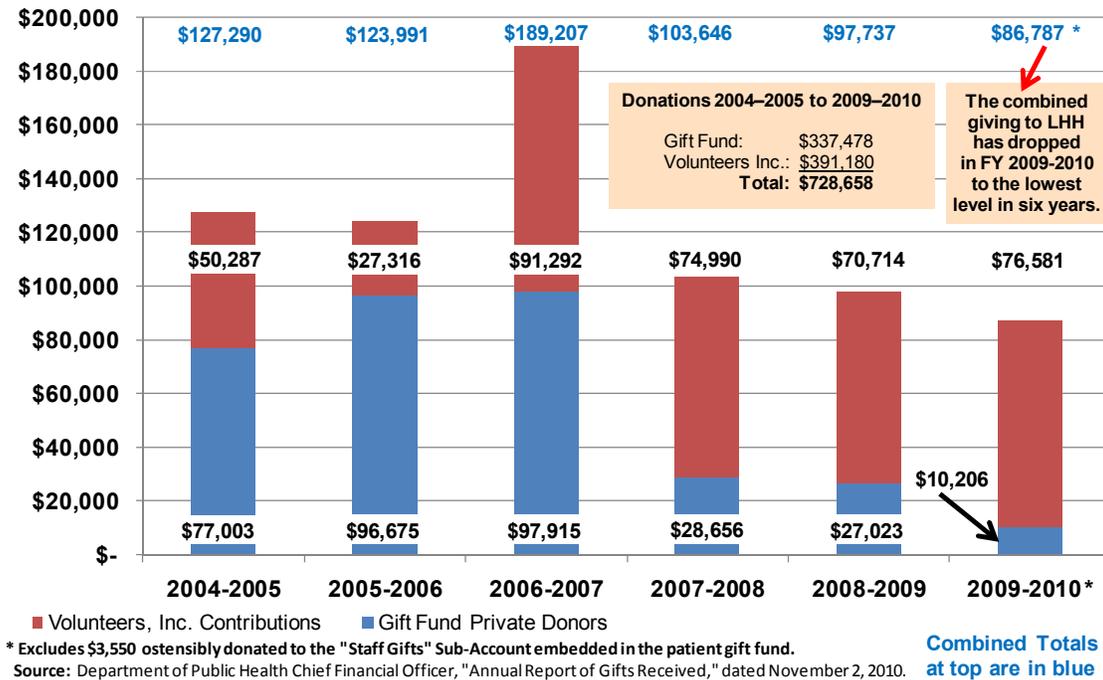


Part 1: Laguna Honda Hospital restricts staff donations to patient gift fund, donations drop 89%

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**Laguna Honda Hospital Donations
Historical Trends — Gift Fund + Volunteers, Inc.
FY 2004–2005 Through FY 2009–2010**



Laguna Honda Hospital restricted staff donations to its patient gift fund during last October’s combined charities campaign, following a 62 percent to 89 percent drop in gift fund donations.

It’s the first time the hospital has restricted staff donations to its patient gift fund.

Ironically, the combined charities employee fundraising drive is called the “Heart of the City” campaign. But there seems to be no heart in two decisions LHH has made restricting contributions to the patient gift fund.

On November 2, San Francisco department of public health CFO, Gregg Sass, presented the “Annual Report of Gifts Received to the Health Commission.

As the illustration shows, between fiscal years 2008-2009 and 2009-2010, donations to the patient gift fund from private giving dropped from \$27,023 to just \$10,205, a 62.2 percent decline in just the single year ending in June 2010. Between the three-year period of fiscal years 2006-2007 to 2009-2010, private-giving donations have plummeted from \$97,915 to \$10,206, an 89.6 percent decline in private giving made directly to the patient gift fund.

This stands in sharp contrast to the 11 percent decline in charitable donations to the nation's 400 biggest charities during 2009. The 11 percent drop in giving was the worst decline in the two decades since *The Chronicle of Philanthropy* started ranking charitable giving.

Of note, the one-month period between May 20 when KGO TV (Channel 7) aired its first story on LHH's patient gift fund scandal and the end of June 2010 could not have been the sole reason donations to LHH's gift fund fell off.

The combined charities campaign at LHH did not simply discourage employees from donating to the gift fund. Staff were reportedly told that if they wanted to donate to the patient gift fund, they could only do so through two separate non-profit organizations, Laguna Honda Volunteers, Inc. or the Laguna Honda Foundation, the latter a 501(c)(3) non-profit foundation controlled by former San Francisco city attorney Louise Renne.

The prohibition on staff donations to the gift fund occurred in October 2010. LHH's former chief financial officer, Tess Navarro, reportedly told staff members there were only two ways to donate to LHH: To Louise Renne's Laguna Honda Foundation and to Laguna Honda Volunteers, Inc.

In a scathing audit of the LHH patient gift fund, the City Controller directed Laguna Honda administrators to ensure "sustainability" of LHH's patient gift fund, including 1) Protecting patient donations from predatory administrators by restoring policies and procedures that abide with the city's Administrative Code; 2) Actively managing the gift fund's \$835,307 portfolio of stock bequests, rather than letting them ferment in the Treasurer and Tax Collector's vault; 3) Restitution of the \$350,000 improperly taken from patient accounts; and 4) Ensuring gift fund expenses don't continually exceed revenues, as they have during the past five years.

So far, these "sustainability" recommendations are all well and good. But how can the patient gift fund be sustained if LHH fails to solicit for, or blocks the receipt of, donations?

As this Examiner has previously reported, LHH's patient gift fund web-page informing the public about this philanthropic opportunity was taken down three months ago, in early September — and the web page remains missing in action, obstructing an outreach mechanism to accept donations.

In addition, this year, for the first time, Laguna Honda executives prohibited employees from donating money to the patient gift fund through the combined charities campaign. LHH has approximately 1,300 employees, so even small donations from staff would add up.

Laguna Honda congratulated itself in June 2010 with its Black Tie Opening Gala dinner, which event is thought to have raised \$450,000 from various categories of corporate donors and socialites like Dede Wilsey, Charlotte Maillard-Shultz, and other San Francisco "swells."

Proceeds of the Black Tie dinner reportedly went to Louise Renne's secretive Laguna Honda Foundation and to Laguna Honda Volunteers, Inc.— with not one penny raised directly for LHH's patient gift fund.

As this Examiner has previously reported, Supervisor Sean Elsbernd has hosted two highly successful crab-fests, supposedly as fund-raisers for Laguna Honda. Although well attended by San Francisco's well-heeled political elite, again, not one penny went to Laguna Honda's patient gift fund.

Instead, the bulk of the crab-fest money went to Louise Renne's foundation, and at least \$85,000 of donations to her foundation has gone to well-paid academic researchers at UCSF, and to promote the grandeur of LHH's "built environment."

What about bus-trips, movies, bingo-prizes, restaurant outings, and donuts for LHH's patients?

Observers are now asking why Laguna Honda has NOT been promoting donations to its patient gift fund.

It seems that neither the public, LHH employees, Supervisor Sean Elsbernd nor Louise Renne's event planners are raising money directly for LHH's patient gift fund.

Could it be that LHH administrators have lost interest in generating donations for its patient gift fund, now that they have been barred from dipping into the patient fund and using it for staff amenities?

Brazenly, health commission president Jim Illig stated during the December 3 LHH Joint Conference Committee that he thinks "... it is incumbent on you Dr. Kerr; you Dr. Rivero ; Mr. Wooding; everyone else; Patrick Monette-Shaw; to help up with that process of re-connecting with the community" to "ensure that donations continue to come in to support these patients and residents."

Illig is clearly ignoring the two heartless policy decisions made by LHH's administrators. If Illig truly wants to increase private giving to the patient gift fund, he should order that LHH reinstate its gift fund web page immediately.

And Illig should launch an investigation into why LHH administrators prohibited LHH employees from being able to donate to the gift fund through the Heart of the City campaign this year.

Otherwise, Illig appears to be blowing more smoke in a dangerous game that will continue to hurt LHH's patients.

A related issue of citywide importance is auditing how other city gift funds are managed. Not only does LHH's gift fund deserve a fuller, comprehensive audit (given audit design and scope limitations), San Francisco General Hospital's gift fund that is ten times larger, the Public Health Gift Fund, the Recreation and Parks gift fund, and other donations to public institutions outside of the Department of Public health (museums, symphony, library etc) deserve to be audited, since various city administrators may be stretching donated funds to lavish benefits on themselves and staff.

LHH's gift fund scandal is a case-study that may apply to every city department's philanthropic funds. It's long past time for a complete audit of all city department's charitable donations.

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