILITY OF THE ADA BOARD OF TRUSTEES

The following resolution was submitted on Friday, April 4, 2025, by Dr. Steven Saxe, delegate, Nevada.

Background: The American Dental Association (ADA) has a fiduciary obligation to manage member dues prudently, maintain financial transparency, and operate in accordance with nonprofit governance standards, as outlined in *Common Ground 2025: ADA Strategic Plan*, which establishes as a core finance objective that "the ADA will be financially sustainable" and sets a target that "total unrestricted reserves will be no less than 50% of annual operating expenses" (*ADA Strategic Plan 2020–2025*)

Recent developments have raised serious concerns about financial oversight by the ADA Board of Trustees. According to the Treasurer Update released on May 9, 2025, ADA cash and reserves declined from approximately $205 million in March 2022 to $63 million by April 2025, reflecting $142 million in expenditures over three years that substantially reduced the Association's reserves. The ADA has also pursued a series of venture-style investments in startups and newer companies, which, while innovative, pose significant financial risk and lack public transparency (https://adanews.ada.org/ada-news/2024/march/ada-invests-in-two-companies/). Finally, the acquisition of the Forsyth Institute, now the ADA Forsyth Institute, occurred after several years of multi-million-dollar operating deficits, as documented in public IRS filings (https://projects.propublica.org/nonprofits/organizations/42104230).

The sharp decline has prompted scrutiny of expenditures, including international travel to Croatia by the ADA President and Chief Economist, documented in a LinkedIn post from May 2024 (https://www.linkedin.com/posts/dr-brett-kessler-a390591_theadventurecontinues-anythingspossible-activity-7274912824806510592-lzDW). Additional concerns stem from Board of Trustees retreats in Hawaii (December 3, 2023) and Santa Fe, New Mexico (January 10, 2025), where ADA meeting minutes recorded a low number of working hours relative to the overall time spent.

Continued financial mismanagement risks jeopardizing the ADA's nonprofit status, diminishing member trust, weakening the Association's credibility as the national voice of dentistry, and impairing its ability to advocate effectively for the profession.

Governance reforms similar to those proposed here have been adopted by other major nonprofit organizations to reduce discretionary spending, increase transparency, and modernize oversight. The American Hospital Association (AHA) reports that virtual board meetings improve time efficiency and reduce travel-related costs, noting that "many boards reported time efficiencies due to reduced travel and transition time" (*The Pathway Back to the Boardroom*, AHA Trustee Services, January 2021, page 2, https://trustees.aha.org/system/files/media/file/2021/01/Russel_Pathway%20Back%20to%20the%20Boar droom.pdf). Similarly, BoardEffect highlights that nonprofit boards “can expect to reduce their expenses for travel, meeting rooms, printing costs, and time” by implementing virtual platforms for meetings and materials (https://www.boardeffect.com/blog/the-value-of-virtual-board-meetings-for-a-nonprofit). IdealsBoard reinforces this trend, stating that virtual board meetings “eliminate travel costs… increase participation… and strengthen accountability through more consistent attendance” (https://idealsboard.com/virtual-board-meetings/). These practices reflect a broader shift among leading member-based organizations toward efficient, technology-enabled governance—an approach the ADA should adopt to better fulfill its fiduciary duties and protect member resources.

This resolution seeks to restore strong fiduciary stewardship, require transparent reporting, establish cost-saving policies, and rebuild trust in the financial operations of the ADA.

Resolution

208. Resolved, that Chapter III. HOUSE OF DELEGATES, Section 70. SESSIONS, of the ADA *Bylaws* be amended as follows (additions <u>underlined</u>, deletions ~~stricken through~~):

Section 70. SESSIONS.

A. ANNUAL MEETING. The House of Delegates shall meet annually pursuant to an official call as required by the Governance Manual.

B. SPECIAL SESSIONS. A special session of the House of Delegates shall be called upon the request of the Board of Trustees or the House of Delegates in accordance with the procedures set forth in the Governance Manual.

<u>C. VIRTUAL SESSIONS. The House of Delegates shall convene three additional regular sessions each year using a secure virtual platform, scheduled in accordance with procedures outlined in the Governance Manual.</u>

and be it further

Resolved, that Chapter III. HOUSE OF DELEGATES, Section A.1. of the *Governance Manual* be amended as follows (additions <u>underlined</u>, deletions ~~stricken through~~):

A. Convening Sessions of the House of Delegates.

1. Special Sessions. A special session of the House of Delegates shall be called by the President on a three-fourths (3/4) affirmative vote of the members of the Board of Trustees or on written request of delegates representing at least one-third (1/3) of the constituents and not less than one-fifth (1/5) of the number of officially certified delegates of the last House of Delegates. The time and place of a special session shall be determined by the President, provided the time selected shall be not more than forty-five (45) days after the request was received. The business of a special session shall be limited to that stated in the official call except by unanimous consent.

<u>2. Regular Virtual Sessions. In addition to the annual in-person session, the House of Delegates shall meet three additional times per year virtually, under the procedures specified in this Manual.</u>

and be it further

Resolved, that Chapter V. BOARD OF TRUSTEES, Section 90. MEETINGS, of the ADA *Bylaws* be amended as follows (additions underlined, deletions stricken through):

~~A. REGULAR MEETINGS. The Board of Trustees shall hold a minimum of three regular meetings each year. The number and dates of regular meetings to be held for the ensuing year shall be determined in advance by the Board of Trustees.~~

A. REGULAR MEETINGS. The Board of Trustees shall hold no more than two in-person regular meetings each year. All other regular meetings shall be conducted virtually using suitable communications equipment. The number and dates of regular meetings to be held for the ensuing year shall be determined in advance by the Board of Trustees.

B. SPECIAL MEETINGS. Special meetings of the Board of Trustees may be called at any time either by the President or at the request of five voting members of the Board, provided notice is given to each member in advance of the meeting.

C. PLACE OF MEETINGS. Regular or special meetings may be held in a single geographic location or from multiple remote locations through the use of suitable communications equipment. Such meetings shall be conducted in accordance with rules and procedures established by the Board of Trustees.

and be it further

Resolved, that the Board of Trustees be urged to adopt written policies to prioritize cost savings and strengthen financial oversight by:

1. reducing discretionary expenses related to hotels, travel, retreats, meeting venues, and ceremonial functions;
2. requiring that all travel be reviewed and pre-approved by the ADA Finance Committee, and permitted only when the travel is essential to ADA business;
3. defining “essential business” as responsibilities that cannot reasonably be fulfilled through remote participation, delegation, or postponement;
4. limiting overseas travel to situations where international representation is required to maintain strategic alliances or fulfill regulatory obligations;
5. strongly encouraging that only a single designated representative attends external meetings or conferences, unless multiple attendees are essential to fulfilling clearly defined strategic objectives of the Association;
6. requiring that Board of Trustees’ travel or discretionary expenditures anticipated to exceed $10,000 per occurrence receive additional pre-approval from the Finance Committee;
7. requiring quarterly financial reports summarizing international activities, travel costs, external partnerships, and discretionary spending, with an executive summary made available to all ADA members;
8. commissioning an independent forensic audit of the past five fiscal years related to the financial activities of the Board of Trustees and Executive Office, with findings reported to the House of Delegates.

and be it further

Resolved, that the Board of Trustees submit a report to the 2026 House of Delegates.

BOARD COMMENT: The Board thanks the maker for submitting Resolution 208. However, the Board cannot support the resolution for several reasons, the first of which is cost. During discussion on the resolution, the anticipated cost of the proposal was questioned, and is satisfied that the noted estimated financial implication is appropriate. The Board cannot support this expenditure prior to the completion of the next governance study of the Association. Based on prior House surveys, the members of the House would rather spend less time in the House rather than more.

The Board also believes that adopting the proposed governance revisions requested in the resolution by themselves without the benefit of a holistic review of the governance structure is ill-advised. It is the Board's view that the type of major structural changes advanced by the resolution needs to be part of a complete governance study, currently scheduled to be conducted in 2026 and reported to the 2027 House of Delegates

BOARD RECOMMENDATION: Vote No.

BOARD VOTE: UNAMINOUS.