



# FAMILY *Matters*

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## COUNCIL ON FOUNDATIONS

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## In Times of War and Disaster, Foundations Respond

**W**ar, terrorism, natural disasters and riots—any of these can shake a community, a country or an entire region. Foundations feel the call to action during these times of crisis and disaster, and they can play a key role in helping others coordinate in their response.

Foundations have become more involved than ever with disaster response grantmaking. In the last decade alone, foundations have been besieged with requests to alleviate human suffering worldwide after Hurricane Mitch in Central America, a devastating earthquake in Turkey and a tsunami in Papua, New Guinea. The United States itself is no stranger to natural disasters, undergoing Hurricanes Andrew and Floyd in 1992 and 1999, floods in the Midwest and along the Mississippi in 2001, droughts in the central and southeastern states in 1998, and the 1994 Northridge earthquake in California.

And then there are disasters caused not by natural causes, but at the hands of humans. The war against Iraq could create a grave human and economic cost, one that will undoubtedly affect the philanthropic sector nationally and worldwide. How much will the war deplete foundation assets in an already troubled economy? How will philanthropists

mobilize to fund the region's humanitarian needs, to support the families of U.S. troops or to meet new domestic needs caused by additional government funds going to counterterrorism and the military effort?

Just a few short years ago, there was an ongoing international crisis in the Balkans, and conflict continues to displace families in several regions of Africa. At home, Americans faced a series of terrorist emergencies—the Oklahoma City bombing, the terrorist attacks of September 11, 2001, and the anthrax scares.

In times of disaster, grantmakers face serious challenges when deluged with emergency grant requests: Foundations may want to respond even though disaster funding falls outside their regular program areas; board members may have limited or no in-house experience on the complexities of disaster issues; and moreover, disaster grant decisions are often made while in the throes of emotional appeals and intense time pressure.

What can family foundations do to prepare for and respond in times of war and disaster?

Based on the lessons learned from a year-long study by a joint working group of the European Foundation Centre and the Council on Foundations, grantmakers can be more effective and strategic in addressing disasters by following eight principles. (See page 2)

Foundations feel the call to action during these times of crisis and disaster, and they can play a key role in helping others mobilize in their response. Read this issue to find out how.



## Principles of Good Disaster Grants

**First, do no harm.** Ensure that your grant contributes to the *solution* and not the *problem*.

### **Stop, look and listen before taking action.**

Information is key to good disaster grantmaking. Take the time to learn about the specifics before deciding how to respond.

**Don't act in isolation.** Coordination among disaster grantmakers and among nongovernmental organizations (NGOs) operating in the affected areas will reduce duplicated efforts, make efficient use of resources and ensure highest-priority needs are addressed first.

**Think beyond the immediate crisis to the long term.** Grantmakers can play a useful role before the crisis by supporting prevention and preparedness activities, and afterward, by filling gaps between emergency relief and long-term development programs.

### **Bear in mind the expertise of local organizations.**

Community-based organizations and NGOs with a local presence are the first on the scene. They know best what assistance is needed, and they understand the complex political, social and cultural context of a disaster. These organizations are often hampered by lack of resources and organizational capacity. Working with and/or supporting these organizations can prove mutually beneficial.

### **Find out how prospective grantees operate.**

Organizations vary greatly in their approach. Some specialize only in emergency relief, while others have a long-term development orientation. Some support the work of local organizations, while others do not. It is wise to know what approach you are supporting before making a grant.

### **Be accountable to those you are trying to help.**

Engage grantees in a process that addresses social impact.

**Communicate your work and use it as an educational tool.** It is useful to build a knowledge base, capture lessons learned and share your experience with boards, staff, employees, other grantmakers, the media, community groups, public officials and international organizations.

*(From Disaster Grantmaking: A Practical Guide for Foundations and Corporations, European Foundation Centre and Council on Foundations, November 2001. See On the Bookshelf, page 6, for more information.)*

## War in Iraq: What Your Colleagues Are Doing

In early September 2002, a group of funders, individuals and institutions came together during the annual meeting of the Environmental Grantmakers Association. From this meeting emerged a fund focused on preventing the war in Iraq by advocating nonviolent approaches to achieve peace and justice in that region. The Iraq Peace Fund, established at the Tides Foundation, raised \$750,000—which was amplified by another half-million in direct grants—within seven weeks. According to Edith Eddy, executive director of the Compton Foundation, “The fund is a good example of foundations working together and responding quickly.”

As a pooled commitment by individual donors and foundations, the fund made short-term, strategic grants to support groups of the peace and justice movement. According to Eddy, “By getting money to them quickly, these organizations could ramp up and expose the public to different ideas. The fund may not have stopped the war in Iraq, but it did something important to help jump-start the now internationally coordinated peace movement.”



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### **MEMBERSHIP INFORMATION**

For information on becoming a member of the Council on Foundations, call 202/467-0463 or e-mail [membership@cof.org](mailto:membership@cof.org).



## The War: How You Can Help

The Council has received recent requests on how foundations and individuals can directly support humanitarian efforts in Iraq and/or the families of military personnel at war. Below is a list of resources:

- United States Agency for International Development**—[www.usaid.gov/iraq](http://www.usaid.gov/iraq)
- Network for Good**—[www.networkforgood.org](http://www.networkforgood.org)
- The American Friends Services Committee**—[www.afsc.org](http://www.afsc.org)
- International Rescue Committee**—[www.irc.org](http://www.irc.org)
- CARE**—[www.careusa.org](http://www.careusa.org)
- United Nations Children's Fund (UNICEF)**—[www.unicef.org](http://www.unicef.org)
- International Committee for the Red Cross**—[www.icrc.org](http://www.icrc.org)
- The American Red Cross**—[www.redcross.org](http://www.redcross.org)
- Tragedy Assistance Program for Survivors**—[www.taps.org](http://www.taps.org)
- The USO**—[www.uso.org](http://www.uso.org)
- Air Force Aid Society**—[www.afas.org](http://www.afas.org)
- Navy-Marine Corps Relief Society**—[www.nmcrs.org](http://www.nmcrs.org)
- Army Emergency Relief**—[www.aerhq.org](http://www.aerhq.org)
- Coast Guard Mutual Assistance**—[www.cgmahq.org](http://www.cgmahq.org)

## Quick Tips: How to Prepare for Disaster

- **Picture the situation before it happens.** You can't anticipate every possible disaster, but you can identify scenarios and plan how your board might handle them.
- **Develop a plan for handling disaster funding requests.**
- **Develop a plan for communicating** with your own foundation members and families. This might include an evacuation and safety plan, a telephone tree or point of contact and a safe place to meet should communications fail.
- **Back up your computer data** regularly and create a disaster recovery plan for your electronic and hard copy files.
- **Identify decisionmakers and spokespeople** in your organization, should the foundation need to respond quickly.

## Staying the Course During Crises

By *Leo A. Notenboom*,  
Managing Trustee, *The KLeo Foundation*

Family foundations can play a key role in local community reaction to crisis—by holding to their mandate, by reacting quickly and by using their ability to provide community support when it's most needed.



The KLeo Foundation is a small family foundation with two trustees and no staff. On the morning of September 11, 2001, I found myself watching TV and surfing the Internet, attempting to follow the horrific events of the day, with the foundation checkbook in front of me. The magnitude of the event was obvious, but the question every philanthropist has at one time pondered—how to respond to this disaster?

Our reaction was immediate. We elected to slightly rebalance the grants that were to be made that day. The Red Cross has been an annual recipient since the foundation's inception, and their grant, made on September 11, was increased by one third. Unfortunately, the funds were shifted from another grantmaking area, decreasing another recipient's funding. Because there was no total dollar increase in our annual grants, this represented a painful challenge. It was apparent that local organizations were suffering as funds were being sent to New York, so in response to the Red Cross's query, we directed that the funds be used locally.

Family foundations, especially smaller foundations, are often referred to as nimble, and The KLeo Foundation is a great example. However, being nimble can be both a blessing and a curse. With only two principals, communication was simply a non-issue, but there are fewer checks and balances—it's easier to make a fast emotional response, rather than perhaps one more appropriately thought out.

My advice is simple: Stay true to your foundation's mandate. This can be a difficult, but ultimately invaluable, guide. Continuing to support your mandate through community crisis and perhaps tailoring the support to the crisis at hand can be one of the most important decisions your family foundation can make.

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## Good Grants: Disaster Preparedness and Response

### Reducing the Threat of Bioterrorism

In the aftermath the September 11, 2001, terrorist attacks and the anthrax scare that followed, The Alfred P. Sloan Foundation, which had been studying bioterrorism for almost two years, suddenly was the reigning authority on civilian defense—what citizens or businesses can do to defend themselves against terrorism.

In the summer of 2002, the Sloan Foundation approved grants in citizen preparedness to RAND ([www.rand.org](http://www.rand.org)) and the Ad Council ([www.adcouncil.org](http://www.adcouncil.org)). RAND has undertaken an ambitious nine-month plan to define practical steps that citizens can take to prepare for and respond to catastrophic terrorist attacks and developed an implementation strategy. The Ad Council, in collaboration with the U.S. Department of Homeland Security, has developed a national public service advertising campaign to empower American citizens to prepare for and respond to potential terrorist attacks. The campaign was announced by Homeland Security Secretary Tom Ridge February 19, 2003. The campaign offers practical suggestions to increase preparedness, including learning about serious threats, making emergency supply kits and creating a family communications plan. The ads direct Americans to call 1-800-BE-READY to receive a free brochure or visit [www.ready.gov](http://www.ready.gov) where they can learn the best ways to protect themselves and their families against terrorism.

The Sloan Foundation will continue its emphasis on citizen preparedness, physical methods for removing pathogens from the air and unique opportunities in bioterrorism detection, prevention and preparedness.

### Convening Civil Leaders in the Middle East

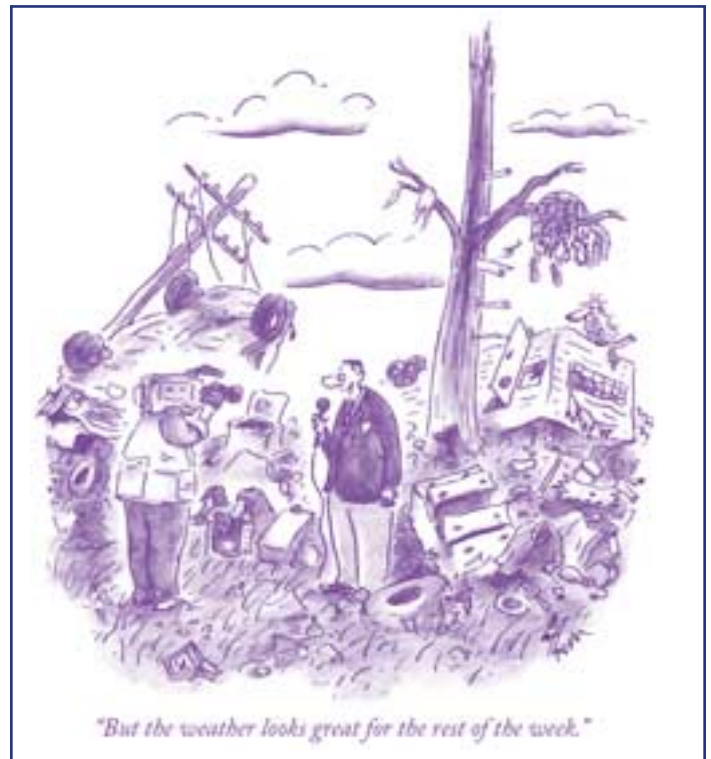
The call for peace in the Middle East has become a familiar refrain over the past several decades, though achieving it has become more and more daunting. The Compton Foundation, founded to address community, national and international concerns in the fields of peace and security, population, and the environment, is concerned primarily with preventing war and defusing world conditions that tend to cause conflict.

Between 2001 and 2002, the Compton Foundation supported the work of Search for Common Ground to conduct a variety of exchanges and meetings between civil leaders in the Middle East and provide a “safe space” for dialogue. For example, meetings brought together academ-

ics, former government officials, physicists and journalists from different countries to discuss the most effective ways to prevent the use of weapons of mass destruction in the region. The Compton Foundation’s support helped develop the lines of communication and personal relationships critical to making real, long-term progress as well as heading off crises in the short term.

### Long-Term Response to Families in Afghanistan

Thanks to the help of participants at the Council’s 2003 Family Foundation Conference in San Jose, California, Give2Asia will be making a small grant to the Afghan Institute of Learning. The grant will help build a new medical clinic that will serve thousands of underserved families in 35 villages that have suffered from the traumatic effects of war and poverty. At its conference exhibit, Give2Asia offered a magnetic dartboard representing its grantmaking regions. Afghanistan received the highest number of darts and, therefore, will receive the grant. For more information about Give2Asia, contact 415/743-3336 or [info@give2asia.org](mailto:info@give2asia.org).





## CALENDAR

### May 15-16, 2003

**COLLABORATING FOR SUCCESS II  
A CONFERENCE ON CREATING  
AND OPERATING MULTI-TENANT  
NONPROFIT CENTERS**  
New York, NY  
www.nonprofitcenters.org

### May 21-22: SAN FRANCISCO, CA

**June 4-5: MILWAUKEE, WI**  
**ASSOCIATION OF SMALL FOUNDATIONS  
TRUSTEE LEADERSHIP SEMINAR  
"MANAGING YOUR SMALL  
FOUNDATION"**  
301/907-3337  
ashley@smallfoundations.org

### May 30-June 1

**SOCIAL VENTURE PARTNERS  
INTERNATIONAL CONFERENCE**  
Calgary, Alberta  
206/728-7872  
Francisca@svpintl.org

### June 12-14

**FOURTH NATIONAL CONFERENCE  
ON BLACK PHILANTHROPY**  
Hyatt Regency Atlanta,  
Atlanta, GA  
Rodney Jackson,  
202/503-9770

### July 10

**COUNCIL ON THE ROAD**  
Embassy Suites  
Old Market Hotel  
Omaha, NE  
Tracy Locke, 202/467-0470  
lockt@cof.org

**July 13: INSTITUTE FOR  
NEW BOARD MEMBERS**

**July 14: ESTABLISHING  
A NEW FOUNDATION**

**July 14-16: INSTITUTE FOR  
NEW GRANTMAKERS  
COUNCIL ON FOUNDATIONS**  
Colorado Springs, CO  
202/467-0423  
education@cof.org  
www.cof.org/conferences

**July 30-August 1  
PHILANTHROPY & NONPROFIT  
LEADERSHIP CENTER (PNLC)**  
at Rollins College  
Leadership Institute  
Winter Park, FL  
PNLC, 407/975-6414

### September 5

**COUNCIL ON THE ROAD**  
Indiana University  
Place Conference  
Center & Hotel  
Indianapolis, IN  
Tracy Locke, 202/467-0470  
lockt@cof.org

### September 17-18

**ASSOCIATION OF  
SMALL FOUNDATIONS**  
Day 1: Trustee Leadership Seminar  
Day 2: Managing Your  
Small Foundation  
Chapel Hill, NC  
301/907-3337  
Ashley@smallfoundations.org

### October 2-3

**COMMITTEE ON FAMILY  
FOUNDATIONS  
FALL MEETING**  
Washington, DC  
Christina Dokken, 202/467-0476  
dokkc@cof.org

## Disaster Grantmaking: Questions For Board Discussion

If your foundation is interested in disaster grants, consider these questions:

### Creating a Disaster Giving Plan

- Will your foundation link disaster grants to its mission or incorporate a discretionary or emergency fund?
- If disaster grantmaking does not fall under your foundation's program area, will you make grants above the required distribution for the year, so that other grantees are not shortchanged?

### Short-Term vs. Long-Term Needs

- Should you fund the immediate crisis or look to long-term rebuilding and support?
- Should you support disaster prevention and preparedness or research in the root causes of specific disasters?

### Developing Specific Criteria

- In what circumstances and where will the foundation make disaster grants? For instance, will you respond only to certain countries or regions, or in program areas where you already has partners?
- Will you make grants directly to individuals affected or to the organizations that serve them?
- If funding individuals, should you provide cash assistance or goods and services?
- If funding organizations, are you comfortable allowing grantees flexibility in determining how the funds will be used?
- How quickly can/should you make funds available in emergency situations?

### Communicating with Others

- What local experts/sources of information can your foundation identify to assess the needs of the specific disaster?
- With whom can your foundation collaborate or convene to discuss needs, share information and coordinate assistance?
- If your funding patterns change in response to a disaster, how will you communicate this to existing grantees?



## LEGALLY SPEAKING

# What the IRS Says About Disaster Grants

By Jane C. Nober, Staff Attorney  
Council on Foundations

Since the terrorist attacks of September 11, 2001, there has been increased attention to the Internal Revenue Service's (IRS) rules on providing assistance to victims of disasters. Generally, private foundations may distribute funds to disaster relief charities and request that those funds be spent in a particular geographical area or to provide a particular form of aid (scholarships for victims' families, for example).

To ensure that their disaster relief programs are organized and operated for public purposes, all charities should take care that their programs serve a charitable class—a group large enough, so that the specific recipients of aid will not be known to donors. An example of this would be families of those hurt or killed in the September 11 attacks or subsets of this group, such as families of firefighters and other rescue workers. Leaving the class open by including victims of future disasters among those eligible for assistance can help ensure the charitable nature of the effort.

Aid may not be solicited or donated for the benefit of one person, one family or a small group of people, no matter how needy or deserving of assistance these individuals might be. If a contribution is earmarked for a particular individual or small group, the IRS is free to disregard the exist-

tence of the charitable entity and treat the gift as having been made directly from one individual to another—a contribution for which no charitable deduction is available (*earmarking* is any oral or written understanding that a contribution will be routed in a particular way).

### Grants to Individuals

Establishing a program of grants to individuals who are disaster victims raises a number of issues both for private foundations and for public charities. Neither public charities nor private foundations are required to seek advance approval of disaster relief programs from the IRS, but there are a number of rules that should be followed in making these sorts of grants. To learn these rules, read *Grants to Individuals By Private Foundations*, Council on Foundations, 1996 (see On the Bookshelf, below, for ordering information).

### Documenting the Grant

The IRS has suggested that a detailed application is not necessary for short-term assistance but that longer-term aid (providing scholarships for disaster victims' dependents, for example) will require more documentation. Recordkeeping requirements, which apply to all charities that make grants to individuals, demand that organizations keep on file the following:

- Names and addresses of aid recipients
- Amount distributed to each
- Purpose for which aid was given
- Manner in which the recipient was selected
- Relationship, if any, between the aid recipient and any charity insiders.

Finally, remember that private foundations are required to identify individual grantees on their Forms 990-PF.

## ON THE BOOKSHELF

***Disaster Grantmaking: A Practical Guide for Foundations and Corporations.*** (Council on Foundations and European Foundation Centre, November 2001). To download this guide, visit [www.cof.org/whatis/types/international/publications/disasterguide.pdforder](http://www.cof.org/whatis/types/international/publications/disasterguide.pdforder), or contact International Programs at 202/467-0435 or e-mail [internatl@cof.org](mailto:internatl@cof.org).

***Grants to Individuals by Private Foundations.*** By Edward J. Beckwith and edited by John A. Edie. (Council on Foundations, 1996). \$30; Non-member \$55. To order, call toll-free 888/239-5221, Order #802, or visit [www.cof.org](http://www.cof.org).

### NEW!

***The Guide to Successful Small Grants Programs: When a Little Goes a Long Way.*** By Caroline Avery, President, The Durfee Foundation. (Council on Foundations, 2003). \$30; Non-member \$60. To order, call toll-free 888/239-5221, Order #855, or visit [www.cof.org](http://www.cof.org).





## What's New at the Council?

### NEW Member Benefit—*Hot Topics!*

Family Foundation Services offers Council members a new service—*Hot Topics*, press clip compilations and tips on critical issues for foundation boards to consider. Issues to date have included:

- *Endowments, Grants and the Declining Economy*
- *Searching for Savings: Family Foundations and the Declining Economy*
- *It's 2003...Do You Know Where Your Gift Is? Tales of Donor Discontent*

For more information or to receive copies, contact the Council's Family Foundation Services staff at 202/467-0407 or by e-mail at [family@cof.org](mailto:family@cof.org).

### Council Announces Award Winners

The Council on Foundations has named the recipients of two of its highest honors, the Distinguished Grantmaker Award and the Robert W. Scrivner Award for Creative Grantmaking. The awards will be presented April 29 at the Council's 54th Annual Conference in Dallas. For a list of award recipients, visit [www.cof.org/newsroom/awards/index.htm](http://www.cof.org/newsroom/awards/index.htm).

### Council on the Road Meetings

The Council on Foundations invites staff and board of Council members to participate in an important dialogue on critical issues affecting the field of philanthropy. Six regional meetings are planned before the end of the year. Our goal is to share concerns about the greater scrutiny the field may be facing and hear your thoughts on how the Council can better serve the philanthropic field. We invite you to bring your trustees and any guests who would likely qualify for Council membership. Fee: \$50 per attendee. For more information and a schedule of events and locations, visit [www.cof.org/councilontheroad/index.htm](http://www.cof.org/councilontheroad/index.htm).

## SITES TO SEE

### United States International Grantmaking—[www.usig.org/iraqhumanitarianaid](http://www.usig.org/iraqhumanitarianaid)

The USIG website, a project of the Council on Foundations and the International Center for Not-for-Profit Law, is organized to provide quick access to information relevant to the needs of international grantmakers. This link provides a list of Iraq humanitarian aid efforts.

### Interaction—[www.interaction.org/iraq](http://www.interaction.org/iraq)

InterAction is the largest alliance of U.S.-based international development and humanitarian non-governmental organizations.

### U.S. Department of Homeland Security—[www.ready.gov](http://www.ready.gov)

Learn how to prepare for the unexpected, such as assembling a supply kit and developing a family communications plan.

### Disaster Relief: Providing Assistance through Charitable Organizations—

### [www.irs.gov/relief/aid-charity-pub.pdf](http://www.irs.gov/relief/aid-charity-pub.pdf)

In the wake of the September 11 events, the IRS posted the advance text of a new publication, available in pdf format.

### Disaster Preparedness and Emergency Response Association—[www.disasters.org/index.html](http://www.disasters.org/index.html)

This association assists communities worldwide in disaster preparedness, response and recovery, and serves as a professional association linking professionals, volunteers and organizations.

### The Peace Coalition—

### [www.peacecoalition.org/factsheets/Bioterrorism-Factsheets.pdf](http://www.peacecoalition.org/factsheets/Bioterrorism-Factsheets.pdf)

*Bioterrorism: Preparedness and Response* is a fact sheet developed by Princeton University and sponsored by the Coalition for Peace Action.

### The Ploughshares Fund—[www.ploughshares.org](http://www.ploughshares.org)

The Ploughshares Fund is a public grantmaking foundation that supports initiatives for stopping the spread of weapons of war, from nuclear arms to landmines.



*Coming this summer...*

## Two Institutes and a Special Seminar at One Location.

**Institute for New Board Members--July 13**

**Special Seminar: Establishing a New Foundation--July 14**

**Institute for New Grantmakers--July 14-16**

**Colorado Springs, CO**

**F**oundation staff and trustees—strengthen your grants management skills by participating in one or both of these institutes as well as a special seminar on foundation startup. Learn the principles and best practices of grantmaking, broaden your knowledge of philanthropy and expand your network of colleagues. Join a wide range of philanthropic experts who will teach the dynamics, culture and values of the field. Come away with essential grantmaking and skill-building tools to enhance your foundation work.

To learn more, visit [www.cof.org/conferences](http://www.cof.org/conferences), contact [education@cof.org](mailto:education@cof.org) or call 202/467-0423.

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