

## F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

**DATE:** April 12, 2021

**REQUEST DATE:** March 23, 2021

**Last grant acknowledgement:** Yes

**Program Area:** Health

**APPLICANT:**

Alzheimer's Association  
National Office  
17th Floor  
225 North Michigan Avenue  
Chicago, IL 60601-7633

**CONTACT:** Ms. Laura M. Fruge, Director, Major & Planned Giving - East Region

**PHONE:** (202) 638-8666

**PAYEE OTHER THAN ADDRESSEE:** Alzheimer's Disease and Related Disorders Association, Inc.

**AMOUNT REQUESTED:** \$175,000      **NATURE OF REQUEST:** Toward grant awards for Early-Career Investigators through the International Research Grant Program

### GRANT HISTORY

**LAST GRANT DATE:** 4/29/2020

**LAST GRANT AMOUNT:** \$125,000

**FYE DATE:** 6/30/2020

**AFS DATE:** 10/19/2020

2014	\$350,000	4/14/2014	For: Alzheimer's basic science research through the National Office-\$300,000; for Northern New Jersey programs through the Greater New Jersey Chapter-\$50,000 (this grant comprised our total support through at least 2015)
2016	\$175,000	4/4/2016	For: New Investigator Research Grants, specifically the Molecular Pathogenesis and Physiology of Alzheimer's (Discovery Science or Basic Disease Understanding) category
2017	\$150,000	4/28/2017	For: Support for Early-Career Investigators through the International Research Grant Program
2019	\$150,000	4/15/2019	For: Support for Early-Career Investigators through the International Research Grant Program
2020	\$125,000	4/29/2020	For: Support for Early-Career Investigators through the International Research Grant Program

**See notes and touch attached.**

**DLK COMMENTS:** The Association increased its largest-ever total commitment in a single year from \$42 million in 2019 to \$47 million in 2020 to fund 139 scientific investigations. Their active commitments now total more than \$235M funding 654 projects in 39 countries. The National Institutes of Health (NIH) annual budget for Alzheimer's and dementia research now stands at \$3.1 billion, a more than seven-fold increase since 2011. The increase in government funding requires an increase in projects to feed the pipeline. As we know, research funding fuels medical progress. The Foundation has an opportunity this grant cycle to make a larger impact with its grant because a fellow Zenith Society member is providing a 50% match on all Zenith Society dollars raised above the Zenith Society Challenge goal of \$10M. The Association has raised \$15M thus far so the

## **APPLICANT: Alzheimer's Association/National Office**

Foundation's grant will be eligible for the 50% match. The matched monies will go towards the Association's full mission.

Given the Association's fiscal year end of June, we did not see the full impact of the pandemic in last year's request. The budget for fiscal year 2021 projects revenue declines of \$109M (27%) and a scale down on program expenses of \$47M (15%). Given the early career investigators close collaboration with mentors, they were acutely impacted by the restrictions placed on the laboratories. The Association offered webinars to keep the scientists connected and extended grant schedules as needed. It also waived registration fees as its International Conference in July 2020 transitioned to a virtual event, resulting in unprecedented participation of 33K+ members from 160 countries (compared to 6K attendance in 2019). They offered another no-cost virtual conference in November 2020 targeting the neuroscience community.

FMKF's 2019 grant went towards a research project (Oct 2019 – September 2020) at the University of Pennsylvania which studied the protein ACSS2 (acetyl-CoA synthetase 2) and how it can activate genes related to learning and memory. Dr. Gabor Egervari and his team created an Alzheimer-like mouse model with mice who had normal levels of ACSS2 and those who were genetically altered to lack ACSS2. Both groups were injected with abnormal tau. The mice who lacked ACSS2 were associated with worse memory impairments. The researchers believe that these findings may imply a larger role of ACSS2 in the biological changes of tau tangles in Alzheimer's. The team will combine human and mouse studies to help identify common molecular patterns that could shed light on ACSS2's role in regulating how genes relating to learning are memory are turned off and on in Alzheimer's and possibly establish ACSS2 as a therapeutic target for Alzheimer's.

Financial analysis attached. I recommend the budgeted \$125K but could be persuaded to increase back to \$150K as the Association had a "skip" in 2018 and was scaled back to \$125K in 2020 due to the pandemic.

**JJK COMMENTS:** The growth of Alzheimer's Association – and Alzheimer's research – in last ten years is rather astounding. NIH's recognition of this with the seven-fold increase in funding is further evidence of the excitement around Alzheimer's and dementia research right now.

However, we know well that NIH funding only comes once an investigator can gather good data and can show early promise for clinical application. The proposal makes a compelling case for leveraging private funding for later NIH funding, considering that a reported 66% of all grants issued through the Grant program reach early-career researchers.

I do like the breakdown of the key outcome areas, as delineated in the request: discovery science; early detection; treatment; and prevention. The prevention area seems most ripe for further exploration, as we discussed in December 2020 with Laura Fruge. In that meeting we learned that, with the US POINTER program, they will be embarking on a lifestyle risk reduction study, investigating how diet, exercise, socialization, and sleep may reduce risk. There will be a concerted effort to reach rural communities and more diverse communities, as Laura mentioned previous studies were not properly representative of the U.S. population. A similar "diversity, equity, and inclusion" effort is happening in the "early detection" outcome area, with a free CAT scan program, which had previously enrolled 18K free scans; however, Laura conceded AA needs to do a better job of reaching diverse populations here as well.

**APPLICANT: Alzheimer's Association/National Office**

It appears that AA has significant global reach, with ongoing projects in 39 countries. Their well-attended virtual conference seems to support that as well, which had participants from 160 countries. While the U.S. may be a leader in medical research, this global span undeniably gives AA a wider network of talented investigators.

All this said, Alzheimer's Association's goal of treating and effectively preventing the condition by the year 2025 seems unlikely, though not to deny the chance of a breakthrough discovery or some more effective treatments.

Looking at the organization budget, I was a bit taken aback by the projected \$70M to be spent in fundraising in FY21, just a slight decrease from \$72M in FY20. In FY20, fundraising was already 18% of total expenses. With contributed income projected to drop by \$96M – and likely less staffing needed for the kind of fundraising events Alzheimer's previously relied upon – I would have thought we might have seen more cost-savings in fundraising. At the current projection, fundraising will be 20% of expenses next year.

With the matching opportunity, an increase to \$150K is tempting. However, given our interest in reaching a more modest target percentage in the health / medical docket, I recommend renewing at \$125K.

**SDK COMMENTS:** I agree with the disciplined approach to stick at \$125K for this “re-grant” program; still an important focus for us.

**F. M. KIRBY FOUNDATION**  
**Financial Statement Analysis**

<b>Grantee Name:</b>	Alzheimer's Association - National	<b>Date:</b>	<u>3/30/2021</u>
<b>Prepared By:</b>	DLK		
<b>Grant Request Amt.</b>	<u>\$ 175,000</u>	<b>Type of Financial Report Submitted</b>	<u>Audit</u>
<b>Budgeted Amt.</b>	<u>\$ 125,000</u>	<b>Period Covered in Financial Report</b>	<u>6/30/2020</u>
<b>Audit Firm</b>	<u>Grant Thornton</u>	<b>Date of Report Issuance</b>	<u>10/19/2020</u>
<b>Opinion</b>	<u>Present fairly</u>		
<b>Basis of Acctg.</b>	<u>GAAP</u>		

<b>Current Ratio (Liquidity Ratio/Working Capital Ratio)</b>	2.02	<b>Amount of Unrestricted Net Assets (Operating Reserve)</b>	<u>\$ 139,898</u> (in thousands)
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Note: 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.

<u>Allocation of Functional Expenses</u>	<u>6/30/2020</u>	<u>%</u>	<b>Must Read Financial Statement Notes</b>
<b>A. Program Services</b>	\$ 307,295	78%	Ideally program expenses should be at least 70% of budget.
<b>B. Management/ General</b>	\$ 16,674	4%	
<b>C. Fundraising</b>	\$ 72,213	18%	
<b>D. Total Expenses</b>	<u>\$ 396,182</u>	<u>100%</u>	
	(in thousands)		

**Comments/ Notes:**

**Budget** - FY21 is projecting an operating deficit of \$49.6M versus a surplus of \$13.3M for FY20. Total revenues are budgeted to decrease by \$109M (27%), with the bulk of the decline occurring in contributed income. All line items, with the exception of grants, are budgeted to decline. Total expenses are budgeted to decrease by \$46M (12%). Program services are budgeted to decrease by 15% (\$47M), with decreases in all line items except public policy. Supporting services are budgeted for a modest increase of 1% (\$1.1M).

**Audit** - The Association had an operating surplus of \$13.3M for FY20 vs \$2.6M for FY19. Total revenues grew by \$16M (4%), primarily in contributions. Program services grew by \$7.8M (3%), spread across all areas except public policy and field program support. Supporting services declined by \$2.5M (3%). The Association's total net assets grew by \$13.3M. Investments totaled \$259M as of June 30, 2020, of which \$24.3M were endowment-related. The Association received \$7.7M in gifts-in-kind and contributed services, of which \$2.1M was provided for the medical science research grants review process and the AA International Conference and \$5.0M as program expense for volunteer services. There were no red flags as a result of my review.

**APPLICANT: Alzheimer's Association/National Office**

**DISPOSITION:**

- Declination
- Hold for review on/about:
- Approval for: **\$125,000**
- Hold for Board Review
- Insert Information: **For: Support for Early-Career Investigators through the International Research Grant Program**
- Other:

Initials:    *idk*    Date:    *4/13/21*   

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

Date	FMKF Contact	Grantee	Grantee Contact/Met	Means of	Summary Notes
3/23/2021	dlk	Alzheimer's Assoc. National	Laura Fruge, Exec. Donor Advisor	phone	<p>Laura wanted to touch base before sending in the grant request. The reports from the Early Career Investigators we funded were delayed, which delayed AA from submitting this year's request. She also wanted to inform us that there is a challenge in the Zenith Society, of which the Foundation is a lifetime member. A CA member donated \$1.5M last Fall to seed a challenge to raise \$10M from Zenith Society members. The member would match 50% of each Zenith Society donation over the \$10M. To-date, AA has raised \$13M which means the FMKF grant this year will be matched 50%! Our portion will go to our designation and the match will go to overall support of AA.</p>

Date	FMKF Contact	Grantee	Grantee Contact/Met	Means of	Summary Notes
12/21/20	jik / dlk	Alzheimer's Association	Laura Fruge, Executive Donor Advisor	Zoom	<p>Laura proposed this opportunity to catch up on 2020 events for Alz Association. We began by discussing how they were impacted financially, and Laura admitted that they struggled to move to online fundraising, early in the pandemic. The traditional walk became an informal, volunteer event, meaning families or individuals could walk for Alzheimer's at their own pace, location, and time. They had some staff reductions as well. While Laura says they are "back on their feet," she also said things still feel a bit "volatile." An Alzheimer's Association sponsored research conference, originally scheduled for July, ended up going virtual, successfully engaging 54K people, far beyond what they could have pulled off in person. Moreover, Laura said the virtual format had far more female participation, likely due to young career investigators / mothers being about to participate from home. The international organization has initiated an effort to bring more neuroscientists into the field, as evidenced by its November "NeuroscienceNext" program, which exposes neuroscientists to the opportunities available for Alzheimer's and dementia research. Early career investigators benefitted this year from a \$2M supplement to the general research fund, meant to help these researchers with additional staffing or cover losses due to Covid. AA did not receive PPP funding, for they were too big. However, Laura cheered the recent increase in federal funding for Alzheimer's and dementia, now at \$2.8B (from \$450M just a few years ago). With the US POINTER program, they will be embarking on a lifestyle risk reduction study, investigating how diet, exercise, socialization, and sleep may reduce risk. There will be a concerted effort to reach rural communities and more diverse communities, as Laura mentioned previous studies were not properly representative of the U.S. population. A similar DEI effort is happening with a free CAT scan program, which had previously brought 18K free scans; however, Laura conceded AA needs to do a better job of reaching diverse populations here as well. They have recently hired a VP of DEI, a PhD and MPH who has skills in this very field. Laura told us that, in 2018, AA set a goal to double investment research in five years, which would bring them from a baseline of \$49.3M overall to approx. \$100M. (In FY20, they invested \$47M) She mentioned the importance of cross-pollinating with other researchers, reminding us that mind and body affect one another, citing blood pressure and heart disease as example of conditions that can affect the brain. There were a few questions we had for Laura that she was not prepared to answer, so her e-mailed response is uploaded to Blackbaud.</p>

**Alzheimer's Association/National Office**

**NOTES**

**From:** Laura M. Fruge <[lmfruge@alz.org](mailto:lmfruge@alz.org)>  
**Sent:** Wednesday, December 23, 2020 1:59 PM  
**To:** Justin Kiczek <[JJK@FMkirby.com](mailto:JJK@FMkirby.com)>; Diana Kostas <[dlk@FMkirby.com](mailto:dlk@FMkirby.com)>  
**Subject:** Re: Thank you and follow up from our call

Justin and Diana,

I realized there was one more question you'd asked during our conversation and I wanted to make sure I got that answered for you. The Association set a goal in 2018 of doubling our overall investment in research within 5 years, with the baseline of \$49.3 million at that time. Please let me know if you have any other questions.

Thank you again, and I hope you have a happy holiday!  
Laura

On Tue, Dec 22, 2020 at 9:39 AM Laura M. Fruge <[lmfruge@alz.org](mailto:lmfruge@alz.org)> wrote:  
Dear Justin and Diana,

Thank you for our call. It was nice to meet you, Justin, and good to see you again, Diana. I wanted to make sure to get answers to your questions as quickly as possible as a follow up to our conversation. Please see the details below. I'd be happy to connect again if it's helpful.

As we discussed, the Alzheimer's Association has worked to address the impact COVID-19 has had on both families facing dementia as well as those working in the research field. For families, we were able to move all programs, services and support to virtual platforms to continue to meet their needs. Our 24/7 Helpline has also continued to be a resource without interruption during this period. For our research grantees, we reached out to them proactively to let them know that we'd work with them on adjusting their timelines, reporting deadlines and other requirements. We also established a new RAPID Grants program for early-career researchers to help them achieve progress in their Associated-funded investigations despite the challenges from the pandemic. I've attached more specific information on the RAPID funding program for your review.

You'd asked in the course of our conversation how much the Association invested in research in the last fiscal year (FY20). This was our biggest annual investment to date, at more than \$47 million. And the impact we've had through our advocacy on the federal government level due to the tireless work of our advocates has led to exponential research funding increases since 2011. That budget currently stands at \$2.8 billion, and just yesterday, Congressional appropriators announced that there's an agreement to increase Alzheimer's and other dementia research funding by \$300 million for FY21. We expect



that to pass both chambers of Congress and advance to the president for signature in the coming days.

Finally, we discussed ways in which the Association is working to bring more diversity among participants in research studies. An example of this is in US POINTER, our clinical trial to evaluate how lifestyle interventions may reduce risk of cognitive decline in older adults. In our five sites across the country, we are employing a four-pronged strategy for successful grassroots recruitment that includes community presentations, media outreach, community advisory boards that gather input from community members, and flagship events that focus on giving back to the community, uncovering new partnerships, and generating excitement and increased involvement in community health and health research.

Please let me know if you have any other questions, or if you'd like additional information on anything we discussed. We are so grateful for the Foundation's investment in our research program, enabling early-career investigators to make new discoveries that bring us closer to our shared vision of a world without Alzheimer's and all other dementia.

Thank you again, and I hope you both have a restful holiday with your families.

Laura

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Laura Frugé | Executive Donor Advisor | Alzheimer's Association | cell: 202.256.4874  
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