

Nonprofits worry about potential loss of donations

Sale of Wachovia seen as 'double blow' alongside United Way's troubles.

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Local nonprofit leaders are worried they could lose millions in donations with Wachovia's sale to New York-based Citigroup.

Longer-term, experts said, local charities could lose out to national ones as Wachovia's top managers move north.

"When you lose your headquarters, you lose your place in line," said Beverly Howard, executive director at Loaves & Fishes, a network of food pantries with three board members from Wachovia.

Wachovia is one of the region's largest charitable givers – not just in money but in leadership and volunteers.

The bank last year contributed \$129 million to charities nationwide, with more than \$8 million going to the Charlotte area. This does not include employee contributions to such nonprofits as United Way of Central Carolinas or the Arts & Science Council.

Wachovia executives fill seats on nonprofit boards and turn influence into donations. Local employees of the bank gave 135,000 hours of community service last year.

The bank's proposed sale burdens area nonprofits already grappling with an economic downturn. The area's biggest fundraiser, United Way of Central Carolinas, is struggling amid donor anger over reports the agency paid its former CEO \$1.2million in compensation last year.

Jane McIntyre, who heads the YWCA Central Carolinas, said the impact from the bank's sale "is more far-reaching than any of us can comprehend." Two Wachovia employees sit on her board.

"It's going to be a tough year for Charlotte charities," said Tony Plath, a UNC Charlotte finance professor. "Most people you meet own Wachovia stock. There are a lot of us who feel a lot poorer today."

One nonprofit expert said local charities shouldn't despair yet. When Indianapolis banks were bought out in the 1990s, area nonprofits didn't lose donations, said Melissa Brown with the Center on Philanthropy at Indiana University. The buyers supported local agencies because they wanted to build their brands and maintain ties with inherited customers, she said.

Another nonprofit expert, Aaron Dorfman, said banks tend to donate greater sums of money after they acquire other companies. But, he said, over time, donations shifted from local groups to national ones.

A Wachovia spokesman said Monday the bank will honor all commitments to nonprofits.

The Citigroup Foundation gave more than \$92 million in 2006 focusing on three areas: financial education, educating the next generation, and building communities and entrepreneurs.

Nonprofit leaders said they're worried about filling immediate needs. With the United Way's problems, "this feels like a double blow," said Deronda Metz of the Salvation Army of Greater

Charlotte.

Wachovia is one of United Way's top five contributors, with employees giving more than \$1 million last year. Some Wachovia managers are members of the Alexis de Tocqueville society, a prestigious group of donors giving \$10,000 or more annually.

United Way interim president Mac Everett, who retired from the bank four years ago, said the campaign could suffer from the sale but said it's too early to tell how much.

"I think it's a great opportunity for those who will be here to step up and help to a greater extent than they might have otherwise," he said.

"I expect there will be Wachovia employees who need assistance from United Way agencies going forward."

Staff Writers Mark Price and Fred Kelly contributed.

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