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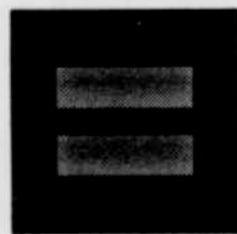
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## LOCAL news

### RISING FROM THE ASHES?

*Continued from the cover*

Incorporated as a nonprofit agency in 1978, Phoenix Rising touts itself as the "only explicitly identified sexual minority nonprofit social services agency in Oregon," with a mission to "promote the common interests and well-being of lesbian, gay, bisexual and transsexual people through mental health, education and other support services."

The agency has sought to fulfill its charge via an array of services, among them several youth-related projects, including the recent establishment of the Sexual Minority Youth Recreation Center, a comfy drop-in facility situated at the east end of the Burnside Bridge in Portland.

SMYRC is a place where queer kids can hang out together in an environment that often is a refuge from a more unrelenting world. Since SMYRC was spawned from Phoenix Rising, its future, too, is precarious.

"We're just not sure what's going to happen at this point," Guenther told *Just Out* during a Jan. 15 interview. "We'll just have to see."

According to Guenther, on Jan. 11 Phoenix Rising's board voted to close the agency by mid-February.

She says the primary reason behind the dramatic action "is that as a small, independent, nonprofit agency primarily serving low-income clients, Phoenix Rising simply cannot generate the cost of doing business."

According to Guenther, the agency's clinical services deficit has averaged \$13,000 a month since the agency's fiscal year began in July.

A recent financial analysis, she adds, revealed the average fee collected for counseling was \$51.50, while the estimated cost of doing business is roughly \$90 per session.

Guenther says the board pondered cost-cutting measures, like slashing administrative staff to the bare minimum, "but that scenario raised the issue of whether the agency could adequately provide the leadership, supervision and supportive activities crucial to holding an increasingly complex standard of care, contract reporting requirements, insurance and client billing, and client record keeping and monitoring."

She says the board concluded the agency could not provide the professional and accountable level of services with such a painful, yet necessary, cut back.

Another critical determining factor centered on the loss of agency operating reserves that Guenther says "normally carried the agency through the ups and downs of the counseling business, and [have] sustained the growth of services for the past four years."

So what happened to the reserves? Guenther, who became the agency's executive director in 1994, says this past July she discovered "suspected financial malfeasance" by a Phoenix Rising employee who has since left the agency. That person, she says, was responsible for handling the agency's finances.

Guenther says she made the discovery "through the unique experience of receiving notice that the [Internal Revenue Service] levied the agency's accounts for failure to pay federal payroll taxes for a period of nine months."

She says she then discovered that state payroll taxes had not been paid in six months, not to mention many routine bills; the combined debt to the IRS, state and vendors was approximately \$125,000.

Additionally, Guenther says there was cause for concern "about the possibility that funds had

With the future of Phoenix Rising Foundation up in the air, there also are questions about the fate of the Sexual Minority Youth Recreation Center, among many other services

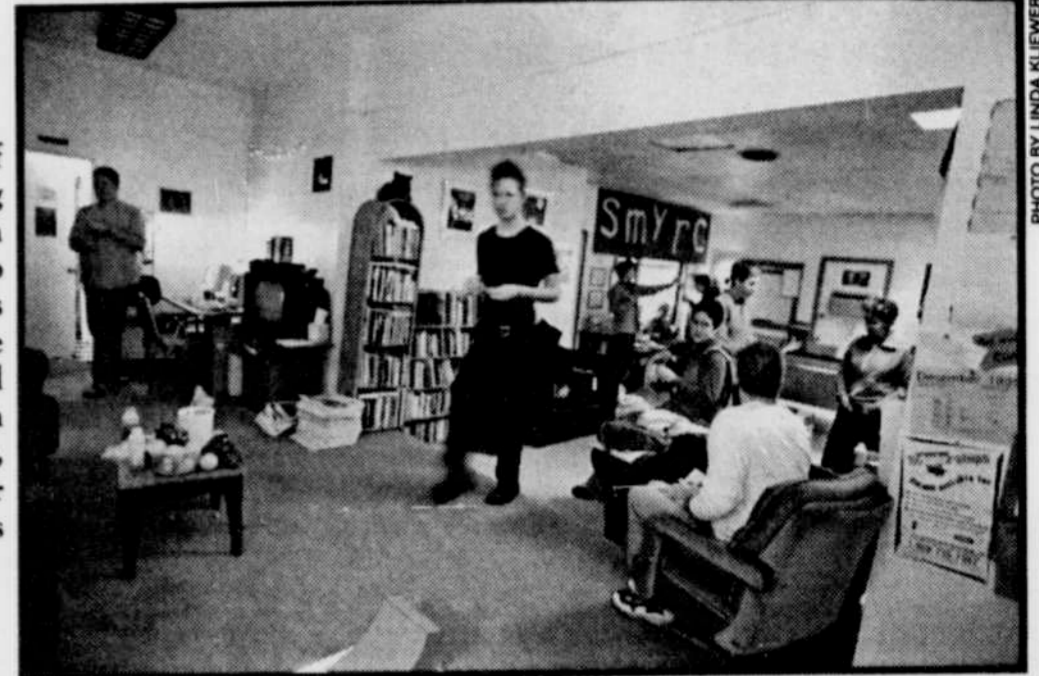


PHOTO BY LINDA KLEWER

been embezzled through unauthorized checks and unaccounted for cash" totaling roughly \$40,000.

Guenther says neither she nor the board had any inkling about the agency's financial situation because "[the employee] presented very detailed and impressive monthly and quarterly financial statements that indicated everything was fine."

Guenther says there was no reason to think differently, and when she learned to the contrary, she was shocked.

"Whenever a traumatic event happens, you experience it on a cellular level," says Guenther. "You feel fear, terror, panic, dizziness, a racing heart..."

After realizing the weightiness of the matter, Guenther says she and the board took several actions, including filing a police report. (An investigation is ongoing.)

The agency's investment reserves of an estimated \$115,000 were liquidated, Guenther says, to pay off half the amount due to the IRS, bring state payroll liabilities up to date, and pay down a large portion of the other overdue bills. A balance of approximately \$35,000 is owed to the IRS and \$15,000 to other creditors.

Staff salaries were sliced by 10 percent, and someone new was brought in to handle finances. The agency began charging clients a \$20 fee for the initial intake and assessment process, and an insurance claim was filed against the agency's \$50,000 fidelity bond.

Still, Guenther says the financial woes have been compounded by an estimated 50 percent drop-off in HIV-positive clientele during the past six months, "plunging from \$12,000 a month billable to \$6,000 or less monthly, so anticipated revenues have not materialized."

Guenther says it's unclear why there was a drop-off. Additionally, holiday fund-raising efforts have fallen far short of expectations.

In short, Guenther says, Phoenix Rising "is in the untenable position of owing the IRS and other creditors \$50,000, while our agency reserves of \$25,000 are rapidly being depleted. With the loss rate of \$13,000 or more a month, obviously in two months at the outside we will be out of business."

Guenther tells *Just Out* that despite the Jan. 11 vote for closure, she will ask the board to consider another option during a meeting slated for the night of Jan. 21. She says she has been exploring the possibility of a merger, and in the past few days has met with representatives from two mental health agencies that may be interested in pursuing some form of coupling.

If a merger does occur, it's unknown at this point what Phoenix Rising services, programs and staff would be retained.

Still, Guenther says, "the better choice is to affiliate than not survive."

Whatever the outcome of the imbroglio, clients will be impacted. Clients like Joseph Elliott, who says he has utilized Phoenix Rising's counseling services for a decade.

"They have been wonderful to me as a gay man," says the 40-year-old Portlander, who

sought support around health, family and coming-out issues.

Elliott says he has tried counseling services that are not specifically aimed at the sexual minorities community.

"It's simply not the same. It's more comfortable [at Phoenix Rising]," he explains. "They seem to be more up on what affects us as gay people."

The Rev. Roy Cole, pastor of Metropolitan Community Church of Portland, says he often refers people to Phoenix Rising for support.

"I frequently talk to people who are looking for assistance around coming out, gender identity, or just the general stresses of life," says Cole, who interned at the agency in 1996 as part of his master's degree program. "What I hear from them is that they are in a fragile place and it's much safer for them to be in an environment that openly embraces them, rather than going to a mainstream organization."

Cole notes that growing numbers of therapists in private practice are identifying as gay or gay-friendly.

"But many of the people who go to Phoenix Rising are low-income, and Phoenix Rising has a sliding scale," he says, adding that private practice therapists "may not be able to take on clients at a reduced rate."

When asked where he would turn if Phoenix Rising were no more, Elliott answered Project Quest, a nonprofit agency that in part provides counseling and support services to people impacted by HIV, as well as those interested in personal growth issues.

Lusijah Marx is a clinical psychologist and Project Quest's clinical director. Though she concedes the mental health profession is generally moving toward more acceptance of queer folk, it still has a long way to go.

She says she too often hears stories about therapists pushing to change a client's sexual orientation.

"Even in the last month I've heard such things," she says.

Given that, Marx—who estimates 75 percent of the roughly 300 people to whom Project Quest provides services annually are queer—says she has a great concern about the potential loss of a place where people feel safe.

Suggestions abound that Phoenix Rising's current predicament stems from lackluster board oversight and weak management; some, however, maintain larger forces may ultimately be to blame.

Jeanne Gould, who for many years worked for the Multnomah County Health Department in the area of HIV services, assesses that a small, independent mental health agency has little chance of surviving in the current climate.

"Things have changed so much," she says, citing the shift in recent years toward a more complex managed-care environment.

"There's no doubt in my mind that a small agency today has to merge to survive," says Gould. "The internal problems [at Phoenix Rising] may have hastened the situation, but a change was going to have to happen regardless."