

MELVIN

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The land will be used to expand Bryan Park, named for the Triad philanthropist who died last year at 99. Melvin, who was one of Bryan's closest friends, got the idea to purchase the land when he drove by and noticed a "for sale" sign posted there last year.

The land purchase is the Bryan foundation's largest gift to date. Other gifts include \$500,000 for a new golf practice area at Bryan Park and \$500,000 for renovations to Bryan's Irving Park home for use by the chancellor of the University of North Carolina at Greensboro.

Melvin, 62, will take early retirement Dec. 31 from his job as Guilford County executive for Central Carolina Bank and will begin working for the new foundation January 1.

"I don't look at it as a retirement," he says. "I view it as a brand new exciting occupation."

The foundation will not be fully endowed until Bryan's estate is settled. Court records put his wealth at about \$64 million.

Melvin, who served as co-executor of Bryan's estate, says the new foundation will make grants of about \$3 million annually. In keeping with Bryan's giving style, no applications will be taken; instead, grants will be made in response to perceived needs in the community.

"If you look at his giving, most of it

was self-directed rather than requested," says Melvin. "He had a great interest in innovation and entrepreneurial types of things."

When the \$64 million from Bryan's estate is transferred, the new foundation will become one of the 15 largest in the state. By comparison, the Greensboro-based Kathleen Price Bryan Family Fund - which was set up by Bryan's late wife - has assets of \$50 million.

Melvin, who served as Greensboro mayor from 1971 to 1981, cites his long tenure in the Triad as one of the advantages he will bring to his new role as foundation executive.

"I've been living in this community for about 60 years," he says. "I've also had the opportunity to be with Mr. Bryan and understand what he was all about."

"One time, years ago when I was mayor, the federal government cut back on a summer jobs program. Mr. Bryan called me up on the phone and gave \$100,000 right then because he didn't want kids not to have opportunities over the summer."

Melvin has been meeting with nonprofit leaders such as William Friday, executive director of the William R. Kenan Jr. Charitable Trust in Chapel Hill, and Tom Lambeth, executive director of the Z. Smith Reynolds Foundation in Winston-



Jim Melvin

Salem, to discuss the direction of the new Bryan foundation. And he plans to visit other U.S. foundations with a reputation for innovation.

Melvin says he will rely heavily on the foundation's new board, which includes a number of well-known community leaders appointed by Bryan, including developer Mike Weaver, attorney Carole Bruce and television executive Shirley Frye.

Greensboro newspapers report that Melvin has received \$132,529 from Bryan's will in his role as co-executor of the estate. His salary as foundation president has not yet been determined.

Greensboro foundation leaders say the infusion of new grantmaking dollars is coming at a time when community needs are increasing.

"We are very excited about this for a couple of reasons," says Worth Durgin, who heads the Foundation for Greater Greensboro. "Even if you combine the grantmaking of the Joe Bryan [foundation] and Wesley Long [a foundation that could result from the merger of two local hospitals], you're looking at about \$5.5 million of new philanthropic money a year. That's fantastic, but it's a long way from what the need is. We will all be working together collaboratively. And all of us will be better off for it."

Melvin hopes the new foundation will remain true to Bryan's big-picture approach to philanthropy.

"We want to keep it simple and not build up a lot of bureaucracy," he says.

Other North Carolina health-care funders are still trying to figure out how the new foundation will affect their grantmaking.

"It's too early to determine what it will mean," says John Frank, director of the Healthcare Division of the Kate. B. Reynolds Charitable Trust - the state's second-largest health-care funder. "We get a lot of requests from the Greensboro area and we've funded a lot of things there. That may change in time. But until the foundation is set up, I'm not sure we know or they really know."

Worth Durgin, head of the Foundation for Greater Greensboro, notes that in addition to the new hospital foundation, the Cemala Foundation and the Joseph Bryan Family Foundation have also set up grantmaking shops in the Triad in the past two years.

"For a community of our size, these are enormous developments and wonderful developments," Durgin says. "What we're probably going to see is our continuing to make grants the way that we have, with the awareness of the new funding that's going on."

There are other implications of the hospital merger that remain unclear, including how many staff positions may be lost or what changes might be made in health-care services now offered by Moses Cone and Wesley Long.

Leaders of some of the community health programs that have been launched recently by Moses Cone say they expect their work will continue under a consolidated system.

For example, a \$100,000 Community Health Improvement Fund that Moses Cone created earlier this year is now considering grant proposals for programs to meet pressing health-care needs.

"We're right in the middle of the process," says Kelley Roberts of the Greensboro United Way - the agency

MERRILL LYNCH

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grants of more than \$652 million to U.S. nonprofits.

Through its sales force of financial consultants, Merrill Lynch will help educate donors about the benefits of contributing to community foundations as they plan their current and future charitable gifts. The company will collect fees for managing funds that clients place with community foundations, but the foundations themselves will pay no fees to Merrill Lynch.

"This alliance allows us to meet our clients needs and, I think, meet needs that community foundations are facing in local communities," Singleton says.

North Carolina foundation officials agree.

"This [alliance] is a way for the community to preserve its philanthropic resources," says Fred Stang, development officer for the Triangle Community Foundation. "It brings into play the skills that a community foundation can bring to bear, as well as the skills that an investment firm such as Merrill Lynch can bring to bear. It ends up being a triple-win situation" - for the donors, the foundation and the investment company.

Worth Durgin, who heads the Foundation for Greater Greensboro, says his community foundation has received about \$1 million in new donations as a result of the Merrill Lynch alliance. The foundation -

working through the state association of community foundations - also has developed a standard agreement that can be used by other community foundations that want to build relationships with financial services companies.

"One of the challenges our foundation now has is that in addition to our main portfolio, we also have relationships with five or six different organizations" that have set up funds, Durgin says. "On a real functional level, it does get complicated. So the benefit of offering donors and organizations investment alternatives [such as Merrill Lynch's program] is a necessity."

To date, Merrill Lynch clients have transferred almost \$2.5 billion to nonprofit organizations. Overall, the company manages \$756 billion in client assets.

Singleton hopes that Merrill Lynch will eventually have investment agreements with all 400 U.S. community foundations.

"This is a new concept for community foundations for a firm like Merrill Lynch to assist them," he says. "The foundations in North Carolina have embraced this more so as a total group than we've had in any other state, with the exception of Ohio. They are clearly at the cutting edge of understanding the needs of individuals."

For information about the alliance, call Singleton at Merrill Lynch's Philanthropic Advisory Services office in New Jersey, (609) 282-1370.

HOSPITALS

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at a news conference announcing the merger. "Both not-for-profit, community-based systems are increasingly focused on improving the health of the entire community - an effort that will be greatly enhanced by the formation of the new foundation."

Lanty Smith, chairman of the board of Moses Cone Health System - which includes Moses Cone Memorial Hospital and Women's Hospital of Greensboro - says the foundation represents an ongoing commitment to more responsive health care.

"This [new foundation] is more pro-actively trying to address community health issues - issues such as access and preventive care," he says.

The boards of the two hospitals voted September 16 to merge, citing cost savings they could achieve as a consolidated health system. Since then, hospital officials have launched a study to further detail those cost savings and will file an application with federal authorities, who must decide whether the proposed merger violates anti-trust laws. The study is expected to be finished by January 1.

The proposed foundation is not the first in North Carolina to be formed as the result of the sale or merger of a nonprofit hospital.

A \$115 million-asset foundation was formed in the wake of the 1995 sale of two nonprofit hospitals run by The Sisters of Mercy in Charlotte to the Charlotte-Mecklenburg Hospital Authority. And a \$30 million-asset foundation was formed after this year's sale of Cape Fear Memorial Hospital in Wilmington to the for-profit Columbia/HCA hospital chain.

Throughout the U.S., similar foundations are being created as more hospitals seek to merge or are sold to for-profit businesses. Federal law requires that the assets of nonprofits

be given to charity if their status changes.

Nationally, the number of those transactions is increasing as the health-care industry becomes more competitive. Studies show that the number of mergers or acquisitions among U.S. hospitals rose from 60 in the early 1990s to 674 in 1994 alone.

But in North Carolina, hospital mergers are still relatively rare, says Roberts Fitzgerald, assistant director of the state Division of Facilities Services, which grants certificates to health-care organizations for mergers or partnerships.

"We don't have much of a history of this," he says. "The only time this has gone on here recently - where there have been two facilities in the same community that have done this - is a year ago in Asheville," when St. Joseph's and Memorial Mission Hospitals set up a partnership arrangement to provide joint health programs.

Funds for the new health-care foundation in Greensboro will come from an endowment resulting from the sale of Wesley Long's shares in PHP Inc. - a for-profit health maintenance organization. Hospital officials say Wesley Long made about \$45 million in the stock sale and will add \$5 million from its cash reserve to make up the \$50 million total.

If the merger is approved, grants from the new foundation would be made beginning in 1997 to health programs in Guilford, Rockingham, Randolph and Alamance counties. Specific areas of interest would include efforts to improve health and parental education, prenatal and postpartum care for women and health care for low-income adults.

Officials at the two hospitals say a 15-member board for the new foundation will be named later this year. Seven members will come from each hospital and Wesley Long will appoint the foundation board chair.

that is coordinating the fund's grantmaking. "We have \$100,000 to allocate and it's quite a task. I have not heard anything contrary to this being an ongoing program."

Even without the addition of a new foundation, mergers such as the one proposed between Wesley Long and Moses Cone can be a positive development for North Carolina communities, experts say.

"They have the potential for making our health-care delivery system a little more rational and saving some money," says Ellen MacMillan, of the state Hospital Association. "At the same time, they will create larger sys-

tems that can take care of people from wellness through chronic or terminal illness."

Smith, the board chairman of Moses Cone, believes the proposed merger could become an example of how to preserve nonprofit hospitals.

"I think we have an opportunity in Greensboro to be a model for the rest of the country as to how this kind of consolidation should occur and how community health should be emphasized and addressed," he says. "I believe a decade from now we will look back and say that Greensboro has something really quite unique."



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