

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: April 9, 2021

REQUEST DATE: March 3, 2021

Last grant acknowledgement: Yes

Program Area: Human Services

APPLICANT:

American Red Cross
National Headquarters
431 18th Street NW
Washington, DC 20006

SEND CHECK TO:

Ms. Janet Hines, Major Gifts Officer, Foundations
American Red Cross
New Jersey Region
209 Fairfield Road
Fairfield, NJ 07004

CONTACT: Ms. Janet Hines, Major Gifts Officer, Foundations

PHONE: 908-273-2076 x 14

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$250,000
Relief

NATURE OF REQUEST: Toward National Disaster

GRANT HISTORY

LAST GRANT DATE: 4/29/2020

LAST GRANT AMOUNT: \$250,000

FYE DATE: 6/30/2020

AFS DATE: 10/21/2020

2016	\$250,000	4/4/2016	For: National Disaster Relief Fund
2017	\$250,000	4/28/2017	For: National Disaster Relief Fund
2018	\$250,000	4/23/2018	For: National Disaster Relief Fund
2019	\$250,000	4/15/2019	For: National Disaster Relief Fund
2020	\$250,000	4/29/2020	For: National Disaster Relief Fund

DLK COMMENTS: Financial analysis attached.

JFT COMMENTS: Though it is noted that the US experienced 22 disasters in 2020, each causing at least \$1B in damage (shattering a previous record), the ARC National’s biggest challenge was the COVID-19 pandemic. They worked closely with the US Department of Health and Human Services, the Center for Disease Control and Prevention, the Food and Drug Administration (FDA), as well as state and local agencies, strictly adhering to safety protocols across all operations. In addition to PPE supplies expenses, they incurred costs for additional IT equipment for “volunteer workers to aid in response and recovery services.” They coordinated hotel stays instead of opening large shelters and provided meals by door drop of at locations where community members could safely pick up food.

ARC National experienced a record number of blood drive cancellations. “To mitigate the loss of blood donations, they worked closely with government partners to ensure that blood donations remained classified as an essential service, allowing critical blood collections to continue.” The coordinated effort combined with new blood drive partnership and the generosity of volunteer blood donors” help them overcome a severe blood shortage.” Additionally, they are now testing all blood donations for COVID-19 antibodies and collecting plasma (fully funded by the FDA) from individuals who are fully recovered from COVID-19.

APPLICANT: American Red Cross / National Headquarters

ARC National launched a Virtual Family Assistance Center (VFAC), manned with volunteers who have mental health, spiritual care, and health services training, to serve people dealing with grief, anxiety, and stress. The volunteers also help connect people with available national and local resources.

All of the Red Cross proposals follow a great format in reporting data, providing fiscal year data for 3 years and tracking the percentage of change over that period. FY 20 data reveals a 1.9% decrease in disaster responses over that period, which in no way implies that there was a slowdown in service, with 253 large-scale disasters across the county, including 17 events at categorized as level 4 (17 events at \$2,500,000-\$2,499,999) response, and 2 at a level 5 (\$2,500,000 - \$2,999,999). The level 5 responses include the Kincadee Wildfire (California) and COVID-19 Impact.

Through all of this, the ARC National continues to provide disaster education presentations, reach an average of 240K young people through its portfolio of youth initiative, educate 3rd to 5th graders about personal and family preparedness and safety skills, local hazards, and basic coping skills through their Pillowcase Project, provides vulnerable communities with smoke alarms by going door-to-door through the Sound the Alarm initiative, and offer 13 free mobile apps (how to stay safe during every day and large-scale emergencies, first aid tips, schedule blood donation appointment, etc.) “that put lifesaving tools and information in people’s pockets when needed.”

FY21 disaster relief is already ramping up, with a 1.3% increase in response and recovery versus the prior three years, as opposed to the 18.9 decrease over the comparable period noted in the 2020 request. Already 7 of the FY21 disaster responses are labeled level 7 (\$10,000,000 and up). Those disasters included the Hurricanes Delta and Laura (levels 5 & 7) and the California Wildfires (Level 5). The goals for the FY21 Sound the Alarm, Pillowcase Project, and Prepare with Pedro (30–45-minute education program for K through 2nd grade) remain lofty, as they did in FY20, especially in light of the pandemic.

This is a well-done request, and I gladly recommend the budgeted \$250K toward the National Disaster Relief Fund, which will be used “from preparedness through response, through recovery, helping benefit men, women, and children regardless of age, economic, ethnic, religious, ableness, citizen status, or other factors.”

JJK COMMENTS: For decades, the year 2020 will be associated with the COVID-19 pandemic. The experience has been so searing, so traumatic that it is understandable that we would simply forget that 2020 also had the largest wildfires in recorded history in California and Colorado, burning a total of 8.8M acres. And while the Red Cross took a backseat when it came to directly address covid-related health crises, they were well-positioned to respond to 59K disasters in FY20 and 147 “significant” disasters in the first six months of FY21. Were it not for the rightful celebration of health care workers over the course of this year, I am sure Red Cross responders would be better recognized.

To give some sense of scale of the Summer 2021 wildfires, ARC reports that, in 2019, the Kincadee wildfire of California – which burned 200,000 acres – required 400 volunteers and respondents, 46,000 meals and snacks, and 11,000 overnight stays. In 2020, the California wildfires – which burned 4 million acres – required 901,000 meals and snacks, 381,000 overnight stays, and “thousands” of volunteers and employers. Absolutely staggering.

APPLICANT: American Red Cross / National Headquarters

All this is to say that, while the ARC National was not on the “front lines” of the hospitals in a disastrous year, they still were very much on the front lines of the year’s disasters. While we fervently hope for a calmer 2021, our proactive support of ARC National helps ensure that *whatever* strikes in 2021, support will be offered from the Red Cross’s 21K volunteers and thousands of employees.

Given the decline in blood donations, building up banks will be critical work in 2021 and 2022. Good to see ARC finding new partners in delivery of smoke alarms as well. I like the creativity of partnering with home weatherization programs. Since home weatherization programs largely benefit the elderly and low-income families, smoke alarms will deliver an important safety measure to a segment of the population more vulnerable to home fires.

I support and recommend a grant of \$250K for this essential service of civil society.

SDK COMMENTS: Based on DLK’s comments and the narrative, it seems that ARC “balances” the budget in years when disasters are high by providing more resources toward front-line (shelter and meals) and less in financial assistance. That makes sense, but not a “dynamic” I had picked up previously.

Especially the “Kirby” Directors would be interested to know that the Chair of the Board, Bonnie McElveen-Hunter’s, family of Greensboro, NC are longtime friends with the “Dillard” family.

FM KIRBY FOUNDATION
Financial Statement Analysis

	American Red Cross -		
Grantee Name:	National	Date:	3/12/2021
Prepared By:	DLK		
Grant Request Amt.	\$ 250,000	Type of Financial Report Submitted	Audit - for National
Budgeted Amt.	\$ 250,000	Period Covered in Financial Report	FYE 6/30/20
Audit Firm	KPMG	Date of Report Issuance	10/21/2020
Opinion	Present fairly		
Basis of Acctg.	GAAP		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	2.15	Amount of Unrestricted Net Assets (Operating Reserve)	\$390,796 (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	\$ 2,489,360	90%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 89,535	3%	
C. Fundraising	\$ 172,690	6%	
D. Total Expenses	\$ 2,751,585	100%	
	(in thousands)		

Comments/ Notes:

Budget - The FY20 budget for National is projecting a deficit of \$39M. Total Revenues are budgeted to decline by \$347M (12%), primarily in the contributions/legacy/bequest line. Total Expenses are budgeted to decline by \$153M (6%), primarily in the financial assistance and travel budget lines. The Disaster Relief expense budget is budgeted to decline by \$92.3M (22%), primarily in the area of financial assistance.

Audit - All audit comments pertain to the National Organization. The Organization went from a cumulative unrestricted deficit of \$5.5M for FY19 to unrestricted net assets of \$390.8M in FY20. ARC, National had an operating surplus of \$156M for FY20 vs a deficit of \$124M for FY19. Pension-related changes added \$212M, thus net assets increased \$370M for FY20. Revenues were relatively flat, growing by \$39M (1%), with increases in contracts and legacies/bequests offsetting a decline in the corporate/foundation/individual giving line item. Program expenses decreased by \$223M (8%), primarily in domestic disaster services, along with services to the Armed Forces. The Organization had investments totaling \$1.4B as of June 30, 2020, of which \$1.0B were endowment-related. The Organization was in compliance with all debt covenant requirements. The Organization had unused letters of credit outstanding of approximately \$55M at June 30, 2020, as well as unused lines of credit outstanding of approximately \$200M. Overall, there were no red flags as a result of my review.

APPLICANT: American Red Cross / National Headquarters

DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$250,000**
- Hold for Board Review
- Insert Information: **For: National Disaster Relief Fund**
- Other:

Initials: rdk Date: 4/9/21

Check #: _____ Date: _____