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Charities Get Little From Car Donations

Team 5 Investigates Finds Resellers Get The Money

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BOSTON -- Car donations to charities are often handled by third parties who sell the vehicles for less than they are worth, resulting in fewer dollars for charity coffers.

Team 5 Investigates' Susan Wornick reported Sunday that a third party company called Adessa Impact sold a donor's 1993 Nissan Altima to a recycler for \$200. The car was later sold privately for \$1,650, eight times that amount.

Anthony Pace, 18, who bought the car from a local used car dealer, said, "It's a good deal for me."

But Jay Sadlon, who donated his Nissan to the Arthritis Foundation, didn't think much of the deal. He assumed its cash value would land in their hands.

"The Arthritis Foundation got \$200. I am not happy," Sadlon said.

The Arthritis Foundation contracts with Adessa Impact, one of the largest auction companies in the country, to sell its donated cars. Adessa is the agent for 50 charities and gets \$50 for every car it sells.

Some of the vehicles are put up at auction, but Team Five Investigates found the company disposes of many of the cars outright for modest cash.

Norfolk Auto Brokers towed the Nissan Altima away for \$200 and then sold it privately to Pace for \$1,650. Sadlon said he felt misled.

"They violated my intention, which was to give the vast worth of my property to charity and that didn't happen," he said.

Certified Public Accountant Caryn Feldman said third-party car donation programs usually make little money for charities.

"If they get \$50, no matter what they sell the car for, the incentive is to flip the cars as fast as they can. They should be trying to get the charity as much money as they can get them," Feldman said.

A spokesman for Adessa Impact said it processes "Over 15,000 cars a year for charity," and acknowledges that many are sold to used car dealers and recyclers because "they are not worth administering to auction."

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Jay Sadlon said he thinks the process is loose and shabby.

"Fifteen percent went to the charity and 85 percent lined the pockets of someone who made a quick, tidy profit," Sadlon said.

The Arthritis Foundation could not be reached for comment. But Team 5 Investigates found there are better ways to maximize donation dollars.

The Mass. Adoption Resource Exchange in Boston counts on car donation sales for 10 percent of its annual budget.

MARE's executive director, Lisa Furnaro, said the organization splits profits 50-50 with Waltham's 128 Auto Sales. They sell the cars right off their lot.

"They sell a car at a higher rate, we get a better contribution, and they get a better cut," Furnaro said.

If Jay Sadlon donated his car through this type of program, the charity would have made hundreds more from the sale of his Nissan.

Research is essential when considering a car donation, especially because of the tax benefits. The IRS allows donors to deduct the actual sale price of the car. The more the charity gets, the larger the tax deduction the donor gets.

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