Virtue Capital

THE FAMOUS BUFFETT ACUMEN IS KEY TO THIS ECCENTRIC CHARITABLE FOUNDATION, RUN NOT BY WARREN BUT BY DORIS AND HER SUNBEAMS BY JOHN SEDGWICK

They're brother and sister, each with a specialty. Warren Buffett makes money, as you may have heard. Doris Buffett Bryant gives it away through her charmingly eccentric Sunshine Lady Foundation, located in the poky seaside community of Morehead City, North Carolina.

Hers is a private charity that is like something the Beardstown Ladies would do if they ever switched to philanthropy. "Virtue capital," Bryant, 71, calls it. It's a uniquely hands-on, folksy, person-to-person kind of enterprise—the unfoundation. A lot of her grant recipients are the hard-luck cases that bigger-deal foundations won't touch: the man who became a quadriplegic after his car hit black ice on the way to work, the nearly deaf four-year-old who needed bilateral hearing aids, the family made homeless by a tornado, and the policeman who required a bone-marrow transplant for his leukemia.

But Bryant figures she is in the luck business. She's taking her good luck (having her brother Warren to give her investment advice all these years) and passing it along to the people who could really use some. She started in 1996 with $10 million of her inheritance from her mother, all of it invested by Warren in Berkshire Hathaway. By now, the foundation has paid out nearly $4 million, $2.2 million of it in the last year. The grant amounts have ranged from $280,000 (for Clemson University's "Call Me Mister" program, which recruits black male high-school students to become elementary-school teachers) down to $58 (for medication). But grants of just a few thousand dollars are most common. Still, Berkshire Hathaway does so consis-
tently well that the foundation’s assets only continue to grow. They are now up to $16 million.

Her foundation has a one-room office by the hairdresser’s in Morehead City’s don’t-blink downtown, but the real action takes place in Bryant’s living room. The house is a small, shingled waterfront cottage, and it conspicuously lacks a yacht out back. In fact, its chief distinguishing feature is the tiny sign out front that says Doris’s Garden to denote her modest display of marigolds. Bryant herself looks like the perfect grandmother—white-haired and joyous. “Nobody has shown me

Other grant ideas come straight from the newspaper. When Bryant read in The New York Times that a student in Evanston, Illinois, was being teased mercilessly about her bad teeth, she had a staffer call the Times reporter to find out where to send a check for orthodontic care. Amazingly, 22 other people had already called the newspaper with that question. This fact delighted Bryant, who continues to monitor the girl’s progress.

If Bryant says yes, the check goes out that very day. Occasionally, she’ll add a personal gift, like a box of See’s candies, which are part of the Berkshire Hathaway holdings. In return for such largesse, she expects a thank-you note. And if the recipients don’t send one? “We remind them,” she says. And if they still don’t? “We remind them again.” This time with a stern letter that closes: “We await your earliest reply.” “It’s just so feisty,” Bryant says with a cackle. Some of the thank-yous end up in The Weather Report, the simple, four- to six-page newsletter that the foundation publishes twice a year. The letters are almost invariably handwritten and are addressed either to Mrs. Bryant or to the Sunshine Lady. They have some of the quality of children’s letters to Santa Claus. “You believed in me and I really appreciate all you have done for myself, Mrs. Bryant,” one recent letter concluded.

Although the Sunbeams are central to the enterprise, the foundation also does more conventional philanthropy—in a Sunshine Lady way, providing funds for scholarships and summer camps (exposing disadvantaged kids, Bryant says, to “Princeton graduates who are Olympic swimmers with 4.0 averages”), historic preservation, medical research (one grant went to a hematologist largely because he was “not arrogant”), genealogy (Bryant is the self-appointed Buffett family genealogist), domestic-violence programs, and educational programs like the $5,000 ‘Aunt Edie’ awards for outstanding teach-

ers, named for Bryant’s schoolteacher aunt. “It’s homey,” she admits. Bryant deliberately avoids what she calls “the SOBs”: the symphony, opera, ballet, and other high arts whose glitzy patrons too often carry “multi-type agendas.” As she says: “We try to keep it real clean, real simple.” And to avoid being inundated with personal solicitations, the foundation decided not to accept grant requests directly from the public.

If the Sunshine Lady Foundation has a frugal, old-fashioned, neighborly flavor, it may come from Bryant’s Midwestern roots. Like Warren, she grew up in Omaha, the oldest daughter of Howard Buffett, an investment broker who, irked by Roosevelt’s New Deal, ran for Congress “to save the country,” according to Bryant, and won four terms. She was aware of her little brother’s investment savvy from an early age. When Bryant was 12, she followed the advice of ten-year-old Warren and plunked down $100 on Cities Service preferred stock. She sold it when it fizzled—only to see it “skyrocket” afterward. She reformed with his next advice to buy Government Employees Insurance Co., or GEICO, now a subsidiary of Berkshire Hathaway. She bought $500 worth of the stock and hung on, and a few years later her investment served as the down payment on her first house. In the late 1950s, she joined in on her brother’s Buffett Limited Partnership, which later became the fabled Berkshire Hathaway. Its growth has been mind-boggling: $10,000 invested in Berkshire Hathaway in 1965 would be worth about $51 million today. “I have three groups of friends, and they are all mad at me,” Bryant says. “There are the ones who didn’t buy Berkshire Hathaway, the ones who bought some and sold it, and then there are the ones who kept it but didn’t buy enough.”

Put Bryant herself in the second camp. She held $20,000 of Berkshire Hathaway in the mid-1960s, but she is, regrettably, not worth $102 million at present. She took some money out for living expenses along the way and, during the 1980s, did the unthinkable. She started to play the market herself with high-risk investments known as naked options, and as she once related to a interviewer, she got “cleaned

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out” in the 1987 crash, ending up $2 million in debt.

Warren was worth billions at the time, of course, but he chose not to bail her out. “Warren can be unbending,” says a friend who knows both siblings. It took the hard work of her lawyer to get Bryant back on her feet financially. That was Al Bryant, and she married him. She has vowed not to cross her brother again. “If I buy any stock in the market but his, I’m betting against my brother,” she says. “It’s like I’m saying I know more than he does, and that doesn’t make any sense to me at all.”

Bryant says she was inspired to get into philanthropy by a family friend, Josephine Travis, who had helped Bryant out with various, small kindnesses when she was a lonely housewife in Denver. “When I asked her what I could do in return, she said, ‘Just pass it on.’” So, later, when a family friend contracted polio and lay paralyzed in a brolley, run-down house in Newton, Kansas, Bryant arranged to put in air-conditioning and spruce the place up. “She told me, ‘I’m the luckiest person in the whole world,’” Bryant says, her eyes misting up. But not until Bryant’s mother’s money came through in 1996 could she practice philanthropy for real.

The Sunshine Lady Foundation may sound like an amusing diversion that anyone with a little time and a lot of extra money could do, but in fact, a personal foundation is a lot like a private company—should be. Done properly, giving money away is extremely demanding. “It’s the hardest thing I’ve ever done,” Bryant admits. Part of the difficulty comes from her determination to run everything herself.

In corporate terms, she is both the founder and the CEO. This could be a prescription for disaster, since few visionaries make good managers. But for Bryant, the arrangement is key to seeing that her philanthropic objectives are met. “I’m very big on donor intent,” she says. “This way, I figure that the people here will know exactly how to carry on after I’m gone.” Still, she has left her three children off the board. She has seen too many families fracture, taking their foundations down with them as bad family dynamics take over in board meetings. “I’ve heard of founders who were oustved by their children,” she says, appalled. “No thank you.”

Staffers do sometimes complain about the demands that Bryant, as a woman on a mission, places on them. “Nothing is ever fast enough for Doris,” says her county projects coordinator, Mary Ellen Box. “She’s as intense as anybody I’ve ever met.” But Bryant has been remarkably clear-eyed in pursuing her goals, adds Karen Green, director of the family-foundation section of the Council on Foundations, which provided the Sunshine Lady Foundation with instruction in managing an early charitable project. “Only two or three start-ups out of the several dozen I’ve seen did anything like the degree of preparatory work that Doris Bryant did.”

To be Lady Bountiful is an especially arduous vocation if one’s major goal is to help individuals. Small grants take up just as much time as big ones. Staff members often resemble social workers as they scrutinize medical records, check references, and consult doctors to determine if, say, that policeman with leukemia really would benefit from the bone-marrow screenings his insurance company will not cover. Despite all her precautions, Bryant admits, she has been taken by a few scoffers. “There was one guy in Virginia,” she says without elaborating.

In dealing with the unlucky, Bryant is determined to improve their situations, not just to pay them for their suffering. “It’s more of a hand up than a handout,” she says. In the case of Keith Simmons, the man paralyzed after losing control of his car on the ice, the Sunshine Lady Foundation awarded him $7,500 toward the purchase of a van that will allow him to get to work in his wheelchair. It was a matching grant, one that depended on Simmons’s ability to rally his community to his cause. Still, when Simmons was reached at a hospital where he was to undergo yet another operation, his gratitude to the Sunshine Lady came through loud and clear.

To Bryant’s way of thinking, it makes sense to leverage her money. That’s why she offered the Huntington (North Carolina) Historical Society $25,000 if it doubled its membership in six months. The membership swelled, and the society is now better able to take care of itself.

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GENE FUTURES
The Human Genome Project, largely publicly funded by various government agencies and institutes around the world, has created competition among private donors. A major shot was fired by insurance executive and contemporary-art patron Peter B. Lewis, who donated $55 million to Princeton University, $35 million of which has been earmarked for the school’s new Institute for Integrative Genomics. The experimental research center is designed to capitalize on the nearly completed Human Genome Project. The gift will cover nearly half of the $75 million needed for the center and places Princeton in a race with Stanford and Harvard, which have also undertaken genetic-research efforts.

DONOR SEARCH
“Yahoo for the nonprofit sector”—that’s how organizers describe www.philanthropysearch.com, a site that leads potential donors and volunteers to charities and nonprofit organizations and to Web sites that serve the nonprofit sector. The site has attracted as many as 2,500 visitors a day since its April kickoff. The Wentworth Group, the for-profit consulting firm behind the project, hopes to raise its own funds by selling on-site advertising.

CROWDED FIELD
The increase in charity-sponsored amateurs running in competitive marathons has led to some friction. This year, a record one-fifth of the 20,000 runner slots in the Marine Corps Marathon, held each fall in Washington, D.C., are reserved on behalf of sponsoring health and children’s charities. Runners groups complain that reserving slots for charity shuts out more serious athletes and compromises the quality of the race. A marathon spokesman, mindful that “part of our mission is to give back to the community,” says the number of charity slots will be reevaluated after the 1999 event on October 24. —Sara Austin
THE IRS HAS ESTABLISHED A HIGHER BURDEN OF ACCOUNTABILITY FOR FOUNDATIONS THAT GIVE DIRECTLY TO INDIVIDUALS.

Of tattoos and body piercing as well. “Sure, we bribe people to be good,” she says. “What’s wrong with that? It’s a business deal. They don’t have to take the money.” She also sends her scholarship students a book on etiquette as a Christmas present. “A lot of these kids, they don’t know the rules.”

While Bryant does target individuals, she usually enlists a proper 501(c)(3) nonprofit, such as a local church or a neighborhood agency, to administer the money. This is clever for two reasons. First, it gets local organizations involved, and second, it offers further assurances to the IRS that the disbursement is legitimate.

That second part is important. One explanation for why organizations like the Sunshine Lady Foundation are so rare is that the IRS has established a higher burden of accountability for foundations that give directly to individuals. Not unreasonably, the IRS is concerned that a personal grant might be a way of slipping Aunt Suzie a little extra cash tax-free. Thus the IRS requires that a foundation like the Sunshine Lady adhere to its IRS-approved guidelines on acceptable charitable objectives (such as providing educational opportunity or medical relief) and keep records to prove that any individual grant does fit. In paying to send a child and her terminally ill father to Disney World, for instance, foundation staffers needed to assemble evidence that the father was indeed terminally ill and that the family had no previous connection to Bryant or her saxophone. These efforts are necessary but time-consuming.

Which is why most foundations prefer to fund a homeless shelter rather than a homeless person.

Despite all the difficulties, Bryant continues her work, of course. She notes that her philanthropy has inspired further philanthropy in others, like the storekeeper who, when she heard that Bryant wanted to purchase $640 worth of chil-

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