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AMERICAN RED CROSS: A HISTORY AND ANALYSIS

December 2016

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AMERICAN RED CROSS: A HISTORY AND ANALYSIS

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Submitted in partial fulfillment of the requirements for the degree of

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We, in this research, provide a detailed history and highlight current operations of the American National Red Cross (ANRC). We analyze the organization's mission, purpose, structure, and relationship with the U.S. government and provide an analysis of its financial status and capabilities and competencies based on the Sphere Project standards in order to inform government organizations and disaster planners. We find that the ANRC generates sufficient revenue to execute relief operations and other services and is efficient and competent in all essential services and capabilities for disaster response. We also find that its fundraising efficiencies are directly tied to the size of domestic disasters the organization responds to in any given year. However, the ANRC is struggling to break even in its biomedical services program.

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LIST OF ACRONYMS AND ABBREVIATIONS

ANRC	American National Red Cross
CEO	Chief Executive Officer
CIA	Central Intelligence Agency
DAT	Disaster Assistance Teams
DOD	Department of Defense
EPI	Expanded Program on Immunization
ESF	Emergency Support Functions
FEMA	Federal Emergency Management Agency
FY	Fiscal Year
GIS	Geographical Information System
GO	Government Organizations
HADR	Humanitarian Assistance / Disaster Response
ICRC	International Committee of the Red Cross
IFRC	International Federation of Red Cross and Red Crescent Societies
IRS	Internal Revenue Service
IRUSA	Islamic Relief USA
MISP	Minimum Initial Service Package
NGO	Nongovernmental Organization
NRF	National Response Framework
NRP	National Response Plan
POW	Prisoner of War
SAF	Service to the Armed Forces
SAF&V	Service to the Armed Forces and Veterans
SRAO	Supplemental Recreational Activities Overseas
USC	United States Code
USD	United States Dollar
VA	Department of Veterans Affairs

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I. INTRODUCTION

A. BACKGROUND

In this research, we conduct a case study of one of the major nongovernmental organizations (NGO) in the world, the American National Red Cross (ANRC). The ANRC provides significant relief and assistance to people worldwide and especially in the United States. Frandsen and Lawry (2009) describe NGOs as each having a distinctive purpose, mission, capabilities, competencies, operating procedures and capacities. “Many are religiously oriented, regionally based, technically specialized, or community based organizations. Most are small, though the more well-known are worldwide entities with international umbrellas and national chapters” (Frandsen & Lawry, 2009, p. 7).

The ANRC’s mission statement is to “[prevent and alleviate] human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors” (American National Red Cross, n.d.-a). Their vision statement communicates that through the ANRC volunteer, donor and partner network, their trained workers and volunteers are ready to respond and always there in times of need. It seeks to transform “compassion into action so that” (American National Red Cross, n.d.-a) all communities are prepared for potential disasters, those affected by disaster have access to food shelter and hope, safe blood products are accessible to all Americans and all service members and their families have support and comfort when needed (American National Red Cross, n.d.-a).

Frandsen and Lawry (2009) conclude that NGOs such as the ANRC provide services and response capabilities assembled from the local economy and partnerships with local organizations. Community relationships are one of the premier advantages that NGOs have over federal responders. The advantage entices donors to participate by donating to NGOs. Donating through NGOs strengthens NGO capacity to provide required services, and reduces duplication of effort (Frandsen & Lawry, 2009).

B. MOTIVATION AND PURPOSE

Governmental organizations (GO) and an array of significant United States NGOs provide for the majority of disaster relief in the United States. All of which possess unique sets of capabilities, competencies, strategic objectives and values. Collaboration amongst these organizations could improve mission efficacy while reducing redundancy and costs (Apte & Hudgens, 2015).

The ANRC is the most known and utilized disaster relief NGO in the United States, responding to more than 60,000 large and small domestic disasters annually (American National Red Cross, 2015-b). It is highly likely that the ANRC will be involved in most large and small domestic disaster relief operations. Our research aims to conduct a thorough historical, mission and financial analysis of the ANRC to provide a document to facilitate collaboration amongst the ANRC, GOs and disaster planners.

C. METHODOLOGY

We study the history purpose, mission and organizational structure of the ANRC. We consider these areas to be crucial to understanding their strategic goals, culture and motivation, and to gain insight into their ability to be effective in the humanitarian aid and disaster response field. To obtain a historical sense of the mission and structure of the ANRC, we assess biographical information of Clara Barton—the founder of the ANRC—information provided on the ANRC website and explore the ANRC federal charter and bylaws. Congressional research projects conducted on the ANRC history and federal charter aid in understanding the bond between the ANRC and the United States Government. This study provides an understanding of the ANRC’s purpose, mission and goals. The ANRC is an organization dedicated to alleviating death and human suffering without discrimination and is not religiously affiliated. Over the past 135 years the ANRC has grown its capabilities to cover a broad spectrum of services—biomedical services, disaster relief, health and safety services and support to the military—which meet their founding principle—the amelioration of human suffering. A description such as this is helpful to disaster relief planners and responders.

We continue our research by contacting the ANRC for information regarding its capabilities and competencies to conduct a capabilities assessment based on the Sphere Project standards. Additionally, we collect an array of research and literature on ANRC relief mission capabilities and results. Using the framework provided by Apte and Yoho (2012), we develop an ANRC humanitarian relief capabilities and competencies guide. The guide is to be used by disaster relief planners to assign resources for relief operations. Further, we determine that the ANRC is capable across the full spectrum of required services and capabilities for disaster relief.

Then we consider the ARNC's finances. We collected the most recent eleven years of financial information (2005 to 2015) from the ANRC website. The figures used were primarily gathered from the ANRC's consolidated financial statements, annual reports and Internal Revenue Service (IRS) Form 990s. Financial revenue is the most important factor in determining the ANRC's ability to continue to provide its services and grow their capabilities. We compare the ANRC revenues and expenses by year to determine the strength and consistency of the ARNC revenue stream. We also explore to determine if there are links between an increase in revenue and large disasters. We determine that there is a link. Contribution revenue from corporate sources, foundations, and individual giving spiked in FY 2006, FY 2010, and FY 2013. The ANRC responded to Hurricane Katrina in 2005, the earthquake in Haiti in 2010, and Hurricane Sandy in 2012. Revenue outside of Hurricane Katrina is relatively steady.

Next we analyze the revenue and expenses across each ANRC service program to determine if they are over-reliant on a particular program. We examine additional revenue streams—investments, contract services and contributions—specifically to identify how much the ANRC relies on non-service related activities. The ARNC biomedical services program generates the majority of ANRC income and is responsible for the majority of ANRC expenses. We examine the biomedical services program to determine if it was operating efficiently and could be relied upon to provide profit. We further analyze ANRC expenses by examining program related expense in relation to support related expense to view how the ARNC spends its resources. Finally, we determine its overall financial efficiency by dividing program related expenses by total

expenses. We found that the ANRC has a strong impact on its charitable missions because it has provided a consistent cash flow to support its programs and services year over year. Our analysis of its financial documents led us to conclude that the ANRC is financially efficient. The ANRC allocates a majority of its annual budget towards the programs and services it provides.

Finally, we consider ANRC chapter locations to observe if there was a link between chapter location and density to population density or frequency of disasters. We find that there is a link between population density and chapter density. There is also an appearance that chapter location and frequency of disasters are also moderately correlated.

The report is structured as follows: Chapter II provides an institutional history of the ARNC. Chapter III is our literature review of NGOs, humanitarian logistics, essential services and capabilities for disaster response operations, The Sphere Project and capability evaluations and ANRC financial reports. Chapter IV covers background information and analysis of the ANRC mission, purpose and organizational structure to understand its motivation and goals, how it is organized to meet those goals and its importance to the United States Government. Chapter V offers our analysis of Sphere criteria, corporate financial status and chapter distribution. Chapter VI provides a discussion of our conclusions, limitations and recommendations for further research.

II. ORGANIZATIONAL HISTORY AND STRUCTURE

When disaster strikes in the United States, its citizens expect the ANRC to respond with food, clothing, shelter and medical care. The ANRC responds to tens of thousands of natural disasters inside of the United States every year. The ANRC touches nearly every American family at some point in their life whether through direct service, blood donations, health education or volunteerism (Turk, 2006).

In its 135 years of existence and starting with accusations against founder Clara Barton, the Red Cross has suffered numerous attacks regarding organizational structure, financial accountability, relief reporting and racism. Through the adversity, disregarding innocence or guilt, the ANRC has prevailed as a leader in disaster relief response, health education, service to our nation's military members and families and disaster relief fundraising results.

To understand the foundation and resiliency of the ANRC, one must first understand the life and struggles of Barton. Clarissa "Clara" Harlowe Barton was born in Oxford Massachusetts on December 25, 1821 and founded the Association of the American Red Cross in Washington, DC, in 1881 (Bacon-Foster, 1918; Epler, 1915).

Percy Epler (1915) tells of Barton's early life in *The Life of Clara Barton*. Barton grew up a shy young woman, who would prove her resiliency long before she founded the ANRC. At the age of eleven, her brother suffered an injury leaving him bedridden for two years. Barton stayed bedside giving him medicine, replacing bandages and performing other medical treatments.

Epler continues to document Barton's career as a teacher. As an adult, Barton became a successful teacher whose ability to win over the attention and respect of young students packed the schoolhouse. Her persistence and resourcefulness allowed her the opportunity to have new schools built, receive grants for schoolbooks and gain acceptance of free education in areas where it had not been accepted due to religious reasons or personal pride not to accept handouts. She convinced someone to hire her to

run a charter free school, only to be replaced by a man and demoted to assistant because the job was not seen fit for a woman.

In 1855, Barton started work at the U.S. Patent Office in Washington, DC, She was the first woman to receive a federal clerkship at equal pay to men (Bacon-Foster, 1918). Epler (1915) writes that Barton was again demoted to a copyist and eventually ousted after a change in the political administration and the political opposition to women working in government positions. She returned to Oxford for two years, Epler explains, before being recalled to the Patent Office, under the same Buchanan administration that had fired her, to clean up the disorganized records. This series of events is the first recorded occurrence of Barton supporting the abolitionist movement (Epler, 1915).

Barton was in Washington when the 6th Massachusetts Army arrived, responding to President Lincoln's call for the protection of Washington (Epler, 1915). The Army was attacked while traveling through Baltimore and upon its arrival in Washington, Barton cared for the wounded—marking her first battlefield experience (Epler, 1915). Her ties to the 6th Massachusetts were close, as she had been acquainted with those wounded for whom she was now providing care (Epler, 1915).

Epler (1915) details Barton's plight to break Army protocol disallowing women on the frontlines in order to provide organized medical care to the soldiers. Barton continued her work in Washington where she visited the sick and wounded and provided medical supplies. She was called home to care for her father who had fallen ill. While there, Barton confessed to her father that she had desired to care for the sick and wounded. Her father replied that she should go if she thought it was her duty. After her father's passing, Barton returned to Washington. Her persistence again paid off in 1862 where she was granted permission to travel freely to the front lines to provide assistance and comfort (Bacon-Foster, 1918). Her hard work and success resulted in her 1863 appointment to Superintendent of Nurses in the James Army (Bacon-Foster, 1918). Barton's renowned tenacity for cutting through the red tape to accomplish a task was unmatched and caused quick action when the military was unable to do something themselves (Bacon-Foster, 1918).

Barton remained active after the war. She became a national speaker and writer for easing the hardships of the freed African Americans and universal suffrage (National Park Service, n.d.-a). She also served as a vice president and keynote speaker at the First International Woman's Suffrage Conference in the nation's capital (National Park Service, n.d.-a). Additionally, Barton received President Lincoln's permission to open an office to respond to thousands of letters from families to soldiers who were missing or buried in unmarked graves (Bacon-Foster, 1918). The project was aptly named *The Search for the Missing Men* Barton personally funded the first \$7,000 of this project before requesting additional funding from Congress (Bacon-Foster, 1918). Congress unanimously responded with a \$15,000 appropriation to finish the project (Bacon-Foster, 1918). In total, Barton and her staff, funded by the U.S. Government, wrote over 60,000 replies, identifying 20,000 missing or buried men (National Park Service, n.d.-b).

After closing the Missing Men office, Barton toured the country giving lectures regarding her war experiences until she was overcome with exhaustion (Bacon-Foster, 1918). Upon the urging of her doctors, Barton retreated to be amongst friends in Switzerland (Bacon-Foster, 1918). While in Switzerland, the International Committee of the Red Cross (ICRC) visited her to inquire why the United States would not honor the Geneva Convention. Barton could not understand why the United States would not ratify the Convention, which provided for the indiscriminate relief of those wounded on the battlefield (Bacon-Foster, 1918).

Barton accepted an invitation to assist the ICRC during the Franco Prussian War (Bacon-Foster, 1918). Barton was impressed with the ICRC's actions,

No shot had been fired—no man had fallen—yet this organized, powerful commission was on its way, with its skilled agents, ready to receive, direct and dispense the charities and accumulations which the generous sympathies of twenty-two nations, if applied to, might place at its disposal. These men had treaty power to go directly on to any field, and work unmolested in full co-operation with the military commanders-in-chief; their supplies held sacred and their efforts recognized and seconded in every direction by either belligerent army. Not a man could lie uncared for or unfed. (Barton, 1906, p. 62)

Barton returned to the United States fully assimilated to the conventions and goals of the ICRC.

A. ANRC: THE EARLY YEARS

Barton returned to the United States as an appointed agent of the International Committee of Geneva (Bacon-Foster, 1918). Her first two attempts at gaining the President's approval were politely received and tabled by Congress (Epler, 1915). Barton waited for a change in administration. Under the Garfield administration and with further persistence, President James A. Garfield and Secretary of State, James G. Blaine endorsed the Red Cross movement (Epler, 1915).

The original committee, named the American Association of the Red Cross, was formed on May 21, 1881 and incorporated in July 1881 (Bacon-Foster, 1918) (United States Congress, 1900-a). The ANRC's founding constitution states four objectives for the ANRC:

- To secure the adoption by the Government of the United States of the Treaty of August 22, 1864—the first of the Geneva Conventions supporting improvement of the treatment of the wounded on the battlefield.
- To obtain official recognition by the Government of the United States, and to hold itself in readiness for communicating therewith at all times, to the end that its purposes may be more widely and effectually carried out.
- To organize a system of national relief and apply the same in mitigating the sufferings caused by war, pestilence, famine and other calamities.
- To collect and diffuse information touching the progress of mercy, the organization of national relief, the advancement of sanitary science and hospital service and its application.
- To co-operate with all other national societies, for the furtherance of the articles herein set for the, in such ways as are provided by the regulations governing such co-operation (Barton, 1906, pp. 46–48).

Congress ratified the ANRC's first two objectives in 1882 and 1900, respectively (Kosar, 2006).

Bacon-Foster (1918) documents the first times that the ANRC responds to crisis. In 1882, only weeks after founding its first local chapter in Dansville, New York, wild fires spread across Michigan, leaving hundreds homeless. The ANRC collected money and supplies to support relief efforts. However, its first major test arose during the Ohio River floods of 1882, 1883 and again in 1884. Barton and her staff moved \$175,000 (1918 USD) of supplies on specially chartered steamboats.

Bacon Foster continues to provide detail regarding Barton's trip to the International Conference of the Red Cross. Before the Ohio River flood operations were completed, the Government appointed Barton to be the United States representative to the International Conference of the Red Cross of 1884 held in Geneva, Switzerland. Barton was the only women in attendance and was recognized as the catalyst to gaining United States ratification of the Geneva Treaty.

In 1889, the ANRC responded when a mountain dam broke near Johnstown Pennsylvania (Bacon-Foster, 1918). The ANRC made its first international response when famine struck Russia (Bacon-Foster, 1918). The ANRC national office coordinated the shipment of tons of donated corn from the Western United States that paid for by the Order of the Elks (Bacon-Foster, 1918). Bacon-Foster (1918) notes that this is first time that the ANRC cooperated with other American relief agencies, and coordinated a national relief effort in response to an international disaster.

In 1894, The Governor of South Carolina requested that the ANRC coordinate the relief efforts after the coastal area was devastated by a tsunami (Bacon-Foster, 1918). The ANRC continued to respond and coordinate the nation's relief efforts in both national and international disasters including service to the Kurdish in Armenia in 1895 and in Cuba during the Spanish–American War in 1898 (Bacon-Foster, 1918).

Barton and the ANRC supported the United States and its military during the Spanish-American War, through recruitment of nurses to serve in wartime and providing medical supplies and other aid to troops (Bacon-Foster, 1918). This is the first time that the ANRC provided services to the American military at war (American National Red

Cross, n.d.-b). All of the ANRC's service to this point in history was conducted without a nationally recognized charter (American National Red Cross, n.d.-b).

On May 16, 1900, Republican Representative Fredrick H. Gillett during the 56th Congress was quoted, "To me personally it seems only right that as Miss Clara Barton and her associates have won for this emblem in our country the honor which it has, so that whenever we speak of the Red Cross Association it stands for the noble purposes and achievements—it seems to me only fair that it should be by law protected" (United States Congress, 1900-b, p. 5618). On 6 June, 1900 Congress granted the ANRC first national charter providing for its official recognition as a national entity (United States Congress, 1900-b).

On 8 September, 1900, a hurricane and tidal wave devastated Galveston, Texas. It was here in Texas that Barton directed her last major relief effort in response to the storm (National Park Service, n.d.-c). She and her ANRC delivered \$120,000, (1900 USD), worth of supplies (National Park Service, n.d.-c). Barton continued her work with the Red Cross until she resigned on May 14, 1904 due to a combination of health, internal ANRC conflict and accusations that she was mishandling funds (Epler, 1915). Barton was never charged with any crime (Bacon-Foster, 1918; Barton, 1906; Epler, 1915).

B. WORLD WAR I

The onset of World War I brought on the first surge in ANRC's recognition and membership. Local chapters numbered 3,864—a 361 percent surge—(American National Red Cross, n.d.-c). Membership grew to over 20 million adults and 11 million children (American National Red Cross, n.d.-c). The ANRC recruited over 20,000 nurses for military service and received \$400 million in donations (American National Red Cross, n.d.-c). With such support, the ANRC was able to staff hospitals and ambulance companies (Turk, 2006).

Turk (2006) writes about World War I and the ANRC first associations with famous people and pop culture. World War I marks the first of many famous people to support the ANRC. Ernest Hemmingway, Walt Disney and Ray Kroc—founder of McDonald's—were ANRC ambulance drivers in the ambulance corps. Songs and poems

celebrated the ANRC, and importantly, movies like *The Great Gatsby* romanticized the ANRC nurse. President Warren wrote “Perhaps of no other figure in American tradition have there been more stories, written, pictures painted and songs sung than of the American Red Cross Nurse. She has personified courage, sympathy and gentle strength in contrast with the brutality of war” (Dock, Pickett, Noyes, Clement, Fox, Van Meter, 1922, p. xvii). Additionally, in 1918, ANRC nurses volunteered to assist with battling the worldwide influenza epidemic (American National Red Cross, n.d.-b). The images in Figure 1 are a sample of the many posters that highlighted the ANRC nurse and mobilized the American public to support the troops through ARNC programs.

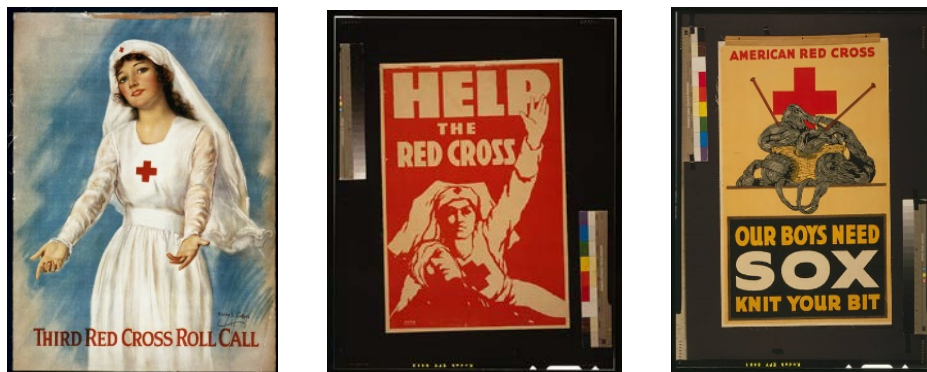


Figure 1. American Red Cross World War I Advertising Posters. Source: Haskell (1918), Roeg (1918), Chambers (1919).

C. WORLD WAR II

World War II provided another surge to ANRC membership, donations and brand image. The ANRC reached over 7.5 million volunteers—including donors—and 40,000 paid staff (Turk, 2006). By 1945, 36 million Americans—25 percent of the American population—had become members (Turk, 2006). The ANRC’s activities during World War II spanned the globe (Turk, 2006). At home, the “Gray Ladies” tended to the morale of wounded troops sent home while the Motor Corps transported wounded soldiers to stateside medical appointments and the canteen workers fed soldiers at train stations and ports (Turk, 2006). The Production Corps made garments, put together comfort kits and surgical dressings for the deployed troops (Turk, 2006).

Turk (2006) explains that the ANRC was the sole agency appointed by the Department of War to serve as the primary link between the American troops and their families. In this capacity, the ANRC facilitated 42 million messages. Turk continues to detail the additional services that the ANRC provided throughout the war. It opened 1,800 clubs for R&R throughout the European theatre, Northern Africa and the Pacific. Seven Thousand Red Cross Girls were sent overseas to comfort and serve coffee and donuts to deployed service members. The ANRC created mobile club cars—buses or 2.5 ton GMC trucks converted to mobile kitchens—which travelled to the front directly behind assaulting units and provided coffee, donuts and comfort (Turk, 2006). And at the request of the United States Government, the ANRC became a blood provider, collecting over 13 million pints of blood throughout the war (American National Red Cross, n.d.-b).

While many ANRC employees and volunteers were overseas supporting the troops, natural disasters continued to occur stateside and the Red Cross was there to provide for those affected. From 1939–1946, nearly 1 million Americans received disaster relief after fires and hurricanes (American National Red Cross, n.d.-d). The ANRC provided nurses to the polio epidemic continuing into the 1950s and continued to train Americans in health and safety subjects such as first aid, water safety, nutrition and home nursing (American National Red Cross, n.d.-d).

The World War II era made the ANRC synonymous with patriotism (Turk, 2006). Norman Rockwell painted patriotic magazine covers and other pictures as fund raising items, Bob Hope and Shirley Temple solicited the American public for donations (Turk, 2006). The images in Figure 2 are a few of the popular posters that built link between patriotism and the ANRC.



Figure 2. American Red Cross World War I Advertising Posters. Source: Kauffman (1942), Green (1943), Frissell (n.d.).

D. POST-WORLD WAR II

The Red Cross continued its services overseas to liberated prisoners of war (POW) and others on their way home (American National Red Cross, n.d.-d). At home, the ANRC provided comfort to troops at their points of arrival and across the country as they made their way home (American National Red Cross, n.d.-d). The ANRC provided additional guidance and comfort to families and wounded service members returning from the War and established long term programs at veteran's hospitals to operate in peacetime (American National Red Cross, n.d.-d). The ANRC transitioned much of its entertainment services to the Army Special Services after the War's end. Additionally, the ANRC assisted in rebuilding of the Japanese Red Cross in 1945 (American National Red Cross, n.d.-e).

The ANRC terminated its wartime blood collection program in 1945 and revitalized it in 1948 as a national civilian donation program (American National Red Cross, n.d.-f). According to Gilbert M. Gaul's book, *The Blood Brokers—Red Cross: From Disaster Relief to Blood* (1989), a key motive to restart collection was to have a program that would keep the ANRC in the forefront of American's minds. Currently, there are 35 regional blood centers covering the continental United States and Puerto Rico (American National Red Cross, n.d.-f). The ANRC resumed wartime blood collection and distribution during the Korean War (American National Red Cross, n.d.-g).

E. KOREA

The ANRC maintained a chapter in Seoul, Korea to support Americans living there after World War II (American National Red Cross, n.d.-g). Its presence and mission changed after the Russians invaded Korea in 1950 and defeated the Japanese, who had controlled Korea since 1920 (Trueman, 2016). The United States responded by sending in a force to occupy the South and prevent the Russians from controlling the entire country and hence, the ANRC expanded services to maintain a link between the troops and their families (American National Red Cross, n.d.-g). In 1948, the Russians formed a communist government in North Korea and South Korea formed their own government (Trueman, 2016). As a result, both the Russian and the United States forces withdrew from Korea (Trueman, 2016). The majority of the ANRC left Korea along with the U.S. forces (American National Red Cross, n.d.-g). A few ANRC members remained in South Korea to assist the Korean Red Cross after years of Japanese control (American National Red Cross, n.d.-g).

The Red Cross returned to South Korea after a United Nations Security Council resolution made the United States the lead nation in response to North Korea's offensive into South Korea (American National Red Cross, n.d.-g). The ANRC sent paid and volunteer staff to support its Service to the Armed Forces and Veterans (SAF&V) program in Korea (American National Red Cross, n.d.-g). The SAF&V provided services at military installations, military hospitals, home services, veteran's hospitals, veteran's administrative offices and recreational program (American National Red Cross, n.d.-g).

The services at military installations were conducted at home and abroad. Services provided included facilitating communication between troops and their families, providing financial assistance and counseling and comfort items (American National Red Cross, n.d.-g).

Services provided at military hospitals was also conducted at home and abroad. Through this program, the ANRC provided service members a free call home after being wounded, moral support, counseling, recreational activities and comfort items (American National Red Cross, n.d.-g).

Services provided within the United States primarily benefitted the families of deployed troops. Through this portion of the SAF&V program counseling services and additional communication links were provided to deployed service members and their families during family crises, while some families received financial assistance (American National Red Cross, n.d.-g).

Other SAF&V program segments were services provided at veteran's hospitals and veteran's administrative offices. These segments provided general assistance and assistance with obtaining compensation and other aid for service and war related injuries (American National Red Cross, n.d.-g).

The ANRC revitalized its recreational programs in 1950 upon a request from the U.S. military (American National Red Cross, n.d.-g). The ANRC reproduced its successful canteens, clubs and mobile units to entertain and comfort all United Nations troops in Korea (American National Red Cross, n.d.-g). The ANRC provided these services until surrendering them to the U.S. military, upon request in 1952 (American National Red Cross, n.d.-g).

At the request of the United States Department of Defense (DOD), the ANRC began participation in a blood donor program in 1950 (American National Red Cross, n.d.-g). The program was similar to the one it participated in during World War II and was intended to meet the military's requirements for blood and plasma (American National Red Cross, n.d.-g). In response to the program's frequent shortfalls, President Truman issued a directive to develop a program to collect, store and distribute blood to meet American requirements (American National Red Cross, n.d.-g). In response, the DOD created the National Blood Program in 1952. This program established the ANRC as the coordinating body to meet the Nation's blood needs. (American National Red Cross, n.d.-g). The program continued until the war's end. The ANRC reports that it collected nearly five million pints of blood for the military. The ANRC claims that as a result of the blood program, introduction of helicopters and M.A.S.H. units there was a three percent reduction in deaths of wounded troops reaching an aid station when compared to World War II and a nine percent reduction from World War I (American National Red Cross, n.d.-g).

Prior to the end of the war, The ANRC participated in Operation *Little Switch* coordinated, which executed the exchange of 684 United Nations and 6,670 North Korean and Chinese forces (American National Red Cross, n.d.-g). The ANRC provided comfort items to the United Nations prisoners and additional services as they returned to Japan and the United States (American National Red Cross, n.d.-g).

At the end of the war, the North Koreans and Chinese demanded that the ICRC not act in its traditional role during prisoner exchanges, because they believed the ICRC to be biased towards the United Nations (American National Red Cross, n.d.-g). The United Nations agreed to allow Red Cross Society teams consisting of Red Cross Society members from all both sides to visit POW camps and assist with prisoner exchanges (American National Red Cross, n.d.-g). As a crucial part of these teams, the ANRC provided supplies and comfort items while they were still in the hands of the North Koreans (American National Red Cross, n.d.-g). Beginning in August, 1953, Operation *Big Switch* facilitated the exchange and release of 12,773 United Nations and 75,823 POWs (American National Red Cross, n.d.-g). Notably, 22,604 United Nations and 359 Communist prisoners requested to stay with their captors (American National Red Cross, n.d.-g). The Indian Red Cross Society—a United Nations neutral organization—facilitated their cases (American National Red Cross, n.d.-g).

The ANRC created a successful recreational program in response to the U.S. military's request to augment its own recreational activities program. Known as the Supplemental Recreational Activities Overseas (SRAO), the program provided teams of paid, college educated women to travel abroad to remote locations to deliver refreshments and entertainment to troops (American National Red Cross, n.d.-g).

At the peak of Korean War operations, The ANRC sustained a world-wide average of 10,000 workers aboard military facilities, 54,000 volunteers facilitating the blood collection program and 58,000 in military hospitals and veteran's hospitals (American National Red Cross, n.d.-g). Two ANRC workers perished in service during the Korean War (American National Red Cross, n.d.-g).

As part of a post-war agreement, the United States left security forces in South Korea. The ANRC remained and continued to provide SAF&V services for the security forces (American National Red Cross, n.d.-g). The ANRC in Korea also responded to the kidnapping of the USS Pueblo crew in 1968 (American National Red Cross, n.d.-g). It provided services to the crew and their families through their repatriation a year later (American National Red Cross, n.d.-g).

As the number of military family members in South Korea grew, so did the need for the Red Cross to expand its services. The Red Cross transitioned its recreational programs to include family members, and its chapter had grown to the size reminiscent of a chapter in the United States (American National Red Cross, n.d.-g). The ANRC remains active on the United States military bases in Korea of today.

F. BAY OF PIGS

On April 17, 1961 a failed CIA attack intended to overthrow Cuban dictator, Fidel Castro, using anti-Castro Cuban exiles in the United States led to the capture of approximately 1,200 United States attackers (Gilman, 2004). On Dec 21, 1962 the United States and Cuba signed an agreement to release the 1,113 prisoners in exchange for \$53M USD in food and medicine (Central Intelligence Agency, 2009). However, the United States Government could not be involved in providing such aid to a communist dictator (Yanez, 2012). To absolve the Government, the ANRC was recruited to collect and deliver the goods donated by private donors and companies expecting tax deductions (United States State Department, 1962). Members of the Cuban Red Cross traveled to the United States to inspect the goods as they were being loaded onto the ship for deliver (United States State Department, 1962). The ANRC sent a bilingual team, led by Gloria Villa, on the ship to deliver the donations and process prisoners (Yanez, 2012). Viall's was significant to the operation, because she knew many of the prisoners (Yanez, 2012).

G. VIETNAM

The Red Cross responded to the call of war again in Vietnam. Peaking in 1968, (American National Red Cross, n.d.-h). Nearly 500 ANRC workers and volunteers provided aid, comfort and drug treatment programs in military hospitals and re-

established back the SRAO program at the request of military leaders (American National Red Cross, n.d.-h).

In 1954, the ANRC worked alongside the South Vietnamese Red Cross to provide services to South Vietnamese refugees (American National Red Cross, n.d.-h). The ANRC operated 50 refugee camps in conjunction with the United States Agency for International Development, the South Vietnamese government and the South Vietnamese Red Cross Society (American National Red Cross, n.d.-h). Additionally, in 1975, the Red Cross greeted and provided nursing care to 2,000 South Vietnamese children being relocated to the United States during Operation *Babylift* (American National Red Cross, n.d.-h). Again in 1975, the Red Cross provided comfort and care to tens of thousands of Vietnamese and Cambodian refugees begin relocated around the world in Operation *New Life* (American National Red Cross, n.d.-h).

In the United States, the Red Cross maintained its service in veteran's and military hospitals for returning troops and its support to military families (American National Red Cross, n.d.-h). In particular was its facilitation of communication between families and deployed service members. In 1969 the Red Cross took part in the *Write Hanoi* drive, in which the ANRC wrote 2,414 letters and forwarded nearly 20,000 additional letters from POW family members to the ICRC headquarters in Geneva, Switzerland (American National Red Cross, n.d.-h). The ICRC gave the letters to the Government of North Vietnam in order to be delivered to POWS (American National Red Cross, n.d.-h).

Additional POW support included bi-monthly food shipments to POWs held in North Vietnam (American National Red Cross, n.d.-h). Some POWs claim that they would have never survived without ANRC food packages (Turk, 2006). As the end of the war drew near, the ANRC accepted POW packets containing personal information regarding prisoners scheduled for release and participated in *Operation Homecoming* in the Philippines and 31 U.S. military hospitals—providing returning troops aid and comfort items (American National Red Cross, n.d.-h). The ANRC left Vietnam along with the withdrawal of U.S. troops in 1973, but remained in Thailand to continue support operations (American National Red Cross, n.d.-h).

H. POST-VIETNAM—2004

The amount of detailed literature regarding ANRC military support between Vietnam and present day is lacking. Though, the ANRC did quickly respond to operation *Desert Shield*. Sending its first workers to the Persian Gulf within a week of the first troop deployments (American National Red Cross, n.d.-b). Enduring the same grueling conditions as the troops, the ANRC workers delivered 215,000 emergency communications to and from troops and provided frontline and rear area support and comfort (American National Red Cross, n.d.-b). At home, the ANRC workers provided \$1.72 million (1990 USD) of aid and services to 4,700 members and their families (American National Red Cross, n.d.-b). The ANRC has continued this type of support throughout the years of peaceful deployments and continues their support for Operations *Enduring* and *Iraqi Freedom*.

Immediately following the September 11, 2001 terrorist attacks, the ANRC workers rushed to the World Trade Center to offer aid. They set up shelters away from the attack site and, within hours, mental health and homeless shelters were ready to provide for those in need (American Red Cross in Greater New York, 2012). Over the following year, the ANRC collected over \$1 billion (2002 USD) in support of the recovery efforts (American Red Cross in Greater New York, 2012). The ANRC faced scrutiny regarding the expenditure of these funds. At a 2001 House Energy and Commerce Committee's oversight panel the ANRC President faced questions regarding the handling of the donated funds, because the majority of the donated funds had not yet been distributed (CNN, 2001). The ANRC claimed that it was using funds from an older account, previously earmarked for terrorist attacks, and that the recently, donated funds were to be used for ongoing efforts or being reserved for a future attack (CNN, 2001).

Along with other Red Cross and Red Crescent Societies, the ANRC responded to the tsunami of December 2004 (American National Red Cross, 2006-a). The tsunami killed more than 200,000 people, displaced an additional two million people and affected the lives of people 12 countries in Southeast Asia and East Africa (American National Red Cross, 2006-a). Initially, the ANRC assisted in providing and delivering food, water,

relief items and much needed measles and polio vaccinations (American National Red Cross, 2006-a).

Anticipating that the tsunami recovery was going to be a long term effort, the ANRC set up a long term recovery program. American National Red Cross, (2006-a) provides an account of the ANRC *Tsunami Recovery Program*. The program consisted of over 70 projects intended to restore survivor's lives. The program's strategic goal was to assist communities with restoring water and sanitation resources, provide psychosocial support and shelter, establish overall health resources and disease prevention, restore livelihoods and provide education and resources for disaster preparedness in the future. The ANRC expended nearly \$600 million (2006 USD) in response to the tsunami (American National Red Cross, 2006-a).

The ANRC has 135 years of experience conducting fundraising campaigns, providing disaster relief, providing services to our military and fulfilling the United States' responsibilities to the Geneva Convention Treaty. Since its inception in 1881, it has faced multiple scandals of embezzlement, accusations of mishandling of funds and racism and yet, has continued to grow as an organization, expand its capacity to provide services within its competencies and remained as one of the Nation's premier nonprofit, NGO, disaster relief agencies.

III. LITERATURE REVIEW

A. BACKGROUND LITERATURE

In this chapter, we review the literature on humanitarian logistics including the capabilities, competencies and finances of NGOs providing humanitarian assistance and disaster relief (HADR).

The study of humanitarian logistics was first prominently acknowledged following the December 26, 2004 Sumatra earthquake and the ensuing tsunami which affected millions throughout Southeast Asia and East Africa (Thomas & Kopczak, 2005). Humanitarian logistics embraces an array of undertakings, including disaster preparedness, planning, supply and services, transportation and more to ameliorate human suffering. (Tomasini & Van Wassenhove, 2009).

The President of the United States and the DOD have recognized HADR as a key mission to promote world security and stability (Apte & Yoho, 2012). Therefore, it is essential for governments and NGOs to improve upon their humanitarian logistics capabilities and teamwork as natural and man-made disasters are projected to rise as a result of urbanization, disease and environmental degradation (Apte & Hudgens, 2015).

Organizations must understand which areas of HADR they are most suited to respond to, i.e., its core competencies. Core competencies are an organization's key abilities, which have been honed to provide a competitive advantage (Business Dictionary, n.d.). An organization's disaster response efficacy relies in its capacity to identify, apply and function within its core competencies (Apte & Hudgens, 2015). Three criteria are used to identify core capabilities for disaster relief organizations (Apte & Yoho, 2012). Apte & Yoho provide definitions for each of the criteria. First, the capability should be unique or provided in excess capacity to other responding organizations. Second, the capability must be able to be applied across a wide array of disasters ranging from quick onset—tornado—to slow onset—drought and the size of the area affected from small to large. Lastly, the results of application should have a

significant impact toward the recovery. Figure 3 outlines the key capabilities to delivering resources to those affected by disaster as summarized by Apte & Yoho (2012).

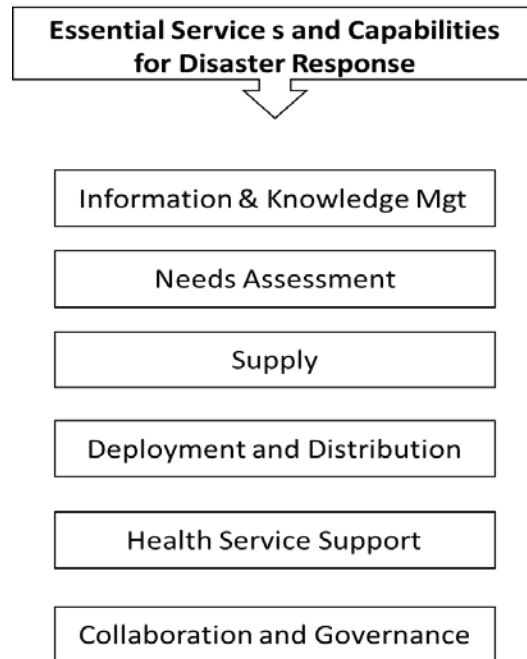


Figure 3. Essential Services and Capabilities for Disaster Response.
Source: Apte and Yoho (2012).

Information and knowledge management is a key to gathering information to conduct a needs assessment, conducting the initial response to a disaster and for continuous development of a common operating picture to manage response operations (Apte & Yoho, 2012).

Apte and Yoho (2012) provide a definition of and the requirements for a needs assessment. The needs assessment is a critical phase of humanitarian operations. This phase must be able to identify the areas affected, the type and scale of destruction as well as the resources required to provide for the correct needs and alleviate human suffering. The needs assessment provides vital information required to set up the most effective supply chain including distribution networks and decoupling locations.

Supply is the third capability. Supply includes procurement, staging, warehousing and inventory management operations (Apte & Yoho, 2012). Any involved agency must

evaluate its current supply posture to include locations of prepositioned equipment and supplies and how it is going to move resources to the most effective location for employment and distribution with its limited resources. Of particular concern to NGOs is the management of donated supplies (Apte & Yoho, 2012). Disasters often bring in large donations of a wide array of goods (Stamm & Villarreal, 2009). However, the goods may not be relevant to the need, or may not be suitable for distribution in any circumstance. NGOs without the capability to sort through these types of donations partner with other NGOs that specialize in sorting and redistribution (Stamm & Villarreal, 2009). For example, the ANRC partners with the Salvation Army (Stamm & Villarreal, 2009). The Salvation Army has the manpower to sort and redistribute or resell donated goods (Stamm & Villarreal, 2009).

Deployment and distribution are critical aspects of being able to deliver aid. Large disasters which cause significant damage to the infrastructure require specialized equipment to move supplies and provide services. Apte and Yoho (2012) identify the military as an agency that can provide specialized sea and airlift capabilities to relief efforts.

Health Services Support operations aim to relieve pain and suffering and prevent death. Militaries and NGOs provide redundant capabilities, but are able to complement one another through unique medical equipment and facilities—U.S. medical ships—or unique transportation equipment (Apte & Yoho, 2012).

Collaboration is defined as two agencies working together toward the same goal (Apte & Yoho, 2012). Outside of humanitarian assistance there would appear to be little need for collaboration between NGOs and governments. Many aspects of relief operations are dynamic and require flexibility which means that it is imperative for each organization to be flexible and work within the diverse network of coordinators and providers during relief operations (Apte & Yoho, 2012).

Governance is a function of command and control. Understanding a hierarchy of command or relief responsibilities aids in providing effective and efficient relief (Apte &

Yoho, 2012). Good governance can be achieved through predetermined response plans or responsibilities or evaluation drills.

An understanding of each organization's strengths and weaknesses would provide planners the opportunity distribute resources in a manner that would be complimentary and prevent duplication of efforts across the affected area (Apte & Yoho, 2012). An illustration of the financial efficiencies—the ratio between service-related expenses and total expenses—provide coordinating agencies an understanding of the NGO's financial posture (Apte & Hudgens, 2015). An analysis of an NGO's capabilities provide coordinating agencies with a better understanding of what the NGO brings to the operation and allows for better planning and distribution of supplies, services and manpower (Apte & Hudgens, 2015).

The Sphere Project (2011) provides a means to evaluate an organization's capabilities. The Sphere Handbook is a widely accepted benchmark set of collective principles and universal minimum standards for humanitarian assistance (The Sphere Project, 2011). The Sphere Handbook amasses evidence-based minimum standards covering four essential functions: water supply, sanitation and hygiene promotion; food security and nutrition; shelter, settlement and non-food items; and health action (The Sphere Project, 2011).

While the Sphere Project provides essential functions and minimum standards, a planner requires a more detailed measurement of competency within these functions. The combination of financial efficiencies, financial posture and a clear depiction of the level of competency in each Sphere function provides a better level understanding for planners to collaborate and effectively distribute resources (Apte & Hudgens, 2015).

Historically the ANRC utilized war time media coverage to its favor. It supported the American war efforts through fundraising activities and by energizing the patriotism of the American citizenship (Rozario, 2003). Today, according to ANRC consolidated financial statements from 2005–2015, the ANRC generates much of its revenue from private contributions and reimbursement for some of its services, such as the sale of blood products and health and safety classes. Occasionally, the ANRC will seek

appropriations for services that are beyond the scope of being supported through private donations. The ANRC also receives money from the United States government for services that it is contracted to provide during domestic disaster relief and to meet the provisions of the Geneva Convention (Grabianowski, 2006).

Kingma (1995) discusses how local ANRC chapters generate revenue by charging a fee for its health and safety classes such as basic first-aid, basic lifesaving, cardiopulmonary resuscitation and other classes. These revenue and others from donations are used to provide benefits to communities. Kingma (1995) also describes how local chapters get unrestricted funding from three categories: United Way funding and fundraising, sales of products and services and other income (Kingma, 1995).

Other fund raising methods used are: direct mail, fundraising events, advertisements, television, radio, grants, Internet appeals, planned giving, cause-related marketing, membership appeals, face-to-face appeals and text appeals (Give.org, n.d.). The ANRC national headquarters, located in Washington, DC manages the corporate fundraising drives.

B. FOCUSED LITERATURE

We examine the ANRC website to gain an understanding of its specific mission, capabilities, and financial history. An understanding of the ANRC's capabilities and effectiveness can be obtained by analyzing the ANRC's annual reports and audited consolidated financial statements. Comprehending a group's financial condition usually starts by analyzing its financial statements. Detailed analysis of an organization's financial information can provide a user with important information not expressed in the written portion of the annual and managerial reports (Nonprofits Assistance Fund, 2014).

The ANRC's annual report presents the organization's highlights and achievements for the year. The reports detail the impact its charitable program services have. The ANRC's charitable program services focus on these five programs:

- People affected by disasters in America
- Support for members of the military and their families
- Blood collection, processing and distribution

- Health and safety education and training
- International relief and development (American National Red Cross, n.d.-b).

We begin our financial research with ANRC fiscal year 2005 because it was the earliest year that we could obtain consolidated financial statements, annual reports and IRS Tax Form 990s, which we used to build the scope of ANRC operations.. Coincidentally, 2005 was also one of the most active and destructive Atlantic hurricane seasons on record including Hurricane Katrina. The following paragraphs are a summary of significant information gleaned from the referenced documents.

The majority of relief provided by the ARNC during 2005 was in response to major hurricanes. The ANRC provides details of its response to the 2005 hurricane season in its publication *In the Face of Recovery: The American Red Cross Response to Hurricanes Katrina, Rita and Wilma*. In the fall of 2005 Hurricane Katrina affected in excess of 90,000 square miles and destroyed more than 350,000 homes. The ANRC responded with its largest relief efforts to date providing 245,000 volunteers, 3.8 million overnight stays at 1,400 shelters in 27 states, making 68 million meals and snacks and managing 1.4 million financial assistance cases. For the first time in its history the ANRC prepared 1 million meals in one day. Katrina's affects were felt for years after the storm had passed, and the ANRC remained on site to provide assistance. As late as two years after the storm passing ANRC case workers and survivors worked together to derive a customized recovery plan, which focused on housing needs, job search and retraining and transportation. The ANRC pooled its resources and partners to meet the survivor's needs (American National Red Cross, 2007-a).

2006 was a year of continued operations for the ANRC. The majority of its disaster relief and humanitarian assistance operations were focused on recovering from past disasters—Hurricanes Katrina, Rita and Wilma, the Indonesian tsunami. The ANRC continued aggressive work delivering measles and malaria prevention medication and HIV/AIDS awareness training to high risk countries (American National Red Cross, 2006-b).

The 2007 ANRC Annual Report provides significant operational statistics. The 2007 Southern California wildfires created the largest evacuation in California's history. Twenty-three fires displaced 500,000 people and destroyed 500,000 acres and the structures within. The ANRC responded with 5,300 workers—most of which were volunteers—providing 30,000 overnight stays at 40 shelters. The ANRC deployed numerous Emergency Response Vehicles which delivered thousands of pallets of food, water and comfort items. Many ANRC partnerships were put to the test during the wildfires. Walmart responded by donating food, water and sheltering items and followed with \$1 million cash donation. Toyota provided \$2 million of in kind donations of food and water. A new partnership with the Business Roundtable an organization consisting of 160 executive officers of major corporations and the Red Cross structured to organize resources and provide a complete and effective response to disasters. The alliance provided for the rapid communication of needs and a quick response for delivery of supplies, storage space and other logistical needs (American National Red Cross, 2007-b).

The ARNC reported its major operational relief efforts in its 2008 Annual Report. The ANRC provided more than 48,000 aid workers participated in to 131 large scale relief operations including response to hurricanes, wildfires, winter storms and floods. Resulting in the provision of 531,000 overnight stays at more than 1,400 shelters, the preparation of over 18 million meals and snacks and the distribution of more than 337,000 clean up and comfort kits (American National Red Cross, 2008-a).

The 2009 operational statistics are provided in the 2009 ANRC Annual Report. The ANRC responded to more than 67,000 large and small scale domestic disasters during the year. Internationally, the ANRC provided support to over 5 million people in 34 countries and assisted 15 countries with disaster preparedness or risk reduction. The ANRC also, protected 118 million people by providing measles and malaria protection or HIV/AIDS education (American National Red Cross, 2009-a).

The 2009 Annual Report details additional domestic and international efforts. The ANRC increased efforts to ensure for the protection of human rights. As part of these efforts it trained 400 instructors in the Rule of Law and provided Rule of Law

information to 10,000 people internationally. During FY 2009, Walmart donated \$5 million USD to assist the ANRC with disaster preparedness throughout the United States. Additionally, Walmart hosted many blood drives which collected a total of 375,000 blood donations nationwide. The ANRC reached 1.2 million service members and their families through the *Get to Know Us before You Need Us* program and delivered 475,000 emergency messages. Further, the ANRC donated 11,000 phone cards and 145,000 pounds of coffee to deployed service members and provided \$6.1 million USD in grants to military families (American National Red Cross, 2009-a).

The ANRC publication *Delivering Relief, Inspiring Hope—2010 Disaster Relief Program Review* provides operational information for 2010 (American National Red Cross, 2010-a). The ANRC responded with 10,000 workers to 33 large-scale missions including an earthquake and tsunami in American Samoa. In total the ANRC opened 212 shelters which provided in excess of 25,000 overnight stays and distributed approximately 761,000 comfort and clean-up kits. The response to the 8.1 magnitude earthquake and tsunami in American Samoa included 400 disaster workers from the Continental U.S. and local offices who opened 14 shelters, prepared more than 45,000 meals and snacks and distributed more than 88,000 comfort and clean-up kits. Many of these supplies were directly pulled from an ANRC warehouse on the island. In cooperation with FEMA it was able to ensure efficient distribution of shelters and supplies. The ANRC mental health team worked with the local faith based organizations to ensure for the mental health of the children and with other NGOs to address other specific needs beyond immediate comfort and care (American National Red Cross, 2010-a).

During FY 2011 the ANRC responded to 135 large scale operations spanning 42 states. Covering 28 tornados in eighteen states, hurricanes affecting all east coast states, central U.S. and Rio Grande River floods and numerous wildfires (American National Red Cross, 2011-a). In total the ANRC projected more than 20,000 workers providing 283 shelters, preparing 3.2 million meals and snacks, distributing two million comfort and clean-up kits and making 95,000 health and mental health contacts (American National Red Cross, 2011-a). The ANRC signed a memorandum of understanding with

FEMA outlining ANRC roles and responsibilities within the NRF (American National Red Cross, 2011-a). Ultimately, making the ANRC the lead agency to provide food, water, shelter and basic health and mental health services in response to national events (American National Red Cross, 2011-a).

The ANRC Disaster Services Program Review, Fiscal Year 2011 provides detail of significant achievements. FY 2011 saw the ANRC reach an agreement with its 150th partner including community, civic, faith-based, advocacy, labor unions and business and NGOs. Of particular note is the agreement with the YMCA. The agreement sought to collaborate with the YMCA to use its facilities as potential shelters in time of need. Throughout FY 2011, 250 new shelters were identified through this agreement. The ANRC introduced the Saba Learning System. Saba allows the ANRC to record and track the training history of all its volunteers, employees and any person that attended an ANRC class in a single system. The Saba system eliminates multiple localized contracts, which were used to record and track training (American National Red Cross, 2011-a).

The 2012 Annual Report offers operational details and accomplishments for the year. The ANRC responded to more than 61,000 large and small scale disasters during FY 2012. Thousands of ANRC workers opened 1431 shelters, prepared 3.6 million meals and snacks and provided basic health and mental health for many others. Of particular note, the ANRC mobilized the nearly all of its emergency response vehicle and moved tens of thousands of prepackage meals to the East Coast in response to Hurricane Irene. The ANRC partnered with AmeriCorps and the Southern Baptist Convention to provide meals and shelter to thousands in need. In efforts to continue to strengthen relationships with partner organizations, the ANRC hosted 16 partner organizations at its first *From Readiness to Response Disaster* Conference. The conference facilitated collaboration and training amongst disaster responders and ANRC staff. The ANRC trained and assisted with training disaster volunteers for its NGO partners such as the Salvation Army, the National Baptist Convention USA and Islamic Relief USA (IRUSA) (American National Red Cross, 2012-a).

Operational Statistics for 2013 are provided in the 2013 ANRC Annual Report. Thirty-five thousand ANRC relief workers deployed to support hundreds of large

disasters. The ANRC opened 916 shelters, prepared 19.6 million meals and snacks, distributed 7.8 million comfort and cleanup kits and made 187,000 health and mental health contacts across 39 states and Puerto Rico. Superstorm Sandy affected millions of people causing \$68 billion USD in damage. Eight-and-a-half million people were without power and thousands were rendered homeless. Immediately ANRC workers went door to door to distribute comfort, hygiene and cleanup items and made provided health and mental health services. Including the support provided in the years following the storm the ANRC provided \$91 million USD in grants to partner organizations with specialized services targeting home repair and rebuild. The ANRC's Superstorm Sandy two-year update states that the ARNC provided \$32.2 million USD in grants to 5,100 individual household to meet family shelter and basic needs (American National Red Cross, 2013-a).

The *2013 Disaster Cycle Services* report provides additional response and organizational achievement information. The ANRC released six mobile applications—First Aid, Hurricane, Tornado, Flood, Wildfire and Team Red Cross. The First Aid application provides information on how to respond to a specific medical emergency. The applications named after disasters provide information regarding preparation, warning and recovery and aid information. The Team Red Cross application provides localized disaster information and ways that citizens can volunteer. The applications are a means for the ANRC to communicate vital information to the public, but also a way for the ANRC Digital Disaster Operations Center to use information being passed by the public and shape relief operations (American National Red Cross, 2013-b).

The ARNC provides major operational information its *2014 Disaster Relief Update*. The ANRC responded to large scale disasters in 47 states and Puerto Rico in FY 2014. 11,000 aid workers opened 2,000 shelters, prepared 1.1 million meals and snacks, and made 66,300 health and mental health contacts. Internationally, the ANRC responded to 23 disasters or conflicts spanning 25 countries. Through these operations, the ANRC assisted 5.5 million people and reunited 1,100 families separated by conflict or disaster. Inclusive was support given after Typhoon Haiyan in the Philippine Islands and \$2.3

million USD to support those displaced by conflict in Syria (American National Red Cross, 2014-a).

The ANRC reports its 2015 operational statistics and achievements in its *2015 Disaster Relief Update*. The ANRC responded to tornados, home fires, floods and wildfires; 13,000 aid workers provided 32,000 overnight stays, prepared 980,000 meals and snacks, distributed 500,000 comfort and cleanup kits and made 35,000 health and mental health contacts. Including its response to flooding in over 100 Texas counties. Throughout FY 2015 the ANRC responded to 23 international disasters or conflicts spanning 31 countries and assisted 7.8 million people, reunited 4,200 families separated by conflict or disaster and provided 84,000 small grants to families to help get back on their feet (American National Red Cross, 2015-a).

The inaugural year of the ANRC Home Fire Campaign is detailed in the *2015 Disaster Relief Update*. The campaign's intent is to reduce home fire deaths and injuries by 25 percent in the United States. Teaming with local fire departments, the ANRC and firefighters provided smoke detectors and replaced batteries in homes located in high risk areas. Through its Pillowcase Project, the ANRC provided education regarding fire prevention, fire reaction and coping skills to school aged children around the country (American National Red Cross, 2015-a).

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IV. AMERICAN NATIONAL RED CROSS: PATH DEPENDENCY AND STRUCTURE

The ANRC's organizational durability is founded on how the organization was built, the services it provides and the people that support it—its path dependency. Path dependency can be defined in two ways—business and economic. Business path dependency is defined as, the unique steps taken to get to an end state that results in a hard-to-reproduce competitive advantage (Collins & Montgomery, 2008). Economic path dependency is defined as the tendency to choose the status quo even though there are better alternative solutions available (Investopedia, n.d.).

A. PATH DEPENDENCY

The ANRC's federal charter establishes its mission and purpose, and outlines its responsibilities to the United States government and its people. Additionally, the 135-year history of brand recognition, world-wide humanitarian relief, services, advertising and media coverage has created a loyal following of volunteers and donors whom are unlikely to choose other NGOs when needs arises.

1. Federal Charter and the Purpose of the American National Red Cross

A corporation's purpose, governance, structure, legal standing, powers and authorities can be found in its charter. Understanding these elements is essential to gaining insight into an organization's strategies and operating procedures.

Kosar (2006) explains the details provided in the federal charter. A charter is a statute that establishes a corporation. The ANRC was first chartered by Congress to satisfy some of the countries obligations agreed upon in the Geneva Convention of August 22, 1864 and was designated as a disaster relief organization (Kosar, 2006).

The charter has been reissued once and amended nine times since 1900 (Kosar, 2006). The reissuance of the federal charter resulted from the appearance of unscrupulous management of the ANRC finances and an internal power struggle (Bacon-Foster, 1918). Barton ran the corporation, from raising funds to distributing funds at disaster sites.

Barton was financially stable from her post war lecture tour and often mixed her personal money into relief money (Bacon-Foster, 1918). This practice opened the door for scrutiny. Combined with a power struggle within the organization, Congress repealed the charter and reissued it to make amends for the complaints regarding the handling of funds and governance structure (Epler, 1915, p. 236; Kosar, 2006). The two most important amendments were implemented in 1947 and 2007. The amendments made significant changes to the organizational structure in an attempt to make the board more democratic and less politically driven; the number of political appointees was reduced, corrections to the size and job descriptions for the Board of Directors were implemented to include the position of Ombudsman to provide operational and financial oversight (American National Red Cross, n.d.-i; Kosar, 2013).

The United States Government Publishing Office makes available the United States Code, which provides the details of the relationship between the United States Government and the ANRC. The ANRC's federal charter is listed under United States Code, Title 36, Congressionally Chartered Non-Profit Corporations, Subtitle III, Treaty Obligation Organizations. The United States Code is a collection of general and permanent laws of the country and consists of 53 Titles. It is published by the Office of the Law Revision Counsel of the U.S. House of Representatives. United States Code, Title 36 is Patriotic and National Observances, Ceremonies and Organizations. It consists of three subtitles—I Patriotic and National Observances, II Patriotic and National Ceremonies and III Treaty Obligation Organizations. The ANRC is the sole organization listed under Subtitle III (U.S. Government Publishing Office, n.d.).

The charter provides a level of protection not granted to other nonprofits (Kosar, 2006). As written, the charter establishes the ANRC as an instrumentality of the federal government (United States House of Representatives, n.d.). Its instrumentality is established within three purposes prescribed in the charter: (1) its purpose to carry out many of the Nation's responsibilities as per the Geneva Convention, (2) serve as a national relief agency (3) provide uninterrupted communication between the military and their families (United States House of Representatives, n.d.).

We first look at the ANRC's obligation to provide for many of the concords of the Geneva Convention Treaty (American National Red Cross, n.d.-i). The ARNC has been the only organization ever assigned to provide for these conventions, and has over a century of experience providing for these conventions. The other National Red Cross and Crescent Societies provide for these conventions for their parent governments and the International Federation of the Red Cross and Red Crescent Societies (IFRC) is the leader for the International Movement of the Red Cross and Red Crescent (International Federation of Red Cross and Red Crescent Societies, n.d.-a). The Movement sets the universal humanitarian agenda and routinely addresses and works with the members of the Geneva Treaty (International Federation of Red Cross and Red Crescent Societies, n.d.-a). Finding a new organization to execute these duties would be impossible for the U.S. government (International Federation of Red Cross and Red Crescent Societies, n.d.-a).

Second, we examine the ANRC's obligation as a relief organization for the country. It provides relief to victims of disasters both large and small (American National Red Cross, 2015-b). Yet, its inclusion in FEMA's NRF as the sole, by name NGO responsible for providing services under multiple ESFs grounds the ARNC's purpose to the Nation (Federal Emergency Management Agency, 2016). Additionally, the years of having a close working relationship with FEMA and other federal agencies within the NRF further solidifies the barriers to entry for other NGOs to attempt to take on the role as the Nation's relief organization.

Thirdly, the ANRC is to provide 24-hours-a-day, 7-days-a-week communication between United States military members and their families (American National Red Cross, n.d.-i). The ANRC has been the sole provider of this service to the Nation for over 100 years. It has built a support system which includes an emergency communications network, relationships with the DOD and Department of Veterans Affairs (VA), a financial grant program and support and counseling programs to support the service members and their families. Veteran's organizations provide some of the same types of services on a smaller scale, but do not appear to have the domestic and overseas access to service members that the ANRC does.

For tax purposes, the ANRC is defined by the Internal Revenue Code, 501 (c)(3) as a nonprofit, charitable organization (American National Red Cross, 2014-b). The IRS provides information regarding nonprofit status and responsibilities. It defines a nonprofit as a charitable organization which is structured and functions for exempt purposes (Internal Revenue Service, n.d.). Internal Revenue Service, (n.d.) continues to provide details of what nonprofits must do to maintain their status. None of the nonprofits revenues may benefit a private shareholder. Furthermore, the organization may not operate to influence legislation, nor may it participate in any campaign activities for political candidates. Tax exempt purposes include but are not limited to charitable, religious, educational, scientific and testing for public safety. Charitable purposes are outlined in the Internal Revenue Code to include “relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; ...lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law” (Internal Revenue Service, n.d.).

Many relief agencies in the United States are nonprofit, tax exempt organizations. It is the ANRC’s instrumentality to the Federal government and the status it provides as a treaty obligation organization that set it apart from all other NGOs in the United States. These characteristics are the foundation of the ANRC’s primary competitive advantage.

2. Mission

An organization’s mission statement defines that organization’s current purpose and goals and is a part of its corporate strategy. The mission will assist in identifying what an organization provides and how it focuses its efforts. The ANRC’s mission statement is broad and states that its purpose is to prevent and alleviate “human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors” (American National Red Cross, n.d.-a). The ANRC website provides a general view of the programs and services that it offers to support its mission.

A vision statement is different than a mission statement. A mission statement is the current organizational direction and the vision statement is the futuristic

organizational direction. The ANRC's vision statement conveys that through the work of volunteers, donors and partners, the ANRC will be where it is needed (American National Red Cross, n.d.-a). That the ANRC desires to turn worldwide compassion into worldwide action to provide care, shelter and hope to those affected by disaster (American National Red Cross, n.d.-a). Further, that the ANRC will ensure for disaster and emergency preparedness through its blood collection, health and safety services programs and Red Cross responder training (American National Red Cross, n.d.-a). Finally, the Red Cross will provide support and comfort wherever the United States Armed Forces are in need (American National Red Cross, n.d.-a).

To further guide the ANRC in its endeavor, it prescribes to the seven Fundamental Principles of the Global Red Cross Network. The Global Red Cross Network consists of the IFRC, ICRC and all National Red Cross Societies (International Federation of Red Cross and Red Crescent Societies, n.d.-a). The seven principles are Humanity, Impartiality, Neutrality, Independence, Voluntary Service, Unity and Universality (American National Red Cross, n.d.-a).

The first of the fundamentals is Humanity. American National Red Cross, (n.d.-a) provides descriptions of each fundamental. This fundamental seeks to prevent and relieve human suffering anywhere that it exists by protecting human life, health and dignity through common understanding and friendships. The second fundamental, Impartiality, mandates that the ANRC does not discriminate its services based on nationality, race, religion, economic class or political choices. Thirdly, the principle of Neutrality states that the ANRC does not choose sides in any matter. Interdependence is a reminder that the ANRC, is an extension of the United States Government and subject to its laws, but must remain autonomous so that it can execute its duties. The fifth principle is Voluntary Service and is a reminder that the organization does not exist for personal gain. Unity, the sixth principle, is the bond between the ANRC and the citizens of the United States. The final principle, Universality, is a reminder that the ANRC is part of the worldwide Red Cross and that all members have equal status and responsibilities and a duty to assist each other (American National Red Cross, n.d.-a).

A business strategy outlines how an organization will compete within the markets it has chosen to operate. The ANRC operates in five self-defined service areas—Disaster Relief, Military Support, Blood Collection, Health and Safety Services and International Services (American National Red Cross, 2011-b). These service areas align directly with its vision statement. Our research focuses specifically on the ANRC’s ability to provide its services within the United States and its territories.

The ANRC’s Disaster Relief services respond to a plethora of calamities to include; house fires, tornados, earthquakes, hurricanes and wildfires. The ANRC claims to respond to more than 60,000 domestic large and small scale disasters annually (American National Red Cross, 2015-b). The ANRC is capable of providing shelter, food and snacks, health and mental health assistance and basic personal and clean up items (American National Red Cross, 2011-b). Most importantly, the ANRC is a signee of the United States Department of Homeland Security, National Response Framework (NRF), which aligns it with the Nation’s federal response agencies and roots its purpose into a well-established, well-funded network of assistance organizations with a formal and deliberate plan of action for disaster preparedness and response (Federal Emergency Management Agency, 2016).

Federal Emergency Management Agency (2016) is the NRF, which is an all-inclusive plan which establishes a multi-disciplinary, single framework for the management of national disasters. The NRF participants are guided by its priorities and principles, which are expressly written in the document. The priorities are “to save lives, protect property and the environment, stabilize the incident and provide for basic human needs” (Federal Emergency Management Agency, 2016). The NRF principles are: “(1) engaged partnership, (2) tiered response, (3) scalable, flexible, and adaptable operational capabilities, (4) unity of effort through unified command and (5) readiness to act” Other co-signers of the NRF include a conglomeration of federal agencies, cabinet offices and other volunteer organizations” (Federal Emergency Management Agency, 2016).

Federal Emergency Management Agency (2016) defines and assigns responsibilities based on Emergency Support Functions (ESF), which offer a modular framework to activate the precise agencies and capabilities required to respond to specific

incidents. For example, a tornado affecting a three block, rural area requires minimal response, whereas, a flood affecting hundreds of thousands of people requires a larger response with broader capabilities and longer lasting logistical and services footprint.

As a cosigner of the NRF, the ANRC has pledged itself to provide disaster relief services and resources to support 5 of the 15 ESFs (Federal Emergency Management Agency, 2016). Table 1 provides the five ESFs and the corresponding purpose for which the ANRC has pledged its support.

Table 1. Emergency Support Functions. Adapted from Federal Emergency Management Agency (2016).

ESF Title	ESF Provisions
Information and Planning	Collects, analyzes, processes, and disseminates information about a potential or actual incident, and conducts deliberate and crisis action planning activities to facilitate the overall activities in providing assistance to the whole community.
Mass Care, Emergency Assistance, Temporary Housing, and Human Services	Coordinates and provides life-sustaining resources, essential services, and statutory programs when the needs of disaster survivors exceed local, state, tribal, territorial, and insular area government capabilities.
Logistics	Integrates whole community logistics incident planning and support for timely and efficient delivery of supplies, equipment, services, and facilities. It also facilitates comprehensive logistics planning, technical assistance, training, education, exercise, incident response, and sustainment that leverage the capability and resources of Federal logistics partners, public and private stakeholders, and nongovernmental organizations (NGOs) in support of both responders and disaster survivors.
Public and Mental Health	Provides the mechanism for Federal assistance to supplement local, state, tribal, territorial, and insular area resources in response to a disaster, emergency, or incident that may lead to a public health, medical, behavioral, or human service emergency, including those that have international implications”
External Affairs	Provides accurate, coordinated, timely, and accessible information to affected audiences, including governments, media, the private sector, and the local populace, including children; those with disabilities and others with access and functional needs, and individuals with limited English proficiency.

The Services to the Armed Forces (SAF) Program meets a Congressional mandate to facilitate communication between members of the Armed Forces and their families (American National Red Cross, n.d.-i). The primary function of the SAF is to provide for continuous communication between the family and service member in emergency situations. However, the program offers many other benefits. Each ANRC, SAF volunteer is VA certified to assist service members with a litany of benefits information and testify on their behalf at the Board of Veteran's Appeals (American National Red Cross, 2011-b). Additionally, the SAF provides comfort and care items and refreshments through its canteen operations at military hospitals, VA hospitals, and rehabilitation facilities (American National Red Cross, 2011-b).

The ANRC's 2011 publication of its *Guide to Services provides details pertaining to its Health and Safety Services program*. Through this program the ANRC target saving lives, promote a sense of community and a culture of preparedness in an effort to reduce the loss of life and prevent human suffering during these disasters. The ANRC is well known in most communities for providing courses on first aid, CPR, lifeguarding, caregiving and babysitting. Additionally, the ANRC works with national and state governments to assist communities in preparation for disasters and other life-threatening events. Programs like *Be Red Cross Ready* provide instructions and materials to prepare for disasters and the Home Fire Campaign provides instructions and resources to be prepared for a house fire (American National Red Cross, 2011-b).

American National Red Cross (2011-b) continues with detail regarding its International Services program. Its goals center on assisting people world-wide to prepare for, respond to and recover from disasters, life-threatening health conditions and armed conflicts. The ANRC international programs target disaster management, disease prevention and promotion of international humanitarian law. It realizes these objectives by working within the global Red Cross and Red Crescent Societies network to strengthen global leadership, financial resources, and preparedness and response capabilities. Partnerships with other organizations around the world compliment preparedness and response capabilities (American National Red Cross, 2011-b).

The ANRC business strategy includes being deeply involved with supporting governmental services and operations (American National Red Cross, n.d.-j). Its role in the NRF, support to the military and its partnerships are key factors in why the ANRC is relevant to the American public.

3. Corporate Culture and Branding

Corporate culture is defined as an organization's set of ideals and behaviors which add to its social and psychological environment (Robbins & Judge, 2012). Corporate culture is comprised of organizational experiences, expectations and values, and is conveyed in its self-image and relationships with its partners and customers, which have evolved over the life of the organization.

The ANRC relies on volunteers. Each volunteer is subjected to a basic background check and receives ANRC indoctrination training, specifically targeting ANRC values and how to identify with those *customers* that they will interact with (American National Red Cross, n.d.-k). American National Red Cross, (n.d.-k) continues to provide detail regarding ANRC volunteers. The background check provides the ANRC with a level of assurance that the volunteer is not a dangerous criminal. The indoctrination to ANRC values sets the expectations for what the volunteers are supposed to provide, how they should provide it and what they should expect from the ANRC. The indoctrination to empathize with *customers* links ANRC employees and volunteers to those it serves. This link is intended to drive volunteers to a high level understanding of how the *customer* feels and to drive them to a high level of performance to call on ANRC resources and provide them in the most efficient, useable product at the right time and location (American National Red Cross, n.d.-k). From a corporate stance, the link between values and empathy for the *customer* should spurn innovation. For example, the introduction of the mobile applications in 2006 that provide preparedness information, weather and disaster alerts and post disaster information (American National Red Cross, 2006-b). The applications provide millions with valuable information that links the ANRC as the lead provider of information and relief services.

Branding is the marketing process of creating a name, or symbol that customers can identify and differentiate from other products (Pollatta, 2011). Effective branding can provide a company with a competitive advantage (Stec, 2015), and informs the customer of who you are, what you provide and your dedication to quality of service (Pollatta, 2011).

Branding includes an organizational logo, (Pollatta, 2011), which is communicated through every marketing product utilized—advertising materials, websites, at events and packaging. A brand strategy is how, what, where, when and to whom you will communicate your brand (Stec, 2015). Consistent, strategic branding results in added value to the company’s products and services and customer loyalty (Stec, 2015).

The ANRC is fortunate to have the universally recognized symbol of a red cross. Yet, that symbol alone does not address the success that the ANRC has accomplished in the past 135 years. The ANRC is as concerned as any other business is with its brand and corporate culture. It has worked hard to build a brand that spans every living American generation.

The ANRC delivers a package of services that is horizontally integrated. Each of its five service areas complement one another by providing services that serve a common theme communicated in its mission and vision statements posted on its website—“prevents and alleviates human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors” (American National Red Cross, n.d.-a). Through horizontal integration, the ARNC reaches a broader base and is able to create a sense of belonging and responsibility amongst those that come into contact with the ANRC.

The ANRC’s service to the military spans its entire history and touches over 100,000 people annually. Many service members—especially POWs—that receive ANRC comfort and aid during wartime have returned to be ANRC volunteers, which in turn created a sense of service within their families (Turk, 2006). Service members who

have returned to volunteer with the ANRC have stayed for their lifetime and some have become executives within the organization (Turk, 2006).

The ANRC is the most recognized organization to donate blood to. It collected over 5 million units of blood from approximately 3 million donors in 2015 (American National Red Cross, 2015-b). Most people involved in ANRC blood drives are volunteers and remain with the ANRC for years, if not a lifetime (Turk, 2006). The return donors and return volunteer workers pass on their positive experiences to family and friends (Turk, 2006). We conclude that this process assists with ARNC recruitment.

According to ANRC tax documents (2005–2015), the ANRC health and safety services attract many people from all age groups. Millions of people are trained every year in a variety of skills such as basic swimming, babysitting, CPR and first aid. Additionally, the ANRC has touched tens of thousands more lives of grade school aged children with its fire safety program and does so through collaboration with local fire departments (American National Red Cross, 2015-b). Many of which it will be working with when responding to local disasters.

According to the past 11 years of ANRC annual reports and IRS tax forms 990, it responds to nearly 70,000 domestic disasters and provides international services to approximately 25 countries. Domestically, the ARNC routinely arrives quickly to the scene of many disasters such as house fires and is the first to provide comfort to the family. The first impression and emotional connection created when the ANRC tells a family that they have a place to stay, clothes to put on, meals for their family and money for gas to go to work is invaluable to the ARNC and creates new generations of those that feel they should give back by donating time and money through the ANRC.

The ANRC constructed a culture that has been in the works since those days in the 1800s when Barton provided medical care and comfort to soldiers in Washington, DC, Its culture extends beyond its programs and services operations to people of high repute. The inclusion of these figures as part of the ARNC culture and brand provides it with a larger piece of the fundraising and volunteer base.

The ANRC website includes a special area entitled *Celebrity Cabinet* (American National Red Cross, n.d.-l). The webpage highlights celebrities who it claims to be on call to donate their time, talents and money to the ANRC. The page provides links to TV shows that have helped advertise or raise money for the ANRC.

Prior to a slow onset disaster, such as a major hurricane, or after a major disaster like 9/11 the President of the United States—an honorary ARNC chairman (American National Red Cross, 2016-a)—will address the media and the Nation. During those addresses, the President always recognizes the ANRC as a place to donate time and money (Locker, 2016). Additionally, many celebrities will take advantage of their free publicity or take to social media to tell their fans that they are donating the ARNC (Weiss, 2016). While conducting this research, we observed ANRC partner corporations and sports broadcasts posting donation links or phone numbers on their website or on TV shows in the wake of hurricane Matthew, 2016. These corporate endorsements entice people to donate to the ANRC even though it may not be the best choice to provide the support the donor is looking to provide.

The use of movies, magazines and posters were instrumental in the ARNC gaining popularity in the early 20th century (Turk, 2006). The ANRC has not lost track of the impact that celebrities and pop culture have had on its donor base, and works hard to cultivate the financial and branding impacts it has on its business.

The combination of branding—an external view of the organization—and corporate culture—an internal view of the organization—have created a strong brand recognition and a bond between the ANRC and generations of Americans. Americans who will continue to donate and volunteer with the ANRC. The results of the ANRC branding are easily recognized during major disasters.

4. Vertical Integration

Vertical integration is an organizational strategy in which a business operates multiple stages of a production process. This strategy is associated with reducing costs and creating competitive advantages. The ANRC is a leader in blood collection and blood supply safety, research and testing. It owns its blood collection, testing, processing and

sale of blood products processes (American National Red Cross, 2010-a). It was among the first to research, develop and integrate blood testing for infectious diseases including, HIV, hepatitis B and C and many more (American National Red Cross, n.d.-m). Although ANRC financial statements show that its biomedical business has lost money over the past few years, the business and the associated patents are hard to recreate and strengthen its position as a national asset in providing blood products and its other services at all times.

5. Partnerships

The ANRC is partnered with over 150 major corporations and a plethora of local businesses (American National Red Cross, 2015-b). All of which augment the ANRC with funding, supplies and services for all types of disasters. The financial and logistical resources of these organizations add to ANRC capabilities and program services. It is difficult to ascertain how much these corporations and small businesses provide annually, because of how the ANRC lists its revenue sources on its consolidated financial statements and IRS Tax Form 990. Yet, the partnerships with corporations such as Walmart, U-Haul, Home Depot and Grainger provide a strong indication that the resources are large and capable of responding to extremely large disasters in a short period of time. Additionally, associations with these businesses offer free advertising which links the ANRC to well-known and respected corporations. These relationships not only provide resources during disasters, but invaluable advertising, fundraising and branding during the down times.

6. Resiliency

The founding mother of the ANRC was also the first to be the target of corruption accusations (Epler, 1915). Epler continues to tell that Barton often mixed her personal monies with donated money. This opened the door to scrutiny. She was never officially charged. The ANRC continued with its mission and became stronger over the next century.

Questions concerning the ANRC's integrity continue to be raised after every recent major domestic disaster. Although there is no indication of personal money being

mixed with donations, there are many accusations—even from Congress—that charge the ANRC with misusing donations made for a particular disaster. Two specific examples are, after 9/11 and hurricane Katrina. Following 9/11 the ARNC received more than \$1 billion (2001 USD) in donations to help victims and their families (American Red Cross in Greater New York, 2012). The ARNC claimed that it was the top relief provider in the months following the attack (CNN, 2001). The misunderstanding was that the ANRC was spending funds from a fund earmarked for terrorist attacks built prior to 9/11, not from the \$1 billion donated in the wake of the attacks (CNN, 2001). In the wake of hurricane Katrina, the ANRC collected \$2.1 billion (2007 USD) in donations (American National Red Cross, 2007-a). As of the ANRC two year report, donations had not exceeded expenses (American National Red Cross, 2007-a). The ANRC IRS Tax Forms 990 from 2005–2006 state that the federal government reimbursed an additional \$94.3 million (2006 USD) for disaster relief services (American National Red Cross, 2006-c).

We conclude that donors unaware of the government contracts and ANRC participation in the NRF feel duped and perceive that the ARNC is double-dipping by asking for donations and receiving tax payer funding. We further believe that these feelings are the reason for continued scrutiny and are the leading cause of decreasing monetary and blood donations. Proper use of media, celebrity endorsements and truth in advertising to educate citizens may be the key to overcoming this negative attitude toward the ANRC. Although every argument made in favor of path dependency is important to ANRC resiliency, remaining relevant in the nonprofit, disaster response is as important to and verifies the ANRC's resiliency.

B. PATH DEPENDENCY OBSERVATIONS

The ANRC has built a nonprofit corporation rooted in preventing and alleviating human suffering by building an organization with a strong culture and brand, vertical integration and partnerships which have been nurtured and grown for over a century. The federal charter etches the ANRC into the Nation's governmental processes by meeting treaty obligations, strengthens the government's provisions to the military when deployed and provides a service to the American people through disaster relief. The ARNC

services package addresses each of these charter provisions, which solidifies its position in the country. The uniqueness of how the ANRC affects citizens of every age group in ways so differentiated as providing a warm blanket to Tara, a four-year old, at a house fire on a cold night all the way to providing babysitting lessons to Tara's child twenty years later—a uniqueness that is nearly impossible to quickly, or cheaply replicate. Together, the combined effects of these organizational characteristics have built a diverse, yet integrated, path dependency.

The ANRC is ingrained into the American government by virtue of its federal charter and the responsibilities set forth in it. The ANRC has worked for over a century to affix themselves into the lives of every American home and family. It provides comfort and care at nearly every domestic disaster from single family home fires to category five hurricanes. They are relevant. Its service programs touch lives in many diverse ways every day, which has built a cult-like following hard to replicate. Combined, these characteristics are nearly inimitable and makes it difficult to replace the ANRC with another organization.

C. ORGANIZATIONAL STRUCTURE

The ANRC is a subordinate unit of the IFRC and is included as part of the ICRC. As such, it is the United States representative at IFRC and ICRC conferences. Figure 4 is the hierarchal structure of the IFRC down through the ANRC chapters.

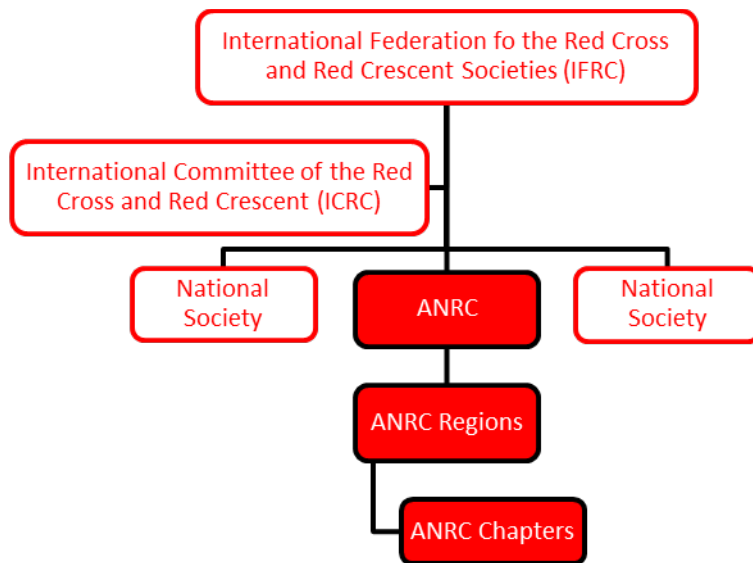


Figure 4. IFRC Structure

1. International Federation of the Red Cross and Red Crescent Societies

The League of Red Cross Societies—renamed IFRC in 1991—was created in 1919, in Paris as a result of World War I (International Federation of Red Cross and Red Crescent Societies, n.d.-b). The work of the various Red Cross societies during the war proved a need for a body that could coordinate the arduous work of providing for POWs and the sick and wounded (International Federation of Red Cross and Red Crescent Societies, n.d.-b).

The IFRC is the World’s largest humanitarian network and is assembled of 190 National Red Cross and Red Crescent Societies and its 17 million volunteers (International Federation of Red Cross and Red Crescent Societies, n.d.-a). The IFRC website states that its mission is to conduct relief operations during disasters and assist with strengthening the member National Societies capabilities. The IFRC focuses on four central areas: encouraging humanitarian values, disaster preparedness, disaster response and health and community care (International Federation of Red Cross and Red Crescent Societies, n.d.-c).

The IFRC Headquarters consists of a secretariat, Field delegations, General Assembly and the Governing Board (International Federation of Red Cross and Red

Crescent Societies, n.d.-d). The secretariat is responsible for the committee's operations and coordinates and mobilizes assistance for international emergencies, facilitates cooperation between member National Societies and represents the National Societies within the international humanitarian field (International Federation of Red Cross and Red Crescent Societies, n.d.-d).

The Field delegations facilitate cooperation between National Societies and act as advisors to the National Societies during relief operations and development programs (International Federation of Red Cross and Red Crescent Societies, n.d.-c). The network of National Societies provides the immense magnitude of services and operations that the IFRC can provide and is the backbone of the Federation (International Federation of Red Cross and Red Crescent Societies, n.d.-e).

The General Assembly is comprised of member National Societies—further explained in paragraph 3. The Assembly is the highest decision making body and meets every two years (International Federation of Red Cross and Red Crescent Societies, n.d.-d). International Federation of the Red Cross and Red Crescent Societies (2016-d) provides additional details concerning the Governing Board. It consists of the IFRC President, Vice President, representatives from elected member National Societies, the Chair of the Finance Commission and the Chair of the Youth commission. The Board has four mandated committees—Finance Commission, Youth Commission, Compliance & Mediation Committee and Election Committee—that meets twice a year, in between the General Assembly and is empowered to make a narrower range of decisions (International Federation of Red Cross and Red Crescent Societies, n.d.-d).

2. International Committee of the Red Cross and Red Crescent

Headquartered in Geneva, Switzerland and staffed by more than 12,000 people in 80 countries the ICRC is an impartial institution with a mission to provide for the victims of war and other violence and to protect their lives and dignity (International Federation of Red Cross and Red Crescent Societies, n.d.-f). In times of conflict, the ICRC directs and coordinates its societal member relief efforts and promotes humanitarian law and principles (International Federation of Red Cross and Red Crescent Societies, n.d.-f). The

ICRC claims that approximately 30 percent of its operational activities are executed in cooperation with the National Societies. According to the Geneva Conventions the ICRC is required to ensure for the humane treatment of prisoners of war and provide other relief services to those affected by war (International Federation of Red Cross and Red Crescent Societies, n.d.-f).

3. National Societies

The National Societies are the individual Red Cross and Red Crescent Societies that comprise the IFRC. Each society must have received a national charter from its government and provide an array of services which include services targeting the amelioration of death and suffering during disasters and times of war (International Federation of the Red Cross and Red Crescent Societies, n.d.-g). Each country is allowed only one national Red Cross or Red Crescent Society and each society provides assistance to its country in meeting its humanitarian treaty responsibilities and promotes international humanitarian law (International Federation of the Red Cross and Red Crescent Societies, n.d.-g). The IFRC and ICRC facilitate coordination with other national societies for relief and development projects. (International Federation of Red Cross and Red Crescent Societies, n.d.-f).

The United States Congress designated the ANRC as the Nation's Red Cross National Society as stated in the ANRC's Congressional Charter (American National Red Cross, n.d.-i). The ANRC is structured around a Board of Governors, various Board of Governor and Board of Governor appointed committees, chartered units and ANRC members. The ANRC operating guidelines are guided by its Congressional Charter and Corporate Bylaws (American National Red Cross, 2016-a).

The Board of Governors is the corporate governing body with all of the powers to direct and oversee the organization's activities (United States House of Representatives, n.d.). The Board consists of no less than 12 and no more than 20 officers serving one-year terms (United States House of Representatives, n.d.). The ANRC bylaws outline the duties of each member of the Board of Governors. The Board is also responsible for recommending a Chairman of the Board to the President of the United States—who is

responsible for appointing the Chairman of the board. The Board is also responsible for electing the Executive Committee. Figure 5 is a view of the ANRC organizational governance structure.

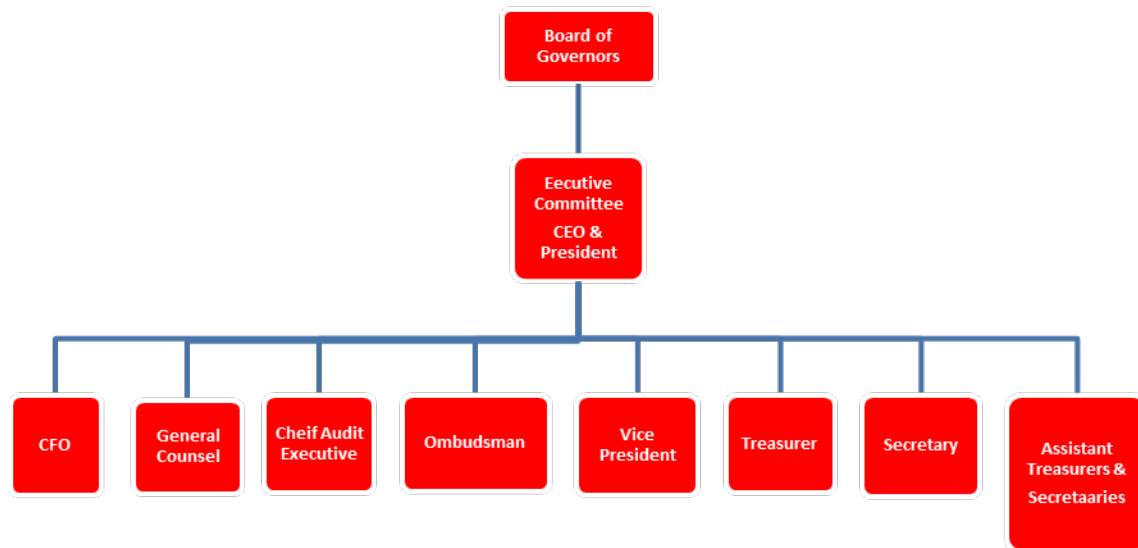


Figure 5. American National Red Cross Governance

According to the bylaws, the Board of Governors is able to create advisory councils. The advisory councils are not delegated any Board powers. They are only in action to advise the Board. At a minimum, the Board is required to have a Cabinet Council and International Movement Advisory Council (American National Red Cross, 2016-a).

American National Red Cross (2016-a) provides the details regarding the Cabinet Council. The Cabinet Council consists of 8 to 10 officers appointed by the President of the United States. Officers are selected from a pool of federal government executive offices and the United States Armed Forces officers with positions and interests which qualify them to execute the programs and purposes of the ANRC. At least one and no more than three of the Cabinet Council officers will be from the Armed Forces. (American National Red Cross, 2016-a). The requirement for the Cabinet Council and

Presidential appointment of officers is another ANRC link with the federal government. A link that expands its competitive advantage and raises the barriers to entry.

American National Red Cross (2016-a) provides minimum detail regarding the International Movement Advisory Council. The Council has the purpose, powers and authority as determined by the Board of Governors. We were unable to find any further details regarding this council.

According to a 2006 ANRC Board of Governors Report, the Board maintained eight specific committees; Executive, Biomedical Services, Finance, Disaster and Chapter Services, Audit, Public Support and International Services (American National Red Cross, 2006-d). With the exception of the Executive and Biomedical Committees, the committees were advisory in nature. The Executive Committee ran the corporation and needed the autonomy to do so. The Biomedical Committee was granted certain other powers and decision making authority due to the FDA's oversight of quality assurance and compliance requirements of biomedical services (American National Red Cross, 2006-d)

The significance of the Biomedical Services Committee having special powers and authority, is that it circumvents the separation between the operational responsibilities of the Executive Committee and the supervisory responsibilities of the Board of Governors (American National Red Cross, 2006-d). It is quite possible that this could create conflicts of interest between the Board of Governors, the Executive Committee and the Biomedical Services operations management (American National Red Cross, 2006-d).

The Biomedical Services Advisory Board is no longer listed in the 2016 bylaws. We are unable to clearly state why the committee is not listed in the 2012 by-laws, but the reason may be directly tied to the ANRC governance reorganization directed as part of the amendments to its federal charter in 2007.

American National Red Cross (2016-a) provides more detail regarding the Executive Committee. The Executive Committee operates much like any other corporation. Of note, the duties of the offices of the CEO and President can be executed

by the same person. In this case, the person serving will be called the CEO and there will be no office of the President. Each officer serves a one-year term, and are eligible for re-election or re-appointment.

A second important note is the office of the Ombudsman. Details regarding this office are outlined in American National Red Cross (2016-a). The Ombudsman may or may not be a corporate officer. The Ombudsman serves to independently, impartially, neutrally and informally resolve concerns and complaints from the many stakeholders. The Ombudsman submits regular reports to the CEO and the Audit and Risk Management Committee and an annual report to Congress and the Board of Governors. The Ombudsman reports directly to the CEO. The Ombudsman is appointed and removed by concurrence of the CEO and the Audit and Risk Management Committee. The addition of the Ombudsman office was a direct result of the American National Red Cross Governance Modernization Act of 2007, which was a Congressional attempt to direct the ANRC corporate to have more oversight of its internal operations vice the Board of Directors (Govtrack, n.d.).

American National Red Cross (2016-a) describes the importance and characteristics of local charter units. Local charter units are the centerpiece of ANRC operations. They deliver the ARNC products to the American people and execute the blood drives. The local ANRC charter units are legally part of the corporation. They include the Blood Service Regions and local chapters. The board of officers for each charter unit report to the CEO. The ANRC CEO has power to remove any chartered unit officer, revoke the charter and intervene in local affairs. The local board of officers is not compensated for officer duties and members cannot serve on the corporate board. Collected assets are considered ANRC Corporate property and will only be used as directed by the federal charter, Corporate Board of Governors, Corporate by-laws, or other policies and regulations set forth by the ANRC CEO (American National Red Cross, 2016-a).

The ANRC responds to a variety of domestic disasters ranging from single family house fires to disasters that cause a wide damage path and affect the lives of tens of thousands of people. Each type and size of disaster requires its own unique level of

response. The ANRC classifies its levels of response by the size of disaster and those effected (Spears & Palmer, 2014). Based on this information, it is able to determine the immediate level of response required—chapter, multi-chapter or regional, or national response. The ANRC level of response are:

- Level I—Chapter disaster response (e.g., single or small multi-family house fire or flood)
- Level II—Chapter response larger multi-family or neighborhood event (e.g., multi-family or apt fire)
- Level III—Multi-chapter, state, or regional disaster response
- Level IV and above—National HQ response (Spears & Palmer, 2014).

Understanding the levels of response aids disaster relief planners with anticipating the ANRC resources that will be available to a particular relief mission.

The ANRC's status as a nonprofit and an agent of the United States Government does not preclude it from operating like any other corporation. Its Board of Governors and Executive Committee operate just as any other corporation. They have operational management and oversight within each service program. There are two exceptions to the similarity to other corporations. The first is that the ARNC is a private entity and not responsible to any shareholder (Internal Revenue Service, n.d.). They are responsible to the American government, the public and its partners to provide the services as mandated in the federal charter. The second exception is that it is more closely monitored by the government as a stipulation of the purposes assigned within its federal charter and its responsibilities as a participant in the NRF (American National Red Cross, n.d.-i).

V. DATA COLLECTION AND OBSERVATIONS

A. CAPABILITIES AND COMPETENCIES

The ANRC's National Disaster Operations Center located in Washington, DC, plans for disaster response and leads ANRC relief operations year round. The office provides a means for the ANRC to be able to continuously evaluate its capabilities and competencies, and evolve to become a stronger relief organization. We gathered information regarding the ANRC capabilities and competencies and organized them in this list according to Apte and Yoho (2102) summarization of essential services and capabilities critical to providing aid to and addressing the needs to the areas and people affected.

1. Information and Knowledge Management

- Integrated with FEMA and other domestic response agencies (Federal Emergency Management Agency, 2016).
- Possesses deployable communications suites capable of communicating in the absence of cell towers and landline resources (American National Red Cross, 2013-c).
- ANRC National Headquarters maintains the Geospatial Technology Unit which provides preparedness and response, demographic information, weather monitoring (Tune, 2012).
- ANRC Digital Operations Center monitors social media to gather and disseminate information regarding affected locations and requirements (American National Red Cross, 2012-a).

2. Needs Assessment

- Disaster Assessment Teams located across the country trained to ANRC standards in needs assessment (American National Red Cross, 2016-b).
- Geospatial Technology unit provides up to date disaster mapping (Tune, 2012).

- Disaster technology kits including satellite equipment, computers and phones with capability to communicate with FEMA and other organizations within the NRF (American National Red Cross, 2013-c).
- Partnerships with FEMA, Weather Channel and other agencies provide additional assessment resources such as satellite and GIS information.
- Over a century of experience with needs assessment in all types of disasters.

3. Supply

- Maintains 32 National Disaster Field Supply Centers containing emergency relief supplies for 500,000 people (Parnell, n.d.).

Maintains five disaster relief operation hot sites for hurricane response—located in Baton Rouge, Hattiesburg, Montgomery, Richmond, Greensboro (Parnell, n.d.).

Partnerships with Grainger, Home Depot, Walmart, U-Haul and other national and local corporations provide an adaptable, agile and, aligned supply chain (American National Red Cross, 2011-a).

- Ability to prepare and serve 1 million meals per day with partner support (American National Red Cross, 2011-a).

4. Deployment and Distribution

- Organic vehicles including 320 emergency response vehicles and access to U-Haul vehicles, trailers and warehouses provide flexibility with and deployment of people and things (American National Red Cross, 2011-a; U-Haul, 2015).
- Partner corporations provide transportation things that they are providing to the relief efforts (American National Red Cross, 2011-a).
- In excess of 56,000 pre-identified shelter locations (American National Red Cross, 2011-a).

5. Health Services Support

- Disaster Action Teams include people trained to assess and assist with medical and emotional needs (American National Red Cross, 2011-a).
- Sphere Project competency in Water Supply, Sanitation and Hygiene Promotion (Apte & Hudgens, 2015).
- Full Sphere Project competency in Health Action (Apte & Hudgens, 2015).

6. Collaboration and Governance

a. Collaboration

- Integrated into the Department of Homeland Security and FEMA's NRF, which provides response structure and common communication amongst the lead planning agency (Federal Emergency Management Agency, 2016).
- Partners with many NGOs for disaster preparation, relief efforts and long term recovery (American National Red Cross, 2012-a).
- Partnered with 150 corporations to provide food, water, sanitation, shelter and health and mental health services (American National Red Cross, 2012-a).

b. Governance

- Extensive national network of regions, districts and chapters lead by a national headquarters (American National Red Cross, 2016-a)
- National headquarters oversees and directs supply chain, partnerships and relief operations (Parnell, n.d.).
- Federal government oversight of operations and finances (American National Red Cross, n.d.-i).

B. THE SPHERE PROJECT: AMERICAN NATIONAL RED CROSS

This section presents an explanation and analysis for the methods that was used to evaluate the performance of ANRC. Results of the ANRC Sphere evaluation are taken from Apte and Hudgens (2015). The origin of the Sphere Project can be traced back to the universal mission of the International Red Cross organizations.

The Sphere Project—or “Sphere”—was initiated in 1997 by a group of humanitarian non-governmental organizations and the International Red Cross and Red Crescent Movement. Their aim was to improve the quality of its actions during disaster response and to be held accountable for them. (The Sphere Project, 2011, p. 4)

Frandsen and Lawry (2009) state that “the aim of Sphere is to improve the quality of assistance to people affected by disaster including the accountability of states and humanitarian agencies to its constituents, donors and the affected populations” (p. 45). Many NGOs follow the Sphere Project’s humanitarian charter, protection principles and the core standards because of its near universal acceptance as the benchmark evaluation for minimum HADR standards measurement (The Sphere Project, 2011).

1. Sphere Project Data Collection Methodology

The primary resources we reviewed to obtain information relating to the ANRC’s competencies were the ANRC’s website, historical literature and Congressional research and information services specializing in reporting on U.S. nonprofit companies. Data used in a prior work from Harper, Koelkebeck, and Fitz-Gerald (2013), Earnest, Smith, and Stark (2014) and Apte and Hudgens (2015) was used and replicated in this report to expand the range as this is a follow-on to previous studies.

2. Sphere Project Performance Measures

There are four critical core competencies that have been established by the Sphere Project. Table 2 shows the four competencies which must be assessed for disaster response. Sphere Project (2011) detail the minimum standards that “cover four primary lifesaving areas of humanitarian aid: (1) water supply, sanitation and hygiene promotion (WASH); (2) food security and nutrition; (3) shelter, settlement and non-food items; (4)

and health action” (The Sphere Project, 2011, pp. 4–5). Previous work evaluated the critical core competencies of the ANRC. Harper et al. (2013) developed a color coded Sphere scorecard to evaluate the functional capabilities of an NGO and provide a coordinating agency a planning tool to distribute resources. The scorecard was later modified by Apte and Hudgens (2015) to assign numerical scores signifying a level of competency within a Sphere function. The modified card assigned a 0 to an NGO that had no competency in the respective Sphere function, a 1 if it had partial competency or a 2 if they had full competency (Apte & Hudgens, 2015).

According to the Spear Project 2011 handbook, the functions under WASH are: “hygiene promotion, water supply, excreta disposal, vector control, solid waste management and drainage.” The functions under food security and nutrition are: “food security and nutrition assessment, infant and young child feeding, management of acute malnutrition and micronutrient deficiencies, and food security.” Food security contains “food transfer, cash and voucher transfers and livelihoods.” The functions under shelter, settlement and non-food items are: “shelter and settlement and non-food items: clothing, bedding and household items.” The functions under health action are: “health systems and essential health services” (The Sphere Project, 2011).

Table 2. ANRC Sphere Performance Measures. Adapted from Earnest et al. (2014).

Sphere Performance Measures			
Core Competency	Function	Sub-Function	ANRC Score
Water supply, sanitation and hygiene promotion (WASH)	Hygiene promotion		2
	Water supply		2
	Excreta disposal		2
	Vector control		2
	Solid waste management		2
	Drainage		0
	Total		2
Food security and nutrition	Food security and nutrition assessment		2
	Infant and young child feeding		2
	Management of acute malnutrition and micronutrient deficiencies		2
	Food security	Food transfer	2
		Cash voucher	2
		Livelihoods	2
	Total		2
Shelter, settlement and non-food items	Shelter and settlement		2
	Non-Food items	Clothing	2
		Bedding	2
		Household items	2
	Total		2
Health action	Health Systems		2
	Essential Health Services		2
	Total		2

C. AMERICAN NATIONAL RED CROSS FINANCIAL DATA

We collected financial data from 2005 to 2015 for the ANRC. We were able to collect consolidated financial statements which is the ideal source to analyze its financial data. The consolidated financial statements are ideal they are independently audited and because they provide the details of its revenues and expenses by fiscal year. The ANRC's consolidated financial statements for 2005 to 2015 were found on the ANRC's publication webpage (American National Red Cross, n.d.-n). The ANRC's consolidated financial statements contains the statement of financial position, statement of activities, statement of functional expenses and statement of cash flows (American National Red Cross, n.d.-n). As Frumkin and Keating (2001) noted, "to ensure that financial statements are presented in consistent fashion year to year and are comparable between firms, audited financial statements must be prepared in accordance with *generally accepted accounting principles* (GAAP)" (Frumkin & Keating, 2001, p. 30).

We were also able to obtain the ANRC's IRS Form 990. The ANRC's IRS Form 990 for 2005 to 2015 was also found on the ANRC's publication webpage (American National Red Cross, n.d.-n). Form 990 provides transparency for an organization and allows the public to assess how the organization operates. This form is generated by the ANRC and provides yearly information about the mission, programs and finances of the organization. Nonprofits use this form to report its financial information. It provides information on the ANRC's mission, programs and finances. The financial numbers in its Form 990 is slightly different from the numbers reported in the consolidated financial statements because the numbers is a snapshot of the ANRC's finances at a particular period. Frumkin and Keating also mentions that the numbers reported in the IRS Form 990 are different because the 990 follow the cash method of accounting and consolidated financial statements are completed based off of the accrual method of accounting (Frumkin & Keating, 2001). Although slightly different, we found that the reported numbers on both forms are consistent and comparable. Another source we reviewed were the ANRC's published annual reports. The annual report of the ANRC is an account of its program activities conducted nationwide. These data were obtained directly from the ANRC's website.

The financial health of any organization is key to what it can provide. According to Brian Rhoa, ANRC’s Chief Financial Officer (2008-Present), the ANRC follows the GAAP accounting rules when they are preparing their financial statements. These financial statements are a rollup of the FY’s fiscal numbers and does not show the day to day financial transactions of the ANRC (Rhoa, 2012). Frumkin and Keating (2001) mentions that audited financial statements are constructed on an accrual basis, because GAAP “requires that revenues be recorded when earned and expenses when incurred” (p.29). On a day to day basis they mention that “many nonprofits maintain their records on a cash basis and convert them to an accrual basis to prepare the annual financial statements” (Frumkin & Keating, 2001, p. 30).

Table 3 shows the F total operating revenue, expense and changes in net asset from operations for FY 2005 to FY 2015. The ANRC saw a deficit in profit from FY 2007 to 2009, FY 2012, and FY 2014 to 2015. In these FYs, spending exceeded its revenue from operation. For a non-profit organization, “the change in net assets is a surplus or deficit that is carried forward. Rather than focusing on profit, a nonprofit focuses upon fulfilling its mission. Therefore, the annual surplus or deficit is not necessarily informative about a non-profit’s success” (Frumkin & Keating, 2001, p. 29).

Table 3. Total Revenue and Expense (in Thousands). Adapted from American National Red Cross (n.d.-n).

Fiscal Year	Total Operating Revenue	Total Operating Expense	Change in Net Asset From Operations
2005	\$3,919,257	\$3,427,689	\$491,388
2006	\$6,008,625	\$5,628,109	\$380,516
2007	\$3,175,241	\$3,451,294	\$(276,053)
2008	\$3,204,146	\$3,684,362	\$(480,216)
2009	\$3,320,269	\$3,440,046	\$(119,777)
2010	\$3,604,435	\$3,370,835	\$233,600
2011	\$3,470,535	\$3,439,585	\$30,950
2012	\$3,170,517	\$3,345,133	\$(174,616)
2013	\$3,435,941	\$3,380,583	\$55,358
2014	\$2,989,139	\$3,062,232	\$(73,093)
2015	\$2,737,513	\$2,896,839	\$(159,326)

ANRC's operating revenues from FY 2005 to FY 2015 are shown in Table 4. Operating revenues and gains come from five different funding sources: contributions, revenues from products and services, contracts (including federal government), investments income and other sources.

Table 4. Operating Revenues 2005–2015 (in Thousands). Adapted from American National Red Cross (n.d.-n).

Operating Revenues					
Fiscal Year	Contribution	Products and Services	Contracts	Investment Income	Other Revenues
2005	\$1,377,259	\$2,286,641	\$83,307	\$68,615	\$103,435
2006	\$3,212,824	\$2,306,859	\$311,435	\$109,979	\$67,528
2007	\$705,698	\$2,229,578	\$48,136	\$135,663	\$56,166
2008	\$782,880	\$2,269,234	\$51,363	\$92,481	\$8,188
2009	\$737,271	\$2,363,569	\$129,778	\$75,501	\$14,150
2010	\$1,061,137	\$2,364,488	\$89,282	\$48,595	\$40,933
2011	\$914,040	\$2,328,885	\$112,804	\$49,584	\$65,222
2012	\$670,048	\$2,290,746	\$82,552	\$58,100	\$69,071
2013	\$1,077,254	\$2,162,885	\$73,132	\$48,697	\$73,973
2014	\$723,057	\$2,019,245	\$73,933	\$85,838	\$87,066
2015	\$603,665	\$1,925,059	\$66,088	\$107,559	\$35,142
Mean	\$1,078,648	\$2,231,563	\$101,983	\$80,056	\$56,443
Std Dev	\$743,868	\$142,104	\$73,496	\$29,098	\$29,367

The two main sources of revenue for the ANRC are from contributions and from products and services. Figure 6 compares the top two revenue sources of the ANRC. Figure 6 shows a spike in contribution revenue in FY 2006. We assessed that the spike in contribution revenue in FY 2006 was also result of Hurricane Katrina. Total contribution fell significantly the following FY. Contribution increased again in FY 2010 where a devastating earthquake struck Haiti in January 2010. We also see another increase in contribution revenue from FY 2012 to FY 2013. Hurricane Sandy struck the East Coast of the United States in October 2012. Revenues from products and services remain fairly stable with an average of \$2,231,563 from FY 2005 to FY 2015.

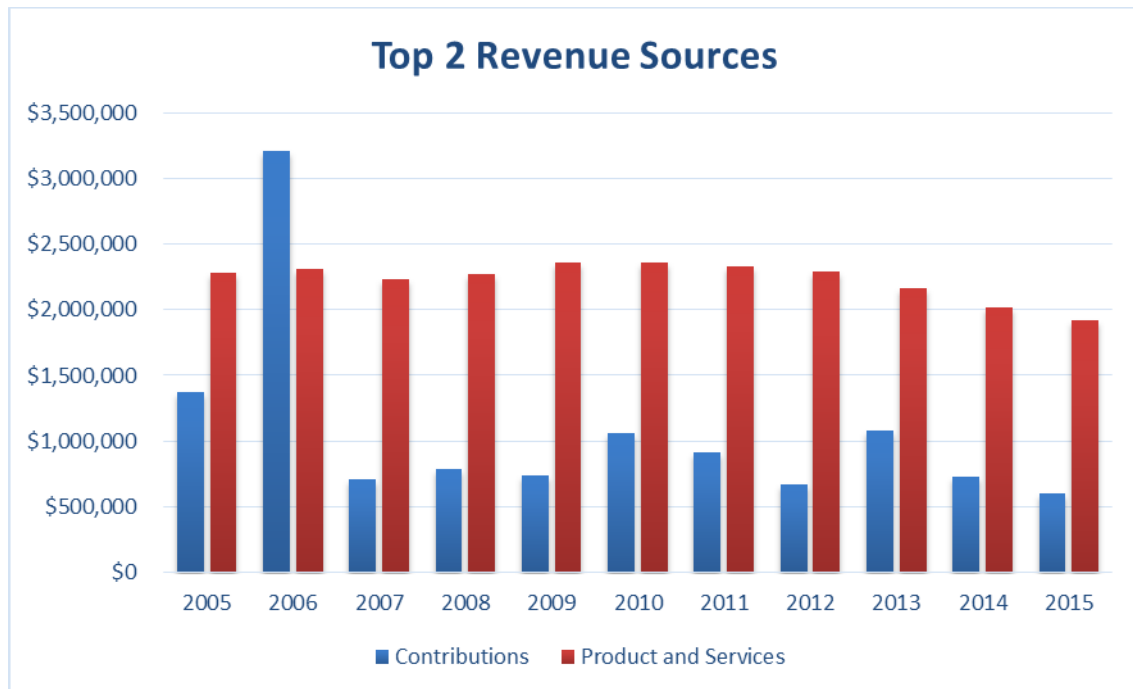


Figure 6. Top Two Revenue Sources (in Thousands). Adapted from American National Red Cross (n.d.-n).

Tables 5 and 6 further identify what are considered contribution revenues and products and services revenues. According to the ANRC's consolidated financial statements, products and services revenue include: biomedical and program materials. Contribution revenues include: corporate, foundation and individual giving; United Way and other federated; legacies and bequests; and services and materials (American National Red Cross, n.d.-n). ANRC's IRS Form 990 shows that contributions can also include both cash and non-cash such as in-kind services and goods. Non-cash contributions donated to the ANRC include items such as clothing and household goods, cars and other vehicles and food inventory. ANRC uses the fair market value method to determine the noncash contribution amount (American National Red Cross, n.d.-n).

Table 5. Contribution Revenues 2005–2015 (in Thousands). Adapted from American National Red Cross (n.d.-n)

Contribution Revenues:				
Fiscal Year	Corporate, foundation and individual giving	United Way and other federated	Legacies and bequests	Services and materials
2005	\$1,032,440	\$158,990	\$118,235	\$67,594
2006	\$2,719,496	\$162,300	\$92,687	\$238,341
2007	\$390,273	\$158,511	\$114,506	\$42,408
2008	\$480,195	\$141,700	\$115,921	\$45,064
2009	\$465,211	\$129,913	\$92,364	\$49,783
2010	\$813,928	\$119,825	\$92,496	\$34,888
2011	\$685,947	\$111,273	\$81,548	\$35,272
2012	\$437,768	\$100,227	\$94,629	\$37,424
2013	\$830,998	\$95,530	\$96,224	\$54,502
2014	\$510,099	\$103,739	\$86,241	\$22,978
2015	\$397,193	\$76,918	\$105,810	\$23,744

Table 6. Products and Services Revenue (in Thousands). Adapted from American National Red Cross (n.d.-n).

Products and Services Revenues:		
Fiscal Year	Biomedical	Program materials
2005	\$2,137,209	\$149,432
2006	\$2,165,172	\$141,687
2007	\$2,071,781	\$157,797
2008	\$2,118,581	\$150,653
2009	\$2,213,961	\$149,608
2010	\$2,219,162	\$145,326
2011	\$2,189,663	\$139,222
2012	\$2,153,870	\$136,876
2013	\$2,037,732	\$125,153
2014	\$1,889,790	\$129,455
2015	\$1,798,176	\$126,883

The next three revenue sources make up 7% of the total revenue from FY 2005 to FY 2015. Figure 7 shows the next three revenue sources: contracts, investment income and other. These three revenue sources are shown separately from the top two revenue sources because of the significant difference in amount. Revenues from contracts include federal government contracts. The spike in contract revenue in FY 2006 can also be linked to the results of Hurricane Katrina. According to the ANRC’s Consolidated Financial Statements, revenues from investment income consist of “interest and dividend income on investments and any gains approved for use” (Notes to Consolidated Financial Statements) in its current year operations (American National Red Cross, n.d.-n).

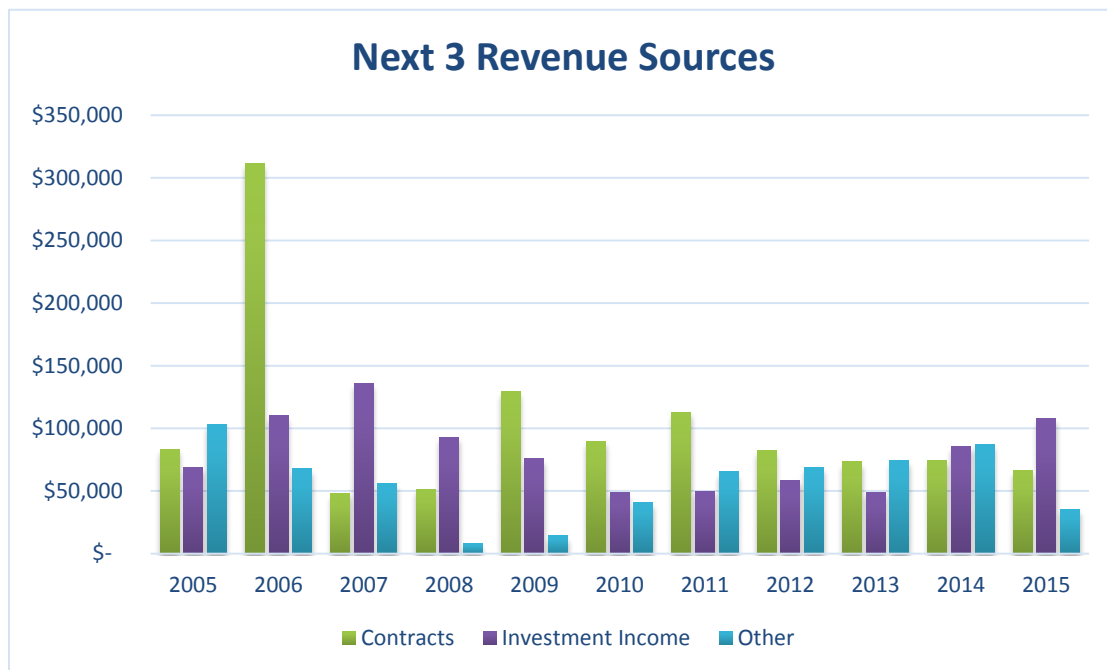


Figure 7. Next Three Revenue Sources (in Thousands). Adapted from American National Red Cross (n.d.-n).

Within the ANRC’s Consolidated Financial Statement is a Statement of Functional Expenses that breaks down how the ANRC is spending its money. The ANRC’s consolidated statement of activities shows that the total operating expenses is a combination of two different kind of expenses: *Total Operating Expenses = Program Services Expenses + Supporting Services Expenses*. Frumkin and Keating (2001)

mentions that “one way to assess a nonprofit’s performance is to examine how it spends its resources” (Frumkin & Keating, 2001, p. 29). We can analyze the quality of expenses and relation to its mission. Figure 8 compares the percentage of total operating expenses per FY between the two functional areas. From 2005 to 2015, about 90% of its total expenses were towards the program services expenses. On average, about 10% of its total expense was towards supporting services. This shows that the majority of the ANRC’s operating expenses are going towards the program services that it provides to the local community and those in need. It is effective in the delivery of its mission.

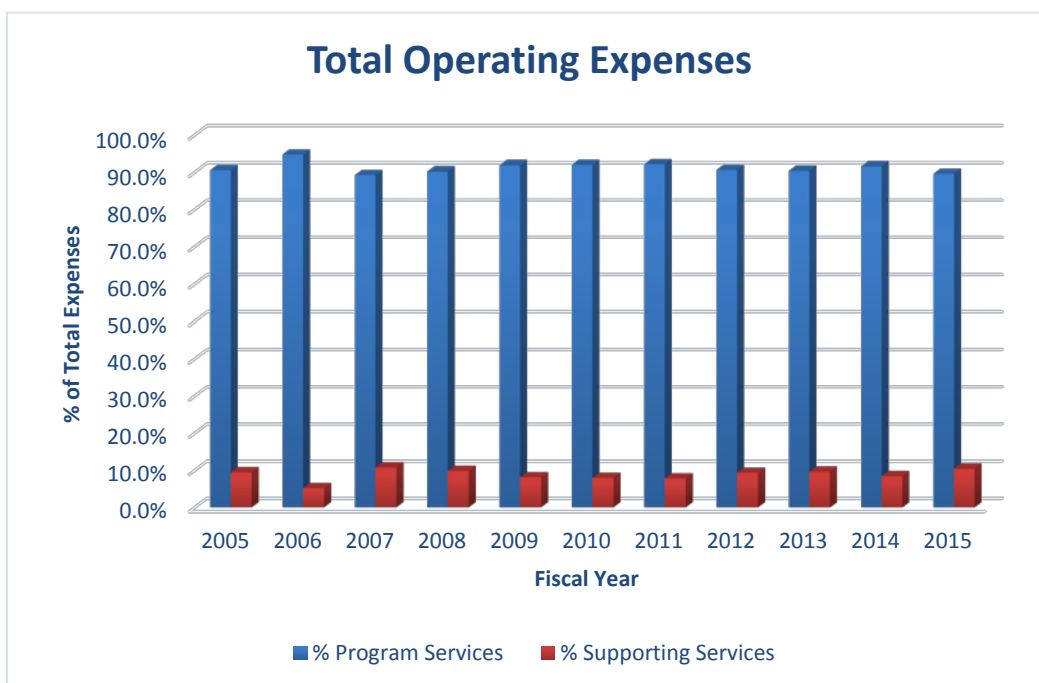


Figure 8. ANRC Operating Expenses by FY. Adapted from American National Red Cross (n.d.-n).

Tables 7 and 8 break down program services expenses and supporting services expenses. Frumkin and Keating (2001) mentions that “program expenses are the costs associated with the delivery of goods and services to beneficiaries, customers or members that fulfill the organizational mission” (Frumkin & Keating, 2001, p. 38). Program services expenses for FY 2005–2015 are shown in Table 7. The six ANRC program services expenses listed in the ANRC’s statement of functional expenses are: service to

armed forces, biomedical services, community services, domestic disaster services, health and safety services, and international relief and development services. The spike in domestic disaster services expense in FY 2006 was a result of Hurricane Katrina. Biomedical services expense is one of two major program services expenses. Biomedical services is the collection and sales and distribution of blood products. The ANRC concentrates on this service because it results in an increased revenue.

Table 7. Program Services Expenses (in Thousands). Adapted from American National Red Cross (n.d.-n).

Operating Expenses: Program Services						
Fiscal Year	Support to Military	Biomedical	Community	Domestic Disaster	Health and Safety	International Relief and Development
2005	\$58,646	\$2,161,078	\$128,548	\$411,187	\$220,385	\$157,132
2006	\$54,096	\$2,103,572	\$133,467	\$2,630,766	\$224,594	\$154,283
2007	\$55,219	\$2,064,335	\$131,214	\$442,439	\$243,673	\$142,272
2008	\$57,900	\$2,204,010	\$127,450	\$502,216	\$238,992	\$191,892
2009	\$56,511	\$2,216,730	\$113,846	\$402,372	\$215,492	\$156,042
2010	\$65,300	\$2,194,789	\$105,278	\$268,864	\$216,946	\$250,993
2011	\$57,403	\$2,195,108	\$90,588	\$282,974	\$203,735	\$340,106
2012	\$53,045	\$2,239,784	\$77,538	\$279,190	\$195,596	\$186,726
2013	\$56,645	\$2,164,815	\$57,200	\$467,245	\$216,222	\$92,742
2014	\$46,173	\$1,979,894	\$49,458	\$364,074	\$196,125	\$127,385
2015	\$48,744	\$1,869,188	\$43,128	\$356,496	\$146,590	\$129,807
Mean	\$55,426	\$2,126,664	\$96,156	\$582,529	\$210,759	\$175,398
Std Dev	\$5,082	\$114,503	\$34,545	\$683,769	\$26,203	\$68,345
Standard deviation without considering single year anomaly for 2006 Hurricane Katrina				\$82,058		

Supporting services expenses are fund raising expenses and all other expenditures that could be considered required for functions such as management and general expenses. Table 8 shows the supporting services expenses by FY. Total supporting services expenses, fundraising and management and general, accounted for only 8% of the total operating expense between FY 2005 and FY 2015.

Table 8. Supporting Services Expenses (in Thousands). Adapted from American National Red Cross, n.d.-n.

Operating Expenses: Supporting Services		
Fiscal Year	Fund Raising	Management and General
2005	\$140,082	\$187,249
2006	\$118,568	\$173,325
2007	\$142,711	\$229,411
2008	\$143,425	\$218,477
2009	\$126,580	\$152,473
2010	\$130,193	\$138,472
2011	\$127,019	\$142,682
2012	\$172,407	\$140,847
2013	\$189,431	\$136,283
2014	\$138,224	\$115,899
2015	\$180,934	\$121,952
Mean	\$ 146,325	\$ 159,734
Std Dev	\$ 23,781	\$ 37,814

Figure 9 visually compares the total operating revenue and total operating expense of the ANRC by fiscal year between 2005 and 2015 in a graph. Total revenue and total expense between 2005 and 2010 are trending below \$4 billion dollars and hovering slightly above \$3 billion dollars between FY 2007 and FY 2013. They both remain along a constant trend except for the outlier in FY 2006 and they both start to decline in FY 2014. Depicted in Figure 9 are two major disasters that occurred in the United States: Hurricane Katrina in 2005 and Hurricane Sandy in 2012.

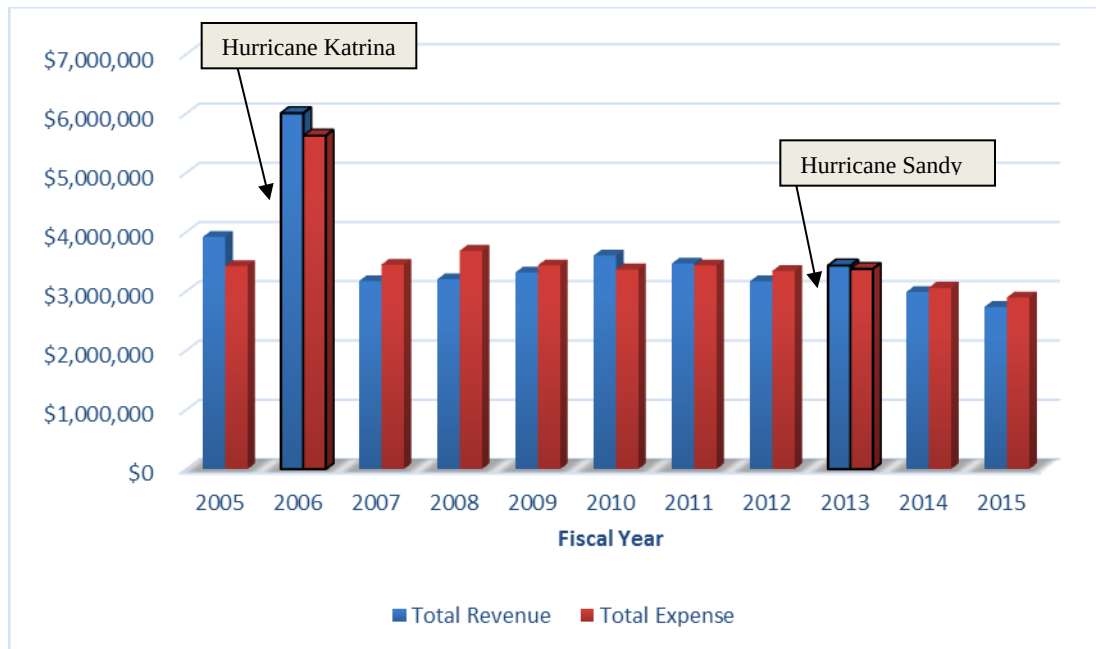


Figure 9. Total Revenue and Total Expenses Trend 2005–2015 (in Thousands).
Adapted from American National Red Cross (n.d.-n).

In FY 2006, the ANRC along with other non-profit organizations responded to one of the worst domestic natural disaster. Hurricane Katrina affected the Gulf coast states and had a severe impact on New Orleans and its surrounding areas. Figure 9 shows the ANRC’s total operating expense jumped from \$3.9 billion dollars from the previous FY to over \$5.6 billion dollars in FY 2006. Of the \$5.6 billion dollars in total operating expense, its domestic disaster service expense accounted for over \$2.6 billion dollars as shown in Table 7. This amount is significantly higher than the average disaster service expense for the next nine years which is about \$373 million dollars. At the same time, its operating revenue increased \$3.9 billion dollars in FY 2005 to over \$6 billion dollars in FY 2006. Revenue from contributions accounted for over \$3.2 billion dollars in FY 2006.

In comparison, Hurricane Sandy affected many Mid-Atlantic States and caused severe damage in New Jersey and New York. Hurricane Sandy was the second costliest hurricane in the United States, the ANRC did not see a spike in total operating revenue nor total operating expense. Its total domestic disaster service expense for FY 2013 was a little over \$467 million dollars. This was a small increase from the previous FY disaster

expense which was about \$279 million dollars. Revenues from contribution did spike from \$670 million in FY 2012 to a little over \$1 billion dollars in FY 2013. When compared to the contribution revenue from Hurricane Katrina, this number is significantly less in terms of revenue.

When comparing the two hurricanes, we concluded that Hurricane Katrina had a more profound emotional effect on the population due to the amount of destruction and loss shown in the media. Additionally, negative media regarding the quality and quantity of relief services provided and the how donations were used following Katrina appear to have increased scrutiny of nonprofits during subsequent disasters—specifically the ANRC. The negative media and accusations of racism amongst ANRC workers and volunteers, as well as, misrepresenting how donations were spent appear be linked to a decrease in donations during major disasters and an overall decrease in blood donations.

D. AMERICAN NATIONAL RED CROSS LOCATIONS

There are seven ANRC divisions. The divisions are Pacific, Southwest and Rocky Mountain, North Central, Crossroads, Mid-Atlantic, Southeast and Caribbean and Northeast. The Pacific Division also includes the United States territories of Guam, American Samoa and the Commonwealth of the Northern Mariana Islands. The Southeast and Caribbean Division includes Puerto Rico and the United States Virgin Island. Each division encompasses multiple states and is corporately structured to support a particular region. Within the seven divisions, there are a total of 61 ANRC regions. Each region contains a network of locally supported chapters. The regions are designed to provide administrative support as well as to provide oversight and program technical support to the local chapters.

Table 9 lists the seven different ANRC divisions and provides the number of regions and chapters within each division. The table also shows the estimated population within each division. The estimated population numbers were found using the United States Census Bureau data.

Table 9. American Red Cross Atlas. Adapted from NHQRedCrossGIS (n.d.), United States Census Bureau (n.d.).

Division	# of Regions	# of Chapters	2015 Population (Total)
Pacific	10	35	52,782,653
Southwest and Rocky Mountain	8	38	55,201,275
North Central	10	38	42,439,603
Crossroads	7	35	34,424,899
Southeast and Caribbean	9	43	53,186,223
Mid-Atlantic	9	45	43,749,007
Northeast	8	30	43,481,388

ANRC chapters are designed to serve the population within its respective counties and cities. Clara Barton opened the first ANRC chapter in upstate New York in 1881. Today, there are currently 264 ANRC chapters spread throughout the United States and its territories. Figure 10 shows the seven ANRC divisions and Figure 11 shows the ANRC regional boundaries with chapter boundaries within each division. The division with the most population is the Southwest and Rocky Mountain Division. This division along with the North Central division covers the most land mass than any other division. Although these two division contain more states than the rests, some of the states are sparsely populated. As shown in Figure 11, the regional boundaries within these two divisions are significantly larger than other regions. Figure 12 is a geographic information system (GIS) map that shows the location of the ANRC's regional and chapter headquarters. The location of the regional and chapter headquarters seems to be related to population density. Figure 13 is a United States Census Bureau map from 2010 that depicts the population density by county. The population per square mile in the two divisions mentioned above are shown to be lower than the rest of the divisions. Figure 12 also shows that there is a much larger concentration of chapters in the North East while the South and West generally have fewer chapters.

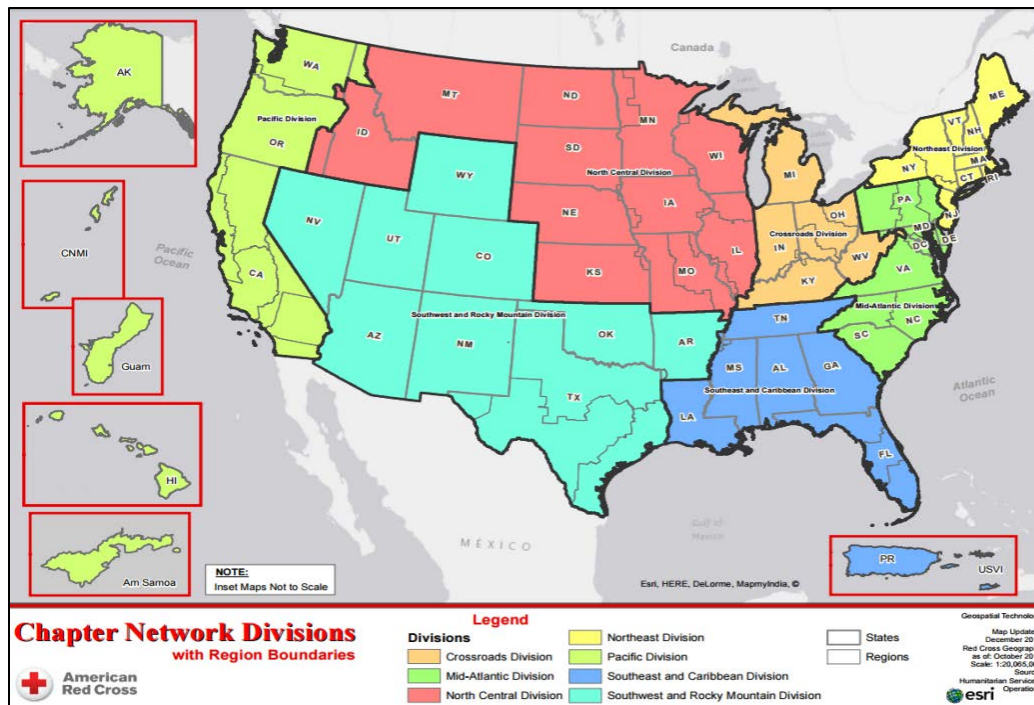


Figure 10. ANRC Divisions. Source: American National Red Cross (n.d.-o).

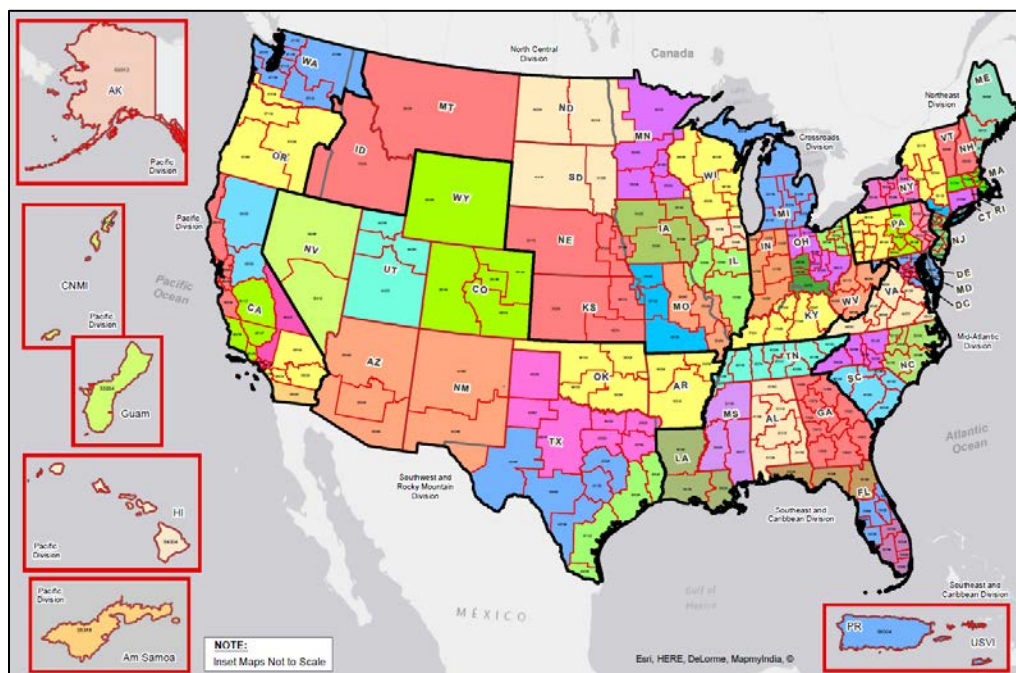


Figure 11. ANRC Regional Boundaries with Chapter Boundaries. Source: American National Red Cross (n.d.-o).

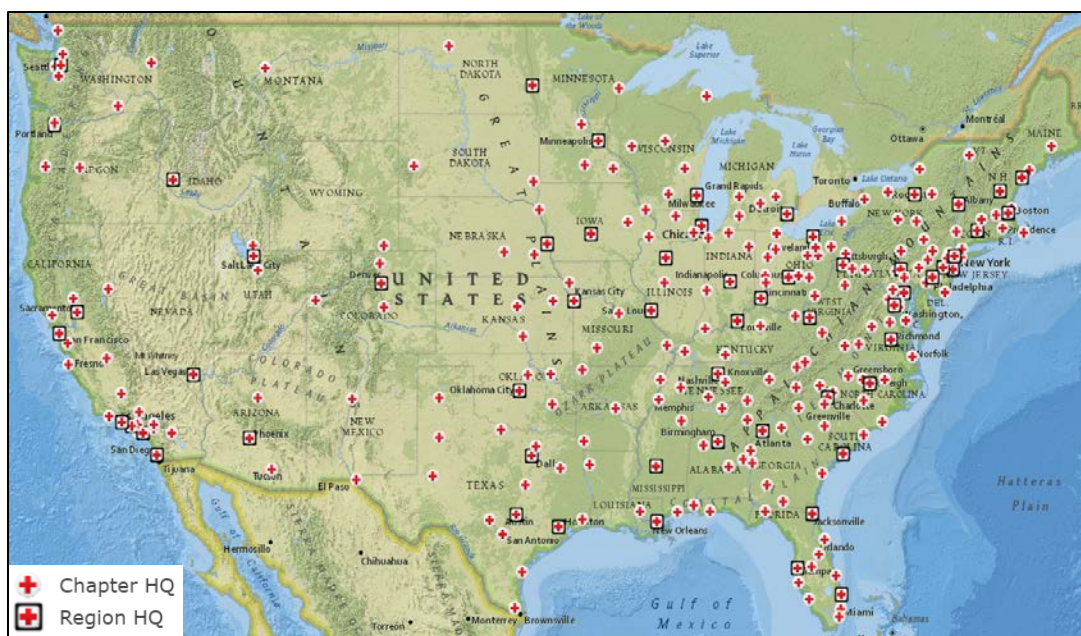


Figure 12. American Red Cross Regional and Chapter Headquarters. Source: NHQRedCrossGIS (n.d.).

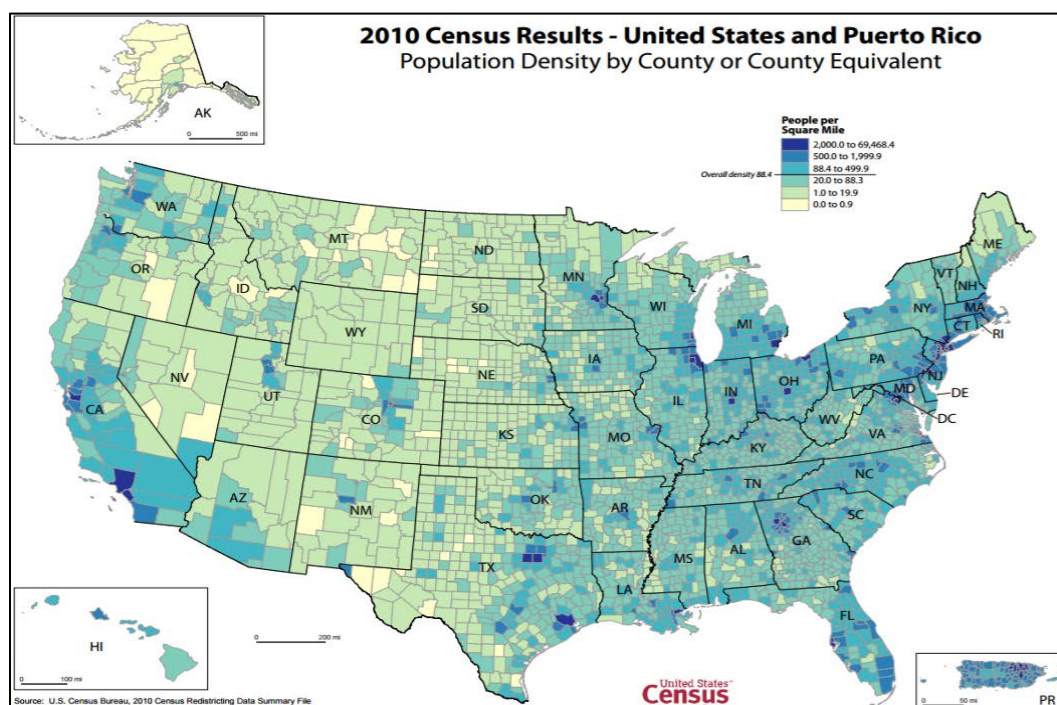


Figure 13. United States Population Density. Source: United States Census Bureau (n.d.).

VI. ANALYSIS: SPHERE, FINANCIAL AND LOCATION

A. SPHERE PROJECT ANALYSIS

Based on the competencies listed under Sphere project data collection, we used the modified aggregate scorecard model from Apte and Hudgens (2015). Apte and Hudgens (2015) assigned a score of 2 if the NGO has full capability in the respective core competency, 1 for partial competency and 0 for no competency or a competency that is not the core competency of the corresponding NGO. The ANRC is a major nonprofit organization that provides emergency assistance and disaster relief to millions of people. Table 10 shows the results of analysis of the ANRC according to Sphere Project criteria as described above. Apte and Hudgens (2015) included an evaluation of the ARNC. The ANRC scored a 2 in each sphere function.

Table 10. ANRC Aggregate Sphere Scorecards. Adapted from Apte & Hudgens (2015).

NGO	WASH	Food Security and Nutrition	Shelter, Settlement and Non-Food Items	Health Action
American Red Cross	2	2	2	2

B. FINANCIAL ANALYSIS

Frumkin and Keating (2001) discuss how the accounting system for nonprofit organizations captures the organization's economic activities and financial position. We considered the financial revenue of the ANRC to be one of the most important measurements because it translates to how well an NGO can deliver assistance and materials. Daniels (2012) mentions that an "organization without a firm funding stream, the ability to support itself and develop partnerships will have difficulty conducting relief operations no matter how catastrophic the disaster" (Daniels, 2012, p. 6). By analyzing the financial data of an organization we can then assess its performance and capabilities.

Figure 14 shows the percentage of total revenues by source. Our analysis of the ANRC's financial data revealed various revenue sources such as products and services, contributions, contracts and investment income. Figure 14 also shows that over 80% of the ANRC's operating revenue comes from two sources, the sales of biomedical products and contributions. We can assess the quality of revenues and its relation to the ANRC's mission by analyzing the percentage of total revenues by source. The numbers show that the ANRC is overly dependent on revenues from the sales of its products and services especially from biomedical revenue. They are also dependent on revenues from contributions specifically corporate, foundation and individual giving revenue. Overall, we believe that the revenue sources are consistent with the ANRC's mission.

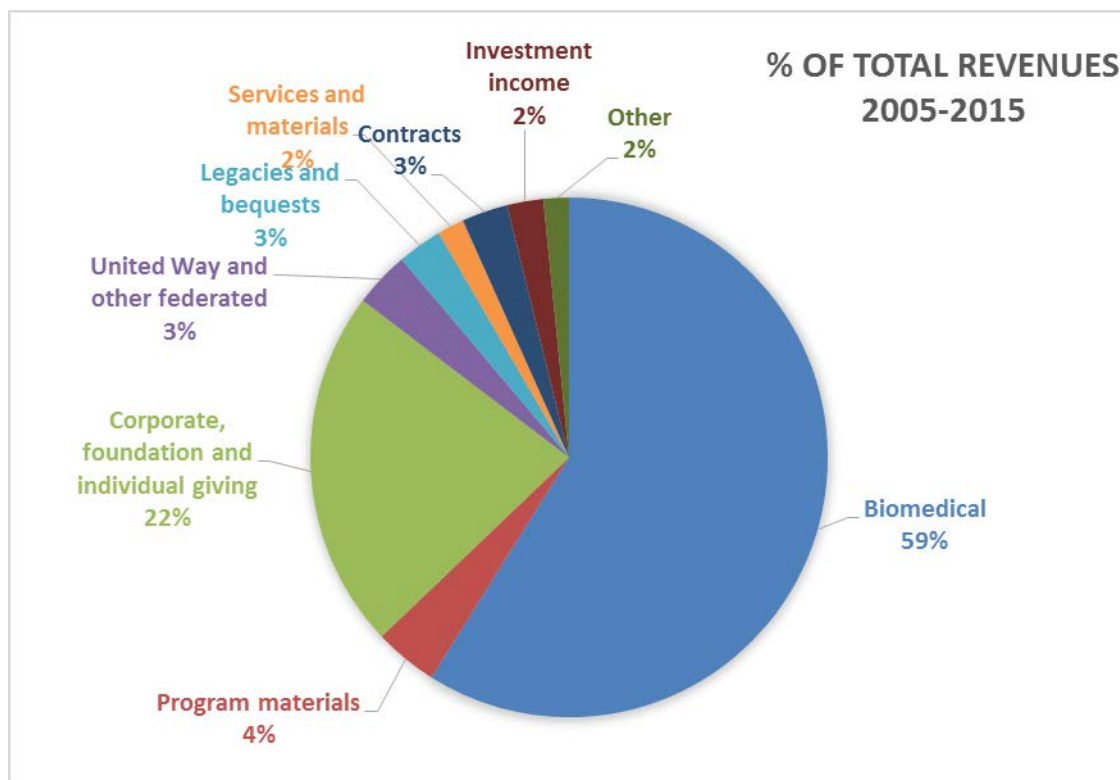


Figure 14. Percentage of Total Revenues 2005–2015. Adapted from American National Red Cross (n.d.-n).

Figure 15 shows the percent of total expenses by source from 2005 to 2015. Biomedical services expense accounted for 60% of its total operating expense between 2005 and 2015. This could potentially have a negative effect on the ANRC in the long run because the majority of its total expenses are going towards one program. This can affect its support to the other programs that it provides.

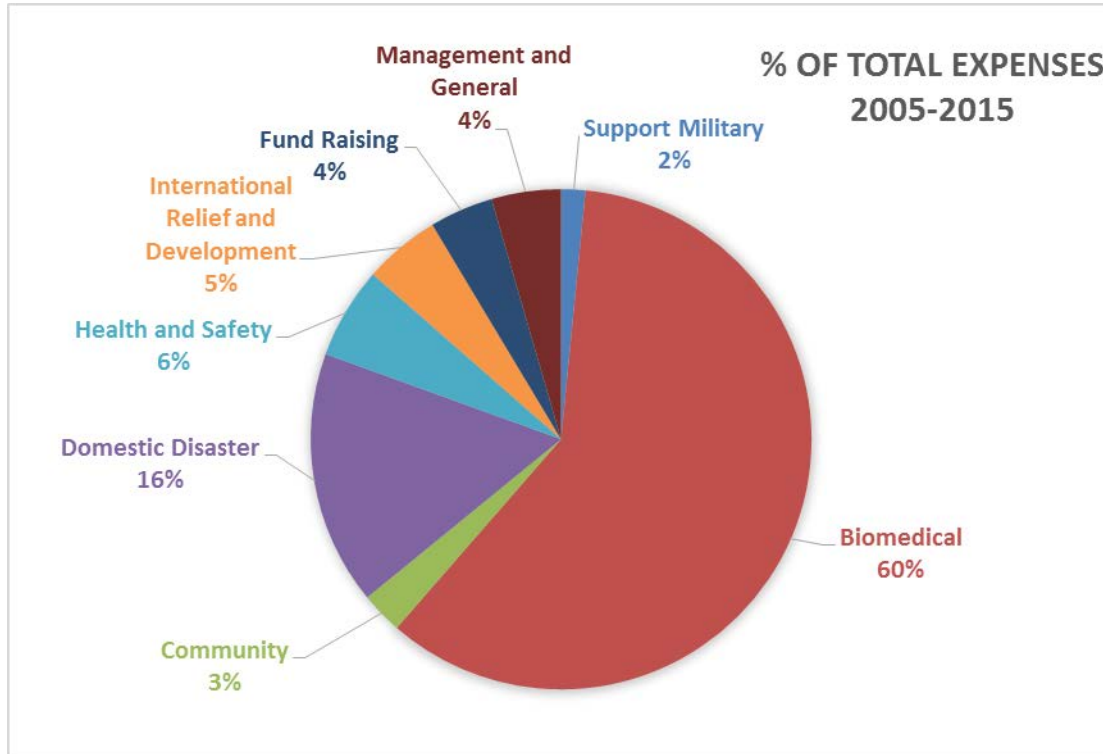


Figure 15. Percentage of Total Expenses 2005–2015. Adapted from American National Red Cross (n.d.-n).

According to the ANRC’s notes to consolidated financial statement, “products and services revenue, which arises principally from sales of whole blood and components and health and safety course fees, is generally recognized upon shipment of the product or delivery of the services to the customer” (American National Red Cross, n.d.-n). Although blood is received through donation, it is not considered as contribution revenue by the ANRC. Many people recognize the ANRC as a blood collection agency. The ANRC collects 6.5 million units of blood from between 3 and 4 million volunteer donors each year (American National Red Cross, 2011-b). Blood and blood products are listed as

biomedical under products and services revenue source. Donated blood is processed by the ANRC's biomedical facilities and sold to hospitals and research facilities as products. The ANRC processes donated blood into blood products such as red blood cells, platelets, plasma, whole blood and granulocytes. The ANRC "is the largest single supplier of blood and blood products in the United States, collecting and processing approximately 40 percent of the blood supply and distributing it to about 2,600 hospitals and transfusion centers nationwide" (American National Red Cross, n.d.-m). Revenues from its biomedical services account for over 90% of its total products and services revenue source (Table 6).

Figure 16 compares the total number of people who donated blood, revenues received from biomedical or sales of blood products and the total expenses relating to biomedical operations. Here we can see that the number of people who donated blood starts to decline in FY 2009. At the same time, we begin to see its biomedical revenues declining. Biomedical expenses exceed its biomedical revenues starting in FY 2008. With the exception of FY 2010 the ANRC's biomedical operation is sustaining a loss. According to ANRC's leadership, biomedical revenues are also decreasing due to a smaller need for blood products. Hospitals are becoming more efficient with managing their blood supply.

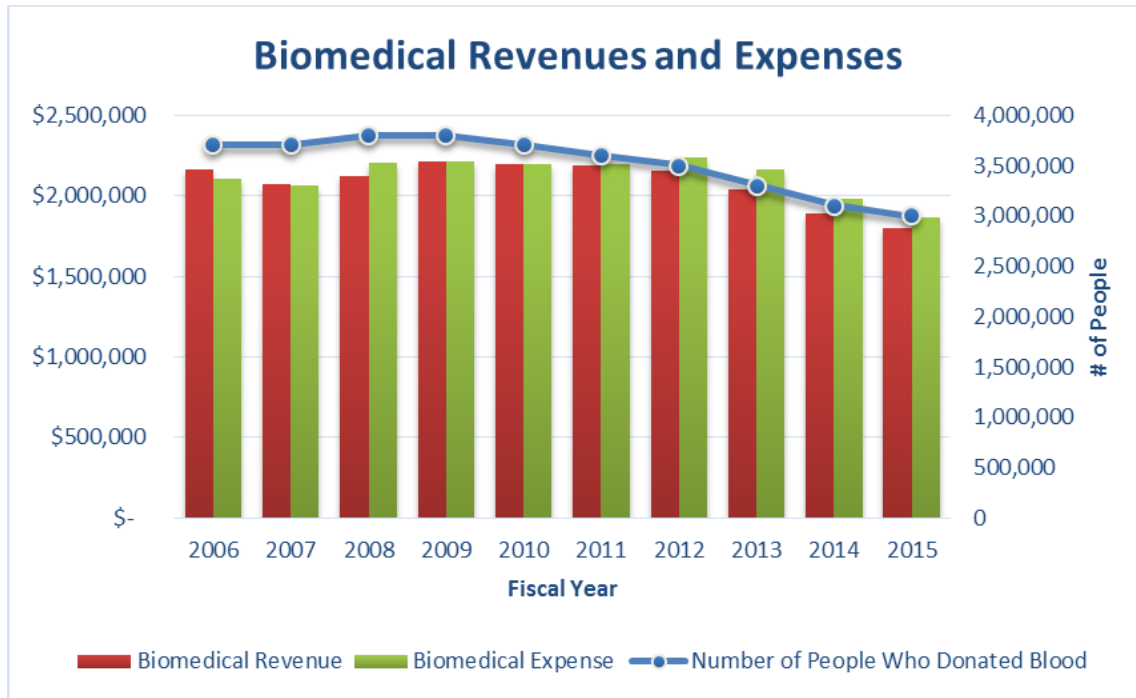


Figure 16. Biomedical Revenues and Expense 2006–2015 (in Thousands).
Adapted from American National Red Cross (n.d.-n).

Between FY 2005 and FY 2015, fundraising accounted for 4% of the ANRC’s total operating expenses. During the same time period, 22% of its total operating revenue came from contributions from corporate, foundation and individual giving. To find out if the ANRC is efficient in raising funds, we compared its fundraising efficiency from year to year. Many NGO watchdog organization such as Charity Navigator uses the equation: *Fundraising Efficiency = Fundraising Expenses / Total Contributions* to understand how much the ANRC is spending on its fundraising activities to generate \$1 in contribution (Charity Navigator, n.d.). Table 11 shows the ANRC’s FY total contributions, fundraising expenses and the fundraising efficiency for FY 2005 through 2015. By looking at the fundraising efficiency of the ANRC for the last 11 years, we can analyze how successful and efficient the ANRC are in fund raising.

Table 11. Fundraising Efficiency (in Thousands). Adapted from American National Red Cross (n.d.-n).

Fiscal Year	Total Contribution Revenue	Fundraising Expenses	Fundraising Efficiency =
			Fundraising Expenses/ Total contributions
2005	\$1,377,259	\$118,568	0.09
2006	\$3,212,824	\$140,082	0.04
2007	\$705,698	\$142,711	0.20
2008	\$782,880	\$143,425	0.18
2009	\$737,271	\$126,580	0.17
2010	\$1,061,137	\$130,193	0.12
2011	\$914,040	\$127,019	0.14
2012	\$670,048	\$172,407	0.26
2013	\$1,077,254	\$189,431	0.18
2014	\$723,057	\$183,224	0.25
2015	\$603,665	\$180,934	0.30

Figure 17 compares the ANRC's fundraising efficiency by FY. The graph shows how much the ANRC spends to generate \$1 in charitable contribution. According to Charity Navigator, "financially effective charities must in part be efficient fundraisers, spending less to raise more" (Charity Navigator, n.d.). The lower the fundraising efficient number, the more efficient the organization is in raising funds. Charity Navigator gives highest ratings to organizations with fundraising efficiency between \$.0 and \$.10 and lowest rating for fundraising efficiency between \$.50 and higher. Contribution revenue from corporate, foundation and individual giving significantly increase from \$1,032,440 in FY 2005 to \$2,719,496 in FY 2006 (in thousands, Table 5). In FY 2006, the ANRC's cost of generating a dollar of charitable contribution was \$.04. This was \$.05 lower than the previous year. We assess that this was also a result of Hurricane Katrina. In comparison with Hurricane Sandy, we see the same pattern with the increasing fundraising efficiency. The fundraising efficiency in FY 2012 was at \$.26 and then decrease to \$.18 in FY 2013. Contribution revenue from corporate, foundation and individual giving significantly increase from \$437,768 in FY 2012 to \$830,998 in FY 2013 (in thousands, Table 5). Overall, the ANRC is successful in its fundraising efforts.

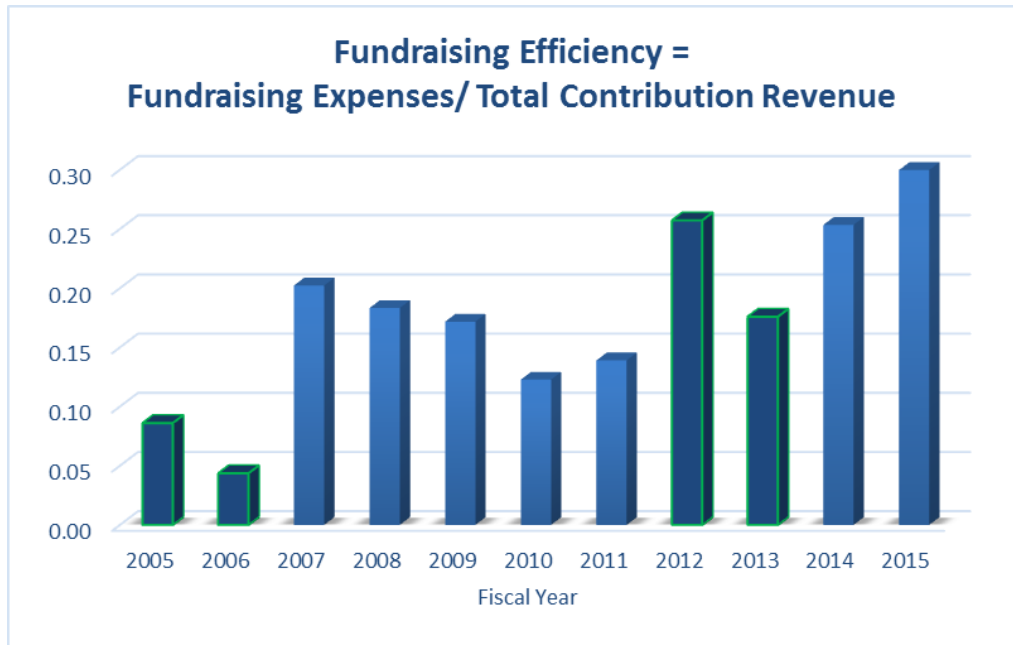


Figure 17. Fundraising Efficiency 2005–2015. Adapted from American National Red Cross (n.d.-n).

One of the ANRC’s missions is to provide program services to those in need. To find out if the ANRC is efficient in executing its mission, we compared its financial efficiency from year to year. Apte and Hudgens (2015) use a traditional definition of financial efficiency to understand the efficiency of an NGO: *Financial Efficiency = Program related expenses / Total Expenses*. This ratio allows us to compare how much the organization is spending per FY with how much of the spending is actually spent on program services or its mission. Frumkin and Keating (2001) mentions that “the expense concentrations indicate whether resources are consumed by delivering program services or support services (fundraising and administrative). This measure indicates what percentage of the resources consumed are used to provide program services” (Frumkin & Keating, 2001, p. 50).

Table 12 shows the ANRC’s FY total expense, program related expenses and the financial efficiency for FY 2005 through 2015. By looking at the financial efficiency of the ANRC for the last 11 years, we can analyze how much of its total expense went directly to support its program expenses or charitable purpose versus expenses towards fundraising and overhead.

Table 12. Financial Efficiency of the ANRC (in Thousands). Adapted from American National Red Cross (n.d.-n).

Fiscal Year	Total Expense	Program Related Expenses	Financial Efficiency
2005	\$3,427,689	\$3,136,967	91.5%
2006	\$5,628,109	\$5,300,778	94.2%
2007	\$3,451,294	\$3,079,172	89.2%
2008	\$3,684,362	\$3,322,460	90.2%
2009	\$3,440,046	\$3,160,993	91.9%
2010	\$3,370,835	\$3,102,170	92.0%
2011	\$3,439,585	\$3,169,884	92.2%
2012	\$3,345,133	\$3,031,879	90.6%
2013	\$3,380,583	\$3,054,869	90.4%
2014	\$3,062,232	\$2,763,109	90.2%
2015	\$2,896,839	\$2,593,953	89.5%

Many NGO oversight “organizations rely on this [ratio] as a key measure of success” (Frumkin & Keating, 2001, p. 50). One of the top oversight organization, the Better Business Bureau Wise Giving Alliance (BBB WGA) recommends that a charitable organization shall “spend at least 65% of its total expenses on program activities” to be effective (BBB Wise Giving Alliance, n.d.). The BBB WGA is one of the industry’s top evaluation group that provides standards and evaluations of accountability for nonprofit organizations such as the ANRC. According to a Forbes, the financial efficiency weighted average of the top 50 largest charities in the United States is 87% for 2015 (Barrett, 2015). Forbes is one of the top business magazines that is well known for its lists and rankings. Figure 18 compares these numbers visually in a chart.

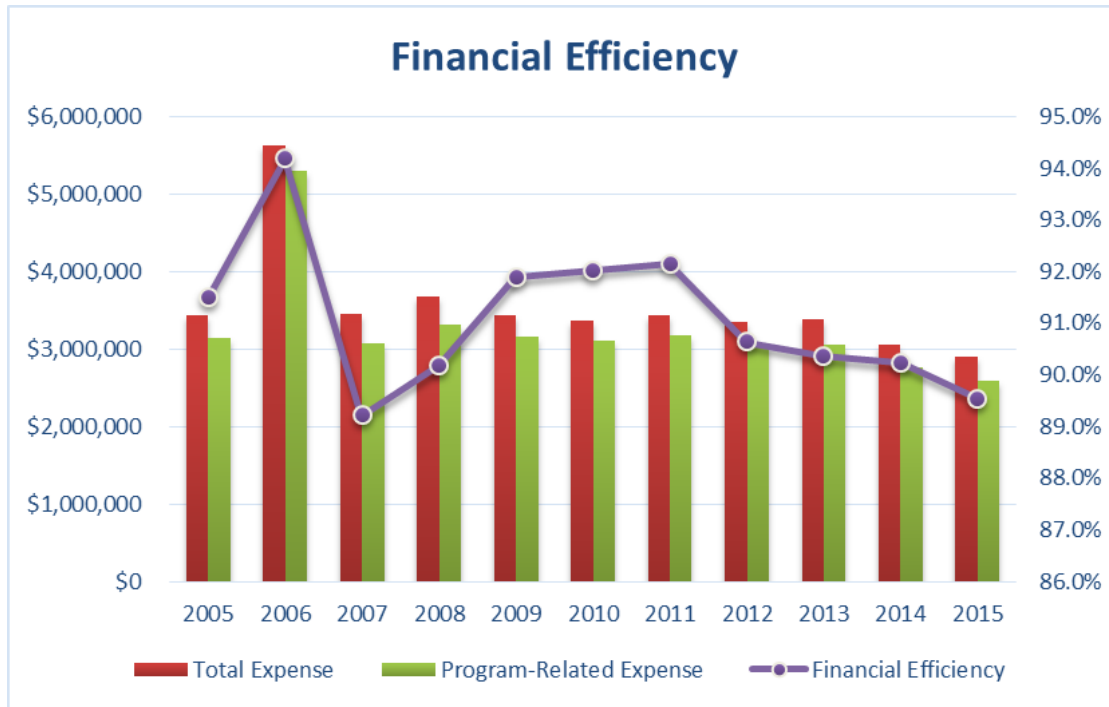


Figure 18. Financial Efficiency 2005–2015 (in Thousands). Adapted from American National Red Cross (n.d.-n).

The financial efficiency trend shows that the ANRC is averaging around 91% financially efficient from 2005 to 2015. The ANRC’s financial efficiency tells us how much of its total expenses were going towards its program services. With an average of 91% financial efficiency, the ANRC is showing that 91% of its expenses are spent on charitable programs (average of financial efficiency by FY from Table 12). The remaining 9% was spent on administrative and general expenses. The ANRC maintains a fairly high financial efficiency from FY 2005 to FY 2015. With the exception of the outlier in FY 2006, its total expense and program related expenses remained fairly consistent. The spike in FY 2006 was the result of Hurricane Katrina where the ANRC had its highest financial efficiency at 94.2%. Its yearly financial efficiency ranges from 89% to 92%. Overall, the ANRC exceeded both the BBB WGA’s financial efficiency guideline and Forbes financial efficiency weighted average for 2015.

C. LOCATION ANALYSIS

ANRC is located throughout the United States. Its nationwide network of local chapters is vast and covers all corners of the United States and its territories. The local chapters are organized by regions and divisions. There are a total of 7 ANRC Divisions, 60 Regions and 264 Chapters. The primary methods used to collect information pertaining to location of ANRC's divisions, regional headquarters and chapters were through investigation of the ANRC's website and through an online cloud-base mapping platform called ArcGIS. The ANRC's website provides national level maps that breaks down the ANRC's Division boundaries, Regional boundaries and Chapter boundaries. ArcGIS is a geographic information system developed by ESRI. They provide GIS software, web GIS and geodatabase management applications. ArcGIS is used by the ANRC's National Headquarter Geospatial Technology Unit and some local ANRC chapters to meet its mapping needs.

Figure 19 overlays the locations of natural disasters (earthquake, flood, tornado and hurricane) risks within the continental United States. This graphical depiction shows the locations of potential high-risk natural disaster areas as they relate to a particular location and ANRC's regions. The eastern part of the United States is susceptible to floods, tornadoes and hurricanes occurring while California is prone to earthquakes. The United States Census results from 2010 (Figure 13), shows that the densely populated areas within the United States are on the eastern half and along the California coast. History has shown that when a large natural disaster occurs in these areas, the devastation is significant.

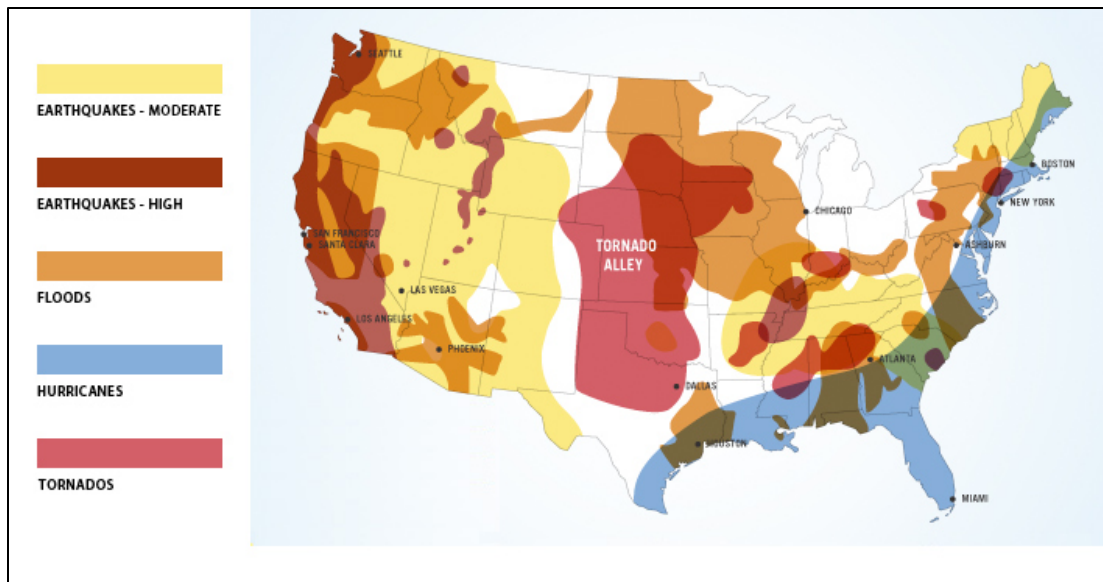


Figure 19. Areas of Natural Disaster Occurrence. Source: Alert Systems Group (n.d.).

The ANRC should incorporate the use ArcGIS at all local chapters in order to create and use maps to its benefit when responding to disasters. We obtained some of the ANRC’s geographical data through ArcGIS. Its web-based platform is an important tool that it can use to share information among the 264 chapters spread throughout the country. More local chapters should utilize this tool to map its emergency shelter location, logistical assets, emergency response and hospital locations. According to Evan Lue, GIS Project Lead for the ANRC Los Angeles Region, the benefits of GIS for the organization quickly became apparent. For example, he mentions that a Disaster Action Team (DAT) responding to an apartment fire may determine that the affected individual’s immediate need is a place to stay for a night while he or she comes up with a recovery plan. If there are existing pre-mapped emergency information available, the DAT responders will be able to know where the nearest lodging partner is located. If multiple people are affected by the incident, the nearest potential shelter that meets the situation’s needs would be located instead (Lue, 2013).

After browsing the ANRC ArcGIS database, we found that a majority of the information in ArcGIS was built by the ANRC National headquarters. Some local chapters have built and maintained their individual maps. We believe that if the ANRC

and all of their local chapters use ArcGIS to its full potential, ArcGIS can aid in future disaster operations and response.

VII. CONCLUSIONS AND RECOMMENDATIONS

A. SUMMARY

The ANRC has a long history of providing food, water, shelter and basic medical services for domestic disasters among other services. It has created a niche within the disaster response service. Apte and Yoho (2012) highlight the need for organizations to understand and operate within their core capabilities, the need for collaboration amongst disaster response agencies and the need for a list of competencies each agency brings to the relief effort in order to operate efficiently. Apte and Hudgens (2015) identify financial efficiencies as a key indicator to the ability of an NGO to provide services.

This research project looked into the history, organization, purpose and mission and finances. The project provides disaster relief planners a snapshot of who the ANRC is, what its purpose is and its capabilities applicable to relief operations. We show that the ANRC is an organization dedicated to preventing and alleviating human suffering through a package of six service programs. The six service programs are the armed forces emergency services, biomedical services, community services, domestic disaster services and health and safety services. Although not all service programs are directly related to disaster relief, each plays a role in disaster preparedness, which is a direct action to prevent human suffering. The disaster relief service program provides Sphere criteria capabilities in the core competencies of water supply, sanitation and hygiene, food security and nutrition, shelter, settlement and non-food items and health action. We provide information detailing competencies within Apte & Yoho (2012). Essential Services and capabilities for Disaster Response framework and demonstrate that the ANRC supply chain is agile and adaptable.

We analyzed the ANRC financial statements, tax filings and annual reports. Our analysis provided both positive and negative results. On the positive side we found that the ANRC operates a successful business strategy, which generates sufficient revenue to execute relief operations and other services, and is efficient and competent in all essential services and capabilities for disaster response. Of important note, its fundraising

efficiencies are directly tied to the size of domestic disasters it responds to in any given year. Expenditures for fundraising is low if a large disaster, effecting many people and causing significant amount of structural damage happens, but the opposite for years with no major disasters. On the negative side of our analysis, the ANRC is struggling to break even in its biomedical services program, which negatively impacts its bottom line and ability to provide and expand its disaster preparedness and relief services.

B. LIMITATIONS

We were able to obtain the necessary financial data, including Annual Reports, Annual Consolidated Financial Statements and IRS Tax Form 990s only for the years 2005 to 2015. These are public records that the ANRC publish via its website. Due to availability constraints, any local or regional financial data was not accessible. Local chapters of the ANRC do not file IRS Tax Form 990.

The Annual Reports and IRS Tax Form 990s provided inconsistent information regarding its revenue and operations from year to year. These inconsistencies left breaks in our information regarding the type and amount of revenue, number of health and mental health assessments, military members receiving support and the number of domestic and global disaster responses for certain years.

We contacted the ANRC to either clarify publically available information or to request information regarding its capabilities and operating procedures. We received limited assistance, and most of our inquiries were answered inadequately.

C. RECOMMENDATIONS FOR FUTURE WORK

ANRC domestic disaster response spans three combatant commands—NORTHCOM, SOUTHCOM and PACOM. To fully comprehend the magnitude of each ANRC capability within each combatant command area of responsibility, further research is required to map the ANRC supply chain and the internal and partner logistics capabilities and its ability to reach each United States territory. The resulting studies can be incorporated with corresponding research being conducted on other NGOs to develop an NGO capabilities information playbook available to all disaster relief planners as

suggested by Nguyen and Curley (2013). Planners can then use the NGO information portal to identify capability gaps and be prepared to provide additional resources to complement existing capabilities and close the gaps.

Additional research should be conducted on the ARNC's international HADR capabilities. It is likely that U.S. responders will encounter ARNC and other Red Cross and Red Crescent National Society members while assisting during international HADR missions. Regardless if the United States is in command of the operation, the responders would benefit from an understanding of the capabilities, competencies of the ANRC.

The ability to communicate and share information is a fundamental capability that is often lacking in disaster response. The FEMA and the ANRC have improved their communication and information sharing capabilities over the past decade. Yet, there is little indication, and it is unlikely, that the DOD was included in this improvement. Further research should be conducted on the DOD's efforts to improve upon how it communicates and shares information with NGOs, including across unsecure networks.

We glimpsed into correlations of ANRC chapter location. There is opportunity to learn from an in-depth research project to seek to find if there is a correlation between other demographics—income, local GDP, etc.—and attempt to tie those factors into the ANRC's ability to conduct successful fundraising, recruit volunteers, or collect blood. Results would give a better indication as to if the ANRC is truly nondiscriminatory in regards to the disasters that it responds to and the amount of services that it provides.

Often different cultures use different terminology referring to the same object or action. There is an absence of a common language operating language amongst the governmental and NGOs. The military language is littered with acronyms which an NGO cannot begin to comprehend, while each NGO likely has a language rooted in its experiences, equipment and capabilities. The differences in terminology can negatively impact the timeliness and efficiency of response while each organization works through the learning curve. Additional research should be conducted to construct a terminology section for the NGO portal to assist with reducing the learning curve due to language differences.

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