

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: March 24, 2023
Last grant acknowledgment: Yes
Program Area: Human Services

REQUEST DATE: February 23, 2023

APPLICANT:
American Red Cross
Northern New Jersey Region
209 Fairfield Road
Fairfield, NJ 07004

CONTACT: Ms. Janet Hines, Senior Director of Foundation Relations
PHONE: (908) 797-3300 x 14
PAYEE OTHER THAN ADDRESSEE: American National Red Cross

AMOUNT REQUESTED: \$85,000 **NATURE OF REQUEST:** Toward disaster relief in Morris County - \$75,000; toward blood collection services in Morris County - \$10,000

GRANT HISTORY

SUPPORT: 1970 - 2022 **# OF GRANTS:** 43 **TOTAL DOLLARS:** \$1,803,850

LAST GRANT DATE: 5/2/2022 **LAST GRANT AMOUNT:** \$130,000
FYE DATE: 6/30/2022 **AFS DATE:** 10/26/2022

2008	\$90,000	12/12/2008	Toward disaster relief and blood donor programs in Morris County
2010	\$90,000	4/26/2010	Toward disaster relief and blood donor programs in Morris County
2011	\$112,500	4/25/2011	Toward disaster relief and blood donor programs in Morris County-\$90,000; toward like purpose for the Morris County communities served by the Colonial Crossroads Chapter-\$22,500
2021	\$80,000	5/3/2021	Toward disaster relief in Morris County, NJ-\$70,000; toward blood donor programs in Morris County, NJ-\$10,000
2022	\$130,000	5/2/2022	Toward disaster relief in Morris County, NJ-\$70,000; toward blood donor program in Morris County, NJ-\$10,000; toward Sickle Cell Initiative-\$50,000

DLK COMMENTS: Financial analysis attached.

JFT COMMENTS: Though the proposal does not change much from year to year, it need not as the request provides updates for the entire Northern New Jersey Chapter and Morris County-specific data (Response and Recovery, Disaster Cycles Services, Preparedness, and Blood Collection). From the proposal, in FY22, “the New Jersey Region saw disaster responses increase by 19% (1,084 incidents in FY22 vs 912 in FY21) and a substantial increase in families assisted by nearly 91% (3,866 assisted in FY22 vs 2,028 in FY21). Increases in both areas can be attributed to communities heavily impacted by Hurricane Ida where more resources were needed such as sheltering, casework, and relief/cleanup supplies. Morris County saw a 68% increase in disaster response (27-FY22 vs 16-FY21) and more than doubled the number of families assisted (40-FY22 vs 18-FY21). Home fires continue to make up most responses. Morristown experienced 3 fires, including 1 multi-family home fire that resulted in 10 people being displaced.” Financial assistance is gauged at the Regional Level, and for the past two years, the New Jersey Region exceeded the

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national organization average assistance of \$644 per family by approximately 6% at \$702 per family

Financial assistance per family is gauged at the Regional Level: \$702 (FY22), \$702 (FY21), and \$727 (FY20). In all three years, average assistance exceeded the national organization's \$664 per family. In FY22, the Region distributed \$2,033,861 in financial assistance to disaster survivors to purchase necessities, such as food, clothing, lodging, and in some cases, security deposits on rental apartments.

FY22 Regional Disaster Preparedness Services (Home Fire Campaign, Sound the Alarm, and Pillowcase Project) included the installation of 2.7K smoke alarms (21 in Morris County), 1.3K homes made safer (8 in Morris County), and 1.6K youth participants in the Pillowcase and Prepare With Pedro Programs (no Morris County participants due to pandemic restrictions in the school districts). Youth Volunteers in Morris County numbered 332 in FY22. The overall number of volunteers for the Region was 4,172.

Regional blood collection saw a decrease in units of blood collected, but the Northern New Jersey Chapter and Morris County saw increases of 30% (14.8K-FY22 vs 11.4K-FY21) and 54% (5.8K-FY22 vs 3.8K-FY21) respectively: "There were 1,575 blood drives in Northern New Jersey, including 238 in Morris County – the County continued to be our biggest contributor of blood drives held in the chapter."

The FMKF 2022 grant provided \$50K toward support of ARC/NJ Region's Sickle Cell Initiative. Sickle cells block the blood flow through the body leading to serious problems including stroke, eye problems, infections, pain crises, and increased risk for early death. Those afflicted with this hereditary, lifelong disease have an estimated life expectancy of 54 years (according to a 2019 study). According to the Centers for Disease Control and Prevention, SCD affects approximately (exact number unknown) 100K Americans, occurring in about 1 out of every 365 Black or African births, approximately 1 out of 16.3K Hispanic-American births, and about 1 in 13 Black or African-American babies is born with sickle cell trait (a relatively mild condition caused by the presence of a single gene for sickle cell anemia).

Though there is no cure, frequent blood transfusions help prevent or reduce symptoms. A close blood type match is essential and the Sickle Cell Initiative seeks to increase the number of Black and African American blood donors to eliminate the gap in meeting hospital demand, providing the most compatible units for patients. During FY22, ARC/NNJ "collected 3,094 units from African American/Black donors. The majority of blood donations came from Newark and surrounding areas due to the large population of African American/Black residents and/or workers in the area."

In FY22, ARC/NNJ collected 3,094 units from African American/Black donors (just short of their goal of 3,955 units). Good news is that, during the first half of FY23, ARC/NNJ collected 13,547 units from African American/Black donors, which is a 30% increase year-over-year from 2022. They continue to partner and educate "corporate partners, with diverse workforces, high schools, and college-sponsored blood drives as they also attract more donors and allow us to educate new donors on this need." Also, their DEI Committee (made up of identified Board members from their 3 chapters, volunteers, and staff), "has taken up the Sickle Cell Initiative as one of its causes to support. Committee members, working with the initiative lead educator, are doing outreach to businesses, community leaders, churches, and local organizations in their sphere of influence to host blood drives and/or education sessions." The FMKF 2022 grant of \$50K represented 4% of the overall initiative budget of \$1.2M through FY26 and was a good investment.

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Since it is not characteristic for the ARC to receive government assistance, I inquired about this statement in the request: “Among our highlights, for the second year, we received funding from the State of New Jersey (\$500,000) to support our humanitarian services, making the Region one of two—the other being New York—to receive state funding under the national organization. Chief Executive Officer Rosie Taravella led this initiative and is integral to communicating with state representatives on how vital Red Cross services are to New Jersey residents, communities, and businesses.” Per Janet, “It has not been typical for us to receive an allocation from the State of New Jersey nor was the allocation part of the pandemic relief fund. With the support of some of our board members, New Jersey had the opportunity in FY21 to request an allocation from the State to support capital expenses associated with the build-out of our new Princeton Blood Center, as well as direct financial assistance helping disaster survivors. It is not standard for regions to receive state allocations but there are a few across the country, including the Greater New York region.”

The 14-member ARC/NNJ Board saw 6 members transition off and added 1 new member. Seems that recruiting may be in order as the Board has seen a decrease in members over the past couple of years (20 members in 2021).

I recommend continued support of the ARC/NNJ at the budgeted \$80K as designated below.

JJK COMMENTS: Great news on the Sickle Cell front. Even though this particular negative health outcome for African-Americans appears more driven by genetics than by socio-economic factors or the legacy of racism, there is still an imperative here to educate and directly address it. I am glad we supported this and saw positive results. I would consider funding again if the need was there.

Organizationally, I wanted to flag a neat program implemented by ED Rosie Taravella: “[ARC NNJ] re-opened the Leadership Academy (a cohort group of 4-6 staffers who visit Board members in leadership roles to strengthen their professional skills) for in-person activities after being virtual for two-and-a-half years. Created by Ms. Taravella on her arrival in 2018, the Academy’s goal is to create leaders who can fill senior positions. Already, four participants have been promoted to leadership positions in New Jersey and within the national organization.” I love how this program develops the leadership skills of staff members, contributes to succession planning, and engages Board members with the staff and mission of the organization. I intend to reach out to Rosie to check on this program and see if she would be interested in sharing the process with other grantees.

I recommend \$80K as designated below.

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FM KIRBY FOUNDATION			
Financial Statement Analysis			
Grantee Name:	American Red Cross - New Jersey Crossroads	Date:	3/7/2023
Prepared By:	DLK		
Grant Request Amt.	\$ 85,000	Type of Financial Report Submitted	Audit - for National
Budgeted Amt.	\$ 80,000	Period Covered in Financial Report	FYE 6/30/22
Audit Firm	KPMG	Date of Report Issuance	10/26/2022
Opinion	Present fairly		
Basis of Acctg.	GAAP		
Current Ratio (Liquidity Ratio/Working Capital Ratio)	2.18	Amount of Unrestricted Net Assets (Operating Reserve)	\$1,016,509 (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.

Allocation of Functional Expenses	6/30/2022	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 2,797,736	91%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 97,856	3%	
C. Fundraising	\$ 188,885	6%	
D. Total Expenses	\$ 3,084,477	100%	

Comments/ Notes:

FY23 Budget - The Morris County disaster and blood collection budgets for FY23 both project to break even. The Disaster budget for FY23 is projected to grow by \$42K(11%), coming in at \$409K. FMKF's budgeted grant of \$70K would cover 17% of total expenses. The Blood Collection expenses for Morris County in FY23 are budgeted at \$12K, so FMKF's grant of \$10K would cover 83% of total expenses. The NJ Region budget totals \$6.3M for FY23, down \$4.1M (39%).

FY22 Audit - All audit comments pertain to the National Organization. The Organization almost tripled its unrestricted net assets, jumping from \$391M in FY20 to \$1.0B in FY22. ARC - National had an operating surplus of \$134.0M for FY22 vs a surplus of \$294M for FY21. Total net assets grew by \$332M, primarily to pension-related changes of \$309M. Revenues grew \$88M (3%), with increases in corporate/foundation giving (up \$303M/57%), legacies/bequests (up \$14M/14%) and program materials (up \$20M/17%). These increases were partially offset by decreases in contracts (down \$122M/68%) and investment returns (down \$15M/24%). Program expenses increased by \$210M (8%), with increases in all programs except domestic disaster services. The Organization had investments totaling \$2.0B as of June 30, 2022, of which \$1.2B were endowment-related. The Organization was in compliance with its debt covenant requirements as of and for the year ended June 30, 2022. The Organization had unused bank lines of credit outstanding of approximately \$200M, along with unused lines of credit totaling \$52M. There were no borrowings outstanding under lines of credit as of June 30, 2022. 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: **\$80,000**
- Hold for Board Review
- Insert Information: **Toward disaster relief in Morris County-\$70,000; toward blood donor program in Morris County-\$10,000**
- Other: **Northern New Jersey Region on check memo**

Initials: JAK Date: 3/29/23
Check #: _____ Date: _____