

# Philanthropy Journal

OF NORTH CAROLINA

Hatching progress

## Reynolds Foundation cultivates change

Because of its six decades of helping to improve life in the state, the Z. Smith Reynolds Foundation is the 1996 winner of the North Carolina Philanthropy Award. The award is sponsored by the Philanthropy Journal.

By MERRILL WOLF

Winston-Salem

Its impact is felt throughout North Carolina every day in settings and situations that could not be more varied:

A five-year-old tentatively but proudly releases her mother's hand on the first day of kindergarten.

A poor family that never really thought this day would come signs the papers to buy its first home.

Visitors to the state zoo in Asheboro feel themselves transported to the African plains.

Although most North Carolinians probably recognize its name only as somehow connected to a tobacco fortune, the Z. Smith Reynolds Foundation, which this year marks its

### PHILANTHROPY AWARD

60th anniversary, has touched - and improved - life in the state in countless ways.

In 1936, three children of tobacco magnate R.J. Reynolds created the foundation, which is based in Winston-Salem, with a \$7.5 million trust from their youngest brother's estate.

Four years earlier, 21-year-old Zachary Smith Reynolds - a dashing aviator and man-about-town - had been found dead of a gunshot wound on the family estate. His death was never fully explained.

The foundation was further enriched by a 1951 bequest from R.J. Reynolds' younger brother, William Neal Reynolds. Its assets now total \$309 million.

The mission of the foundation is,



Pre-collegiate education is one of the Z. Smith Reynolds' Foundation's top funding priorities. In this picture from the foundation's 1990 annual report, a mother reads to her child as part of the Head Start program in Madison County.

Photo by Rob Amberg. Photo courtesy of the Z. Smith Reynolds Foundation.

quite simply, "the accomplishment of charitable works in the State of North Carolina." Its first grant - \$100,000 to the state Board of Health to fight sexually transmitted disease, known then as "venereal disease" - set the pace for six decades of bold, innovative grantmaking and related activities that have played a large part in improving the quality of life in North Carolina.

More than \$220 million in grants later, the foundation can reflect back on a long history of incubating and supporting programs that have had a profound impact both in North Carolina and beyond state lines.

Characteristically, however, the foundation doesn't have time for reflection.

"The truth is we haven't paid much attention to the anniversary year," says Tom Lambeth, executive director of the foundation since 1978.

### PROGRESSIVE LEGACY

At this time of year, especially, the foundation's staff and trustees - who now include R.J. Reynolds' great-grandchildren - are too busy looking ahead. Preparing for a May trustees meeting, Lambeth and his colleagues are travelling throughout the state visiting prospective grantees.

Last year, the Reynolds founda-

tion approved more than \$8 million in grants to 219 Tar Heel organizations - about a third of those that applied for funding.

One of the largest grants every year - \$1 million - goes to Wake Forest University, under a perpetual contract established in 1946. Apart from that agreement, the foundation's grantmaking is restricted only by geography.

In addition to steady support over the years for arts and culture - including seminal funds for the state zoo - most recently it has focused on

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## More with less Jury out on Legal Services

This is the fourth article in a Journal series examining non-profits' changing relationship with government.

By ROB LAMME

Legal Services attorney John Vail has seen the future after the Republican takeover of Congress and he doesn't like it one bit.

"It's literally miserable. We've had to lay off dedicated and talented people who have been with us for a long time," says Vail, executive director of Catawba Valley Legal Services Inc., a nonprofit law firm that provides free legal assistance to poor people in Alexander, Burke, Caldwell, Catawba, Cleveland, Lincoln and McDowell counties.

While Congress and President Clinton still are fighting over this year's federal budget, they already have agreed that funding for the Legal Services Corporation (LSC) will be cut, probably by about one-third, from \$378 million in 1995 to about \$273 million this year.

### THE NEXT REVOLUTION

In 1995, Vail's agency received about \$640,000 - 65 percent of the organization's annual budget - in LSC funds. This year, he expects to get about \$400,000. To make matters worse, North Carolina lawmakers last year cut their contribution to the state's Legal Services programs to \$1 million from \$1.25 million.

As a result, Catawba Valley Legal Services has atrophied from six lawyers and 10 support staff in 1994 to three lawyers and four support staff. The number of clients the agency sees also has dropped - from about 1,800 clients in 1995 to an estimated 1,300 this year.

"And that's not because the other five hundred have suddenly become middle class," says Vail. "It's because I haven't got the lawyers to help them."

Over the past two years, the 15 LSC North Carolina field offices like Vail's, and the statewide legal programs that support them, have lost about 25 of their attorneys. These days there are less than 400 LSC lawyers working in the state - all of which are funded from an ever-

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## First Union courts community foundations

First Union will manage the charitable money its clients put into the Foundation for the Carolinas. The agreement will be a model for similar arrangements with other community foundations.

By SEAN BAILEY

Charlotte

First Union National Bank of North Carolina and the Foundation

for the Carolinas have formed a partnership that both sides think will become a model for the way in which foundations and banks do business in the future.

The agreement allows First Union customers to establish a charitable fund, or endowment, at the community foundation and have the bank continue to manage the money.

The arrangement will allow the client the continued benefit of the professional expertise of the bank's investment team and the professional

grantmaking assistance of the community foundation staff.

For instance, if one of the bank's clients has a strong interest in helping the homeless, the bank could take that client to the foundation and establish a fund there. If desired, the client could then work with the foundation staff in an advisory capacity to address homelessness in the community.

Bank and foundation officials say their partnership will be a model that will guide them in similar partner-

ships with other foundations and banks.

"It's just part of what you are likely to see happen over time in terms of cooperative relationships between community foundations and financial institutions," says Bill Spencer, president of the Foundation for the Carolinas.

In addition to allowing the bank's clients to maintain their relationships with First Union, the partnership

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The new chief executive of Rex Healthcare in Raleigh believes that health care and economic development should work hand in hand.

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#### Real estate developer toast of auctions

Raleigh real estate developer Jim Branch has become a popular fixture on the charity fundraising circuit as an auctioneer.

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Three North Carolina-based banks will manage an endowment fund for the Arts & Science Council in Charlotte.

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#### Volunteers form guild to fight cancer

Founding members of a new volunteer guild in the Triangle are wading through organizational details to raise money to fight cancer.

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