

September 2017

## Private Foundations Bulletin

### Grantmaking During Disasters

With the recent natural disasters, such as Hurricanes Harvey and Irma, private foundations are called upon to play a critical role in relief and recovery efforts and have traditionally been involved in assisting victims. If your foundation wishes to provide relief to disaster victims, you may find the following considerations to be of assistance.

#### Points to Consider

- **Connect with other funders:** Leverage existing relationships with other funders to develop a practical, user-friendly resource that refines information about community needs and grantmaking opportunities. Create a reference that encourages communication among funders.
- **Streamline the application process:** Temporarily modify the grant application process to reduce demands made on nonprofits following a disaster.
- **Build up local philanthropy:** Use existing relationships and staff connections to develop local philanthropic organizations. Stronger local philanthropic organizations will result in stronger nonprofit organizations.
- **Take the initiative:** Don't wait for nonprofit organizations to request assistance, make phone calls and offer support. Verify tax-exempt status on either **GuideStar Charity Check, Exempt Organizations (EO) Select Check** search tool (developed by the IRS) and **Charity Navigator**.
- **Short-term and long-term assistance:** Provide medium- and long-term funding based on the needs of the affected communities.
- **Expand funding from mission:** Be aware of the extraordinary situations that arise following disasters and look for opportunities to fund outside the foundation's typical funding focus.

#### Grants to Individuals

Like public charities, private foundations can make need-based contributions to victims of disasters or to other persons who are poor and/or distressed. A program to award grants to aid individuals who lack resources to satisfy their basic human needs are not required to be preapproved by the IRS. The criteria for awarding such grants for food, shelter, and medical care should be designed to award funds only to those who are indeed qualified for charitable assistance or persons referred to as members of a charitable class.

IRS rules state that the group of individuals who may properly receive assistance from a tax-exempt charitable organization is called a "charitable class." A charitable class must be large enough or sufficiently indefinite that the community as a whole, rather than a pre-selected group of people, benefits when a charity provides assistance. For example, a charitable class could consist of all the individuals in a city, county or state. This charitable class is large enough that the potential beneficiaries cannot be individually identified and providing benefits to this group would benefit the entire community.

## Recordkeeping

As with other types of grants, a private foundation should maintain adequate records such as the method of selection of recipients, type of assistance provided, how the grant relates to the private foundation's mission, and the like. Required documentation depends on whether assistance is long-term or short-term. (Short-term grants require far less documentation.)

## Reporting Requirements

If a private foundation chooses to fund disaster relief programs as one of its four largest programs, it must describe the services provided in its summary of direct charitable activities on Form 990-PF.

## For More Information

Refer to the IRS publication entitled ***Disaster Relief: Providing Assistance through Charitable Organizations***.

## Contact Us

We welcome the opportunity to speak with you about any questions you may have regarding this newsletter. Please contact us:

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