

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: August 27, 2020

REQUEST DATE: August 17, 2020

Last grant acknowledgement: Yes

Program Area: Health

APPLICANT:

JDRF International
28th Floor
200 Vesey Street
New York, NY 10281

SEND CHECK TO:

CDS
Attn: Jennifer Derry (JDRF International)
2005 Lakewood Drive
Boone, IA 50036

CONTACT: Mr. Peter H. Roche, National Director, Leadership Giving

PHONE: (203) 584-1123

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$200,000 **NATURE OF REQUEST:** Toward Beta Cell Replacement research

GRANT HISTORY

LAST GRANT DATE: 12/16/2019

LAST GRANT AMOUNT: \$200,000

FYE DATE: 6/30/2019

AFS DATE: 10/16/2019

2015	\$175,000	9/14/2015	Toward Beta Cell Restoration and Beta Cell Replacement research
2016	\$175,000	9/12/2016	Toward Beta Cell Restoration and Beta Cell Replacement research
2017	\$200,000	9/15/2017	Toward Beta Cell Restoration and Beta Cell Replacement research
2018	\$200,000	9/17/2018	Toward Beta Cell Replacement research
2019	\$200,000	12/16/2019	Toward Beta Cell Replacement research

LVH endorsement received.

DLK COMMENTS: As we have seen with other grantees, the global pandemic has greatly impacted JDRF's fundraising efforts. JDRF has made some major changes, as outlined in Peter's cover letter, including consolidating physical chapters down from 63 to 29 and decreasing staff by over 40 percent. I was a bit surprised by their Fiscal 2021 budget (ending 6/30) which forecasts a large surplus relative to 2020. JDRF has reprioritized the research portfolio to focus on opportunities with the greatest potential for cures and life-changing advances in the shortest amount of time. Peter noted that there will be larger, though fewer, strategically placed grants. I wonder if they are adjusting the 60%/40% research allocations to cures versus improving lives. Revenues are budgeted to decline by \$59M (29%), while the program budget was cut by \$75.3M (57%), fundraising by \$6.7M (22%) and administration by \$3.5M (19%).

The Board of Directors has some new members. Ellen Leake, former Chair, and Margery Perry have left the Board and there are four new members, including our own Drayton Virkler. JDRF submitted an Executive Team list (versus the Senior Management Team in 2019) so not sure that I'm comparing apples to apples but noticeable changes include a new Chief Development Officer, Troy Lindloff (formerly Sandra Hijikata) and no mention of Chief Marketing Officer, Alisa Norris or Chief People Officer, Susan Yun. They have also added a second Managing Director, T1D Fund, Steven St. Peter, MD. With the "digital-first" approach to community engagement, it was

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interesting to see no marketing position on the Executive Team. Perhaps this will fall under Sri Mishra's, Chief Technology Officer, purview?

Collaborations continue to be one of JDRF's strengths and several are highlighted in the request. Semma Therapeutics, which was highlighted in last year's request, was acquired in the Fall of 2019 by Vertex Pharmaceuticals (a global biotech company that invests in scientific innovations addressing serious diseases such as cystic fibrosis, Duchenne muscular dystrophy and Type 1 diabetes). It illustrates both the interest pharmaceutical companies have in beta cell replacement therapies, and that collaborations with JDRF can attract private research funding. Accelerating delivery of T1D therapies (productization) to patients to improve their lives is a central tenet of JDRF's mission.

I support the \$200K budgeted. I would love to get JDRF on a grant cycle that ties more closely to their fiscal year. Perhaps a January/February submission for April Board approval going forward.

Financial analysis attached.

JJK COMMENTS: LHV's endorsement is a great testament to the "productization" DLK mentions above, as it shows the way in which research impacts the everyday lives of those with T1D.

With that in mind, I was intrigued by the update on clinical trials, which illustrates what happens when lab research turns into products for real-patient application. Longstanding JDRF partner ViaCyte is bringing beta cell replacement products into human trials, including a cell delivery system implanted into the patient. If successful, this beta cell delivery device – designed for high-risk T1D patients – would negate the need to suppress immune response. The development of the product was made possible through JDRF funding.

Of course, it requires early research to make such product development possible, so JDRF continues to fund promising early ideas. Joshua Doloff, Ph.D. at Johns Hopkins is investigating whether specific beta-cell-reactive T cells can be targeted by therapeutic particles, rather than suppressing the entire immune system. University of Florida's Edward Phelps, Ph.D., is similarly looking to localize immune control in order to protect the grafting of beta cells.

Interesting too to see how JDRF-funded researchers are investigating whether on-the-market drugs for other maladies also have positive application for T1D. For example, JDRF is launching a clinical trial in Australia to investigate if JAK inhibitors – used to inhibit autoimmune response responsible for rheumatoid arthritis – reduce autoimmune attacks on beta cells while also strengthening beta cells to withstand such attacks. Similarly, a JDRF-funded researcher at University of Minnesota is investigating whether a common blood pressure drug can help prevent loss of beta cells in patients using an Artificial Pancreas system.

While JDRF has to make difficult decisions to downscale organizationally and pare down its research pathways, there are other places of growth. In keeping with their strong record of forging partnerships, I note that they are launching regional "Centers of Excellence", designed to act as "cure accelerators". These centers are made up of higher ed and research institution partners, organized geographically, that team up in targeted efforts. For example, Northern CA will be focusing on targeting and modifying immune response to beta cells whereas New England will be working on gene editing of beta cells themselves. The goal here is to "expedite project approval"

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and “reduce administrative load.” Since this is a new initiative, we might want to ask more about this at KA meeting in October.

I do not recall other FMKF-funded research having such as robust venture philanthropy funding as JDRF enjoys (the JDRF T1D Fund has attracted \$250M in private venture capital). A testament to both the promising possibilities of their research and to an executive team that can build relationships and make the case with important investors.

I recommend \$200K, based on the significant progress made and the focus on only the most promising of projects.

SDK 8/26/20 COMMENTS: Despite the challenges and reorganization this year, good to see that our focus of research support remains a priority. Subject to JJK’s comments, I am inclined to renew at the \$200k level (tier1) given our keen interest here, LHV’s endorsement, Drayton Virkler’s full engagement, and progress being made. We probably should add “and Regeneration work” at the end of our insert language. **(JJK: Agree with the addition of “and Regeneration work.”)**

**FM KIRBY FOUNDATION
Financial Statement Analysis**

Grantee Name:	JDRF International	Date:	8/24/2020
Prepared By:	DLK		
Grant Request Amt.	\$ 200,000	Type of Financial Report Submitted	Audit
Budgeted Amt.	\$ 200,000	Period Covered in Financial Report	6/30/2019
Audit Firm	KPMG	Date of Report Issuance	10/16/2019
Opinion	Present Fairly		
Basis of Acctg.	GAAP		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	1.58	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 76,838
	(Liquid Assets/CL)		

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	6/30/2019	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 159,549	75%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 21,303	10%	
C. Fundraising	\$ 31,502	15%	
D. Total Expenses	\$ 212,354	100%	
	(in thousands)		

Comments/ Notes:

Budget: The FY21 budget projects a \$49.6M surplus vs a projected surplus of \$23.2M for FY20. Total revenues are budgeted to decline by \$59M (29%) from FY20 - not surprising given the COVID-19 pandemic. JDRF has slashed the program budget by \$75.3M (57%), fundraising by \$6.7M (22%) and administration by \$3.5M (19%). According to the EF, JDRF has reprioritized the research portfolio to focus on opportunities with the greatest potential for cures and life-changing advances in the shortest amount of time.

Audit: This would be another grantee that could move to January request/April Board approval so we are working with fresh financials. FY19 had an operating surplus of \$19.4M, similar to the \$19.0M surplus for FY18. Total public support was down by \$4M (2%), with contributions down \$5.2M (6%) and contributions from international affiliates down \$1.3M (16%). Events revenue grew by \$2.4M (2%). Investment returns grew by \$8.3M (204%) over FY18. Program expenses increased by \$4.1M (3%) while supporting services were flat to FY18. JDRF had investments of \$119.2M, of which \$7.9M were endowment-related. Included within the investments are \$28.2M invested in privately held companies with Type 1 diabetes-related projects (to directly fund research and development). As of June 30, 2019, ten donors represented 35% of the total outstanding contributions and other receivables. JDRF has a \$5M line of credit and there was no balance outstanding as of June 30, 2019. Overall, there were no red flags as a result of my review.

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DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$200,000**
- Hold for Board Review
- Insert Information: **Toward Beta Cell Replacement research and Regeneration work**
- Other: **Send copy of check and insert to: Peter H. Roche
4721 Adler Pass
Raleigh, NC 27612**

Initials: PK Date: 8/27/20
Check #: _____ Date: _____