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HUMANE SOCIETY OF CHARLOTTE HAS RESOURCES SITTING IDLE, HIGH  
OVERHEAD

**SERIES:** **Death at the Pound**

**BYLINE:** MICHELLE CROUCH AND SCOTT DODD, STAFF WRITERS

**BODY:**

The Humane Society of Charlotte has more money and more support than any private animal welfare group in Mecklenburg County, and has done more over the years to reduce the number of dogs and cats euthanized by the city.

Yet tax returns show the nonprofit group spends more than half its budget on overhead. It has facilities and resources that sit idle. And it doesn't aggressively target the people experts say need its services most.

The city of Charlotte leases the group a shelter for \$1 a year and contracts with it to spay and neuter thousands of animals annually.

But critics question whether the city is relying on an overworked and loosely monitored organization that has failed to adopt the latest strategies proven to work in other cities nationwide.

The Humane Society has sterilized more than 100,000 dogs and cats under its agreement with the city since it opened the state's first low-cost clinic in 1982.

The number of animals killed at the Charlotte-Mecklenburg animal shelter dropped the year after the clinic opened, from 15,079 to 9,551.

But now, even as some other fast-growing cities are cutting their euthanasia numbers, the death toll in Charlotte is rising again, back to 14,095 animals last year.

Humane Society President Patti Lewis says her group is already doing all it can to reduce the deaths. She points out that the Humane Society, which she founded, is the only private group in the area sterilizing large numbers of animals.

She stresses that she has never taken a salary in 25 years and that criticism of her group is unfair and motivated by jealousy. "We've done more than anyone else," Lewis said. "We are only the largest because it has been a blood, sweat and tears effort for me."

Critics, though, say the Humane Society, with an \$800,000 budget in 2001, could make a greater difference if it were willing to update its approach.

Among the concerns:

--The Humane Society owns the region's only mobile spay-neuter van, but has used it just three times since the vehicle was purchased a year and a half ago. Other agencies nationally use their vans several days a week. They say the vehicles are among the most effective tools to reduce euthanasia rates because they can be used to target low-income neighborhoods.

--The society reported in 2001 that 67 percent of its spending went to overhead, a category commonly used to measure a charity's efficiency. The group now says its most recent tax return was incorrect and that number is actually 54 percent. Either way, that's more than three times the 15 percent typical of similar animal welfare groups nationwide, according to an Observer analysis.

--Animals fill half the 80 dog runs available in the society's shelter. The other spaces are used for storage or packed with used clothing, old books and other items, part of a flea market whose benefit to the group's bottom line is unclear.

Lewis, who was interviewed several times by The Observer, said her group should be praised, not criticized, for the difference it has made.

The society does more spay-neuter surgeries than its contract requires, and the fees charged don't cover the cost, she said. So the Humane Society has subsidized them over the years. The society also worked with Animal Control to allow spaying and neutering at a younger age, she said, so more pets are sterilized before they're adopted from the city shelter.

"I've done everything I can to try to promote spaying and neutering, at a great loss to the Humane Society," she said. "We've reduced by tens of thousands the number of animals dying out there at that pound."

### **Little low-income outreach**

The most successful way to attack the animal euthanasia problem, experts say, is through spay-neuter programs aimed at low-income pet owners. Eighty percent of animal control

calls nationally originate in poorer neighborhoods.

But Charlotte's only low-cost clinic, run through the Humane Society, doesn't specifically target those owners.

The fee for surgeries is \$27.50 to \$40.50, less than the \$100 or more charged by private vets. The money must be paid in advance - often a month before surgery is performed.

The fee is set by the city manager under Charlotte's contract with the Humane Society, and the group hasn't asked for fees based on income.

"Why should I?" Lewis said.

The society occasionally provides free surgeries and other procedures for low-income pet owners who qualify. Dr. Adam Winn, the clinic veterinarian, estimated he's done 50 to 100 total in his four years there, including six so far this year. He couldn't provide exact numbers.

"We try to do the best we can to help poor people," Winn said. "It annoys me to no end when somebody pulls up in a BMW. They're really taking advantage of us."

Experts say low-income pet owners often find it difficult to get their animals to a clinic. The society's facility is near Interstate 77 off Remount Road.

Other cities have solved the problem by taking spay-neuter vans to poorer areas and offering free or low-cost surgeries. The Animal Rescue Coalition in Sarasota, Fla., goes out three days a week. The Maryland SPCA's neuter scooter goes out four in Baltimore. And Santa Fe, N.M., uses its van every weekend.

"The secret to success is repetition - going back to the same places over and over," said Sharon Angert, who coordinates Santa Fe's van service. "The first few times we may not have had very many people. Now we have a full house every time."

The society bought Charlotte's van using money willed by a donor. Lewis said the group got it only to help the Charlotte-Mecklenburg Animal Control Bureau. Lewis said the Humane Society would use the van more often if other agencies would pick up the cost.

"We didn't need it," Lewis said. "We already have a spay-neuter clinic, and we're losing money hand over fist with that." The society told the city it lost \$11,686 on the animals it fixed at the spay-neuter clinic last year.

Lewis said taking out the van three times in the past year and a half has convinced her it's not worth doing on the society's own initiative, without Animal Control's participation. So few people showed up at two of the previous mobile clinics that the second day of each was canceled.

"You can scream and holler all you want about how this is where the problem is, but you can't make these people get their animals spayed and neutered," she said. "I'm telling you, these people don't want it."

Other cities have changed attitudes through public education. The Humane Society promotes the importance of spaying and neutering on its Web site and in literature, but Lewis said the money it spends on public education is limited to running a weekly ad in a Pineville newspaper and a few special events a year.

Lewis said her agency can't afford a media campaign and doesn't have the money or the staff to use the van more frequently without shutting down the society's clinic for the day.

The money to buy the vehicle came from the late George and Sally Patterson, a father and daughter who gave to animal causes. The van cost more than \$50,000, Lewis said - but wouldn't say how much. Morry Johnston, executor of Sally Patterson's estate, said she would be disappointed if she knew how little the vehicle has been used, even though the money was given with no legal restrictions.

"After Sally was diagnosed with cancer, she met with Patti and talked about things she could do to make a difference," Johnston said. "The van was one of her favorite projects."

According to documents filed in Mecklenburg County Probate Court, Sally Patterson left the Humane Society \$839,000 in 2001. "Sally was very generous," Johnston said.

That amount doesn't appear on the society's main 2001 federal tax form and would more than double the group's revenue for the year.

When asked about the discrepancy by The Observer, Lewis provided a separate tax form that listed only the Patterson donation. The society's attorney, Bill White, said the Internal Revenue Service is "dealing with the fact that it's got two filings" from the same organization.

"They're going to tell us whether they want us to file a combined document or what," White said. "But we'll do whatever they say."

Lewis said the Patterson gift has been invested as an emergency fund. Nonprofit experts say the invested amount is within guidelines recommended for charities nationwide.

"We'd be pretty sorry if we jumped in there and spent all that money," Lewis said, "and had nothing for future problems or a catastrophe."

### **Overhead takes large chunk**

The Charlotte Humane Society is the best-funded animal welfare group in the Charlotte region.

About two-thirds of its revenue comes from donations and a direct mail campaign. The other third comes from spay-neuter fees, including about \$80,000 last year for surgeries on animals from the city shelter. The city collects that money in adoption fees from new pet owners.

The society's tax returns from 1997 through 2001 show about two-thirds of its spending was on items listed as "management and general," which nonprofit experts commonly refer to as overhead. That far exceeds the Better Business Bureau guideline of 35 percent.

The IRS defines those spending categories as anything other than the services that make the group tax-exempt. In the society's case, they included utilities, legal services and portions of some salaries.

The Humane Society won't release other financial documents, making it difficult to evaluate how its money is spent. The law requires the group to disclose only its 990 federal tax returns, which The Observer relied on to analyze spending. The 2002 return wasn't available because the group filed for an extension.

When asked about spending, the society provided a written response from the auditor who filled out the 990 form, Terese Raines of Charlotte. She said several expenses on the 2001 form were wrongly categorized.

According to the society's revised numbers, it actually spent 54 percent on overhead in 2001.

That's still more than the Better Business Bureau recommends. A low overhead rate assures donors that more of their gifts will be spent toward a charity's tax-exempt mission, said Bennett Weiner of the bureau's Wise Giving Alliance.

Nonprofit experts often use the rate to examine a charity's efficiency. They also use it to compare charities with their peers around the country.

The median overhead rate for 1,630 animal welfare agencies nationwide last year was 13 percent, according to a national organization that tracks tax returns from nonprofits.

The Observer analyzed 25 groups nationwide that offer low-cost spay-neuter services, operate a shelter and have revenues between \$500,000 and \$1 million. The average overhead rate was 15 percent. None had a higher rate than the Charlotte Humane Society's 54 percent.

When asked why, Lewis first said she was unaware that her group was spending more on overhead than others. She later said the Humane Society's higher costs are necessary because the group provides high-quality services.

"Maybe other people who have shelters can do it more economically because they don't do all that we do with animals," she said. "There are a lot more expenses here than others

because we do such quality work."

She didn't explain what was different about the Charlotte group, saying she doesn't know how other organizations operate.

White, the Charlotte Humane Society's attorney, said he doesn't know much about the group's finances or IRS rules. But he questioned the validity of national comparisons and said he didn't understand how the Charlotte group's spending could be defined as overhead.

"The way I calculate it," he said, "all their money is spent on animal advocacy and taking care of animals."

Lewis said the Humane Society has 13 full-time salaried employees and two part-time secretaries. All do some work with animals, she said.

Lewis did not know how many of those employees were paid out of the \$247,823 in salaries, benefits and payroll taxes listed as overhead on the form.

As the group's executive director for most of its history, Lewis said she works full-time but has never collected a salary.

She emphasized that the group's books are clean. "I have every receipt and every check that's ever been written stored in a fireproof safe," she said.

### **Kennels used for storage**

The Humane Society runs its operations in a former city shelter that once housed more than 200 animals.

Today, about 30 dogs and 35 cats live there, as well as rabbits, pigs and birds. About 40 kennel spaces are used to store pet supplies and house the Kennel Korner flea market, which is open Thursdays through Saturdays.

Animal advocates from other Charlotte groups lament the unused space when about 40 animals are killed every day by the city's Animal Control Bureau, which runs a separate, overcrowded shelter six miles away.

"It just seems like such a waste of space," said Kay Jones, who volunteers with several local rescue groups.

The Humane Society operates a "no-kill" shelter, which means animals are kept until they're adopted, even if it takes months or years.

"But that just means they're not killing them there," Jones said. "You know the animals that are turned away end up at Animal Control."

The society rejects some pet owners who want to give up their animals and puts others on a waiting list with more than 95 applicants.

A year after the society moved into the city-owned buildings in 1993, Lewis' husband, Ted, who was operating the flea market, told The Observer the group would use the space for animals as soon as it had the money.

It's unclear how much the society's budget has grown since then. But Patti Lewis said opening the flea market building to animals is still not financially feasible.

She estimated it would cost an additional \$100,000 a year because she would need to hire three more kennel workers, another part-time vet and another technician.

"There isn't enough money, and people don't work for nothing," she said. "It costs us money for dog food, for medicine, for care. It would be stupid to let that building just sit there when we can use it to make money."

Lewis said the flea market has raised as much as \$25,000 some years to benefit animals. No revenue from the store has been listed on recent tax returns. When asked about the discrepancy, Lewis said not all revenue line items are listed individually.

### **Who serves on board?**

The Humane Society is governed by a five-member board and four officers, several of whom declined to talk with The Observer or didn't return calls. Those who did said they support Lewis' leadership and work over the years.

"Nobody seems to give her credit, and I think she's marvelous," said board member Lynn Charles, who started as a Humane Society volunteer more than 20 years ago. "This woman hasn't taken one penny in wages since she started this."

Charles said she had little knowledge, though, of the society's budget, finances or day-to-day operations, all of which are controlled by Lewis.

It's unclear exactly who's on the society's board or how they're appointed. One board member listed on the 2001 tax return, Jean Taylor of Charlotte, told The Observer she resigned two or three years ago. But Lewis said Taylor is still a member: "She is very, very active, doing all our graphic artwork, so we didn't accept her resignation."

At least a dozen other animal welfare groups operate in the city, and several have been at odds with the Humane Society of Charlotte for years. Leaders of those groups and former Humane Society employees have criticized Lewis for being unwilling to work with them or consider new ideas.

"Patti is very opinionated and wants to run things her own way," said Laura Steele, who

worked as special events coordinator for Lewis before resigning a year ago. "She's not willing to meet people halfway."

Lewis says she has no problem working with other groups, but she's not going to go out of her way for them.

"Working with other agencies is not my responsibility," she said. "Everyone seems to forget that I started this by myself, and they can go out there and do it by themselves, too - just like I did."

Some animal welfare leaders say they think city officials need to provide closer oversight of the Humane Society, because it operates in a city-owned facility and has been charged with an important role in reducing the unwanted animal population. The society's 10-year contract with the city is up for renewal in December.

"No question, when Patti started it, it did good work," said Bruce Kramer, a former Humane Society donor who helped start another local rescue group, Recycled Pets Inc. "But I think it's become sort of an ingrained institution. Nobody really questions it anymore."

Lewis said she's not sure why the animal euthanasia rate in Charlotte is rising, but the Humane Society bears no responsibility.

"There's nothing we haven't done to try to reduce the euthanasia rate," she said. "I run a damn good business here. I run a tight ship."

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### **Humane Society Has City Contract**

The city of Charlotte has contracted with the Humane Society of Charlotte to provide low-cost spay-neuter services for more than 20 years.

In 1982, society President Patti Lewis persuaded the city to let her open a low-cost spay-neuter clinic over the objection of many local veterinarians.

Under the group's contract with the city, the clinic sterilizes all animals adopted from the city shelter. The surgery fees are \$27.50 to \$40.50, paid by new pet owners as part of the adoption cost. Those fees totaled \$80,000 last year. The Humane Society also performs spay-neuter surgeries for the public, charging the same amount.

All spay-neuter fees are set by the city manager.

The fees don't cover the full cost of the surgeries, Lewis said. The Humane Society spent \$11,686 last year toward the costs.

In 1993, the city's Animal Control Bureau moved into a new shelter near the airport. The city then leased its two old shelter buildings off Remount Road, as well as the clinic facility next door, to the Humane Society for \$1 a year. Both the spay-neuter and building lease contracts are up for renewal this year.