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Many Charities Founded After Hurricane Are Faltering

By [STEPHANIE STROM](#)

Since Hurricane Katrina, the [Internal Revenue Service](#) has used a fast-track approval process to grant tax exemptions to almost 400 new charities that said they planned to assist the disaster's victims. But one that distributes leather jackets to address the special needs of sadomasochists? Another that hands out new underwear?

Critics were opposed to the expedited process before it began, warning that many of the upstart organizations would have short shelf lives, prove difficult to track and monitor, and suck money away from more experienced organizations offering support and services. That is precisely what happened in many cases in the aftermath of the Sept. 11 terrorist attacks.

A spot check of the new Hurricane Katrina charities shows that some have indeed disappeared, while others are struggling to help storm victims or to broaden their mission after an initial spurt of activity. Over all, about \$3.6 billion has been pledged to Hurricane Katrina-related charities, with roughly 60 percent donated to the American Red Cross.

Drop Yer Drawers, a new charity in Pearland, Tex., received a tax exemption just days after it filed an application to help collect and distribute underwear.

"It was painless," said Kay Barbour, who founded the charity with a friend, Robin Nichols. "Eight days is just unbelievable when you're dealing with the I.R.S."

But having distributed more than 20,000 bras, boxer shorts and other underwear to hurricane victims, Drop Yer Drawers is now pondering its future. Its aspirations are big — "We can be as big as the Salvation Army," Ms. Barbour said — but first it needs to find the money to rent a warehouse.

"Right now we've got bras in boxes, and they're stored in Robin's spare bedroom," Ms. Barbour said.

The Angel Pray Child Charity Foundation of King of Prussia, Pa., which received approval in 15 days under the expedited process, has not assisted any child displaced by the hurricane. It has, however, sent money to help several children in China.

The rush to create more charities, while grounded in a desire to let the charity dollars flow to the most needy, is contributing to what many charity experts say is an overabundance of nonprofit groups, many of which will fail to deliver the support they promised when applying for tax exemption.

While there are no accusations of wrongdoing, at the very least some groups seem to have stretched to include disaster relief in their missions.

Los Angeles Medical Professionals Inc., for example, received expedited approval because, according to its Web site, its "goal is to provide quality health care at no cost to all Hurricane Katrina evacuees who have been relocated to the Los Angeles metropolitan area, as well as the present uninsured and underinsured residents of the community."

But the organization does not know how many evacuees it has helped. "It's hard to say exactly," said Millena Gay, its director of operations. "We have a lot of patients that don't have insurance, and it's difficult to track where they all come from."

Dr. Joseph E. Pierson, its founder, said he used the fast-track program out of a genuine concern for hurricane victims, some 17,000 of whom ended up in the Los Angeles area. "I've always positioned myself to deliver free health care services," Dr. Pierson said. "But with the Katrina evacuees, I wanted to extend that mission to them as well."

Right after Hurricane Katrina hit the Gulf Coast, the Wise Giving Alliance of the Better Business Bureau, a charity watchdog and research group, urged the I.R.S. not to do what it did after Sept. 11, when it quickly approved about 350 new organizations clamoring to help the victims' families.

"Our feeling was that new organizations would not be in any position to offer significant immediate relief, and that if there was need for longer term support, the regular exemption process was sufficient," said H. Art Taylor, Wise Giving's president and chief executive.

Mr. Taylor and others argue that it exacerbates problems of accountability and fund-raising in a country that has been adding 50,000 charities a year to its total of more than a million.

Under the normal process, about 44 percent of potential charities receive the tax agency's approval within 60 days, but more than half wait at least six months. Some wait twice as long because their plans include extensive online solicitation, an unusual compensation structure or significant international work, all areas of concern to the I.R.S.

The agency says it expedites its approval process after any disaster. But after an event like Hurricane Katrina, it dedicates an entire team of agents to handle the requests.

Marvin Friedlander, the official in charge of technical issues for the I.R.S. unit that oversees tax-exempt groups, said the team had been far pickier after Hurricane Katrina than had the agents who looked at Sept. 11-related applications, kicking about 30 percent of them into the normal processing queue.

"A benefit concert that has a fixed date at which significant moneys would be raised would probably qualify for expedited treatment," Mr. Friedlander said. "On the other hand, a newly established museum or church that incidentally intends to raise funds for Katrina victims probably would not qualify for expedited treatment."

The charities that were expedited will receive extra scrutiny, Mr. Friedlander said, noting an obligation to the public to monitor them. "We'll be making sure they file their returns," he said, "and asking questions like: Are they doing what they said they were going to do? And if not, why not? And other red flags."

Determining whether an aspiring organization is truly motivated by a desire to help victims of the disaster at hand or simply exploiting the process is difficult. Even those with the purest of intentions often find that they have set the wrong goals.

The Angel Pray Child Foundation, which won expedited approval, has raised three times the money for schoolchildren in China as it has for children displaced by Hurricane Katrina. "Initially, I just wanted to help Katrina victims, but I learned charities cannot be specific to one thing," said Angelene Huang, its founder and president.

Ms. Huang said she was looking for a school in New Orleans to support with \$500 of the \$1,000 in donations Angel Pray Child received that were earmarked for Hurricane Katrina victims. The rest was spent on toys intended for children displaced by the storms that instead had to be distributed to homeless children in and around King of Prussia because, Ms. Huang said, no one was living in shelters after Thanksgiving.

While acknowledging the difficulties, Ms. Huang said charities like hers provided an alternative for contributors distrustful of big mainstream charities.

"When I planned to donate money after Katrina, I looked at a lot of Internet chat rooms and found people don't trust where their money goes," she said. "I know myself that I won't misuse this money, and I have a lot of friends, too, who I knew could use help at the end of the year for tax breaks."

In the case of the Texans for Better Science Education Foundation, a charity created to distribute educational materials to teachers that is loosely affiliated with a grass-roots advocacy group, Texans for Better Science Education, "the Katrina part of our application was pretty minor," said Mark Ramsey, a trustee.

The foundation distributed several hundred DVD's promoting alternatives to Darwinism to shelters and evacuation centers and to some displaced teachers who were helping in classrooms stretched by displaced children, Mr. Ramsey said.

He said the application for tax exemption identified two reasons a group could apply for the expedited process. "One was if you don't get approval in a timely fashion, will it have an adverse impact on fund-raising? And of course, almost any organization could say that, so we answered yes," Mr. Ramsey said. "The other was whether you were going to help people in a disaster, and we figured, well, go ahead and put that out there and maybe it will help."

Representatives of Share Your Home, another organization receiving expedited approval after Hurricane Katrina, could not be reached. Its Web site is defunct, and an e-mail message sent to Ellen Davis, one of the founders, was returned as undeliverable. A man answering the charity's toll-free number took a message that no one responded to, and thereafter, calls were answered by a recording saying the offices were closed.

Like Drop Yer Drawers and Angel Pray Child, several charities say Hurricane Katrina was just a starting point for bigger ambitions. The Lords of Leather Mardi Gras Krewe, the group behind one of the more flamboyant floats in the annual New Orleans parade, used the fast-track process to establish the Lords of Leather Hurricane Relief Fund. "As long as there are hurricanes, we'll be here," said Todd Cole, president of the club and the new charity.

The group hopes to assist disaster victims "who are into the S&M" and "the fetish and skin scenes, what you might generally call kinky scenes," Mr. Cole said.

"We don't discriminate against anyone, but we're targeting a very unique slice of the New Orleans scene," he said. "There are groups set up to help artists, restaurant people, even groups for newspaper

people, but there are no groups that specifically target this community."

He would not say how much money the organization had raised so far, but he noted that fund-raisers had been held in Hollywood, Atlanta and Chicago. "We just had about 800 pounds of leather jackets and T-shirts and club gear shipped to us from the Midwest that we distributed," Mr. Cole said.