

GAO

Report to the Honorable
Charles E. Grassley, Ranking Minority
Member, Committee on Finance,
U.S. Senate

September 2002

SEPTEMBER 11

**Interim Report on the
Response of Charities**



G A O

Accountability * Integrity * Reliability

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Abbreviations

| | |
|------|-------------------------------------|
| FEMA | Federal Emergency Management Agency |
| IRS | Internal Revenue Service |



United States General Accounting Office
Washington, DC 20548

September 3, 2002

The Honorable Charles E. Grassley
Ranking Minority Member
Committee on Finance
United States Senate

Dear Senator Grassley:

On September 11, 2001, America suffered terrorist attacks that resulted in the deaths of more than 3,000 people in New York City, at the Pentagon in Virginia, and in Pennsylvania. In addition, economists suggest that in New York City alone, about 100,000 people may have lost their income as a result of these events.¹ Federal, state, and local governments responded to this disaster in a variety of ways and private charities provided aid beyond that of government. Some surveys suggest that as many as two-thirds of American households have donated money to charitable organizations to aid in the response to the disaster.

To provide with you information on the role of charitable aid in aiding those affected by the attacks, you asked us to determine the following: (1) How much in donations have charities raised to assist September 11 survivors, and what assistance has been made available to them? (2) What accountability measures are in place to ensure that only eligible individuals receive aid, and what is known about fraud committed by organizations and individuals? (3) What coordination efforts have been pursued, if any, in response to the disaster? and (4) What lessons can be learned about how to best distribute charitable aid in similar situations?

To answer these questions, we used information on funds raised and distributed that was gathered by the *Chronicle of Philanthropy*, a key trade publication of the nonprofit sector, and supplemented it with information we gathered directly from organizations during our review. We interviewed officials from 12 of the largest September 11-related funds in New York City and Washington, D.C., representatives from three

¹ See U.S. General Accounting Office, *Review of Studies of the Economic Impact of the September 11, 2001, Terrorist Attacks on the World Trade Center*, [GAO-02-700R](#) (Washington, D.C.: May 29, 2002).

September 11 victims' groups, officials from various philanthropic oversight organizations, and representatives from the major charities providing assistance after the Oklahoma City bombing in 1995. We also spoke with officials from the Federal Emergency Management Agency (FEMA), the federal agency charged with responding to disasters, the New York City Office of Emergency Management, and the Office of Family Policy of the Department of Defense. Finally, we interviewed officials from government oversight agencies, including the Internal Revenue Service (IRS), officials from state charity offices or Attorneys General offices in seven states, and the New York County (Manhattan) District Attorney's Office. We conducted our review from January to August 2002 in accordance with generally accepted government auditing standards. We did not independently verify data provided by the charitable organizations or oversight officials. It was not within the scope of our work to review the charitable organizations' systems of internal controls or to trace their use of funds.

On August 21, 2002, we briefed your staff on the results of our review. This report formally conveys the information provided during that briefing. Our key findings are summarized in the following paragraphs.

While it may be difficult to precisely tally the total amount of funds raised, 34 of the larger charities have reported raising an estimated \$2.4 billion since September 11, 2001. With over 300 charities involved in collecting funds for September 11 survivors, a precise tally of how much charitable aid was collected and distributed, to whom, and for what purposes may never be available, given the difficulties in tracking information across multiple independent charitable organizations. Of the estimated \$2.4 billion reported collected by the larger charities, about two-thirds were reported to have been distributed for aid. Fund distribution rates vary widely among these charities, in part because of differences in their operating mission. For example, some charities were established to provide immediate assistance, while others, such as scholarship funds, were established to provide services over a longer period of time.

Charities reported distributing these funds for a broad range of assistance (cash grants and services) to the families of those killed or injured, for those more indirectly affected through loss of their jobs or homes, and for disaster relief workers. For example, in addition to cash grants to more than 3,000 families of the victims, charities aided at least 50,000 families who lost jobs or income or whose homes were damaged, and served millions of meals to thousands of rescue workers. To distribute aid, charities had to make extensive efforts to identify victims and survivors as

there were no uniform contact lists for families of victims; charity officials also said privacy issues affected the sharing of information among charities. Charities also faced challenges in providing aid to non-English speaking people in need of assistance; some charities have focused their efforts on these individuals.

Charities and government oversight agencies have taken a number of steps to prevent fraud and relatively few cases have been uncovered so far. To minimize fraud by individuals, most charities required applicants to provide documentation certifying their needs and the relationship of their need to the disaster. Also, some charities conducted independent reviews of their applications and eligibility processes. State attorneys general and local district attorneys—those charged with investigating fraud by individuals and charities—told us that although they did not have additional resources available to address September 11-related fraud, they are actively responding to any report of potential fraud. For example, the New York County District Attorney's Office said it had arrested at least 20 people for individual fraud and estimated that about \$1 million in fraudulent aid has been obtained. The District Attorney's Office also said it is currently investigating about 50 additional cases. While relatively few cases of fraud have been identified so far, the total extent of fraud is not known and may be difficult to assess, particularly in situations where businesses advertise that a portion of profits on a product they sell will be provided to a charity, or when organizations solicit funds on behalf of September 11 but use the funds for other purposes.

Coordination efforts among charities were constrained by several factors, including charities' need to maintain the confidentiality of their clients, the lack of uniform victims lists, and the huge scale and complex nature of the event and its aftermath. In the initial stages of disaster relief, aid providers generally did not coordinate on either the distribution of emergency aid or assessments of victims' needs, although a more coordinated approach emerged later. While charitable organizations took immediate steps to get aid to those in need, families of victims generally believed that they had to navigate a maze of service providers, and confusion existed about the range of services available to people, particularly those facing job or housing losses. We found evidence of more integrated approaches to providing services some months after the event. For example, the 9/11 United Services Group, a consortium of 13 charities formed in December 2001 in New York City, has fostered a more coordinated approach to aid delivery, including training service coordinators to help survivors identify and access a broad range of services.

Overall, charitable aid made a major contribution in the nation's response to the September 11 attacks despite very difficult circumstances. Through the work of these charities, millions of people have been able to contribute to the recovery effort and help meet the needs of the thousands of people directly and indirectly affected by the attacks. The experience also offers lessons for the future. Charities, government agencies, watchdog groups, and survivors' organizations told us lessons learned about how to improve the charitable aid process in future disasters. These include the following:

- Good information about and easy access to available assistance could help survivors in the recovery process.
- Public and private agencies could better assist survivors by coordinating and sharing information with each other.
- Public education could clarify charities' role in disasters and help maintain the public's confidence in charities.
- Planning for the role of charitable aid in disasters could aid the recovery process for individuals and communities.

While valuable, these lessons may prove challenging to implement in the future, in part because of the inherent nature of the charitable sector, which is made up of independent organizations, responsive to clients and donors, and not under the direction of a unifying authority. Currently, a key strength of charities is their ability to operate flexibly and independently in time of disasters, helping to fill gaps in other forms of aid.

Important trade-offs would need to be identified and assessed before any actions were taken to manage the responses of the charitable sector in the future. Still, the role of the charitable sector deserves attention as part of the nation's strategy for preparedness for emergencies.

We provided an oral briefing of the key findings in this report to charitable organizations (the American Red Cross, the September 11th Fund, the 9/11 United Services Group), FEMA officials in New York City, and officials of New York State Attorney General's Office in New York City. They generally said that the information provided in the oral briefing was well-balanced and represented the complexity of the issues involved.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time, we will send copies to other interested parties. We will also make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff has any questions about this report, please contact me at (202) 512-7215 or Gale C. Harris, Assistant Director, at (202) 512-7235. Kevin Kumanga and Emily Leventhal also made key contributions to this report.

Sincerely yours,

A handwritten signature in black ink that reads "Cynthia M. Fagnoni". The signature is written in a cursive, flowing style.

Cynthia M. Fagnoni, Managing Director
Education, Workforce, and
Income Security Issues

Appendix I: Congressional Briefing Slides



September 11: Charities Played an Important Role in the Nation's Response

Briefing for Staff of
Senator Charles E. Grassley
Ranking Minority Member
Committee on Finance
United States Senate
August 21, 2002

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Motivating Concerns

- On September 11, 2001, America suffered terrorist attacks that resulted in extraordinary numbers of victims and survivors.
 - It is estimated that 3,056 people died in the September 11 attacks.
 - Economists suggest that in New York alone, approximately 100,000 people may have lost their jobs as a result of these disasters.¹
- Some surveys suggest that as many as two-thirds of American households donated money for disaster relief.

¹U.S. General Accounting Office, *Review of Studies of the Economic Impact of the September 11, 2001, Terrorist Attacks on the World Trade Center*; GAO-02-700R, (Washington, D.C.: May 29, 2002).



Key Questions

To better understand the role of charitable aid in assisting those affected by the attacks, at your request, we examined the following:

- How much in donations have charities raised to assist September 11 survivors, and what assistance has been made available to them?
 - What accountability measures are in place to ensure that only eligible individuals receive aid, and what is known about fraud committed by organizations and individuals?
 - What coordination efforts have been pursued, if any, in response to the disaster?
 - What lessons can be learned about how to best distribute charitable aid in similar situations?
-



Scope and Methodology – Organizations and Agencies Consulted

Nonprofit sector

- Interviews with the 12 largest funds related to September 11 in New York City (NYC) and Washington, D.C., and data on dollars raised and distributed from 22 other large funds.
- Representatives from three September 11 survivors' groups.
- Officials from various philanthropic oversight organizations.
- Major charity officials providing aid after Oklahoma City bombings.

Federal, state, and local officials

- Federal Emergency Management Agency (FEMA).
- NYC Office of Emergency Management.
- Department of Defense – Office of Family Policy.
- Internal Revenue Service (IRS).
- Attorneys General and other state charity offices in seven states.
- New York County District Attorney's Office.

Note: It was not within the scope of our work to review the charities' systems of internal controls or to trace their use of funds.

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Summary of Results

- While it may be difficult to precisely tally the total amount of funds collected, 34 of the larger September 11 charities have raised an estimated \$2.4 billion since September 11, 2001.^{2,3} About two-thirds of the funds were reported to have been distributed so far and generally used for cash grants and a broad range of services for families of those killed and others affected by the attacks.
- Several accountability measures are in place at the federal, state, and local levels to help address fraud by individuals and organizations. Oversight agencies have reported relatively few cases of fraud so far, but the full extent to which fraud occurred is not known.

²See appendix II for a list of these charities and the amounts collected and distributed by each charity.

³This includes existing charities with funds used for September 11 and newly created charities focused on September 11.



Summary of Results (continued)

- In the initial stages of disaster relief, aid providers generally did not coordinate the distribution of aid. While a more coordinated approach emerged in later months, coordination efforts are still constrained by several factors, including charities' need to maintain the confidentiality of their clients and the huge scale and complex nature of the event.
 - We learned several important lessons from many sources about ways to improve the charitable aid process in future disasters. However, these lessons may prove difficult to apply, in part because of the inherent nature of the charitable sector, which is comprised of independent entities responsive to clients and donors and not under the direction of a unifying authority.
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Background – Charitable Sector

Charities represent a substantial presence in American society.

- Charities, recognized by Internal Revenue Code Section 501(c)(3), are exempt from paying income taxes on the funds collected for charitable purposes. These purposes include serving the poor and distressed and other purposes that promote social welfare.
 - Generally, taxpayers may deduct the amount of any contributions to 501(c)(3) charitable organizations from their taxable income.
 - By 2000, the IRS had recognized approximately 820,000 501(c)(3) charitable organizations in the United States.
 - At the end of 1999, the assets of Section 501(c)(3) organizations approached \$1.2 trillion and their annual revenues approached \$720 billion.
-



Background – Oversight of Charities

- Federal level: No one federal agency has complete responsibility for the oversight of charities. The IRS has primary responsibility for recognizing tax-exempt status and determining compliance with tax laws, such as those governing the use of charitable funds.⁴
- State and local levels: Attorneys General and other state charity offices maintain registries of charities and professional fundraisers, including financial reports of registrants, and monitor the solicitation and administration of charitable assets. District Attorneys investigate and prosecute most of the criminal cases of individuals who defraud charities.
- Private agencies: “Charity watchdogs” analyze various aspects of charitable operations to help the public and others make decisions about charities and donations to them.
- The American public: The questions and concerns people bring to the attention of oversight officials are the key motivators for investigations.

⁴ For more information on IRS oversight of charities, see U.S. General Accounting Office, *Tax-exempt Organizations: Improvements Possible in Public, IRS, and State Oversight of Charities*, GAO-02-526 (Washington, D.C.: Apr. 30, 2002).



Background – Charities’ Roles in Disasters

Charities have historically played a role in the nation’s response to disasters.

- Some charities are equipped to arrive at a disaster scene and provide mass care, including food, shelter, and clothing. In addition, charities may provide emergency financial assistance.
- Depending on the extent and nature of devastation to a community and charities’ typical services and capacities, some charities are best structured to provide longer-term assistance, such as job training or mental health counseling.
- Some charities were formed to address the needs of this specific event; some of the newly created charities were established for specific groups of those affected, for example, restaurant workers.



Background – FEMA

FEMA is the lead federal agency for responding to disasters and may link with charitable organizations.

- FEMA’s financial assistance to individual victims of a disaster can include mortgage and rental assistance and funding disaster unemployment benefits.
- According to FEMA regulations, in the event of a presidentially declared disaster or emergency, such as September 11, FEMA is required to coordinate relief and assistance activities of federal, state, and local governments; the American Red Cross; the Salvation Army; and Mennonite Disaster Service; as well as other voluntary relief organizations that agree to operate under FEMA’s direction.
- Although charities are expected to be among the first agencies to provide assistance to those affected, in the event of some natural disasters, FEMA may anticipate need and be the first to respond.



Background – Other Sources of Disaster Assistance

Though FEMA and charities provide key resources to victims of disaster, a range of aid may be available for those affected by the September 11 attacks.

- Other federal sources include Social Security, Medicaid, and Department of Justice benefits for fallen police officers and fire fighters.
- Congress has set up a Federal Victim Compensation Fund for individuals injured and families of those who died in the attacks.⁵
- States provide state Victim Compensation Board funds, unemployment insurance, or workers' compensation.
- Some families may also have private insurance or employer pensions.

⁵ See appendix III for more information on this fund.

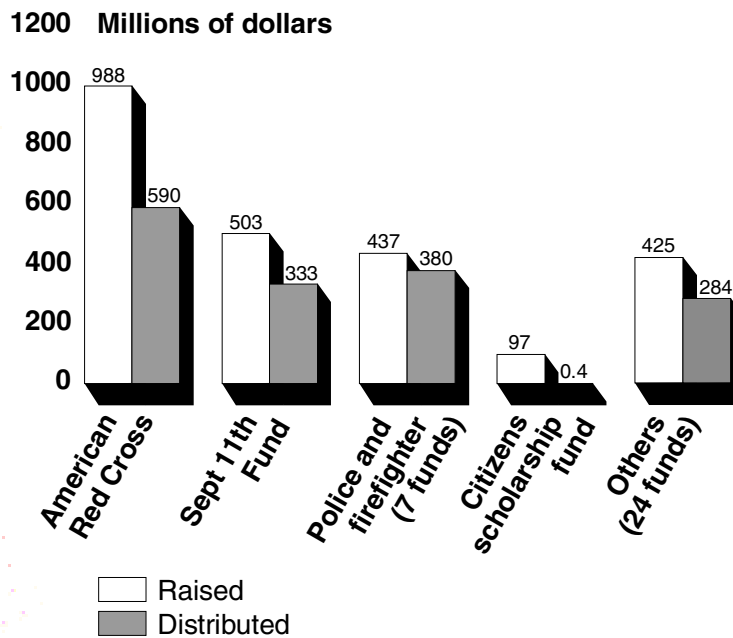


At Least \$2.4 Billion in Charitable Aid Raised

- Thirty-four of the larger charities have raised an estimated \$2.4 billion since September 11, 2001.
- Funds are being used for a broad range of assistance (cash grants and services) for the families of those killed and for those injured, as well as for those more indirectly affected, for example, through loss of their jobs or homes.
- With over 300 charities involved in collecting funds for September 11 survivors, a precise count of the total funds raised and services provided is unlikely.
 - While any one charity will have information on its funding and services, the charitable sector as a whole generally does not have reporting mechanisms in place to track funds across entities or for any one event.
 - Neither charities nor any government or private entity is responsible for performing such reporting in this or any event.



Amount of Aid Raised and Distributed by Selected Charities



Source: Data provided by the charities. Most data are as July 31, 2002, unless otherwise noted in appendix II, and do not reflect distributions planned for the future. For a full list of charities represented in this chart, also see appendix II.



Most Aid Collected Already Distributed

- The 34 charities report that about \$1.6 billion, or two-thirds, of the \$2.4 billion collected has been distributed to those in need or spent on disaster relief in the first 10 months following the disaster.
- Fund distribution rates vary widely (from less than 1 percent to 100 percent) among this group of charities, in part because of differences in their operating purpose. For example, some charities are established to provide immediate assistance, while others, such as scholarship funds, are established to provide services over a longer period of time.
- One study estimates that families of the nonuniformed deceased have received, on average, cash assistance totaling \$90,000 per family and will have needs for future, costly services like mental health counseling and scholarship programs.⁶

⁶McKinsey & Co., *A Study of the Ongoing Needs of People Affected by the World Trade Center Disaster* prepared for the 9/11 United Services Group (New York, NY: June 2002).



Examples of the Range of Aid Provided by Three Large Charities

| Charity | Directly affected | Indirectly affected | Immediate disaster relief | Other |
|-------------------------------------|--|---|---|---|
| American Red Cross – Liberty Fund | 3,396 survivor families received up to 9 months’ living and other expenses averaging \$54,000 per family (\$182 million) | 55,000 families who lost jobs or income or whose homes were damaged received 3 months’ living expenses (\$276 million total) | 14 million meals for disaster workers and others affected | 236,000 mental health counseling visits 131,000 health service visits |
| The September 11 th Fund | 3,500 survivor families received \$20,000 each | 35,000 displaced workers and 3,000 displaced residents received \$4,000 - \$10,000 each 15,000 who lost jobs received training, career counseling, or placement services | 343,000 meals served to rescue workers | 20,000 people received mental health counseling and referrals and 10,000 people received legal advice Nearly 1,000 small businesses and nonprofits got grants or loans to help rebuild the community |
| Salvation Army | Rent, utilities, mortgage payments, transportation, and counseling (\$4.8 million) ^a | | 4.5 million meals served | |

Source: Data provided by charities as of July 31, 2002; does not include future or planned distributions.
^aThis reflects the total as of November 5, 2001; more recent data were not available.



Identifying and Reaching Those in Need of Aid Posed Challenges

- Charities had to make extensive efforts to identify victims and survivors as there were no uniform lists; charity officials also said privacy issues affected the sharing of information among charities.
- Some charities focused their efforts on those considered harder-to-serve, including non-English speakers and immigrants.
 - Twenty percent of the victims in NYC were foreign-born, coming from 164 different countries.
 - Charities such as Windows of Hope were created to specifically serve low-income restaurant workers.
- The Immigration and Naturalization Service facilitated efforts to reach immigrants by saying it would not pursue information on the immigration status of individuals.



Accountability Measures Are in Place to Address Different Types of Fraud

| Different types of fraud possible | Accountability measures in place to prevent or detect fraud |
|--|---|
| <p><u>By individual:</u> Fraudulent claims of eligibility for a charity’s funds or services can include</p> <ul style="list-style-type: none"> ▪ claiming survivor benefits using a false death certificate or a forged identity or ▪ falsely representing need for job-related or housing benefits. | <ul style="list-style-type: none"> ▪ Charities’ eligibility screening, including document checking. ▪ Charities’ internal audits of screening process. ▪ Police or District Attorney investigations (either initiated by charities or by law enforcement). |
| <p><u>By group or organization:</u></p> <ul style="list-style-type: none"> ▪ soliciting funds by those pretending to represent a charitable cause or ▪ using September 11 to solicit funds but using funds for a nonrelated purpose. | <ul style="list-style-type: none"> ▪ Complaints by the general public or charity watchdogs. ▪ Attorneys General investigations. ▪ External audits by accounting firms. ▪ IRS review. |
| <p><u>By business:</u> Cause-related marketing (a business advertises that a portion of profits on a product will be provided to a charity) can result in a charity receiving few or no benefits from the product sales.</p> | <ul style="list-style-type: none"> ▪ Charities monitor media and attend to questions from the public. ▪ State Attorneys General may require submission of a contract between the charity and the business. |



Charities Took Steps to Ensure Only Eligible Individuals Received Aid

- Most charities we spoke with required applicants to provide documentation certifying identity, injury, death of a family member, or loss of job or home, and financial need (if required).
- Some charities said they were overwhelmed by the volume of applications; some had to hire new staff or volunteers to help them manage their relief efforts. These factors may have had a detrimental effect on eligibility determination, resulting in increased risk of ineligible individuals receiving aid or eligible individuals being inappropriately denied aid.
- To verify that they were adequately screening for fraud, some charities conducted independent reviews of their eligibility processes. The American Red Cross's review identified 350 suspected cases of fraudulent claims on its Liberty Fund, representing less than 1 percent of distributed funds.



Oversight Agencies Say They Are Actively Pursuing Fraud

- To identify potential fraud, state charity offices and local District Attorneys typically rely heavily on complaints from the public and on the charities themselves to identify ineligible individuals or fraudulent charitable groups or solicitations.
- State Attorneys General and local District Attorneys we spoke with said that although they did not have additional resources available to address September 11-related fraud, they are actively pursuing any fraud identified.
- State charity officials did outreach to a number of groups.
 - They made presentations to professional fundraising associations and charity boards about state guidelines and these groups' responsibilities.
 - They also issued educational press releases, indicating that people should check out charities before they write checks.



Oversight Agencies Reported Relatively Few Cases of Fraud So Far

- Attorneys General and state charity officials from seven states that suffered high numbers of casualties from September 11 told us they are investigating a combined total of 16 suspected cases of fraudulent solicitation of funds.⁷
- The New York County District Attorney's Office said that as of August 2002 it had arrested at least 20 people for individual fraud and estimated that about \$1 million in aid has been fraudulently obtained. The office said it is currently investigating about 50 additional cases. The New York State Attorney General's office reported investigating approximately 20 cases of individual fraud.
- The total extent of fraud is not known at this time and will be particularly difficult to assess in areas such as cause-related marketing and groups using September 11 to solicit funds for other purposes.

⁷California, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Virginia.



Little Coordination of Charitable Aid Occurred Early On

- Charitable organizations took immediate steps to collect funds, fund service providers, create lists of aid available for use at newly established assistance centers, and establish 800 numbers and Web sites with aid information.
- Still, families of victims generally believed they had to navigate a maze of service providers in the early months.
- In addition, there was confusion about the range of services available, particularly those facing job or housing losses, and the eligibility requirements for charitable aid and some of FEMA's aid programs.
- While FEMA took steps to establish an "unmet needs" committee (to bring together charities to share information and help identify the unmet needs of victims) in New York, as it had done early on in Oklahoma, these steps were initially unsuccessful.



A More Coordinated Approach Began to Emerge over Time

Some months after the disaster, oversight agencies and large funders worked to establish a more coordinated approach.

- New York State Attorney General had encouraged charities to work together to ease access to aid, including use of a common application form and database.
- The 9/11 United Services Group, a consortium of 13 charities formed in December 2001 to foster a more coordinated approach to aid delivery, has in place a database that a few member charities are using. Both the 9/11 United Services Group and the Survivors' Fund in Virginia have trained service coordinators to help survivors identify and access a broad range of services.
- FEMA has taken steps to expand its geographic service area for FEMA aid and has convened unmet needs committees in New Jersey and in New York City.
- United Way of the National Capital Area has held information-sharing meetings for Washington and Virginia service providers.



Coordination Poses Challenges to Charities

- The promise of confidentiality for those provided aid is essential to the charities we spoke with, complicating any efforts to share information on those served, such as through a single database.
- In addition, charities' obligations to serve a clearly defined group of clients and to fulfill donor intent can hamper efforts to coordinate aid.



Many Other Factors Hindered a More Coordinated Approach to Providing Aid

- In the aftermath of the Oklahoma City bombing, charities and service providers worked together to create a database of aid recipients, provide each recipient a case manager, and sit on the unmet needs committee to better coordinate aid.
- However, the September 11 event was much more complex, differing in key ways that hindered a similar approach, including:
 - much larger number of actual and potential aid recipients,
 - numerous governmental jurisdictions involved, and
 - larger number and multiple layers of funders and grantees.



Many Sources Offered Valuable Lessons for the Future

Government agencies, charities, watchdog groups, and survivors' organizations have commented on the lessons learned from the September 11 charitable aid process, which could prove valuable in the future. These include the following:

- Good information about and easy access to available assistance could help survivors in the recovery process.
- Public and private agencies could better assist survivors by coordinating and sharing information with each other.
- Public education could clarify charities' role in disasters and help maintain the public's confidence in charities.
- Planning for the role of charitable aid in disasters could aid the recovery process for individuals and communities.



Valuable Lessons Learned May Prove Difficult to Implement

- If implemented, the lessons learned may ease the experiences of those affected by large-scale disasters in the future, and potentially result in more effective use of the resources available.
- However, there are no easy answers as to how best ensure that these lessons are incorporated into any future responses to disasters.
- Applying these lessons may be particularly challenging, in part because of the inherent nature of the charitable sector, which is comprised of independent entities responsive to clients and donors and not under the direction of a unifying authority.



Managing Charities' Responses Would Require Assessment of Trade-Offs

- Important trade-offs would need to be identified and assessed before any actions were taken to manage the responses of the charitable sector in the future.
- Currently, a key strength of charities is their ability to operate flexibly and independently in the time of disasters, helping to fill gaps in other forms of aid.



Concluding Observations

- Overall, charitable aid made a major contribution in the nation's response to the September 11 attacks despite very difficult circumstances.
- Through the work of these charities, millions of people have been able to contribute to the recovery effort and help meet the needs of the thousands of people directly and indirectly affected by the attacks.



Concluding Observations (continued)

- Two key issues stand out, however, and while both of the issues were inherent in the charitable sector before September 11, they have been exacerbated by the scope and the public response to this disaster.
 - First, a precise tally of how much charitable aid was collected and distributed, to whom, and for what purposes may never be available, given the difficulties in tracking information across multiple independent charitable organizations.
 - Second, while a more coordinated approach may be advisable in the future, much remains unknown about how best to achieve coordination, what role the federal government might play, and what trade-offs may be involved, such as loss of flexibility in, and independence of, the charitable sector.
 - Still, the role of the charitable sector deserves attention as part of the nation's strategy for preparedness for emergencies.
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Appendix II: Additional Fund Information



September 11 Fund Data for 34 Large Charities

| Relief charities | Amount raised | Amount distributed | Percent distributed |
|--|---------------|--------------------|---------------------|
| American Lung Association | \$ 139,000 | \$ 63,748 | 46 |
| American Red Cross Liberty Fund | 988,000,000 | 590,000,000 | 60 |
| Americares Foundation | 9,249,725 | 9,042,000 | 98 |
| Army Emergency Relief | 5,030,777 | 235,744 | 5 |
| American Society for the Prevention of Cruelty to Animals | 1,740,000 | 877,000 | 50 |
| Catholic Charities of NY | 25,400,000 | 17,300,000 | 68 |
| Catholic Charities USA ^a | 29,800,000 | 24,000,000 | 81 |
| Citizens' Scholarship Foundation | 97,000,000 | 400,000 | less than 1 |
| Farmers' Market Federation of NY | 150,000 | 150,000 | 100 |
| Federal Employee Education & Assistance Fund | 5,539,523 | 416,073 | 8 |
| International Association of Fire Fighters ^b | 156,000,000 | 144,000,000 | 92 |
| Jewish Federation of Greater Washington | 450,000 | 400,000 | 89 |
| Kiwanis International Foundation | 1,519,379 | 1,157,207 | 76 |
| Lions Clubs International Foundation | 3,100,000 | 500,000 | 16 |
| National Italian American Foundation ^c | 200,000 | 56,000 | 28 |
| Navy-Marine Corps Relief Society | 6,140,000 | 67,046 | 1 |
| New York Times 9/11 Neediest Fund ^d | 59,455,792 | 58,978,789 | 99 |
| NYC Police Foundation | 10,600,000 | 5,100,000 | 48 |
| New York State Fraternal Order of Police Foundation ^e | 7,307,384 | 6,232,415 | 85 |
| New York State World Trade Center Relief Fund | 67,000,000 | 36,000,000 | 54 |



September 11 Fund Data for 34 Large Charities (continued)

| Relief charities | Amount raised | Amount distributed | Percent distributed |
|--|-------------------------|-------------------------|---------------------|
| Port Authority Police Benevolent Association | 11,642,025 | 9,988,001 | 86 |
| Robin Hood Foundation | 59,000,000 | 35,700,000 | 61 |
| Rotary International | 1,800,000 | 1,450,000 | 81 |
| Salvation Army | 87,722,612 | 64,629,024 | 74 |
| The September 11th Fund | 503,000,000 | 333,000,000 | 66 |
| Survivors' Fund | 20,164,181 | 3,627,366 | 18 |
| Tides Foundation ^f | 608,717 | 588,281 | 97 |
| Twin Towers Fund | 180,000,000 | 155,000,000 | 86 |
| Uniformed Firefighters Association | 71,000,000 | 60,000,000 | 85 |
| Union Community Fund | 3,101,980 | 2,938,000 | 95 |
| United Jewish Communities | 2,400,000 | 1,600,000 | 67 |
| United Way of the National Capital Area ^g | 3,731,411 | 3,731,411 | 100 |
| Windows of Hope | 19,000,000 | 9,000,000 | 47 |
| World Vision | 12,414,847 | 11,787,900 | 95 |
| TOTAL | \$ 2,449,407,352 | \$ 1,588,016,005 | 65 |

Notes: We asked the charities to exclude funds they had received from other September 11 funds to avoid overstatement of the funds involved. In addition, the amount of funds distributed includes funds used for administrative purposes in some cases. Because of differences in how charities defined and reported administrative funds, we did not break out administrative funds.

All information is as of 7/31/02 unless noted below:

- ^a May 2002.
- ^b April 2002.
- ^c August 2002.
- ^d August 2001.
- ^e December 2001.
- ^f August 2002.
- ^g January 2002.

Source: Data provided by charities. Does not include distributions planned for the future.

Appendix III: Information on Federal Victim Compensation Fund



Federal Victim Compensation Fund

- Who is eligible: Any individual who was physically injured or the families and beneficiaries of any individual who was killed as a result of the terrorist-related aircraft crashes of September 11, 2001.
 - Payments: The average award under the September 11 Victim Compensation Fund—before the statutorily required collateral offsets—is projected to be more than \$1.8 million per claimant. Although it is difficult to determine the amount of collateral sources (e.g., life insurance) each claimant will have, the Special Master who oversees the fund believes the average payout after collateral sources will be approximately \$1.5 million per claimant. Charitable aid received by families is not taken into account in determining award amounts.
 - Total estimated expenditures: Over \$5 billion.
 - Applications: Filing deadline is December 2003.
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