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Disaster Recovery - What Donors & Nonprofits Need To Know

When disaster strikes, we see the best of our nation. It's "all hands on deck." Neighbor helping neighbor. Seeking to help is the essence of the charitable impulse. While this page offers basic information for nonprofits with facilities and employees affected by disasters, and for donors seeking to provide assistance post-disaster, we encourage those seeking detailed information about a nonprofit's own recovery to monitor federal government websites such as [Disaster Assistance.gov](https://www.disasterassistance.gov).

We also recommend that donors who are looking for ways to provide assistance check with the [Center for Disaster Philanthropy](https://www.centerfordisasterphilanthropy.org) for information and guidance on charitable donations and other ways to assist with recovery efforts.

Considerations for Donating

Post-disaster, every contribution is given with the right intention, but some donations – such as of in-kind items – may not be practical to transport or distribute, or to address the most immediate needs. What's possible and practical? Check with nonprofits on the ground about their needs before seeking to give "things."

Unfortunately, in times of disasters, there is a risk of fraud, such as when someone dishonestly poses as a representative of a charitable organization. We encourage

donors to give only to nonprofits they know. You can check whether a group is recognized as tax-exempt by the IRS using [the IRS search tool](#).

Nonprofits may wonder whether they can pivot from their primary mission to provide disaster relief. The answer is "yes" but with some limitations, explained below under the heading "Practical Pointers for Nonprofits."

Note that special rules apply for donations to organizations that are based outside the US and may not be recognized as tax-exempt by the IRS. In September 2017, [new IRS regulations](#) clarify the requirement to make a "good faith determination" that an overseas organization is "equivalent" to a U.S. 501(c)(3) public charity.

PRACTICAL TIPS for POST-DISASTER DONATIONS:

- While there may be a temptation to send clothing, blankets, or nonperishable food, in many cases a monetary donation is best. A front-line nonprofit will be able to put your contribution to the best possible use based on the needs on the ground. Food and clothing, while always appreciated, require additional capacity to transport, sort (to ensure nothing is past an expiration date, for example), distribute, and use. In addition, nonprofits are sometimes able to negotiate for discounts on needed items, making a donated dollar go even further than when donors purchase items themselves.
- Law enforcement warns not to give through links embedded in unsolicited emails, because they could lead to fraudulent websites masquerading as charitable organizations.
- Individuals may wish to hold a fundraiser to raise money for disaster relief. To ensure that donors may deduct contributions, a tax-exempt organization must receive the donations and document that contributions are made to **qualified** recipients. [More details from the IRS](#).
- Remember that in the immediate aftermath of a disaster, law enforcement and first responders often ask others NOT to enter areas affected by the disaster unless they are part of an organized and coordinated recovery effort, to avoid hampering rescue and recovery efforts (as well as for the safety of all involved).
- Anyone, including an employer, can make "qualified disaster relief payments" to cover reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a disaster or to repair a personal residence located in a declared disaster area. Such assistance is not taxable as income to the person

receiving the assistance. [More information from FEMA.](#)

In the wake of disasters, new nonprofits often spring up with good intentions to help in affected communities, but established groups with the infrastructure and ability to respond quickly and efficiently may already be mobilizing relief efforts. Check the website of the [Center for Disaster Philanthropy](#) to learn about ways to provide assistance. If you are considering starting a nonprofit to respond to a disaster, be sure to read [Starting and maintaining a charity for disaster relief](#) (IRS).

Often, in the aftermath of a disaster, [state associations of nonprofits](#) take a leadership role in sharing information about emerging resources; directing donors to reliable nonprofits; convening nonprofits, funders, and government entities; and engaging in the conversation as recovery moves into the next phases of rebuilding and designing strategies for long-term resilience.

While disasters call our attention to immediate needs, recovery from disasters is likely to take a long time, so longer-term aid is also needed. Consider making automatic recurring contributions to organizations helping in a recovery. Recovery efforts often take years, and go on long after initial contributions have been exhausted. Even a small recurring gift can make a difference not only to the community in recovery, but also to the charitable nonprofit(s) assisting the community and its residents in getting back into their homes/jobs and on their feet.

More advice from the IRS:

The IRS cautions people wishing to make disaster-related charitable donations to avoid scam artists by following these tips:

- Be sure to donate to recognized charities.
- Be wary of charities with names that are similar to familiar or nationally known organizations. Some phony charities use names or websites that sound or look like those of legitimate organizations. The IRS website at IRS.gov has a search feature, [Tax-Exempt Organization Search](#), through which people may find qualified charities.
- Don't give out personal financial information — such as Social Security numbers or credit card, bank account numbers, or passwords — to anyone who solicits a contribution. Scam artists may use this information to steal a donor's identity and money.

- Never give or send cash. For security and tax record purposes, contribute by check or credit card or another way that provides documentation of the donation.
- Consult IRS [Publication 526](#), Charitable Contributions, describing the tax rules that apply to making legitimate tax-deductible donations. It also provides complete details on what records to keep.
- Learn more at [Tips to Help Taxpayers Avoid Post-Disaster Scams](#) (IRS).

Practice Pointers for Nonprofits

Even when disaster relief is not the primary mission of a nonprofit, there are ways to provide assistance, including direct financial payments to those affected. However, given that tax-exempt charitable nonprofits (including private foundations) must abide by the prohibition against “[private benefit](#),” nonprofits need to be careful about how they provide direct financial assistance to individuals.

- May an organization provide disaster relief to victims of a particular disaster even though disaster relief is not specified in its exempt application? [YES!](#) However, care must be taken when [selecting the individuals](#) to receive assistance. Here are more IRS [FAQs](#) for nonprofits about how to provide assistance.
- Nonprofits that provide disaster relief should be careful to document the costs with detailed descriptions of dates, assistance provided, the purpose of the assistance, and how the recipients of assistance were selected, as well as the name, address, and amount distributed to each recipient. If there is any relationship between individuals receiving assistance and those in control of the nonprofit or key employees, that must also be disclosed. Additionally, the people selecting the individuals who receive assistance must also be disclosed. See IRS guidance: Disaster Relief: [How Charities Must Document Relief Activities](#).
- Many nonprofits provide "safety net" services for the community. In the aftermath of a disaster, those service providers may themselves be struggling. Consider strategies, such as those used by the [Marin County Community Foundation](#), to accelerate aid and assistance through pre-approved grant assistance for charitable nonprofits that are working to provide disaster relief.
- Language barriers may make it difficult for some victims to receive the same access to assistance as English-speakers. Offering translation services or

providing access to translated information is another way to assist with disaster recovery.

The IRS page [Disaster Relief Resources for Charities and Contributors](#) offers more guidance both for nonprofits and for the donating public.

The IRS generally provides tax relief for those with filing deadlines, including nonprofits, who are affected by disasters. Check the IRS website: [Tax Relief in Disaster Situations](#).

The Small Business Administration offers loans to small enterprises, including nonprofits in some cases, affected by disasters: SBA [Disaster Loan Assistance](#).

Related Insights & Analysis

- With so many Americans suffering from natural disasters each year, turning to charitable nonprofits for relief that are in many cases coping with the same disasters, [the National Council of Nonprofits is calling on Congress](#) to provide a more reliable form of relief to nonprofits.
- [After a Disaster: The Essentials of Nonprofit Communication](#)
- [Underappreciated Elements of Nonprofit Disaster Preparedness Planning](#)

Additional Resources

- The [Center for Disaster Philanthropy](#) posts relevant information and resources, such as webinars on how to support recovery efforts and the [Disaster Philanthropy Playbook](#).
- [Disaster Planning and Recovery](#) (TechSoup)
- [Reconstructing records after a disaster](#) (IRS podcast)
- [Starting and maintaining a charity for disaster relief](#) (includes resources for existing nonprofits) (IRS)
- [Surviving a crisis: Practical strategies for nonprofit organizations](#) (Nonprofits Insurance Alliance of California and Alliance of Nonprofits for Insurance)

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