

## F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

**DATE:** August 27, 2019

**REQUEST DATE:** July 22, 2019

**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:** \$163,400 **NATURE OF REQUEST:** For capital equipment for the F.M. Kirby Center for Molecular Ophthalmology

### GRANT HISTORY

**LAST GRANT DATE:** 4/23/2018 **LAST GRANT AMOUNT:** \$150,000 **AFS DATE:** 9/27/2018

|      |           |           |  |
|------|-----------|-----------|--|
| 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                            |
| 2018 | \$150,000 | 4/23/2018 | For: Capital equipment for the F.M. Kirby Center for Molecular Ophthalmology   |

**DLK COMMENTS:** The research at Scheie continues to produce extraordinary science and notable honors. Dr. Bennett's gene therapy research is now being applied to other retinal diseases such as choroideremia (progressive vision loss that mainly affects males) and will be utilized in a clinical trial to address treatment of age-related macular degeneration. The goal of the trial is to develop a gene therapy reagent to deliver Lucentis (or similar anti-neovascular agent) with a one-time injection whereby the gene would take up residence and produce a constant supply of the anti-neovascular compound, eliminating the need for the monthly intravitreal injections.

The research output that is being produced by the investigators is quite prolific, as noted in the appendix that Scheie provided. Dr. O'Brien's research on glaucoma in African Americans, with a study group of over 10,000 patients thus far, is inspiring. I found their estimate that 50% of individuals affected by glaucoma aren't aware they have the disease quite astonishing!

**APPLICANT: Scheie Eye Institute**

Our budget could cover the following equipment from their list:

|   |                  |
|---|------------------|
| EVOS M5000 Imaging System (Item #1)   | \$ 47,500        |
| Nikon Stereo Operating Microscope (Item #7)   | \$ 14,000        |
| Eppendor Repeater E3 Bundle (Item #8)   | \$ 20,000        |
| AlazarTech 16 Channel Digitizer Board – Item #4) important bc current board no longer being mfrd or supported | \$ 13,000        |
| Scanning Mirrors for AOSLO (Item #5)  | \$ 15,000        |
| New AO and SLO Computers (Item #6)  | \$ 10,000        |
| <b>TOTAL</b>  | <b>\$119,500</b> |

Items 4-6 all support the Adaptive Optics Scanning Light Ophthalmoscope (AOSLO), so it made sense to me. Financial analysis attached.

**SDK COMMENTS:** I took the rare step of reaching out here. I feared that given WDK’s passing and no request in April, as usual, that perhaps Dr. O’Brien had thought our interest had waned.

Again, a “wish list” of items that will likely be secured with or without our support. I am thinking of \$100K to \$125K depending on team input.

We targeted \$125K, and DLK’s rationale above makes sense, so let’s go with \$119.5K here and demonstrate some acute analysis of the budget versus a “wish list” of full funding.

**FM KIRBY FOUNDATION**  
**Financial Statement Analysis**

|                           |                         |   |                                  |
|---------------------------|-------------------------|---|----------------------------------|
| <b>Grantee Name:</b>      | Scheie Eye Institute    | <b>Date:</b>                              | 8/15/2019                        |
| <b>Prepared By:</b>       | DLK                     |   |                                  |
| <b>Grant Request Amt.</b> | \$ 163,400              | <b>Type of Financial Report Submitted</b> | University of Pennsylvania Audit |
| <b>Budgeted Amt.</b>      | \$ 125,000              | <b>Period Covered in Financial Report</b> | FYE 6/30/18                      |
| <b>Audit Firm</b>         | Pricewaterhouse Coopers | <b>Date of Report Issuance</b>            | 9/27/2018                        |
| <b>Opinion</b>            | Present fairly          |   |                                  |
| <b>Basis of Acctg.</b>    | GAAP                    |   |                                  |

|   |        |  |                |
|---|--------|--|----------------|
| <b>Current Ratio (Liquidity Ratio/Working Capital Ratio)</b>                | 1.79 * | <b>Amount of Unrestricted Net Assets (Operating Reserve)</b> | \$ 5,137,511 * |
| [* Pulled from UP Health System summarized financials on Page 24 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  | 6/30/2018           | %    | Must Read Financial Statement Notes                              |
|------------------------------------|---------------------|------|--|
| <b>A. Program Service Expenses</b> | \$ 9,256,936,000.00 | 97%  | Ideally program expenses should be at least 70% of total budget. |
| <b>B. Management and General</b>   | \$ 304,083,000.00   | 3%   |  |
| <b>C. Fundraising</b>              |                     | 0%   |  |
| <b>D. Total Expenses</b>           | \$ 9,561,019,000.00 | 100% |  |

\*\* UPHS functional expense breakout on p. 47 of audit

**Comments/ Notes:**

Budget: The FY20 budget for the Dept of Ophthalmology is projecting an operating deficit of \$38K vs a surplus in FY19 of \$185K. Total operating revenues are budgeted for a 4% increase (up \$1.0M) with growth in gross patient and other revenues. Total operating expenses are budgeted for a 3% increase (up \$913K), with salaries/benefits and supplies/services accounting for the increase.

Audit: I will focus on the UPHS financials, as they are most relevant. The Health System had an operating surplus in FY18 of \$383M vs \$387M in FY17. Net assets totaled \$5.8B, a \$1.1B increase over FY17. The increase was attributable to the \$399M contribution recognized related to the FY18 Princeton HealthCare membership (joined Jan 1, 2018) and higher investment returns. Of the \$6.4B in total expenses reported for FY18, \$19.2M (.30%) was incurred as a result of providing services to charity patients. University of Penn had investments of \$15.8B, of which \$13.8B were endowment-related. \$3.4B of the endowment supports UPHS. UPHS strategic projects include a new Patient Pavilion (opening in 2021) which will support researchers, clinicians and faculty and will include 500 private patient rooms, 50 operating and procedure rooms and an Emergency Dept. I see no red flags as a result of the audit.

**APPLICANT: Scheie Eye Institute**

**DISPOSITION:**

- Rejection
- Hold for review on/about:
- Approval for: **\$119,500**
- Hold for Board Review
- Insert Information: **For: Capital equipment for the F.M. Kirby Center for Molecular Ophthalmology**
- Other:

Initials:   *sc*  

Date:   8/28/19  

Check #: \_\_\_\_\_

Date: \_\_\_\_\_