

**F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM**

**DATE:** April 9, 2021

**REQUEST DATE:** February 5, 2021

**Last grant acknowledgement:** Yes

**Program Area:** Human Services

**APPLICANT:**

American Red Cross  
Northeastern Pennsylvania Community Chapter  
256 North Sherman Street  
Wilkes-Barre, PA 18702

**CONTACT:** Mr. John Santa Barbara, Regional Philanthropy Officer

**PHONE:** 570-823-7161

**PAYEE OTHER THAN ADDRESSEE:**

**AMOUNT REQUESTED:** \$40,000    **NATURE OF REQUEST:** For disaster relief in Wilkes-Barre, Luzerne County and Wyoming Valley, Pennsylvania

**GRANT HISTORY**

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

**LAST GRANT AMOUNT:** \$30,000

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

**AFS DATE:** 10/21/2020

2016	\$35,000	4/4/2016	Toward disaster relief operations in Luzerne County, specifically Wilkes-Barre and Wyoming Valley, PA
2017	\$30,000	4/28/2017	Toward disaster relief operations in Luzerne County, specifically Wilkes-Barre and Wyoming Valley, PA
2018	\$30,000	4/23/2018	Toward disaster relief operations in Luzerne County, specifically Wilkes-Barre and Wyoming Valley, PA
2019	\$30,000	4/15/2019	Toward disaster relief operations in Luzerne County, specifically Wilkes-Barre and Wyoming Valley, PA
2020	\$30,000	4/29/2020	Toward disaster relief operations in Luzerne County, specifically Wilkes-Barre and Wyoming Valley, PA

**DLK COMMENTS:** Financial analysis attached.

**JFT COMMENTS:** Since FY19, this Regional Chapter added 5 counties to its coverage area, serving an additional 300,000 people. This chapter will become part of the Greater Pennsylvania Region (chapter) by 6/30/21, and it's good to read (as noted last year) that the headquarters for the chapter remains in Wilkes-Barre. I must say that the American Red Cross has "realigned" so many times in the past, I find it difficult to follow and maintain grant funding history. That said, the only marked increase in FY20 was a 45% increase in the Regional Chapter data units of blood collected.

As noted in the National and Northern New Jersey American Red Cross evaluations, ARC Northeastern PA had to adapt their disaster response and preparedness programs to meet the safety and health protocols put in place as a result of the pandemic. People and families affected by disasters were assisted virtually where possible, and they also offered virtual smoke alarm installations assisting families and individuals through a smart device, guiding them through step-by-step instructions for the installation. They drop off the equipment at the home while following social distancing guidelines.

**APPLICANT: American Red Cross / Northeastern Pennsylvania Community Chapter**

FY20 request data is relatively similar to FY19 for the Wilkes-Barre and Wyoming Valley service areas, though the first 6 months of FY21 have resulted in a 63% increase in disaster incidents (12 more) in the Wyoming versus the same period last year. They have changed their data tracking from family count to individual count, using RC Care through the RC View portal, which makes sense since RC View not only assists ARC staff and volunteers in response but also tracks their activities. I would note that 14 out of the 64 chapter volunteers are trained in disaster health services, disaster mental health services and disaster spiritual care in addition to disaster recovery services.

John Santa Barbara was hired as Regional Philanthropy Officer in October of 2019. His prior employment background is 2 years as a “philanthropic specialist in gift planning at PETA, and prior to that general manager at Wawa for 22 years). He authored the 2020 proposal, and his “edits” to the 2021 request were jarringly incorrect (as I have reviewed this grantee for years, it was apparent to me, but not to Santa Barbara). It took three communications to get it right. I wish him well, but I have reservations about his role at “regional philanthropy officer.” Without micromanaging, I intend to have a conversation with the Regional Executive Director, Michele Baehr regarding future proposals, as it took way too much effort to obtain a satisfactory proposal.

I recommend continued support at the budgeted \$35K.

**JJK COMMENTS:** When we speak to Michele Baehr, can we also please request that abbreviations have explanations in their requests? Page 5 includes three abbreviations that are never referenced with a full name; if it were not for JFT knowing that DMH stands for “Disaster Mental Health,” I would not have known what this means. **(JFT: Will do.)**

According to the request, only 4 in 10 adults are able to cover an unexpected expense of \$400 without borrowing or selling personal items. That being the case, it is good to see that, after a disaster, when people are at their most vulnerable, ARC / NEPA has been able to deliver financial assistance of, on average, \$661 per case in Luzerne, \$691 in Wyoming, and \$708 in Wilkes-Barre.

Overall, this organization seems to have less youth involvement than the Northern NJ chapter, which has a robust student group network. No such mention here.

Given the service statistics, budgeting \$35K to ARC / NEPA seems proportionate when compared against our NNJ support. I recommend the budgeted \$35K.

**SDK COMMENTS:** Good job team.

**FM KIRBY FOUNDATION**  
**Financial Statement Analysis**

<b>Grantee Name:</b>	American Red Cross -	<b>Date:</b>	<u>3/12/2021</u>
<b>Prepared By:</b>	Northeastern PA DLK		
<b>Grant Request Amt.</b>	\$ 40,000	<b>Type of Financial Report Submitted</b>	<u>Audit - for National</u>
<b>Budgeted Amt.</b>	\$ 35,000	<b>Period Covered in Financial Report</b>	<u>FYE 6/30/20</u>
<b>Audit Firm</b>	<u>KPMG</u>	<b>Date of Report Issuance</b>	<u>10/21/2020</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>	2.15	<b>Amount of Unrestricted Net Assets (Operating Reserve)</b>	<b>\$390,796</b>
--	------	--	------------------

(in thousands)

**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.

<b>Allocation of Functional Expenses</b>	<b>6/30/2020</b>	<b>%</b>	<b>Must Read Financial Statement Notes</b>
<b>A. Program Service Expenses</b>	\$ 2,489,360	90%	Ideally program expenses should be at least 70% of total budget.
<b>B. Management and General</b>	\$ 89,535	3%	
<b>C. Fundraising</b>	\$ 172,690	6%	
<b>D. Total Expenses</b>	\$ 2,751,585	100%	

**Comments/ Notes:**

**Budget** - The budget for Luzerne County projects to breakeven for FY21. Local revenues are budgeted to grow by \$148K (42%), with corporate contributions (\$89K) and legacies (\$80K) accounting for the increase. Support from other ARC units is budgeted to decrease by \$235K (72%). Approximately 32% of Luzerne's overall budget is disaster-related. Budgeted revenues and expenses for FY21 are down \$87K (13%) from FY20. The disaster-relief budget is down \$37K (11%) for FY21. Luzerne County accounts for approximately 33% of the Northeast Pennsylvania chapter's budget.

**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 / Northeastern Pennsylvania Community Chapter**

**DISPOSITION:**

- Declination
- Hold for review on/about:
- Approval for: **\$35,000**
- Hold for Board Review
- Insert Information: **Toward disaster relief operations in Luzerne County, specifically, Wilkes-Barre and Wyoming Valley, PA**
- Other:

Initials:    rok    Date:    4/9/24     
Check #: \_\_\_\_\_ Date: \_\_\_\_\_