

## **Understanding Donations**

Disasters are costly. Their repeated occurrence and the demands of the recovery phase make them expensive. Similar to the care of people in disasters, the care of animals and their owners requires recurrent sources of funding. Recurrent funding can be secured as a public component of emergency management in a community or through private fund-raising efforts. Groups that are part of the community's emergency management have the greatest credibility when raising funds and are the best to decide how to use donated resources.

The best permanent solution to funding the care of animals in disasters is to make the response for animals part of the official local, state, regional, and national emergency management systems.

## **Where do donations go?**

The two types of donations are designated and unrestricted (general). Both types are defined by the donor. Often the general public is not aware of the details of the legal accounting issues surrounding donations and makes unrestricted donations.

## **Designated Donations**

Designated donations are clearly earmarked for a particular purpose or organization. Designated funds are distinguished as such because the sponsor submits with the donation a statement indicating the organization or activity for which the funds are intended. Designated funds cannot be used for any purpose or group other than what the sponsor identifies.

Designated funds are usually disbursed directly from the recipient organization to the designee upon receiving a written request from the designee. The request must spell out how the funds will be used and the amount needed.

Tax accountability for the disbursement of designated funds resides both with the initial recipient and with the designee.

The recipient organization must provide evidence that funds have been passed on to the designee. This requirement is usually satisfied once the designee provides a written request for use of the funds. The designee is responsible for documenting that the funds were used appropriately.

## **Unrestricted (General) Donations**

Unrestricted (general) donations are given without a specific purpose being identified. This is the most common type of donation from the public. Unrestricted donations are often made in response to an advertising or publicity campaign. The public donates cash, often in the belief that the donations will be used for the same or similar purpose as that inspiring the gift. However, this may not be the case because nondesignated donations are usually placed into a general fund account, which may have different uses than the donor intended.

A recipient organization can use unrestricted funds for any program for which it has written guidelines that have been approved by its board of directors. Donors should consider carefully whether to give to organizations that do not have formal guidelines for disbursing unrestricted donations specifically for the care of disaster victims. Unrestricted donations may be used for many other activities that these groups support. On request, ethical organizations provide documentation of how donations are disbursed. Concerned donors should request this documentation.

## Disbursement of Donations

A major concern with fund-raising in disasters is that the public's willingness to donate is based mainly on perceived needs in the immediate response phase. However, the greatest expense in disasters is during the recovery phase. To handle donations efficiently and ethically, organizations must have a mechanism for ensuring that funds donated in the response phase are available to meet the greater needs of victims in the recovery phase.

**Table 22-2** How to recognize a group that has ethical fund-raising efforts

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Has a written policy and guidelines by which funds raised in response to disasters can be returned to the affected community
Clearly requests from the donor a stated purpose or community for which the donations are intended
Can provide receipts and documentation of how funds are disbursed
Has a reasonably effective size of staff who work in disasters
Has a track record of ethically handling donations
Had local presence in the area affected before the disaster struck
Does not raise funds at the disaster site

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Potential donors who are concerned about whether their donations will be used appropriately to help disaster victims should consider the following criteria. Organizations that meet these criteria are likely to be providing effective disaster relief. The guidelines are based on principles used for the handling of donations for human disaster victims:

- The goal of disaster management is to empower the victims and to return them to the same or a better state than before the disaster. All fund-raising and disbursements should be geared toward this goal, which generally can be achieved only if efforts are coordinated by local persons or organizations that were active in the community before the disaster.
- All disaster victims should be treated equally. People who seek help, such as at disaster shelters, are apt to need it both physically and mentally. The number of persons who unfairly request services in disasters is probably small. Arguing with them is likely to waste valuable time and create poor morale. The same applies for owners who bring in animals for treatment.
- Donations should not be accepted from disaster victims because this creates the impression that disaster services can be bought or demanded. Disaster relief is a charitable service to individuals.
- Soliciting donations on site could be viewed by the Internal Revenue Service as a "fee for service" and may be contrary to the permissible activities defined by law for not for profit organizations.