

**An executive switch**  
Former CBS News President Van Gordon Sauter begins his first nonprofit job this month as president and general manager of public TV station KVIE in Sacramento, Cal.

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## Larger lessons End of Aramony trial raises issues

Nonprofit leaders and observers in North Carolina see a number of lessons that can be learned from the recently-concluded trial of William Aramony, former head of the United Way of America. Not least is the role of nonprofit boards in keeping the public trust.

BY PHILANTHROPY JOURNAL STAFF

When former United Way of America president William Aramony was found guilty last month of stealing nearly \$600,000 from the nation's biggest charity, the headlines were not as big as when the scandal about his activities broke in 1991.

Still, the case involving Aramony - who led the national United Way for 22 years before resigning in disgrace - has larger implications that nonprofits in North Carolina and throughout the U.S. still are wrestling with, sector leaders say.

A federal jury deliberated for more than a week before finding Aramony guilty on 25 counts of fraud, conspiracy and money laundering. During the trial, prosecutors focused attention on Aramony's lavish spending on his girlfriends, while the defense countered that the United Way board was responsible for tolerating his activities.

Here are some reactions to the end of the Aramony trial from nonprofit and United Way leaders in North Carolina.

Lionel Randolph, Raleigh, head of the state Division of Solicitation and Licensing, which is in

**ETHICS**

Look for TRIAL, page 5



Dorothy MacNeil Horry and her son, Johnny, walk through the Fayetteville Street public housing project in Durham.

File photo

**W**e all need to realize that housing is an investment in our future. It is economic development, crime reduction and prevention - community-building.

CATHY COOPER-RUSKA  
executive director,  
Greensboro Housing  
Coalition

## Housing groups eye federal cutbacks

Nonprofit housing groups in North Carolina are concerned that proposed cuts in federal funds will bring progress on affordable housing to a standstill. So they are busy working to persuade legislators about the need for their support.

BY BARBARA SOLOW

For the first time in their organization's history, members of the Raleigh/Wake Coalition for the Homeless are holding informational sessions with state lawmakers.

Although the meetings were not planned in direct response to last fall's elections, coalition leaders say the new makeup of the General Assembly forms a backdrop to their efforts.

"We haven't talked about the fact that this is happening because the political climate is changing, but it's happening and the political climate has changed," says

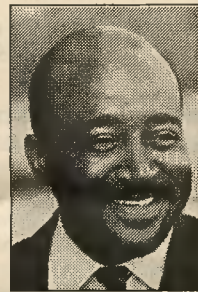
Coalition President Boo Tyson.

Nonprofit housing groups throughout North Carolina are taking similar steps to make newly-elected legislators and the public aware of the need to support low-income housing.

That support is threatened by a proposed \$7.3 billion cut in federal Department of Housing and Urban Development (HUD) funds. When the *Philanthropy Journal* went to press, Congress was still discussing HUD funding.

Such a cutback could cost North Carolina as much as \$73 million in funds for public housing, rental assistance and other services, low-income housing advocates say.

Linda Shaw, executive director of the North Carolina Low Income Housing



Abdul Rasheed

Coalition, estimates the proposed federal cuts could result in 1,000 fewer vouchers for subsidized "Section 8" housing for poor North Carolinians.

"We're definitely looking at a potential increase in homelessness," she says. "HUD estimates our need for assisted rental housing in North Carolina is over 200,000 households. Last year we had 17,000 people served in homeless shelters. Given the needs that we already have, the cuts are going to make things a whole lot worse."

In Greensboro - a city that has won awards for its affordable housing initiatives - officials expect to have to scale back low-income housing programs by one-third if federal HUD funds are slashed.

"The nonprofits aren't very happy about it," says city Housing Director Andy Scott. "We have less money to give them. They have less money to leverage with private lenders and charitable sources."

Republicans in Congress have proposed

Look for HOUSING, page 5

## Food bank leaders react to negative press coverage

Leaders of North Carolina food banks are taking steps to address what they see as inaccurate and "one-sided" information contained in a recent newspaper article about the Second Harvest national network of food banks.

The *Chronicle of Philanthropy* published a story in its March issue under the headline, "A Troubled Food-Bank Network." The story quoted critics as saying Second Harvest puts too many limits on the geographic areas its affiliates can serve; provides too many non-food items and not enough nutritious food; and "stifles dissent" among its members.

Anne Register, executive director of the Metrolina Food Bank in Charlotte and a member of Second Harvest's national board, says a let-

ter-writing campaign has begun among food bank members and supporters - both within North Carolina and nationally - to respond to the published criticisms.



Greg Kirkpatrick

"I think anyone who has had any relationship with Second Harvest will know that [the article] is so full of inaccuracies that it will not do any damage with those good

friends," Register says. "Unfortunately, for folks out on the periphery who have not had direct experience with the organization, it could cause some questions."

Register says the *Chronicle* story did not contain enough interviews to give a balanced view of Second Harvest and failed to disclose the biases of some of the network's critics.

Beyond the question of who was quoted in the story, the criticisms leveled at Second Harvest are "pathetic," says Greg Kirkpatrick, executive director of the Raleigh-based Food Bank of North Carolina, which has been a member of the national network since 1984.

"One of the big things in the article was the suggestion - completely undocumented as far as I can see -

that Second Harvest is at odds with other anti-hunger groups," he says. "Nothing could be further from the truth."

Kirkpatrick discounted the idea that Second Harvest does not provide sufficient food or gives too many non-food supplies.

"What we get from Second Harvest is an incredibly wide variety of foods and non-foods," he says. "And frankly, some of the best stuff from them is non-food. I will gladly accept toothpaste, deodorant, shampoo, cleanser. That's what allows people to stretch their food stamps further."

Register - whose food bank was the first in North Carolina to be certified by Second Harvest - says the geographic limits on Second Harvest affil-

iates allow surplus food supplies to be spread evenly across the whole network - preventing shortages in some areas.

Both Register and Kirkpatrick strongly objected to the notion that Second Harvest members lack autonomy or the ability to speak freely.

"There is no way in the world in which this organization could operate in a big-brother fashion," says Register. "It works because we follow a standard, a yardstick for measuring various things about how to run a food distribution center...There are rules and regulations in any system. If you don't think it works, you always have the choice to leave."

Barbara Solow

### BRIEFLY

#### New hot-line for arts advocates

Arts groups in search of the latest news on government funding cuts to the arts can call a new information phone line set up by Arts Advocates of North Carolina and ARTS North Carolina. Callers will hear a recorded update of state legislation. Call (919) 406-8244.

#### Postal rules would alter charity mailings

The U.S. Postal Service has proposed new rules that would prohibit advertising in mailings sent at third-class nonprofit rates unless the items being advertised were "substantially related" to the organization's mission. The postal service also has released a new design for stamps that charities can use to send third-class mailings.

#### Consumer group moves in

Citizen Action, which bills itself as the nation's largest grassroots consumer rights organization, is opening a North Carolina office in Raleigh. Lori Everhart will direct the office. For information, call Everhart at (502) 473-7731.

#### Bill would end nonprofit abuses

Congressman Robert Menendez (D-N.J.) introduced legislation that would give the public more access to information on nonprofits. The Tax Exemption Accountability Act would create a national clearinghouse offering copies of nonprofit tax returns for a reasonable fee. It also would cap executive salaries.

#### New South museum has new home

The Museum of the New South in Charlotte has a new home at 324 North College Street. The museum bought the building and will be open for exhibits in the fall. Until then, exhibits will be displayed in Founders Hall Gallery at NationsBank Corporate Center on North Tryon Street. Call the museum at (704) 333-1887.

#### Hospital makes top 100 list

Memorial Mission Medical Center in Asheville has been listed among the "top 100 hospitals" in the U.S. according to Modern Healthcare, a weekly business news publication. Selection of the top 100 was based on statistical measures covering finances, operations and clinical performance.