The Bay Citizen
NEWS / CULTURE / COMMUNITY

Friday, August 13, 2010

Financial Docs Raise Questions About Planned Parenthood Golden Gate

Internal concerns about fiscal health and tax documents suggest long-term disarray
By: Katharine Mieszkowski

Just a few years ago, Planned Parenthood Golden Gate CEO Dian Harrison and board members mugged happily for the camera at donor events with a who's who of liberal movers and shakers, ranging from Gloria Steinem to political strategist Donna Brazile to politicians Mark Leno and Jackie Speier.

Now, Harrison is gone, and current administrators are not smiling. Last Friday, news broke that Planned Parenthood Golden Gate had lost its affiliation with the national organization over financial and administrative issues. Harrison, who led it from its inception in 1996, when 16 community clinics merged under the Golden Gate umbrella, has been on medical leave since January 2010. As the organization searches for a new name while struggling to keep its seven health-care centers open, new details are emerging about its troubles.

The most recent tax documents filed with the I.R.S. suggest that PPGG has not only been losing money in recent years, but is in financial disarray. For the tax year ending June 30, 2009, it showed a loss of $2.8 million.

Yet, from financial information for the previous year, it’s unclear just how much money the organization lost because it filed three separate sets of numbers with the I.R.S. In the filings, losses ranged between nearly $1.9 and $2.8 million. Two different accounting firms signed off on the various filings.

Executives for PPGG did not return numerous calls or respond to e-mails seeking comment for this story.

Tax documents also show that the organization’s financial problems did not start with the catastrophic recession and California’s fiscal crisis, which has delayed MediCal reimbursements from the state. Tax documents for the year ending June 30, 2007 show that the organization lost $181,000 that year.

Planned Parenthood Golden Gate
Donna Brazile, left, with Dian Harrison at a PPGG gala

Yet, the organization's fiscal problems date farther back. Documents associated with a 2004 accreditation review of Planned Parenthood Golden Gate show that the local affiliate did not meet the national federation's financial standards for its affiliates. Of nine indicators of financial health, Planned Parenthood Golden Gate was given a "not met" rating for five of them. For instance, the affiliate had only 11.4 days of cash on hand, as opposed to the required 60 days.

Planned Parenthood Federation of America executives refused to comment on the accreditation documents on the grounds that they're internal and confidential.

Karen Ruffatto, vice president of affiliate services for the national organization, would say only, "The fiscal and administrative challenges related to this restructuring of local services emerged over the last couple of years and the national office worked closely with the affiliate to try to find solutions to address the issues."

The local organization has also not kept up with reporting the activities of its related political action fund to the state. On Wednesday, the charitable trusts division of the state's attorney general's office sent a warning letter to the Planned Parenthood Golden Gate Action Fund, the political advocacy and public policy arm of the affiliate, because the organization has failed to file copies of its tax documents with that that office for at least 10 years.

"We do not have any reports on file for them," Rebecca MacLaren from the attorney general's press office wrote in an e-mail.

The warning cautioned that if the organization fails to file those forms within 30 days, its registration would be suspended and officers would be personally liable for late fees.

Staffers at the clinics tried to raise the alarm that things were amiss at the local affiliate.

On October 21, 2008, 30 clinicians and doctors who work for PPGG sent a "letter of concern" to Harrison. The letter was also copied to Cecile Richards, the president of Planned Parenthood Federation, and other executives at the national organization.

In the letter, the clinicians detail a myriad of problems in the organization, including their concerns about "the misappropriation and mismanagement of PPGG's funds." The letter accuses the executive staff of profligate spending during lean times:

> It is apparent that while Medical Services has been mandated and has complied with financial reform and cost savings, the Executive Administrative members have failed to adhere to their own mandate for financial restrictions. Executive staff's personal expenditures are excessive and are not aligned with the mandatory fiscal restrictions. Flagrant use of PPGG funds to pay for personal belongings, personal services and exorbitant technology products is seemingly unchallenged and not subject to the same financial scrutiny that clinic supplies and staff salaries are, for example.

When Harrison replied to their concerns in a letter dated November 14, 2008, she assured the clinicians and doctors that administration was feeling the fiscal pain, too: "Administration has temporarily or permanently frozen a number of positions, budgets were cut, expenses were halted for a period of time and office supplies were not purchased," she wrote. But Harrison did not address the allegations that executives had misappropriated funds for their personal use.

In an interview last week, interim CEO Therese Wilson said that "there has been no evidence of any fiscal mismanagement at this organization."