

PHOENIX FALLING

Nonprofit finally collapses, but services remain intact

by Jonathan Kipp
Photos by Marty Davis

Let it be known that Phoenix Rising Foundation no longer exists. By vote of the board of directors, the troubled entity has been dissolved. But like the mythical bird that inspired its name, its legacy will last forever.

The nonprofit, once a beacon of hope and help for sexual minorities—particularly low-income folks in need of mental health services and youth desperate for understanding and support—was formed in 1979. Its mission was to promote the common interests and well-being of lesbian, gay, bisexual and transgendered people through mental health, education and other support services. In addition to providing counseling and programs for teens, the organization reached out to senior citizens.

Phoenix Rising's money troubles have been widely reported in recent years. But the sting from this announcement is no less painful.

"Personally, I'm sad to see the institution gone," says Matthew Nelson, Equity Foundation executive director and a former Phoenix Rising board of directors member. "Every time we lose an organization, there is a piece of our identity that gets lost."

Still, the news about the change is not all bad. The organization, so dear to Portland gay leaders and the community in general, might be gone, but the services available for sexual minorities remain intact and possibly are stronger than ever.

What happened?

As managed care systems infiltrated the mental and general health care business, small service providers like Phoenix Rising had an increasingly difficult time surviving. The nonprofit was forced to sacrifice full

autonomy and accept help from a larger and more stable organization: Network Behavioral HealthCare Inc.

The infrastructure and overhead required to support a managed care therapy program were too complicated, says Judy Watson, who served as Phoenix Rising's executive director during its final months. She also works as vice president in charge of operations at Network.

At the center of the slow collapse was an outdated sliding-scale fee schedule that Phoenix Rising made available to its low-income clients. Although some private prac-

tice mental health practitioners still offer a sliding scale to clients, most clinics no longer can afford to do that.

Also contributing to Phoenix Rising's financial woes was the public's lack of confidence in its management, which resulted in dwindling donor support. The organization's fall from grace came when former executive director Allanya Guenther stumbled upon what she called "a financial malfeasance."

In July 1998, Phoenix Rising owed \$125,000 to the Internal Revenue Service and others, and an additional \$40,000 was unaccounted for. The chief financial officer was suspected of embezzlement, and police were alerted.

A full investigation followed. Guenther and the board of directors were exonerated of any wrongdoing.

But Dale Hunter was indicted for white-collar crimes committed at Phoenix Rising, according to a spokesperson from the Portland Police Bureau's fraud division. He has an outstanding warrant for his arrest, but authorities have been unable to locate him.

The embezzlement and financial mismanagement weren't the only problems, howev-

er. The foundation was averaging a \$13,000-a-month deficit during fiscal year 1999.

The average fee collected—about \$51—didn't come close to covering the \$90 cost of providing those services. "Phoenix Rising simply cannot generate the cost of doing business," Guenther said in the Jan. 22, 1999, edition of *Just Out*.

Some community members felt betrayed because of the organization's predicament, while others were angered about the board's delay in notifying the public about the mounting debts and financial misconduct. A merger followed, and the services of Phoenix Rising were soon under the umbrella of Network Behavioral HealthCare Inc.

Initially, the network handled billing and financial management. Phoenix Rising loyalists insisted the organization would survive as they fought for stabilization and for donors to return with contributions.

Despite the assistance, the foundation still continued to lose money. The fees that low-income clients could afford did not cover staff expenses.

In addition, Phoenix Rising's clinicians weren't trained to handle the complicated billing paperwork required of managed care health organizations. As a result, by November 1999 all counseling services were folded into Network and renamed Helios Counseling Services.

Even with the support of Network, Phoenix Rising continued to face a projected deficit of \$40,000 during fiscal year 2001. "It became apparent that costs associated with



*"We'd like to see the queer community come back and volunteer and support us with donations so we can continue to do this good work."
— Judy Watson*



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