

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: November 20, 2019

REQUEST DATE: October 29, 2019

Last grant acknowledgement: Yes

Program Area: Health

APPLICANT:

Christopher and Dana Reeve Foundation
Suite 3A
636 Morris Turnpike
Short Hills, NJ 07078

CONTACT: Ms. Ivonne Salazar, Director of Corporate and Foundation Relations

PHONE: 973-933-7121

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$200,000 **NATURE OF REQUEST:** Toward new translational research program

GRANT HISTORY

LAST GRANT DATE: 12/8/2017 **LAST GRANT AMOUNT:** \$150,000 **AFS DATE:** 6/10/2019

2013	\$250,000	12/16/2013	For: Continued collaboration of Drs. Sam Pfaff and Reggie Edgerton to identify, locate, and characterize the role of interneurons in the human spinal cord
2014	\$250,000	12/15/2014	For: Continued collaboration of Drs. Sam Pfaff and Reggie Edgerton to identify, locate, and characterize the role of interneurons in the human spinal cord
2015	\$150,000	12/11/2015	For: Support of Dr. Sam Pfaff's and Dr. Chet Moritz's collaborative work to identify, locate, and characterize the role of interneurons in the human spinal cord
2016	\$150,000	12/8/2016	For: Continued support of the work of Drs. Sam Pfaff and Chet Moritz to identify, locate, and characterize the role of interneurons in the human spinal cord
2017	\$150,000	12/8/2017	For: Continued support of the work of Drs. Sam Pfaff and Chet Moritz through the International Research Consortium on Spinal Cord Injury

No request in 2018 – FMKF skip year.

DLK COMMENTS: Given their in-office meeting back in January 2019, I was surprised that this request arrived so late in the year. This is another grantee I'd like to move up in the grant cycle due to their fiscal year. As referenced in the January touch, the Reeve Foundation has, at the suggestion of Boston Consulting Group, shifted its approach to research by moving towards a more venture-based focus and to accelerate scientific discoveries via new collaborations with institutions and industry partners. The Foundation hired its first Chief Scientific Officer, Ethan Perlstein, who is tasked with creating "The Cure Roadmap," a multi-faceted, multi-year plan. The five-year outcomes listed in the proposal have similarities to other grantees in our health docket: FDA approved therapies, therapeutic interventions, and a research and development pipeline that will be milestone-driven. Their financials are solid. I could not locate a final update on the specific results of Drs. Pfaff and Moritz work that we funded in December 2017 in the file and reached out to Ivonne Salazar for a final update now that the

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International Research Consortium is being wound down. The satisfactory update has been received and is included in grant material. I think we should definitely schedule a site visit for 2020 as there is much change afoot and it would be nice to meet Dr. Perlstein.

Financial analysis attached.

JJK COMMENTS: Catalyzed by their newly developed strategic “roadmap,” the Christopher and Dana Reeve Foundation appears to be moving into a more assertive and action-oriented phase, with targeted milestones to track progress and specific goals for “bench to bed” application.

The biggest bet CDRF seems to be making is on “The Big Idea” and its study of epidural stimulation, which has thus far demonstrated great promise for more widespread application. While it was originally designed to help spinal-cord injured patients with stepping and standing, it was later discovered that, after an epidural stimulator is inserted into the patient, the patient experiences improved autonomic functions (such as bladder and bowel control and temperature regulation) in addition to increased general mobility. University of Louisville serves as host of the study and one of CDRF’s strongest partners. The website includes this update: “The University of Louisville has received unconditional approval from the U.S. Food & Drug Administration (FDA) to begin enrolling participants in The Big Idea study that will further explore the life-enhancing effects of epidural stimulation on people with spinal cord injury (SCI).” The results of this study were published in the *Journal of the American Medical Association*.

As DLK mentions above, the hiring of Chief Scientific Officer Ethan Perlstein will, hopefully, help accelerate the translations from academia to industry. His resume suggests he is well-suited to the job, with experience as founder of the public benefit biotech corporation, Perlara. As a public benefit corporation, Perlara was designed to be completely transparent (so that discoveries could be immediately shared with other researchers) and to work alongside patients in developing genomic cures to rare diseases. Perlstein raised \$9.7M for the firm, even getting accepted into Y Combinator, the prestigious Silicon Valley incubator that provided seed capital to now well-known companies like Airbnb, Doordash, and Dropbox. While the business ceased operations in February of 2019, one might think that, with the heft and ambition of the CDRF behind him, Perlstein can operate in a more stable and consistently-funded environment. Given the ambitions of CDRF to find partnerships in early-stage biotech companies, Perlstein’s experience in this field seems crucial. I second DLK’s recommendation that we try to meet with him – and the greater team – in 2020.

In previous years, we had asked CDRF to create a request more suited for the “laymen,” and I think they have succeeded in that regard. The request is lucid, inspirational, and exciting.

I recommend the budgeted \$150K to the Board.

SDK COMMENTS: Perlstein certainly seems like a highly qualified replacement for longtime Scientific Officer Susan Howley (who spoke at a Board meeting in 2013). A visit with him in 2020 would probably be good.

More from a directional, tactical perspective, I think our Tier 1, regrant programs can continue to have a modest shift toward downsizing and tweaking, based on family/Board interest (think JDRF). Clearly if we adjusted CDRF to the \$125K to \$100K range it is not going to have an impact on the \$12 million operation. I would go to \$125K this year, but open to discuss further with JJK/DLK if in disagreement. **(DLK/JJK: Agreed.)** I am fine with the suggested insert language.

FM KIRBY FOUNDATION
Financial Statement Analysis

Grantee Name:	Christopher and Dana Reeve Foundation	Date:	11/11/2019
Prepared By:	DLK		
Grant Request Amt.	\$ 200,000	Type of Financial Report Submitted	Audit
Budgeted Amt.	\$ 150,000	Period Covered in Financial Report	12/31/2018
Audit Firm	Wiss & Company	Date of Report Issuance	6/10/2019
Opinion	Present fairly		
Basis of Acctg.	GAAP		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	2.92	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 2,410,022
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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	12/31/2018	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 9,541,296.00	80%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 816,448.00	7%	
C. Fundraising	\$ 1,630,548.00	14%	
D. Total Expenses	\$ 11,988,292.00	100%	

Comments/ Notes:

Budget: This would be another grantee that I'd like to move up to a July request/ September board approval. The budget is for 2019 which is virtually over. The 2019 budget projects a surplus of \$2.3M vs \$782K for 2018. While individual contributions are budgeted to decline by \$547K (23%), corporate and foundation giving is budgeted to increase by \$1.7M (261%). The Big Idea revenue stream is also projected to grow exponentially over 2018 (\$1.3M / 352%). Total private funding is budgeted to grow by \$2.9M (42%). Public funding is budgeted to grow by \$2.0M (31%), with the bulk of the increase occurring in the ACL - Resource Center Grant. Supporting expenses are budgeted to decline by \$108K (2%), while program expenses are growing by \$2.1M (32%), primarily with the Big Idea program.

Audit: 2018 had a surplus of \$782K vs a \$1.5M deficit in 2017. Total support and revenue were down \$1.4M (10%) from 2017, primarily in the grant revenue line. Program services expenses declined by \$3.4M (26%) in 2018, while supporting services expenses declined by \$177K (7%). This resulted in \$751K of cash used by operations, primarily due to the timing of deferred revenue and research contracts payable. The Foundation had investments in securities totaling \$122K as of December 31, 2018. The foundation also has equity investments in Reeve Foundation - Presidio Partners NRT, L.P. that were valued at \$970K as of December 31, 2018. Approximately 37% of the Foundation's contributions receivables for 2018 are pledge receivables from the Foundation's Board of Directors. The Foundation has a \$250K line of credit. At December 31, 2018, the Foundation had not drawn down any amount from its line of credit. No deficiencies or material weaknesses were identified and the Foundation qualifies as a low-risk auditee.

Overall, there were no red flags that arose as a result of my review.

APPLICANT: Christopher and Dana Reeve Foundation

DISPOSITION:

- Rejection
- Hold for review on/about:
- Approval for: **\$125,000**
- Hold for Board Review
- Insert Information: **For: Support of the new translational research program**
- Other:

Initials: rdl Date: 11/20/19

Check #: _____ Date: _____