

Donors Beware Part 6: San Francisco's Laguna Honda Foundation refuses to disclose financial data

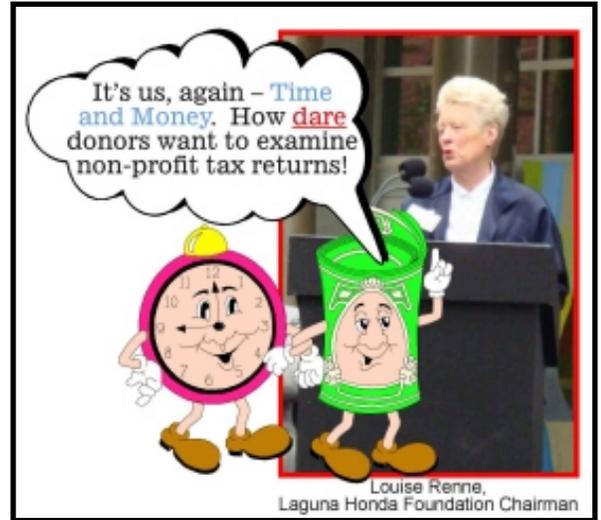
by Patrick Monette-Shaw
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Laguna Honda Foundation's chairman, Louise Renne claims releasing financial data is "busy work."

As this Examiner noted in "Donors beware, part 5" to this story, donors appreciate timely reporting of outcomes of their charitable giving.

Two months following a fundraising event held June 24, how much money was raised to benefit Laguna Honda patients remains a mystery.

Both Laguna Honda Volunteers, Inc., and the separate Laguna Honda Foundation, continue refusing to disclose the amount netted from the event.



And the Laguna Honda Foundation refuses to provide broader financial data about its non-profit status.

On August 12, this Examiner reached Louise Renne — chairman [sic] of the Laguna Honda Foundation, and formerly San Francisco's City Attorney for a number of years — by phone.

When asked to provide summary-level data about her non-profit Foundation's financial data, she retorted, "I'm not taking a lot of time [to provide the requested financial data] because I see no reason to put everybody to the trouble of doing busy-work" to provide it.

She meant she would provide no time, not just "not a lot" of time; then she indicated she would provide no data, either.

No time, and no data.

Bear with a digression of how this Examiner reached Renne by phone.

Charity watchdog sites on the Internet include GuideStar.org, where the Laguna Honda Foundation's non-profit tax returns to the IRS are available. Renne's Laguna Honda Foundation's last three tax returns show zero revenue, and zero expenses.

But it's known that Supervisor Sean Elsbernd's February 2009 crab fest fundraiser raised approximately \$165,000 for Renne's Laguna Honda Foundation.

How could it have \$165,000 in revenue, when the Laguna Honda Foundation reported zero revenue in the same year?

It's also known that in October 2009, Community Initiatives (the so-called fiscal sponsor' for Renne's Foundation, which I'll get to in a moment) submitted a check in the amount of \$42,000 to UCSF's School of Nursing on behalf of Renne's Foundation, towards a total Laguna Honda Foundation award of \$84,000 to UCSF to conduct "plans for research at Laguna Honda Hospital."

Not real research, just plans for research.



The Laguna Honda Foundation grant to UCSF appears to be funding simply to develop other grant proposals, hoping to draw down \$4 million in grants from other agencies.

The \$84,000 Laguna Honda Foundation grant to UCSF in April 2009 — including a plan for a research project awarded to Mary Louise Fleming, LHH's former director of nursing and now a faculty member of UCSF, a potential conflict of interest if there ever was one — represents less than half of what Elsbernd's crab fest raised in February 2009, but Renne's tax return for the period ending June 30, 2009 showed no revenue and no expenses.

Huh?

Here it is August 2010, and there's no news that the seed money to write grant applications to earn other grant funding has been successful. Doesn't seem to have been money well spent.

So this Examiner phoned Melanie Benne, President and CEO of Community Initiatives, the organization Renne contracted with to handle administrative chores for Renne's Laguna Honda Foundation.

I had a laundry list of questions for Beene about Renne's tax-exempt organization.

When I spoke with Beene on August 3, three weeks ago, she indicated Renne's Foundation expenses and revenue were rolled up — aggregated — into the IRS tax return for Community Initiatives.

Beene directed me to Renne, saying that if Renne didn't provide details, she, Beene, would approach Community Initiatives' own Board of Directors to release the summary data I had requested.

Benne did acknowledge that once the expenses from the "Black Tie Gala Dinner" are finally "netted out," Renne's Foundation would receive a cut of the proceeds of the June 24, 2010 fundraising event to celebrate the LHH replacement facility's eventual opening that may now not open until January 2011.

As this Examiner reported June 20 in the first part of this series, pre-publicity marketing for the June 24 Gala Dinner did not indicate funds raised would benefit Renne's Foundation; instead, Elsbernd tried to push off on party-goers that the June 2010 event would benefit Laguna Honda Volunteers' Inc., apparently exclusively.

Benne's news confirmed this Examiner had been right back in June: That Elsbernd was helping his benefactress, Renne, raise funds for her separate foundation.

The next day, August 4, Beene e-mailed this Examiner saying Renne indicated all requests for financial information should be directed to Renne.

That was the last I heard from Beene, who suddenly went missing in action, along with her Community Initiatives Board of Directors — not so surprisingly — given Renne's considerable intimidation skills.

Almost two weeks later, Renne phoned me.

When asked to provide financial data of income and expenses of her Foundation for the past three years, Renne indicated she saw "no reason to provide details," and saw no reason to put anybody to the "trouble" of finding the data.

I let Renne know that Community Initiatives could not possibly have "aggregated" Laguna Honda Foundation finances into an IRS tax filing, unless Community Initiatives had some sort of summary-level data of Renne's foundations' income and expenses it could easily, and rapidly pull out of a Community Initiatives filing cabinet.

Renne remained intransigent, not budging to provide any details.

I reminded her U.S. Internal Revenue Service rules would not have granted non-profits tax exempt status if potential contributors weren't interested in the financial viability of a charity.

I asked for summary data about how much Renne's Foundation had spent in the past three years on "program services," "management and general," and "fundraising," three categories of information typically used to evaluate non-profits and required by the IRS, which Community Initiatives must have to know in order to aggregate roll-ups to file with the IRS.

This Examiner asked Rene for the Laguna Honda Foundation's top five contractors for "professional services" in each of the past three years, and a separate summary of the top five contractors who provide "other services," categories required on IRS non-profit tax returns the IRS now requires 501(c)(3) organizations like Rene's Foundation provide.

The IRS also requires non-profits to report grants they make under required "grantmaking" purposes.

This Examiner couldn't even ask Rene about what grantmaking her Foundation has done — even though Rene's Foundation "granted" at least \$84,000 to UCSF alone — when Rene suddenly declared, "Enough!"

Surely Community Initiatives has summary data from Rene, or Community Initiatives would not have been able to file its own non-profit tax return.

I know this. So do Benne and Rene.

The summary data is there, and Rene could release it. But she won't.

I asked Rene if Community Initiatives could send me the summary-level data, since all they had to do is pull it out of their filing cabinets. Rene declined, saying, "I'm not going to get into this with you, Patrick."

Then Rene said, "Enough!"

She doesn't see the matter as being "substantive," although donors whose confidence have been shaken in further contributing to fundraising appeals, crab fests, and Black-Tie dinners, do.

Rene doesn't seem to get it that donor confidence over Laguna Honda Hospital's patient gift fund scandal, and lack of confidence in her own foundation, won't be restored with continuing secrecy.

Hiding financial data doesn't restore donor confidence.

It weakens confidence.

Surely Rene knows this.

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