

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: March 24, 2021

REQUEST DATE: March 12, 2021

Last grant acknowledgement: Yes

Program Area: Health

APPLICANT:

The Leukemia & Lymphoma Society, Inc.
New Jersey Chapter
Suite 301
14 Commerce Drive
Cranford, NJ 07016

CONTACT: Ms. Jana M. Boyer, Executive Director, New Jersey Chapter

PHONE: 908-956-6602

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$150,000
Children's Initiative

NATURE OF REQUEST: Toward the LLS

GRANT HISTORY

LAST GRANT DATE: 4/29/2020

LAST GRANT AMOUNT: \$100,000

FYE DATE: 6/30/20

AFS DATE: 11/5/2020

2016	\$125,000	4/4/2016	Toward Acute Myeloid Leukemia research
2017	\$125,000	4/28/2017	For: Ongoing Acute Myeloid Leukemia research within the Beat AML Initiative
2018	\$125,000	4/23/2018	For: Ongoing Acute Myeloid Leukemia research within the Beat AML Initiative
2019	\$100,000	4/15/2019	Toward the LLS Children's Initiative
2020	\$100,000	4/29/2020	Toward the LLS Children's Initiative

DLK COMMENTS: This request was brief as the LLS Children's Initiative is still in its formative stage due to disruptions caused by the global pandemic. The establishment of the global pediatric acute leukemia database appears to be complete, along with the data dictionary to establish common terminology and references for all who will be utilizing the database. I continue to be impressed with LLS' efforts to include partners around the world and make it a global trial. With the PedAL master trial targeted to launch in late summer/early fall 2021, there is not much to add that was not covered in last year's review.

LLS (national) had a strong fiscal year 2020, with an operating surplus of \$78 million and unrestricted net assets of \$255 million. However, their fiscal year ended June 30 and their 2021 budget portrays a much different situation, with an estimated deficit of \$44.5M. Contributions are down \$64 million and TAP contract revenues are down \$20 million. Complete financial analysis attached. I recommend we fund the full \$100K budgeted.

JJK COMMENTS: The LLS Children's Initiative – and its PedAL master trial program – was slowed down by the pandemic, but some progress was nevertheless made over the past year. There are 30 pediatric research grants that LLS is supporting (to the tune of \$19M). Patient support also continues, with the release of a pediatric caregiver workbook and other amenities designed to

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comfort the child during infusions and hospitalization. They are also setting up a scholarship program that will provide up to \$7,500 per year in scholarship to blood cancer survivors attending university. Finally, there is an Urgent Need and Travel Assistance program, to help families in crisis with basic necessities as well as rent or lodging.

The heart of the request concerns the PedAL master trial program, which certainly was delayed by pandemic-related disruptions but is on cusp of meeting some major milestones, if all goes well. LLS hopes to receive European Medicines Agency approval by Summer 2021, which would be followed by FDA submission – and then enrollment. Recall that one of the major challenges of developing therapies for pediatric leukemia and lymphoma is the relative rarity of the disease. Thus, without widespread and coordinated information sharing, developing novel and targeted therapies is next to impossible. Thus, the PedAL trial will use a coordinated approach to target acute myeloid leukemia (AML) in children who have suffered a relapse.

LLS made news when they announced the support of the National Cancer Institute and the Children’s Oncology Group, which gives the trial access to more than 200 of the world’s premier cancer treatment sites – including some FMKF grantees like Memorial Sloan Kettering, Morristown Medical Center, and Rutgers Cancer Institute. The program will begin with a screening protocol, to ensure that all PedAL sites are treating patients with a similar profile. There will then be two drug study arms, with the possibility of as many as four to follow.

The heart of the trial is the data commons, a silo-breaking database where the 200+ sites will submit patient profiles and results of treatment for review and analysis. The infrastructure has been established, and more recently, a “data dictionary” has been distributing, which will ensure that PedAL sites measure by a “uniform set of scientific, medical, and diagnostic terminology.” At this point, LLS is working to ensure smooth processing of data, by encouraging sites to use a single database software to enter data.

We have the added benefit here of LLS learning from the success of their Beat AML Master Clinical trial, a similar endeavor, but for adults.

The global PedAL program is ambitious, certainly prone to any of the many complications or roadblocks that can arise from such a globe-spanning effort. That said, the possibility of success here – finding a targeted and effective treatment for certain types of AML, and perhaps later, other blood-related pediatric cancers – is profound. With all of the excitement of this campaign, it is easy to lose sight of the faces of children – and their parents – seeking hope that they will find the therapy that can save lives.

As a final note, I have found the stewardship quite strong from LLS. I recommend the budgeted \$100K.

FM KIRBY FOUNDATION
Financial Statement Analysis

Grantee Name:	The Leukemia & Lymphoma Society	Date:	<u>3/17/2021</u>
Prepared By:	DLK		
Grant Request Amt.	\$ 150,000	Type of Financial Report Submitted	Audit
Budgeted Amt.	\$ 100,000	Period Covered in Financial Report	<u>6/30/2020</u>
Audit Firm	KPMG	Date of Report Issuance	<u>11/5/2020</u>
Opinion	Present fairly		
Basis of Acctg.	GAAP		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	2.72	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 255,343 (in thousands)
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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	6/30/2020	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 318,087	78%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 43,757	11%	
C. Fundraising	\$ 46,643	11%	
D. Total Expenses	\$ 408,487	100%	
	(in thousands)		

Comments/ Notes:

Budget: The National budget for FY21 is forecasting a \$44.5M deficit vs a surplus of \$99.5M for FY20. This helps illustrate the effect of the pandemic, which wasn't readily apparent in the FY20 audit. Total operating revenues are projected to decline by \$176M (36%), with contributions down \$64M (26%) and TAP contract revenues down \$20M (93%). Total operating expenses are budgeted to decline by \$53.4M (13%), with the biggest drop in patient/community assistance (\$55.5M / 27%).

The 2021 budget for LLS NJ is forecasting a \$4.3M surplus vs a \$4.9M surplus for FY20. Revenues are decreasing by \$352K (5%), while expenses are growing by \$192K (9%) due to the expansion of the NJ Region to include the Lehigh Valley and Northern PA markets (5 additional staff).

Audit: (LLS National)

LLS had an operating surplus of \$78.4M as of June 30, 2020 vs \$27.1M for FY19. Total net assets grew by \$99.5M vs \$31.5M in FY19 due to positive increases in the fair value of investments. Total operating revenues were up \$72.5M (18%), with growth in co-pay contributions (\$85.2M / 94%) and TAP contract revenue (\$17.1M/ 380%) being partially offset by declines in campaign contributions (\$16.4M/ 6%) and legacies/other revenue (\$11.5M / 58%). Co-pay contributions are recognized when donations are received while the expenses are recognized when the patient applications are approved for program participation. As of June 30, 2020, 43% of contributions and other receivables qas from two funding sources. Total program services expense grew by \$34.2M (12%), with a large increase in patient and community service of \$50.4M (this is where co-pay assistance resides) and a decline in research expense of \$20.7M (29%). Supporting services expense decreased by \$13.0M (13%), all in the management and general expense line. LLS had investments totaling \$521M as of June 30, 2020 (vs \$408M as of June 30, 2019). Endowment assets totaled \$6.3M. I was a bit surprised that there was no mention of the pandemic as a subsequent event. I did note that effective May 16, 2020, LLS suspended employer matching contributions to the employee 403(b) retirement plan. All in all, no red flags.

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DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$100,000**
- Hold for Board Review
- Insert Information: **Toward the LLS Children's Initiative**
- Other:

Initials: *LD* Date: *3/24/21*
Check #: Date: