

San Francisco Charity Under Fire

06.01.17 | Linda J. Rosenthal, JD



She was everywhere on San Francisco's social scene: the 78-year-old fashion diva with her enormous "statement" eyeglasses. Joy Venturini Bianchi was the face of nonprofit Helpers Community, Inc.

Over 60 years ago, the respected organization was founded to assist people with developmental disabilities. For many years, it operated residential facilities for them in the city's Richmond District. More recently, though, it became nationally known for its high-end resale shops, Helpers House of Couture. Ms. Bianchi, executive director-cum-board-member, ran the show, earning a base compensation in 2015 of over \$193,000.

Behind the "designer gowns, handbags and fancy footwear," though, it was all smoke and mirrors. A devastating expose in the San Francisco Chronicle last December uncovered the truth: since about 2003 or so, the nonprofit stopped housing developmentally disabled adults entirely. The resale venture was the means and the end – apparently – to support the glamorous lifestyle and \$193,000-a-year salary of its executive director-cum-board-member. Ms. Bianchi's "annual compensation package has been larger than the group's total charitable giving in every year since the homes were closed."

Volunteers, employees, and others had wondered what was up, and expressed relief when the dodgy setup was finally revealed to the public.

How did it go on so long?

Was this yet-another manifestation of the syndrome of "Bobblehead Boards and Charismatic CEOs," which we explored in a post last year:

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At a [recent meeting] of the National Association of State Charity Officials, these regulators reported to attendees about “what conduct can spook” them ‘into conducting investigations of charitable nonprofits.’ These troublesome examples include: ‘phantom boards’ (... existing only on paper...) and ‘bobblehead board members’ (... who nod ‘yes’ to everything and avoid both conflicts and asking questions’).

“For years,” according to Chronicle reporters, “Helpers had deceived donors, spending scant funds on its stated mission of supporting residential care for people with developmental disabilities while paying an outsize salary to its director ... who became a prominent figure on San Francisco’s fashion and social scenes, with little attention paid to her business practices.” What was, or should have been, the oversight role of the board of directors?

Charity Property Tax Exemption Yanked

The first shoe to drop in this saga was an inquiry about the organization’s right to property tax exemptions.

In March 2017, the San Francisco Office of the Assessor-Recorder ruled that Helpers Community, Inc. will have to pay some \$31,000 in back property taxes in connection with the properties used for the boutique operation. “All told, the nonprofit has received about \$100,000 in property tax exemptions since 2003, the year it stopped providing residential services to its target clientele.” However, the statute of limitations blocks the City from collecting any more than the monies owed due to the most recent years.

“Bianchi ... and the Helpers board have spent the past decade shifting the \$6 million organization away from providing residential care for adults with developmental disabilities to raising money for that population through high-fashion resale boutiques.” But there is little evidence that the money raised has been disbursed to help “that population.”

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*Since the group ended its residential services in 2002, ... it has done little charitable work while amassing millions of dollars in assets and donations and handsomely compensating Bianchi as she traveled to red-carpet galas, according to Helpers' annual public filings to the Internal Revenue Service.*** For 13 years, Helpers gave nothing to residential programs. And between 2003 to 2008, the group gave nothing to any charitable cause at all, financial records showed. Most donations in recent years have gone to a group that repairs facial deformities in children overseas.*

Ms. Bianchi has previously said in an interview that “after Helpers closed its residences, she spent years traveling around the country seeking suitable organizations to fund, without success,” adding also that Chronicle’s report “does not reveal the depths of my soul nor the intentions of my heart.”

Remedial Actions Taken by Board

In the immediate aftermath of this scathing expose, “the Helpers board began a significant overhaul, slashing Bianchi’s salary by about \$40,000 and removing her from the board. The board also initiated formal discussions about whether Helpers should continue to exist.” A board representative told the Chronicle that efforts to change the organization’s operations had begun “‘long before’ the newspaper’s inquiries but simultaneously stated those discussions were ‘still in their initial stages.’” Critics wonder if this is enough. “The facts are obvious that the foundation has outlived its mission,” according to the niece of the Catholic nun for founded the nonprofit in 1953. “I certainly was surprised and offended to learn that Helpers was still functioning even though its residents had been moved out long ago and no longer received any kind of support.”

Conclusion

“These changes point to the realization on all parts that the organization suffered from serious shortcomings,” according to OSU Professor Brian Mittendorf, a nonprofit accounting expert. According to experts interviewed for the Chronicle stories, “the assessor’s action should raise questions among state and federal regulatory agencies about Helpers’ legitimacy as a nonprofit” and inquiries by the California Attorney General and the Internal Revenue Service are likely to follow. However, “officials with the state attorney general’s office and the IRS declined to comment.”