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**Disaster Relief:  
What a Nonprofit Needs to Know When  
Disaster Hits Your Community**

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## Disaster Relief: Outline and Tax Framework

1. General Legal Principles of Disaster Relief
  - a. Providing assistance (material and financial) to victims of disasters is a traditional charitable activity for Section 501(c)(3) organizations both in an immediate crisis as well as over a longer term.
  - b. Charitable Class Requirement
    - i. A charitable class is required when providing assistance as an exempt activity.
    - ii. Charitable class of beneficiaries is a group of individuals that may properly receive assistance from a charitable organization.
    - iii. The charitable class must be large/indefinite enough to satisfy the IRS that providing aid to members of the class benefits the community as a whole.
  - c. Evaluation of Financial Need
    - i. Charitable organization must select recipients of assistance based on an objective determination of need (financial or otherwise).
    - ii. The meaning of “need” and scope of the needs assessment varies depending upon the circumstances, timing and type of aid
      1. EX: rescue services and urgently needed food and shelter do not require a needs assessment but ongoing housing and financial support does need to be based on needs.
    - iii. Charitable funds cannot be distributed to individuals merely because they are victims of a disaster – no automatic right to charitable funds.
    - iv. Appropriate records should be maintained to show that distributions are made to individuals after making appropriate needs assessments.
  - d. General Documentation Requirements – a charity providing assistance should retain the following records:
    - i. A complete description of the assistance provided;
    - ii. Costs associated with providing the assistance;
    - iii. The purpose for which the aid was given;
    - iv. The objective criteria for disbursing assistance under each program;

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