

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: March 22, 2018

REQUEST DATE: January 10, 2018

Last grant acknowledgement: Yes

Program Area: Health

APPLICANT:

Scheie Eye Institute
Department of Ophthalmology
Myrin Circle
51 North 39th Street
Philadelphia, PA 19104-2689

CONTACT: Dr. Joan O'Brien, Professor & Chair, Department of Ophthalmology, Director, Scheie Eye Institute

PHONE: 215-662-8657

PAYEE OTHER THAN ADDRESSEE: Trustees of the University of Pennsylvania

AMOUNT REQUESTED: \$205,000 **NATURE OF REQUEST:** For capital equipment for the F.M. Kirby Center for Molecular Ophthalmology

GRANT HISTORY

LAST GRANT DATE: 4/4/2016

LAST GRANT AMOUNT: \$200,000 **AFS DATE:** 9/29/2017

2010	\$300,000	12/15/2010	To purchase research equipment needed by the F.M. Kirby Center scientists
2012	\$325,000	4/29/2012	To purchase research equipment needed by the F.M. Kirby Center scientists
2013	\$337,500	4/29/2013	For: Capital equipment for the F.M. Kirby Center for Molecular Ophthalmology
2014	\$300,000	4/14/2014	For: Capital equipment for the F.M. Kirby Center for Molecular Ophthalmology (this grant comprised our total support through 2015)
2016	\$200,000	4/4/2016	For: Capital equipment for the F.M. Kirby Center for Molecular Ophthalmology-\$100,000 in 2016 and 2017

DLK COMMENTS: See financial analysis.

WHB COMMENTS: Following what has proven to be a very successful proposal format under Joan O'Brien's tenure, this year's "wish list" comes across as less "sexy" and more mundane but essential in support of the current lines of investigation. Dr. Bennett continues to feed off her recent success in LCA (Leber's congenital amaurosis). Following the recent FDA approval of Luxturna, a gene therapy response, her next "target" is optogenetics that may restore enough vision to distinguish shapes and enable some navigation. It may also benefit people who have scant to no light perception, as well as those with non-24 circadian rhythm disorder.

Bennett's team is impressive; it's very helpful that the request indicates which F.M. Kirby Center for Molecular Ophthalmology and Center for Advanced Retinal and Ocular Therapeutics (CAROT) team members will utilize the equipment requested. It helps me understand better how such

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equipment has broad application and therefore should enjoy maximum utilization within the Center.

For the first time, I requested a listing of the most recent faculty/principle investigator grants and Dr. O'Brien was most accommodating. For calendar year 2017, the department received 55 grants totaling \$12,773,425, of which only 26% went for Facilities and Admin; a very respectable percentage.

I'm okay with recommending the targeted \$200K.

SDK COMMENTS: I am glad that WHB followed up on the overall grant funding level, especially since I do not see any Scheie-specific budget enclosed. With regard to DLK's financial overview, I think when it comes to these large medical research institutions, it is better to spend the energy on the specific program's financials that we support versus examining the multi-billion dollar endowments of the "parent."

Not sure why we targeted a doubling of their support this year (I do note the guidance that WHB provided them last fall that suggested we might approve a single or multi-year grant. Given the level of our other Tier 1 programs at this time, I suggest a middle approach and approve \$150K this year in a single installment; still a nice increase over last year. Clearly the request is a "wish list," but an important one for which our support likely gives them good comfort in terms of our multi-decade partnership and recognizes significant success. Clearly a very important institution for WDK and perhaps the increase may be perceived in that light also.

FM KIRBY FOUNDATION
Financial Statement Analysis

Grantee Name:	Scheie Eye Institute	Date:	<u>2/28/2018</u>
Prepared By:	DLK		
Grant Request Amt.	\$ 205,000	Type of Financial Report Submitted	University of Pennsylvania Audit
Recommended Amt.	\$ 200,000	Period Covered in Financial Report	<u>FYE 6/30/17</u>
Board Approved Amt.		Date of Report Issuance	<u>9/29/2017</u>
Audit Firm	<u>Pricewaterhouse Coopers</u>		
Opinion	<u>Present fairly</u>		
Basis of Acctg.	<u>GAAP</u>		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	1.69 *	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 4,093,287 *
[* Pulled from UPHS summarized financials on Page 47 of Audit]			

Note: A current ratio measures an organization's ability to pay short-term and long-term obligations. The higher the ratio, the more capable the organization is of paying its obligations. A ratio under 1 indicates that the organization's liabilities are greater than its assets.

Allocation of Functional Expenses	6/30/2017	%	Must Read Financial Statement Notes
A. Program Service Expenses		n/a	Ideally program expenses should be at least 70% of total budget.
B. Management and General		n/a	
C. Fundraising		n/a	
D. Total Expenses	\$ 5,783,002,000.00	0%	

** Don't have a breakout of expenses by function.

Comments/ Notes:

The FY2018 budget is projecting a deficit of \$393K vs a surplus in 2017 of \$640K. The grant and contract revenue is forecasted to decline by \$2.2M. 2017 seemed to be a bit of an anomaly and the 2018 figure is more in line with 2016. The decline is partially offset by increases in net patient revenue and in the endowment/gifts revenue line. I liked the detailed equipment wish list. It made the request very straightforward.

The audit is for the University of Pennsylvania, which is a change from the last grant application where the Foundation received the University of Pennsylvania Health System consolidated statements. There is a one-page summary of the UPHS financials on page 47 of the audit. The Health System had an operating surplus of \$356K vs \$419K in 2016. Of the \$5.8B in total expenses reported above, \$16M (.28%) was incurred as a result of providing services to charity patients. University of Penn had investments of \$14B, of which \$12.2B were endowment related. I see no red flags as a result of the audit.

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DISPOSITION:

- Rejection
- Hold for review on/about:
- Approval for: **\$150,000**
- Hold for Board Review
- Insert Information: **For: Capital equipment for the F.M. Kirby Center for Molecular Ophthalmology**
- Other:

Initials: *td* Date: 3/22/18
Check #: _____ Date: _____