

CHARITABLE RESPONSE TO HURRICANE SANDY

October 2014



Charities Bureau

**New York State Attorney General
Eric T. Schneiderman**

HURRICANE SANDY

FUNDRAISING AND RELIEF ACTIVITIES

INTRODUCTION

Two years ago, on October 29, 2012, Hurricane Sandy struck the Eastern Seaboard with unprecedented strength and impact. Over 150 Americans lost their lives, including 53 in New York State, and millions were displaced. The region suffered massive property damage – estimated at approximately \$65 billion – to homes, buildings and infrastructure.

While federal, state and municipal programs are the backbone of the recovery,¹ the nonprofit sector served a critical role in the immediate aftermath of the storm and continues to be an important part of the long-term recovery. During the storm and in the days following, charity professionals and volunteers helped individuals evacuate, staffed shelters and other relief sites, and brought assistance to those who could not leave their homes. The flexibility and ingenuity of the sector’s response was nothing short of life-saving. In the mid-term recovery period, charities and their volunteers helped begin the long rebuilding process and provided meals, shelter, and medical and legal assistance.

As we enter the third year of recovery, charities continue to play a vital role. They provide case management to help individuals navigate available assistance, they continue to rebuild homes and houses of worship and provide appliances and supplies for those reentering permanent homes, they are providing counseling to those dealing with the mental and emotional trauma of loss and displacement, and they are helping communities better prepare for the next challenge.

In light of the central role that charities serve in disaster relief and recovery, and in light of the significant money raised by charities from the public for Sandy relief, the Charities Bureau of the Office of the Attorney General (“OAG”) has been monitoring Hurricane Sandy charitable fundraising and spending. Large-scale disasters highlight the generosity of donors and the commitment of nonprofit sector professionals and volunteers, but they can also serve as opportunities for waste of charitable dollars and even fraud. The Attorney General, through the Charities Bureau, is the primary regulator of charities in

¹ According to the Federal Emergency Management Agency, more than \$8.8 billion in federal assistance has been approved in Individual Assistance grants, Small Business Administration disaster loans, flood insurance payments and Public Assistance grants to support New York’s ongoing recovery from Hurricane Sandy. See <http://www.fema.gov/new-york-sandy-recovery> (last visited October 17, 2014.) A portion of those funds is granted to state and local governments. For more information from the federal government on Sandy funding, see <http://www.recovery.gov/Sandy/whereisthemoneygoing/maps/Pages/SupplementalFunding.aspx>.

New York State. The Charities Bureau is charged with ensuring that officers and directors of charities fulfill their fiduciary duties, and that charitable gifts are used as intended by donors.

Within weeks of the storm, the Charities Bureau sent questionnaires to 91 charities raising funds in New York, seeking information about their Sandy-related fundraising and relief activities.² In March and April 2013, the Charities Bureau sent follow-up questionnaires seeking updated information. In July 2013, the Charities Bureau released its Interim Report, which summarized information collected as of that date.³ The Charities Bureau followed up with charities on issues identified in that report.

In October 2013, as the one-year anniversary of Hurricane Sandy approached, the Attorney General released a report that provided an overview of all the OAG's Sandy-related initiatives, including those of the Charities Bureau.⁴

Also in October 2013, the Attorney General announced that the OAG had reached agreements with the American Red Cross, the Brees Dream Foundation, Kids in Distressed Situations, and the New York Annual Conference of the United Methodist Church. Those organizations, whose responses to the OAG's surveys identified significant unspent funds, agreed to certain concrete plans and timetables for their activities.⁵ The American Red Cross also agreed to allocate an additional \$6 million to Hurricane Sandy relief.

In January 2014, the Charities Bureau conducted an online survey collecting updated information from 80 organizations. A list of the surveyed organizations is at the end of this report, in **Appendix A**.

This report summarizes the information gathered in the third survey. Most of the responses were received in between February and April 2014, so this report reflects information as of that time period, except when noted.

² Charities were chosen as recipients based on indications in the press and/or on the internet that they were involved in Hurricane Sandy relief work or fundraising for Hurricane Sandy relief. Due to the large number of organizations involved in the relief efforts, it may be that some charities that were unintentionally omitted from the survey. .

³ The July 2013 Interim Report is available at <http://www.charitiesnys.com/pdfs/CHARITABLE%20RESPONSE%20TO%20HURRICANE%20SANDY%20INTERIM%20REPORT%20JULY%202013.pdf>.

⁴ The OAG's Report, *Hurricane Sandy: One Year Later*, is available at http://www.ag.ny.gov/pdfs/Sandy_1yr_Report.pdf

⁵ The Brees Dream Foundation was not sent a survey. It was identified as a recipient of a grant from Convoy of Hope, which was a survey respondent.

The first section, **Summary of Responses**, aggregates the survey responses.⁶ Highlights include:

- **Since the last report, charities have increased their Sandy spending significantly.** The responding 80 organizations reported raising more than **\$658 million** for Sandy relief,⁷ and spending over \$601 million, or **91%** of that amount, for that purpose. By comparison, in July 2013, we reported that the responding organizations reported raising more than \$575 million and spending \$336 million, or 58%.
- The responding organizations reported that **\$88.7 million**⁸ was unspent as of April 2014. Some of those funds are committed to specific programs but not yet spent. Some organizations stressed the importance of reserving funds for long-term needs or the importance of distributing grant money in stages based on performance. Some also asserted that delays were due to challenges in coordination and communication between and among nonprofits and government agencies.
- Over \$50 million of the funds remaining as of April 2014 were held by the American Red Cross, the Salvation Army, and the Mayor's Fund.
- Groups reported a range of overhead and administrative expenses. Some organizations reported allocating as much as 20% of funds raised for overhead, while other groups reported that no funds raised for Sandy would be used for overhead expenses.
- Hurricane Sandy was a major fundraising occasion for certain organizations. Thirteen (13) organizations reported Hurricane Sandy fundraising totals that exceeded 50% of the total revenue they reported for the fiscal period prior to Sandy.
- Some organizations reported sending donated goods and services to organizations outside areas affected by Hurricane Sandy, which then forwarded them into the impacted areas, raising questions about efficiencies and potential abuse of gift-in-kind reporting.

⁶ This report relies on voluntary self-reporting. Survey questions did not require responding organizations to apply uniform accounting principles in reporting financial information. Responses have not been independently audited.

⁷ Some funds are double counted, since some organizations raised money from the public, and then granted those funds to other organizations. The grantee organizations then reported the grants received.

⁸ Note that while \$658 million was raised and \$601 million has been spent, that does not mean that \$57million dollars remains. This is because several organizations spent more than they raised for Hurricane Sandy.

The second part of this report, **Key Issues in Charitable Fundraising and Spending**, discusses areas that the Charities Bureau identified as requiring consideration during the ongoing relief effort and for future relief efforts, and provides recommendations to charities on these topics:

- **Ensuring Sandy Donations Go To Sandy Relief.** The Charities Bureau engaged with charities to ensure that funds raised in the name of Hurricane Sandy relief are in fact used for that purpose.
- **Understanding Why Sandy Donations Remain Unspent.** The Charities Bureau undertook to understand why substantial funds remained unspent in year two following the storm, and whether organizations have realistic plans and the capacity to use the funds they raised for Sandy relief.
- **Clarifying Direct Expenses.** Through the third survey, the Charities Bureau obtained more detailed information about the nature of charities' expenditures for Hurricane Sandy-related work, including how much of this money covered new incremental costs resulting directly from Hurricane Sandy relief efforts and how much was spent for pre-existing fixed costs.
- **Reviewing the Gift-in-Kind Donations.** Many organizations received large amounts of donated goods and services. The Charities Bureau obtained information about the methods used to value those in-kind donations, and the paths of in-kind donations.

The Office of the Attorney General believes that oversight and transparency promote responsibility and trust in this essential sector. The Charities Bureau thanks the many organizations that participated in this initiative for their ongoing cooperation and their assistance to New Yorkers and others in this time of need. *Inclusion of a charity in this report constitutes neither an endorsement by the Office of the Attorney General nor a finding of a violation of New York law.*

SUMMARY OF RESPONSES

Below are the questions included in the third-round survey and summaries of responses for each question. The Charities Bureau sent surveys to 89 organizations and to date has received responses from 80 organizations. Most of the responses were received between mid-February and late April 2014. This report reflects information as of that time period.

1. Please describe the types of assistance that your organization has provided to those affected by Hurricane Sandy.

Organizations provided narrative responses to this question. In response to Question 6, below, organizations checked off the categories of services they provided or are providing.

2. On what date did your organization begin work relating to Hurricane Sandy?

Fourteen (14) of the responding 80 organizations reported that they began work before the storm made landfall in New York on October 29, 2012. Forty-seven (47) organizations began work in the following week (October 29-November 5). All organizations began their work by the first week of January 2013.

3. Is your organization still conducting Hurricane Sandy related work?

Fifty (50) of the responding 80 organizations reported that they were still conducting Hurricane Sandy-related work as of February 2014. A list of projected completion dates, as reported by the organizations, is found at **Appendix B**. Based on this list, **34 organizations** reported that they planned to still be working as of November 1, 2014. Five organizations reported that they were still working as of February 2014 but were unable to provide an estimated completion date, so they may or may not be currently active.

4. On what date did your organization complete work related to Hurricane Sandy? If not yet completed, please indicate when the work is expected to conclude.

Eight (8) of the responding 80 organizations completed their work in 2012. Thirteen (13) organizations completed their work in 2013. Twenty-eight (28) organizations completed or expect to complete their work in 2014. Eleven (11) organizations expect to complete their work in 2015. Six (6) organizations expect to complete their work in 2016. Two (2)

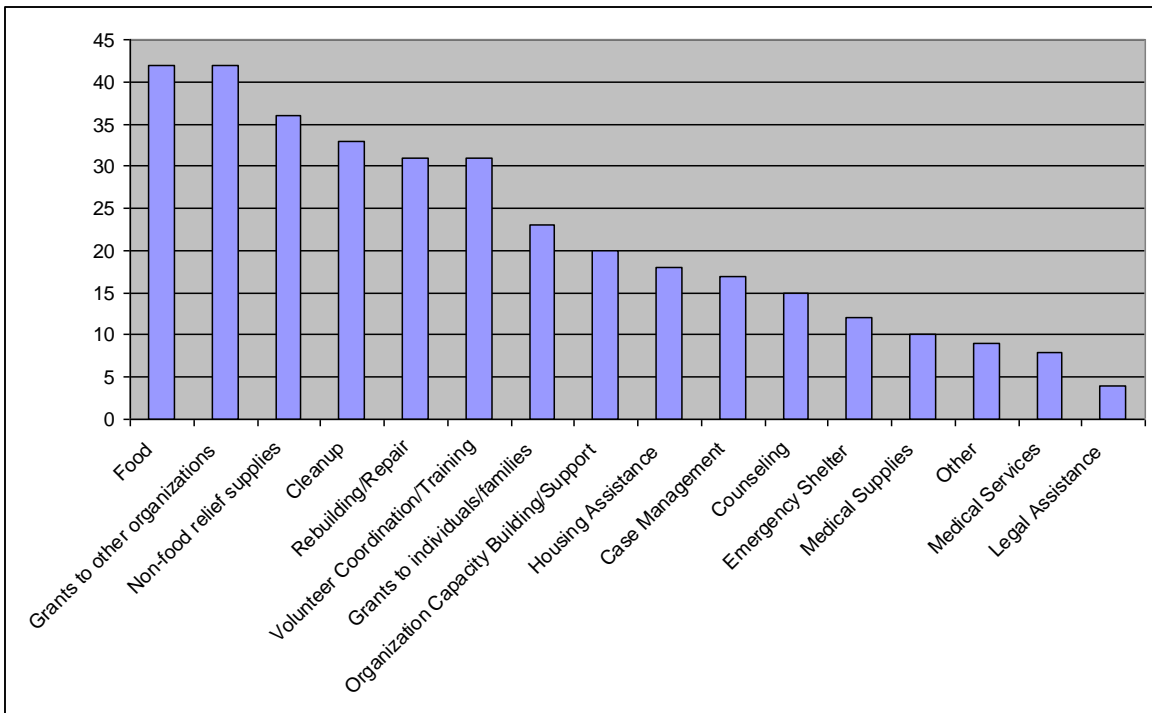
organizations expect to complete their work in 2017. One (1) organization expects to complete its work in 2020. Nine (9) organizations were unable to provide an estimated completion date. For a list of completion dates, please see **Appendix B**.

5. What geographical areas have been (or will be) served by your organization in response to Hurricane Sandy?

Not surprisingly, the most frequently reported geographic areas served are Queens, Brooklyn, Staten Island, Manhattan, New Jersey, and Nassau County. Many organizations reported providing services in more than one geographic area. Sixty (60) of the responding 80 organizations reported serving Queens, Brooklyn or Staten Island. The survey did not target organizations that were active only outside New York, including several that provided services to victims of Hurricane Sandy in the Caribbean.

6. What services have been provided by your organization in response to Hurricane Sandy?

Organizations reported providing a broad range of assistance in response to the storm. Most reported providing more than one type of assistance. The following chart shows the number of organizations that reported providing each category of assistance.



The three most common categories were food, financial grants to other organizations, and non-food relief supplies. An important service provided by charities in response to Sandy has been case management – 17 organizations reported providing case management, which involves assisting victims in accessing available resources. The "Other" category includes activities such as animal/veterinary care, referral services, and issues advocacy.

This question did not seek information regarding the amount of funding expended or allocated to each service category. Information on expenditures is found in response to Question 10, below.

7. Amount Raised (cash, not gift-in-kind) for Hurricane Sandy.

Respondents reported raising a total of **\$658 million** in cash donations in response to Hurricane Sandy, from the time of the hurricane through approximately April 2014. By comparison, the July 2013 report reported that organizations had raised **\$575 million** through approximately April 2013. This represents an additional \$83 million in donations since April 2013. However, some funds are double counted, since some organizations raised money from the public, and then granted those funds to other organizations. Donations were received from the general public, corporations, private foundations, religious organizations, and other nonprofit organizations.

Like the findings of the July 2013 report, much of this funding is concentrated among a small number of organizations – five of the organizations account for over 75% of the funds raised. The American Red Cross, with \$311.5 million reported raised, accounts for nearly half the total money raised.

Top Five Recipients of Sandy Donations	
American Red Cross	\$311,500,000
Robin Hood Foundation	\$ 74,700,000
Mayor's Fund to Advance New York City ⁹	\$ 60,688,496
The Salvation Army	\$ 31,026,179
Food Bank For New York City ¹⁰	\$ 19,387,596

⁹ The Mayor's Fund to Advance New York City received a \$250,000 grant from the Robin Hood Foundation and \$50,000 grant from the American Red Cross; thus these funds are "double-counted" in the chart. .

¹⁰ The Food Bank for New York City received a \$4.4 million grant from the American Red Cross, a \$1.5 million grant from the Mayor's Fund to Advance New York City and a \$201,000 grant from the Robin Hood Foundation; thus these funds are "double-counted" in the chart.

Several organizations reported raising substantially more money for Hurricane Sandy than they have raised historically. As listed on the following chart, thirteen (13) organizations reported Hurricane Sandy fundraising totals that exceed 50% of the total revenue reported in their annual financial reports for the period prior to Hurricane Sandy.

Organization ¹¹	Amount Raised for Sandy Relief	Revenue for Annual Period Prior to Sandy ¹²	Sandy Funds as Percentage of Revenue
Carl V. Bini Memorial Foundation	\$667,859	\$40,591	1645%
Graybeards	\$1,300,000	\$200,661	648%
Rebuilding Together NYC	\$1,156,365	\$310,415	373%
Giants of Generosity/Friends of Rockaway	\$345,315	\$125,727	275%
Stephen Siller Tunnel To Towers Fdn	\$7,350,000	\$3,168,753	232%
Red Hook Initiative	\$1,240,000	\$744,114	167%
Emergency Children's Help Organization	\$393,964	\$318,811	124%
Waves For Water	\$1,550,000	\$1,281,370	121%
The Mayor's Fund to Advance NYC	\$60,688,496	\$53,385,971	114%
Team Rubicon	\$593,700	\$574,673	103%
Occupy Sandy/Alliance For Global Justice	\$1,522,157	\$2,021,270	75%
Doctor Theodore A. Atlas Foundation	\$249,000	\$449,957	55%
Disaster Chaplaincy Services	\$24,168	\$44,419	54%

8. How much of these funds are/were restricted by donors for Hurricane Sandy-related work?

Organizations reported that **\$525 million**, or 80% of the funds they raised, was restricted by donors for Hurricane Sandy-related work. When a donation is restricted, a charity is obligated to use that funding for the purpose indicated. Funds raised in response to a particular disaster but not restricted for activities related to that disaster may be used for other purposes. Organizations must account for restricted donations separately in their financial statements.

¹¹ For Friends of Rockaway, the figure in the Revenue for Annual Period Prior to Sandy column reflects the reported revenue of Friends of Rockaway's fiscal sponsor, Giants of Generosity, for the fiscal year ending June 30, 2012. For Occupy Sandy, the figure in the Revenue for Annual Period Prior to Sandy column reflects the reported revenue of Occupy Sandy's fiscal sponsor, the Alliance for Global Justice, for the fiscal year ending March 31, 2012.

¹² The revenue information reported in this column was derived from reports filed with the New York Attorney General's Charities Bureau and the Internal Revenue Service.

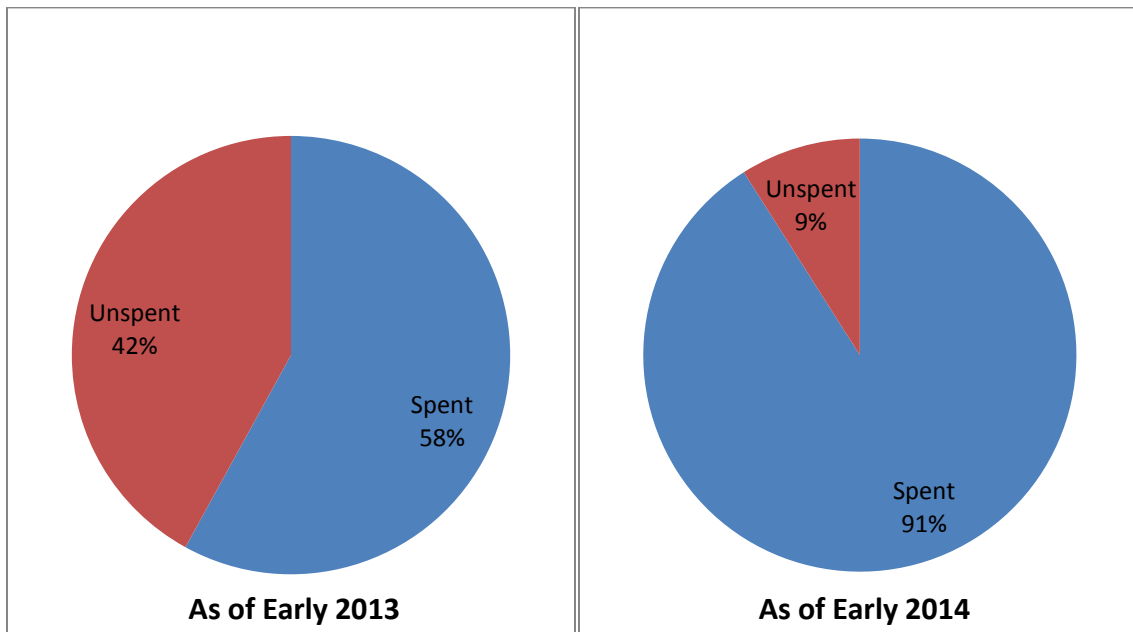
9. Gift-in-Kind: Value of goods and services (in-kind) donated to your organization; description of in-kind donations; how in-kind donations were valued; 10 top contributors and recipients.

After a disaster such as Hurricane Sandy, some charities collect and distribute donated goods and services, referred to as **gift-in-kind donations**. Forty-seven (47) organizations reported receiving gift-in-kind donations, which they valued at a total of **\$118 million**.¹³ The donated goods include food, clothing, cleaning supplies, toys and books, medicine, furniture, mattresses, major household appliances, fire-fighting equipment and utility vehicles. Organizations also reported donations of services, including cleaning and construction, shelter staffing, medical/mental health assistance, and legal assistance.

The most recent survey asked organizations to identify the top 10 donors and recipients of gift-in-kind donations. In a few cases, goods were donated to an organization outside the impacted area, and that second organization then routed the goods to victims.

10. How much has your organization spent or disbursed on Hurricane Sandy relief to date?

This round of responses showed a major increase in spending since the last report. Organizations reported spending a total of **\$601,525,668, or 91%** of all funds raised, as compared with **\$336,034,695 or 58%** of funds raised as of the July 2013 report.



¹³ The Charities Bureau did not require organizations to apply uniform accounting standards in reporting their gift-in-kind numbers.

The survey asked organizations to break down their spending into specified categories. The following chart lists the categories and the total amounts organizations reported for each category for all reporting organizations except the American Red Cross. The American Red Cross reported expenditure amounts using the categories consistent with its reports to the public. That information is provided in the second chart below.

Expense Category	Amount Spent
Grants to Other Organizations	\$203,397,500
Shelter and/or Feeding of Impacted Individual/Households	\$21,327,493
Supplies	\$17,103,734
New Staff	\$9,788,359
Other	\$9,993,722
Third Party Services	\$6,138,903
Admin/Overhead	\$4,726,246
Staff/Volunteer Travel	\$2,535,581
Warehouse Costs (new)	\$1,528,362
Grants to Individual/Households	\$11,127,490
Existing Staff	\$7,293,587
Staff/Volunteer Shelter and/or Feeding	\$2,284,560
Shipping	\$1,523,712
Impacted Individual Travel	\$159,819
Warehouse Costs (pre-existing)	\$858,141

American Red Cross Expense Categories	Amount Spent
Food and Shelter	\$94,936,000
Individual Casework and Assistance	\$65,602,000
Housing and Community Assistance	\$50,194,000
Relief Items	\$32,700,000
Disaster Vehicles, Equipment and Warehouses	\$7,477,000
Physical and Mental Health Services	\$5,917,000
Interagency Coordination	\$2,877,000

Organizations included a wide range of expenditures in the “Other” category, such as gift cards provided to parishes for distribution, purchase or retrofitting of specialty vehicles (for example, the Food Bank for New York City reported an expense of \$445,000 “for 2 customized recreational vehicles used to provide mobile benefits screening and free tax assistance services in Sandy-affected communities,”), costs for delivery of food and supplies, and organization of conferences and public awareness tools. Some organizations also reported expenses such as postage, bank fees, and office supplies in

the “Other” category; some of these expenses may be more properly recorded as “Administrative/Overhead.”

11. What is the dollar amount of Hurricane Sandy funds yet to be spent by your organization?

The surveyed organizations reported having a total of **\$88.7 million** in unspent funds, or 13.5% of the total raised.¹⁴ This is compared with **\$238.6 million** in unspent funds, or 42% of the \$575 million reported raised in the July 2013 report.

The 2014 responses show that the amount the responding organizations have spent on Hurricane Sandy relief has increased. Far fewer organizations are still holding a significant percentage of their Sandy money. In the July 2013 report, twenty-nine (29) of the responding organizations reported spending 50% or less of donations raised for Hurricane Sandy, and twelve (12) organizations reported spending 25% or less of the funds raised for Sandy relief. In the 2014 responses, only eight (8) organizations reported spending 50% or less of the funds raised in response to Sandy.¹⁵ All responding organizations reported spending at least 29% of the funds raised.

The chart below shows the five organizations reporting the highest percentages of unspent funds in their most recent survey response.

Highest Percentage of Unspent Funds as of Early 2014			
	Raised	Unspent	% unspent
Samaritan's Purse	\$11,300,000	\$7,993,287	70.74%
The Salvation Army	\$31,026,179	\$21,422,984	69.05%
Health & Welfare Council of Long Island	\$5,463,760	\$3,366,533	61.62%
World Vision	\$2,387,734	\$1,457,760	61.05%
World Renew	\$949,306	\$567,679	59.80%

The July 2013 report listed the five organizations that reported the highest percentage of unspent funds: Center for Disaster Philanthropy, UMCOR, International Relief Teams, Rebuilding Together NYC, and World Renew. Only one of those organizations – World Renew also appears on the 2014 top five list. World Renew, a Mississippi-based organization, reported \$567,679 in unspent funds, or approximately 60% of what it

¹⁴ Note that while \$658 million was raised and \$601 million has been spent that does not mean that \$57 million dollars remains. This is because several organizations spent more than they raised for Hurricane Sandy.

¹⁵ See responses of B'nai B'rith International, New York City Coalition Against Hunger, Team Rubicon, World Renew, World Vision, Health & Welfare Council of Long Island, The Salvation Army, Samaritan's Purse.

raised. World Renew reported spending approximately \$300,000 over the last year for a needs assessment and for costs associated with volunteers engaged in cleaning and rebuilding. The organization reported that it plans to continue rebuilding work in New Jersey and is looking for another reconstruction site.

The following chart shows the organizations with the **largest dollar amount** of unspent funds in their most recent survey response.

Largest Dollar Amount of Unspent Funds as of Early 2014			
	Raised	Unspent	% unspent
The Salvation Army	\$31,026,179	\$21,422,984	69.05%
American Red Cross	\$311,500,000	\$20,500,000	6.58%
Mayor's Fund to Advance New York City	\$60,688,496	\$12,657,116	20.86%
Samaritan's Purse	\$11,300,000	\$7,993,287	70.74%
Health & Welfare Council of Long Island	\$5,463,760	\$3,366,533	61.62%

The Salvation Army reported having over \$21 million of the \$31 million raised, nearly 70%, remaining as of February 2014. As of August 2014, the Salvation Army reported having \$15.78 million remaining. The Salvation Army reported that these funds remain because of several reasons: time required to assist vulnerable clients engaged in the home repair/rebuild process, fraud prevention efforts, and the need to coordinate with state and local government spending.

The Salvation Army has committed to spending its remaining Sandy funds by the end of 2015. Programs will include rental assistance, provision of bedding and appliances, building assistance, direct financial assistance, medical assistance, and donations to unmet needs committees.

The American Red Cross reported having \$20.5 million in unspent funds as of February 28, 2014. In its most recent online report, the American Red Cross reported having spent \$310 million,¹⁶ and that it expects its Sandy work to be completed by early 2015.

The Mayor's Fund reported that, as of October 2014, it has \$8.54 million in unspent funds, and that these funds are earmarked for the NYC Home Repair program in partnership with the Local Initiatives Support Corporation (LISC). The Mayor's Fund reported that all unspent money has already been committed to programs that run through 2015, which continue to draw down funds on a regular basis.

¹⁶ See <http://www.redcross.org/support/donating-fundraising/where-your-money-goes/sandy-response>.

Samaritan’s Purse reported that, of its unspent funds, a little more than \$2 million is committed to rebuilding and church grant programs. A Samaritan’s Purse official also told the Charities Bureau that the organization has solicited and received additional proposals for relief work.

The Health & Welfare Council of Long Island reported that it has spent an additional \$1.5 million since its report on its programs. The Health & Welfare Council administers the Long Island Long Term Recovery Group, administers and provides funds to the Long Island Unmet Needs Roundtable, and runs a Disaster Recovery Center, which will be open through October 2015.

Other organizations asserted a variety of reasons why funds remain unspent, including reserving money for long-term needs and newly identified needs; time needed to distribute, process, and review applications for assistance; delays in establishing coalitions to coordinate assistance; delays in government funding; time needed to receive building licenses, and time needed to negotiate and finalize agreements with sub-grantees.

12. What is your organization’s plan for using any remaining funds not yet spent for Hurricane Sandy relief?

In their 2014 responses, organizations that reported having remaining funds said the money would be used for: (1) continuation of service provision unrelated to housing; (2) additional grant-making; (3) rebuilding/repair; (4) preparedness/resiliency initiatives; (5) administrative costs associated with Sandy projects; (6) other disasters; (7) transfers to other organizations for Sandy-related projects.

Plans for Remaining Funds	# of Orgs
Continuation of service provision (non-housing)	20
Give to other organizations for Sandy-related projects	11
Rebuilding/repair	10
Administrative costs associated with Sandy projects	3
Preparedness/resiliency initiatives	3
Other disasters	1
No remaining funds	30

Several organizations reported on preparedness programs. For example, the Red Hook Initiative (RHI) is training residents in New York City public housing to be first responders for the neighborhood in the event of another disaster. RHI has also worked with FEMA to implement a wireless system for the neighborhood’s public spaces to assist in communication during a disaster. The Brooklyn Community Foundation has retained a consulting firm to work with community organizations to develop disaster preparedness plans. Save the Children is also running a “Get Ready/Get Safe” program that works with local community organizations to talk about preparedness, and provides children with a backpack filled with emergency supplies. Save the Children is also testing a Community

Preparedness Index, a survey tool developed by Columbia University's National Center for Disaster Preparedness.

KEY ISSUES IN CHARITABLE FUNDRAISING AND SPENDING

Based on the responses, the Charities Bureau identified a number of key issues warranting consideration for ongoing and future relief efforts.

1. Understanding Why Sandy Donations Remain Unspent

The July 2013 Interim Report found that, nearly a year after the storm, charities had spent less than 60% of the funds raised. The responses to the 2014 survey showed that charities spent significantly more over the intervening period, with total spending up to 91% of funds raised; however, certain charities reported having a substantial amount of funds remaining.

When evaluating the fact that charitable dollars remain unspent two years after the storm, it is important to recognize that recovery from a storm such as Hurricane Sandy is a multi-year effort. The damage caused by Sandy occurred in the most densely populated part of the country, and was unprecedented in geographic scope and economic impact. The sheer magnitude of the destruction means that many are still waiting for help from professional contractors and volunteers. Also, funds from other sources, such as insurance policies and government programs, may take time to arrive, and unforeseen needs arise as the recovery takes shape. In this context, it makes sense that certain charities, particularly those engaged in the long-term rebuilding effort, as opposed to immediate disaster relief, would plan their spending to last several years.

With those factors in mind, the Office of the Attorney General was nevertheless concerned about unspent charitable funds. Given the large amount raised from the public, the large numbers of charities involved in the relief effort, and the pressing needs of those impacted by the storm, the OAG questioned whether organizations had the capacity to spend the funds they raised, and whether they had plans in place to distribute or spend the money as efficiently as possible?

As described in the previous section, organizations reported a variety of reasons for having funds remaining. Many explained that they needed time to assess how to spend funds wisely, and that they did not want to “dump and run” – a term used in the disaster relief world to describe organizations that quickly grant all the funds they raise without sufficient concern for how the money is spent.

Other organizations reported that they intentionally reserved funds for a multi-year recovery process, based on their experiences with past disasters. Still others reported that they planned to spend funds on preparedness projects, and that it takes time to evaluate future preparedness needs. Some organizations reported that a major reason for their slow pace of spending was delays in government-funded

rebuilding. For example, one of the Salvation Army's programs provides bedding and appliances to families whose homes were destroyed by Hurricane Sandy, and it cannot do so until homes are rebuilt.

Organizations also told the Charities Bureau that some delays were attributable to a lack of coordination and communication among and between nonprofits and government agencies. As was explained, assisting any given household usually requires multiple organizations to coordinate their expertise and leverage their resources. For example, a hypothetical family whose home was destroyed might get help from one organization for mold remediation, from another for small reconstruction projects, from yet another to fund professional contractors to do major rebuilding, and from still another to provide or pay for appliances. For this process to be successful, there need to be well-administered unmet needs and case management processes. Delays may result where such processes are not available or efficient.

In other cases, it appears that organizations had significant funds remaining because they simply raised more than they had the capacity to spend in ways consistent with their areas of expertise and/or mission. For example, an organization that funded volunteers to work in relief sites immediately after the storm may have had money left over after those sites shut down.

Finally, in some cases, it appears that organizations may have funds remaining due to inadequate staffing and/or planning.

Recommendations to Charities:

- **Planning for Next Time:** Take time to reflect on lessons learned from your Sandy experience to plan for the next disaster.
 - Assess your operations – what was a success and where are areas for improvement?
 - What services do you have the expertise to provide after a disaster?
 - What is a realistic time frame providing your organization's services?
 - What is a realistic budget, taking into account the benefit of having reserves?
 - Make a concrete, time-bound plan for making improvements.

- **Coordination and Collaboration:** Think about all the stakeholders you needed to work with to conduct your activities, including community members, other nonprofits, and government agencies. Build relationships and lines of communication now, before the next disaster. Think about entering into formal information sharing agreements with groups that may have information you need to provide services.

- **Pass it On:** Organizations that faced challenges spending their Sandy relief money should consider donating their remaining funds to unmet needs roundtables or other groups with more expertise in disaster relief.
- **Comply with Regulatory Requirements.** Make sure you are up to date on your registration and filings with the Charities Bureau. Make sure you have submitted all required IRS filings. You do not want to have to address delinquent regulatory requirements during a disaster.
- **Be a Responsible Grantor.** If you make grants to other organizations, find out about their programs, finances, and administration. Ask for grant reports and consider conducting audits of selected grantee programs.

2. Ensuring Sandy Donations Go To Sandy Relief

The July 2013 report reported that seventeen (17) organizations indicated in their second-round survey that, if they had funds remaining, they might use those funds for activities other than Sandy relief, including contributions to a general disaster relief fund, research projects, and other disaster relief efforts.

The Charities Bureau sought and obtained additional information from these 17 organizations. The Charities Bureau had two primary concerns regarding the use of funds for other purposes: first, the needs following Sandy were so great, and the victims needed as much assistance as possible, so we questioned the need to repurpose those funds; and second, people and corporations gave money thinking it would be used for Sandy relief, so it should be used for that purpose.

In response to the third survey, six organizations reported using all their funds for Sandy relief, so the issue of what they would do with remaining funds was moot. Two organizations reported that they donated their remaining funds to organizations that were continuing to do Sandy relief work. Five organizations reported that all funds raised for Sandy would be used for Sandy-related work, and four organizations reported that any excess *unrestricted* funds may be used or have been used for other emergencies (but all restricted funds were used for Sandy relief).

When determining whether funds raised in response to a particular disaster will be used only for that disaster, organizations must respect any donor restrictions on contributions. Funds may be restricted when they are donated in response to a solicitation that states that funds will be used for a particular purpose. In addition, a donor can restrict a donation by indicating to the charity that the donation should be used for a particular purpose. A restriction may be communicated in several ways, depending on the donation method: a notation on the memo line of a check; in a

cover letter or note; orally, by telephone; or in a text box, check-off box or drop-down menu on an online donation form.

Some charities indicated that they prefer unrestricted donations, so the organization can decide how to best allocate funds and have flexibility if it decides it has more funds for a particular disaster than it needs. If funds are restricted, the charity must find a way to use the donation in connection with that disaster, or obtain the donor's permission (or court approval) to use the donation for a similar purpose, such as for future disasters.

The Charities Bureau found that there is room for improvement in how charities communicate with donors about restrictions on donations. While it may be reasonable for a charity to prefer that donations come without restrictions, charities must be clear regarding their intentions.

Recommendations to Charities:

- **Be Clear and Transparent with Your Donors.** Communicate clearly with the public about whether contributed funds will be restricted for a particular disaster or whether your organization may decide that funds are better allocated to other uses.
- **Control Your Message.** Make sure that those who raise funds on your behalf, including volunteers and fundraising professionals, provide accurate information about what you do and how funds will be spent.

3. Clarifying Direct Expenses

The Office of the Attorney General believes that greater transparency builds trust between organizations and their supporters, and encourages organizations to use donor dollars as efficiently as possible and to clearly report how funds are used. In Question 10 of the third survey, the Charities Bureau sought additional detail from charities on how they spent the funds raised for Hurricane Sandy relief.

Among the categories specified, the survey asked organizations to break out the amounts they spent on overhead, on staff hired prior to Hurricane Sandy, and on other costs the organization would have incurred regardless of Hurricane Sandy, including warehousing costs. It is important for donors to realize that organizations will naturally have overhead costs, but those should be reasonable, and organizations should be clear with the public as to whether contributions made for a particular disaster might be used to cover overhead and administration.

Most organizations reported that some amount of Sandy funds was used for overhead expenses or allocated to pre-existing programmatic costs, such as warehousing, transportation, or salaries. In some cases, a significant amount of funding was allocated to pre-existing salary or programmatic costs. A small number of organizations, including The Robin Hood Foundation, reported that no Sandy funds were used for overhead.

Recommendations to Charities:

- **Be Clear and Transparent with Your Donors.** Provide periodic reports to the public on how funds are being used. Inform the public what percentage of the contributions received for a particular cause was used for overhead expenses or pre-existing programmatic costs.
- **Follow the Rules:** Consult an accounting professional to make sure you are properly reporting overhead expenses in your financial reports.

4. Gift-in-Kind Donations

Over \$118 million in gift-in-kind contributions – from clothing to medicine to utility vehicles – were reported raised in response to Hurricane Sandy. The collection, storage, and distribution of goods can pose a major challenge to organizations, and in some cases, can be a way for charities to inflate their bottom line.

In some cases, donated goods are a major boon to organizations and victims. In other cases, organizations may be overwhelmed by the resources required to sort and distribute unneeded items, especially clothing and miscellaneous household goods. In the aftermath of Hurricane Sandy, some organizations used innovative means to let the public know what goods were really needed. Occupy Sandy was one of the first to use online registries to create “wish lists” of needed items, such as dehumidifiers and cleaning supplies. Other organizations used social media to convey needs in real time. Of course in the hours and days immediately following the storm, these communication channels were often unavailable, and organizations had to rely on low-tech means to let the public know what was needed. In media reports, organizations say they are still evaluating how best to balance the public’s desire to give with the resources needed to manage donations of goods.¹⁷

The valuation of gift-in-kind donations is also an issue for charities and the public. The Charities Bureau did not require organizations to apply uniform accounting standards in their survey responses, but organizations are obligated to apply such

¹⁷ See, e.g., <http://www.npr.org/2013/01/09/168946170/thanks-but-no-thanks-when-post-disaster-donations-overwhelm>

standards when reporting values of gift-in-kind donations in their financial statements. High valuations of gift-in-kind donations may cause a charity's income or program expenses to be inflated in its financial reports, creating the impression that a higher level of charitable activity is taking place than is in fact the case. This is a particular issue with charities that distribute medicine overseas,¹⁸ but the problem is more widespread. In survey responses, the Charities Bureau noted a few cases in which goods were donated to an organization outside the impacted area and a second organization then routed the goods to victims. This raises questions about not only efficiency, but potential abuse.

Recommendations to Charities:

- **Collect Goods Wisely:** If you intend to collect goods, create a plan for how to determine what goods are needed and how to disseminate that information to the public through various channels, especially considering that certain lines of communication may be unavailable after a disaster. Use and monitor social media to convey your needs. Consider asking the public to donate funds instead of goods.
- **Distribute Efficiently:** Evaluate your distribution channels to determine whether you are moving goods as efficiently as possible. Distribution of needed supplies should not be an opportunity to enrich middlemen who provide no added value.
- **Follow the Rules:** Consult an accounting professional about valuing gift-in-kind (non-monetary) donations to ensure proper accounting.

¹⁸ See, e.g., <http://www.forbes.com/sites/williamparrett/2011/11/30/donated-pills-makes-some-charities-look-too-good-on-paper/>

CONCLUSION

In the wake of Hurricane Sandy, Americans again showed their generosity and the nonprofit sector reaffirmed its integral role in rebuilding lives and communities. The Attorney General applauds the efforts of the thousands of nonprofit professionals and volunteers who have helped support New Yorkers after the devastation. This disaster is also an important opportunity to share our best practices and learn from our mistakes. Sandy showed the vital role of preparation, communication, and accountability. The Office of the Attorney General urges the public to continue to support the nonprofit sector, but to do so in an educated way. The Office also urges the nonprofit sector to continue the essential process of reflection and collaboration so that the next response can be even better.

Appendix A

Surveyed Organizations

1.	AARP Foundation
2.	Acupuncturists Without Borders
3.	Afya Foundation ^{19*}
4.	All Hands Volunteers
5.	American Humane Association
6.	American Red Cross
7.	American Society for the Prevention of Cruelty to Animals
8.	AmeriCares Foundation Inc.
9.	B'nai B'rith International
10.	Best Friends Animal Society
11.	Breezy Point Relief Foundation ²⁰⁺
12.	Brooklyn Recovery Fund
13.	Brother's Brother Foundation
14.	Carl V. Bini Memorial Foundation
15.	Catholic Charities Diocese of Brooklyn and Queens
16.	Catholic Charities Diocese of Rockville Centre
17.	Catholic Charities of the Archdiocese of New York
18.	Catholic Charities of the Diocese of Albany
19.	Center for Disaster Philanthropy
20.	Children's Hunger Fund
21.	Church World Service*
22.	City Harvest
23.	Citymeals-on-Wheels
24.	Convoy of Hope
25.	Direct Relief International
26.	Disaster Chaplaincy Services
27.	Doctor Theodore A. Atlas Foundation
28.	Educational Alliance, The
29.	Emergency Children's Help Organization (ECHO)
30.	Empire State Relief Fund
31.	Episcopal Relief & Development
32.	Federation of Protestant Welfare Agencies
33.	Feed the Children
34.	Food Bank for New York City
35.	Giants of Generosity/Friends of Rockaway*

¹⁹ An asterisk (*) indicates that the organization did not provide a response to the third survey by the time this report was released.

²⁰ Breezy Point Relief Foundation was omitted from this round because it had concluded its efforts.

36.	Gleaning For The World
37.	Goodwill Industries of Greater New York and Northern New Jersey, Inc.
38.	Graybeards
39.	Habitat for Humanity International
40.	Heart to Heart International
41.	Health & Welfare Council of Long Island ²¹
42.	Hispanic Federation*
43.	Hope for New York
44.	Hope For The Warriors
45.	Humane Society of New York
46.	Humane Society of the United States, The
47.	ICNA Relief
48.	International Relief Teams
49.	International Rescue Committee
50.	Islamic Relief USA
51.	Jewish Disaster Response Corps*
52.	Jewish Federations of North America, Inc., The
53.	Kids in Distressed Situations, Inc.
54.	Liberty Street Relief Fund
55.	Make the Road New York
56.	MAP International
57.	Matthew 25 Ministries
58.	Mayor's Fund to Advance New York City, The
59.	Metropolitan Jewish Health System Foundation*
60.	Modest Needs Foundation
61.	National Firefighters Endowment*
62.	New York Cares
63.	New York City Coalition Against Hunger, The
64.	New York Communities for Change*
65.	New York Police Disaster Relief Fund
66.	National Urban League
67.	Occupy Sandy
68.	Operation Blessing International
69.	Rebuilding Together
70.	Rebuilding Together NYC
71.	Red Hook Initiative
72.	Robert R. McCormick Foundation
73.	Robin Hood Foundation
74.	Rockaway Waterfront Alliance
75.	Salvation Army, The
76.	Samaritan's Purse

²¹ Health & Welfare Council of Long Island was not included in the two prior questionnaires.

77.	Save the Children Federation Inc.
78.	ShelterBox USA
79.	Stephen Siller Tunnel To Towers Foundation
80.	Team Rubicon
81.	UJA-Federation of New York
82.	United Methodist Committee on Relief
83.	United Way of Long Island
84.	United Way of New York City
85.	Waves For Water
86.	We Care NYC
87.	World Renew
88.	World Vision International
89.	YWCA of the City of New York*

Appendix B

Reported Expected Completion Dates

Organization Name	Organization's Website	Still conducting Hurricane Sandy related work?	Expected Completion Date
Robert R. McCormick Foundation	McCormickFoundation.org	No	11/5/2012
American Humane Association	americanhumane.org	No	11/12/2012
Citymeals-on-Wheels	citymeals.org	No	11/15/2012
ShelterBox USA	shelterboxusa.org	No	11/30/2012
Team Rubicon	teamrubiconusa.org	No	12/3/2012
The Humane Society of the United States	humanesociety.org	No	12/5/2012
International Rescue Committee	rescue.org	No	12/31/2012
Heart to Heart International	hearttoheart.org	No	12/31/2012
Acupuncturists Without Borders	acwb.info	No	1/31/2013
AARP Foundation	aarpfoundation.org	No	2/14/2013
Operation Blessing International	operationblessing.org	No	2/26/2013
Liberty Street Relief Fund		No	3/12/2013
Goodwill Industries of Greater NY and No. NJ, Inc.	goodwillny.org	No	5/14/2013
Federation of Protestant Welfare Agencies	fpwa.org	No	5/31/2013
Catholic Charities of the Diocese of Albany (CCDA)	ccrda.org	No	7/11/2013
MAP International Inc	map.org	No	7/29/2013
New York Police Disaster Relief Fund	nypdcea.com	No	7/31/2013
City Harvest, Inc.	cityharvest.org	No	8/30/2013
Hope For The Warriors	hopeforthewarriors.org	No	10/1/2013
Modest Needs Foundation	modestneeds.org	No	11/8/2013
Disaster Chaplaincy Services Inc	disasterchaplaincy.org/	No	11/10/2013
Humane Society of New York	HumaneSocietyNY.org	No	2/2/2014

Brother's Brother Foundation	brothersbrother.org	No	2/25/2014
Feed The Children, Inc.	feedthechildren.org	No	3/13/2014
National Urban League	nul.org	Yes	3/15/2014
Graybeards Ltd.	graybeards.com	Yes	4/1/2014
All Hands Volunteers	hands.org	Yes	4/15/2014
Kids in Distressed Situations	kidsdonations.org	Yes	6/15/2014
Direct Relief	DirectRelief.org	Yes	6/30/2014
Islamic Relief USA	irusa.org	Yes	6/30/2014
Empire State Relief Fund	empirestaterelief.com	Yes	8/31/2014
Save the Children Federation, Inc.	savethechildren.org	Yes	8/31/2014
Brooklyn Community Foundation	brooklyncommunityfoundation.org	Yes	9/30/2014
Health & Welfare Council of Long Island	hwcli.com		10/20/2014
United Way of NYC	unitedwaynyc.org	Yes	10/31/2014
Occupy Sandy/Alliance for for Global Justice	Occupysandy.net	Yes	11/1/2014
Waves For Water, Inc.	wavesforwater.org	Yes	11/30/2014
Convoy of Hope	convoyofhope.org	Yes	12/15/2014
United Way of Long Island	unitedwayli.org	Yes	12/31/2014
B'nai B'rith International	bnaibrith.org	Yes	12/31/2014
Breezy Point Disaster Relief Fund, Inc.	breezypointdisasterrelief.org	Yes	12/31/2014
Emergency Children's Help Organization, Inc. - ECHO	echoorganization.org	Yes	12/31/2014
Stephen Siller Tunnel to Towers Foundation	tunnel2towers.org	Yes	12/31/2014
Dr. Theodore A. Atlas Foundation	dratlasfoundation.com	Yes	12/31/2014
Best Friends Animal Society	bestfriends.org	Yes	12/31/2014
Center for Disaster Philanthropy	disasterphilanthropy.org	Yes	12/31/2014
The Salvation Army	EasternUSA.salvationarmy.org	Yes	12/31/2014
Red Hook Initiative	rhicenter.org	Yes	12/31/2014
American Red Cross		Yes	12/31/2014
AmeriCares Foundation	americares.org/	Yes	2/1/2015
Rebuilding Together Inc.	rebuildingtogether.org	Yes	6/15/2015
Educational Alliance, Inc.	edalliance.org	Yes	8/31/2015

Mayor's Fund to Advance New York City	nyc.gov/fund	Yes	8/31/2015
Make the Road New York, Inc	maketheroadny.org	Yes	9/30/2015
New York City Coalition Against Hunger	nyccah.org	Yes	10/1/2015
New York Cares	newyorkcares.org	Yes	10/31/2015
The Jewish Federations of North America, Inc.	jewishfederations.org	Yes	10/31/2015
Samaritan's Purse	samaritanspurse.org	Yes	12/20/2015
Robin Hood Foundation	robinhood.org	Yes	12/31/2015
Episcopal Relief & Development	episcopalrelief.org/	Yes	12/31/2015
Food Bank For New York City	foodbanknyc.org	Yes	1/1/2016
World Renew	worldrenew.net	Yes	4/30/2016
Catholic Charities Brooklyn & Queens	ccbq.org	Yes	6/30/2016
World Vision	worldvision.org	Yes	10/1/2016
Habitat for Humanity International	habitat.org	Yes	10/1/2016
UMCOR	umcor.org	Yes	12/31/2016
Catholic Charities of the Archdiocese of New York	CatholicCharities.Org	Yes	8/31/2017
Catholic Charities, Diocese of Rockville Centre	catholiccharities.cc	Yes	12/31/2017
Rockaway Waterfront Alliance	rwalliance.org	Yes	12/31/2020
Hope for New York	hfny.org	No	
ICNA Relief USA	icnarelief.org	No	
Gleaning For The World	gftw.org	No	
Rebuilding Together NYC	rebuildingtogethernyc.org	Yes	
UJA-Federation of New York	ujafedny.org	Yes	
Children's Hunger Fund	chfus.org	Yes	
The Carl V Bini Memorial Fund	binifund.org	Yes	
American Society for the Prevention of Cruelty to Animals	aspca.org	Yes	
We Care NYC			