

BONDD

EXEMPT ORGANIZATIONS INFORMATION MEMO

OCTOBER 14, 2022

Hurricane Ian and Informed Giving After Natural Disasters

Many are seeking ways to aid Florida's devastated communities in the aftermath of Hurricane Ian. In our prior article, "[Informed Giving During Times of Crises](#)," we described how the tools of the tax lawyer can assist in making informed giving decisions whenever well-intentioned but ill-suited organizations and initiatives, and even outright scams, compete with stronger, well-established organizations for your charitable support.

In a similar vein, Florida Chief Financial Officer Jimmy Patronis recently published a warning to donors to be cautious of imposter GoFundMe style crowdfunding websites and charity scams claiming to provide disaster relief to those affected by Hurricane Ian. Mr. Patronis further encouraged donations to the Florida Disaster Fund, the State of Florida's official private fund established to assist Florida's communities as they respond to and recover from times of emergency or disaster.

We thought it worth reminding donors of the tax tools that can be used to identify worthy organizations for your donations:

Proactivity. Conduct basic Google searches of organizations before you give. Check each organization's website and any mentions of it by trusted news sources, governmental agencies and municipalities serving people in affected areas. Look for any other public information about the ways in which your donation would be used, including representations about administrative costs, credit card fees, etc.

Check Basic Compliance. Nonprofits exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code should be listed on the Internal Revenue Services' [search tool](#) and be registered with a state charity regulator, such as the Florida [Department of Agriculture and Consumer Services](#). If an organization soliciting funds can't be found in both these places, we suggest caution.

Look at the Numbers from 25,000 Feet. The IRS's website provides access to publicly available IRS Form 990 tax returns, as does [Guidestar](#) which compiles and publishes recent tax returns for nearly every 501(c)(3) organization that is large enough to be required to file one. This means that you should be able to search for the return of any organization you intend to make a contribution to. (You can register with Guidestar for free access to these returns). Even a quick review of a few pages of Form 990 can yield significant information:

- The mission statement (located on the first page of Form 990) and statement of the organization's program service accomplishments (located at the top of the second page). How does it align with the needs of those you are seeking to help?
- Total number of employees and volunteers (located on the first page, Part I, lines 5 and 6). Does the organization have the human resources required to put your donation to work?

- Revenue and expenses (located on the first page, Part 1, lines 12 and 18). Are there significant deficits? Accumulations of unused funds? Does the organization have a history of robust revenue and program expenditures relative to what it is trying to accomplish?
- Salaries, compensation and employee benefits (located on page 10, Part IX, lines 5 and 7). What percentage of expenses are employment costs? How does this relate to the manner in which the organization will provide aid (e.g., will this be done by employees that provide services to the public vs. supplying necessary goods?) Also, Part IX more generally provides a wealth of other information about what the organization is spending money on, and is worth a review, along with Part VIII on the preceding page, which breaks down its sources of support.
- Part X expands upon the balance sheet on the first page of the tax return to provide more color to the organization's finances, including its liquidity, debt and whether it holds donor-restricted assets.
- Schedule I, Part II provides detailed information about grants and other assistance to domestic organizations, listing the names of grantees and the amounts of funds they received. This can be helpful information in determining how your funds are likely to be used, especially if the same organizations receive funds consistently.

All of this information can be approached intuitively, without a specific goal other than to get “smarter” about the organization in general, and to see whether you feel more or less confident about giving it your donation. Also, the first time that you do this may take a bit of time, but with repetition this can become a fairly quick process.

Commitment and Efficacy. Once you evaluated an organization's compliance and financial fundamentals, consider their commitment to use your contributions for their intended purpose (to the extent we haven't developed full confidence already). In times of crisis, this is usually the ability to offer immediate aid that will provide the most benefit at the lowest cost.

Charitable giving, and the diligence leading up to it, is a deeply personal choice motivated by a variety of factors, but we hope our insight into evaluating 501(c)(3) organizations aids in your decision to donate now or in the future. If you have any questions or concerns related charitable giving or other matters involving 501(c)(3) tax-exempt organizations, please contact [Thomas W. Simcoe](#), [Delaney M. R. Knapp](#) or the attorney at Bond with whom you are regularly in contact.

