

Tampa Bay Times

FLORIDA'S BEST NEWSPAPER

tampabay.com

SUNDAY, JUNE 9, 2013 | \$1.50

A SERIES BY THE TAMPA BAY TIMES AND THE CENTER FOR INVESTIGATIVE REPORTING

AMERICA'S WORST CHARITIES

Hundreds of charities now operate not to help the needy, but to turn donations into profit. Of the hundreds of millions of dollars raised each year, how much goes to paralyzed veterans, dying children and cancer victims?



Almost nothing.

BY KRIS HUNDLEY AND KENDALL TAGGART

The worst charity in America operates from a metal warehouse behind a gas station in Holiday.

Every year, Kids Wish Network raises millions of dollars in donations in the name of dying children and their families.

Every year, it spends less than 3 cents on the dollar helping kids.

Most of the rest gets diverted to enrich the charity's operators and the for-profit companies Kids Wish hires to drum up donations.

In the past decade alone, Kids Wish has channeled nearly \$110 million donated for sick children to its corporate solicitors. An additional \$4.8 million has gone to pay the charity's founder and his own consulting firms.

No charity in the nation has siphoned more money away from the needy over a longer period of time.

But Kids Wish is not an isolated case, a yearlong investigation by the *Tampa Bay*

Times and The Center for Investigative Reporting has found.

Using state and federal records, the *Times* and CIR identified nearly 6,000 charities that have chosen to pay for-profit companies to raise their donations.

Then reporters took an unprecedented look back to zero in on the 50 worst — based on the money they diverted to boiler room operators and other solicitors over a decade.

These nonprofits adopt popular causes or mimic well-known charity names that fool donors. Then they rake in cash, year after year.

The nation's 50 worst charities have paid their solicitors nearly \$1 billion over the past 10 years that could have gone to charitable works.

Until today, no one had tallied the cost of this parasitic segment of the nonprofit industry or traced the long history of its worst offenders.

STORY CONTINUES ON 6A

Scott goes out of state for jobs

Blue state CEOs are sent letters touting Florida as more tax friendly to business.

BY STEVE BOUSQUET
Times/Herald Tallahassee Bureau

TALLAHASSEE — Gov. Rick Scott's latest tactic to attract jobs is to brag about Florida as much as possible while criticizing other states — whose governors don't appreciate it one bit.

What Scott considers savvy salesmanship, other governors see as a crass publicity stunt with partisan overtones.

Scott's "One-Way Ticket to Florida" letter-writing campaign is targeting corporate executives in five Democratic states with high concentrations of high-paying manufacturing jobs. The letter has carefully cut-and-pasted comparisons that show Florida in a favorable light.

"While Florida's economic formula is working, we know that Connecticut's formula of more taxing and more spending isn't working," Scott wrote to dozens of Connecticut CEOs. Citing data from the Tax Foundation, a conservative-leaning think tank, Scott wrote that Connecticut "is among the worst tax climates for business in the country."

Gov. Dannel Malloy's commissioner of economic development, Catherine Smith, described some executives as "shocked" by Scott's blunt criticism of life in Connecticut.

"They thought it was very blatant. They were a little bit offended by it," Smith said. "You" **See JOBS, 13A**

In sweep for data, U.S. enters new realm

Its ability to target terrorists has grown immensely, as have privacy concerns.

New York Times

WASHINGTON — When U.S. analysts hunting terrorists sought new ways to comb through troves of phone records, emails and other data, they turned to Silicon Valley computer experts who had developed complex equations to thwart Russian mobsters intent on credit card fraud.

The partnership between the intelligence community and Palantir Technologies, a Palo Alto, Calif., company founded by a group of inventors from PayPal, is just one of many that the National Security Agency and other agencies have forged in recent years as they have rushed to unlock the secrets of "Big Data."

New disclosures that the NSA has secretly acquired the phone records of millions of Americans and access to emails, videos and other data of foreigners from nine U.S. Internet companies" **See NSA, 17A**

IN SPORTS

Pitching again leads Rays over Orioles

Jeremy Hellickson works six innings to lead Tampa Bay to its second straight win over Baltimore. The 8-0 romp moves the Rays to a season-best seven games over .500 at 34-27. **1C**

IN LATITUDES

For this museum exhibit, look East

Todd Smith, director of the Tampa Museum of Art, has big plans for summer 2014: a first-ever massive exhibit in the United States of work by young Chinese artists. **1L**

IN LOCAL

Perfect attendance the key to a new car

In an odd twist, both Davie Chen and Monica Tromer, Gaither High graduates headed for the University of Florida, win new Scions in a contest sponsored by Toyota of Tampa Bay. **1B**

TODAY'S WEATHER

Afternoon storms

8 a.m. 77° Noon 85° 4 p.m. 90° 8 p.m. 83°

60% chance of rain

More, back page of Sports

Vol. 129 No. 320
© Times Publishing Co.

INDEX

Arts	4-6L	Editorials	2P
Astrology	F	Letters	2A
Books	7-8L	Lottery	2A
Business	1D	Movies	F
Classified	F	Travel	2-3L
Crossword	5P, F		





AMERICA'S WORST CHARITIES

TODAY

Over the past decade, America's 50 worst charities have collected \$1.35 billion in donations and spent less than 4 cents of every dollar raised on direct financial aid for the needy.

MONDAY

Nearly \$1 billion in charitable donations gone. Scores of charity operators and their solicitors made rich. A broken system of regulation makes it all possible.

COMING SUNDAY

How one family built a charity empire that fuels fundraising corporations and spends pennies on the dollar on the cancer patients it claims to serve.

CONTINUED FROM THE FRONT PAGE

Among the findings:

- The 50 worst charities in America devote less than 4 percent of donations raised to direct cash aid. Some charities give even less. Over a decade, one diabetes charity raised nearly \$14 million and gave about \$10,000 to patients. Six spent nothing at all on direct cash aid.
- Even as they plead for financial support, operators at many of the 50 worst charities have lied to donors about where their money goes, taken multiple salaries, secretly paid themselves consulting fees or arranged fundraising contracts with friends. One cancer charity paid a company owned by the president's son nearly \$18 million over eight years to solicit funds. A medical charity paid its biggest research grant to its president's own for-profit company.
- Some nonprofits are little more than fronts for fundraising companies, which bankroll their startup costs, lock them into exclusive contracts at exorbitant rates and even drive the charities into debt. Florida-based Project Cure has raised more than \$65 million since 1998, but

every year has wound up owing its fundraiser more than what was raised. According to its latest financial filing, the nonprofit is \$3 million in debt.

- To disguise the meager amount of money that reaches those in need, charities use accounting tricks and inflate the value of donated dollar-store cast-offs — snack cakes and air fresheners — that they give to dying cancer patients and homeless veterans.

Over the past six months, the *Times* and CIR called or mailed certified letters to the leaders of Kids Wish Network and the 49 other charities that have paid the most to solicitors.

Nearly half declined to answer questions about their programs or would speak only through an attorney.

Approached in person, one charity manager threatened to call the police; another refused to open the door. A third charity's president took off in his truck at the sight of a reporter with a camera.

Kids Wish has hired Melissa Schwartz, a crisis management specialist in New York City who previously worked for the federal government after the 2010 BP oil spill.

Schwartz said Kids Wish hires solicitors so its staff can focus on working with children, not on raising donations. According to its 2011 IRS filing, the charity has 51 employees. Schwartz also said donors who give directly to the charity instead of in response to solicitations ensure that 100 percent of their pledge will be spent granting wishes.

She declined to answer additional questions about Kids Wish's fundraising operations, saying the charity "is focused on the future."

Charity operators who would talk defended their work, saying raising money is expensive especially in tough economic times.

"No parent has ever turned me down for assistance because we got our money from a telemarketer," said David Thelen, who runs the Committee for Missing Children in Lawrenceville, Ga. The charity is No. 13 on the *Times*/CIR list.

Over the past decade, the charity paid its solicitors nearly 90 percent of the \$27 million it raised. It spent about \$21,000 each year on its cause, most often buying plane tickets to reunite families.

The charity's efforts primarily consist of giving advice to families whose children have been abducted. Thelen said his group has worked with about

300 parents since 1997.

But he publicly claims credit for reuniting as many as 1,600 children with their families, even if his charity's involvement was as minimal as posting the child's picture on the charity's website.

Doug White is one of the nation's foremost experts on the ethics of charity fundraising. A consultant to nonprofits for more than 30 years, White teaches in Columbia University's fundraising management master's degree program.

He said charities with high fundraising expenses often rationalize that such costs are inevitable in the early years. But White said the *Times*/CIR findings, based on a decade of data, show that the nation's worst charities can't use that excuse.

White also criticized reputable nonprofits that refuse to condemn bottom-tier charities.

"When you start a charity, you have a sacred compact with society," said White, one of 30 charity experts interviewed for this series. "They are ripping off the public under the guise of an organization that's supposed to do good for society."

What happened to Gina Brown's mother-in-law is a classic case.

Brown said the 72-year-old woman was struggling with dementia when the phone calls started.

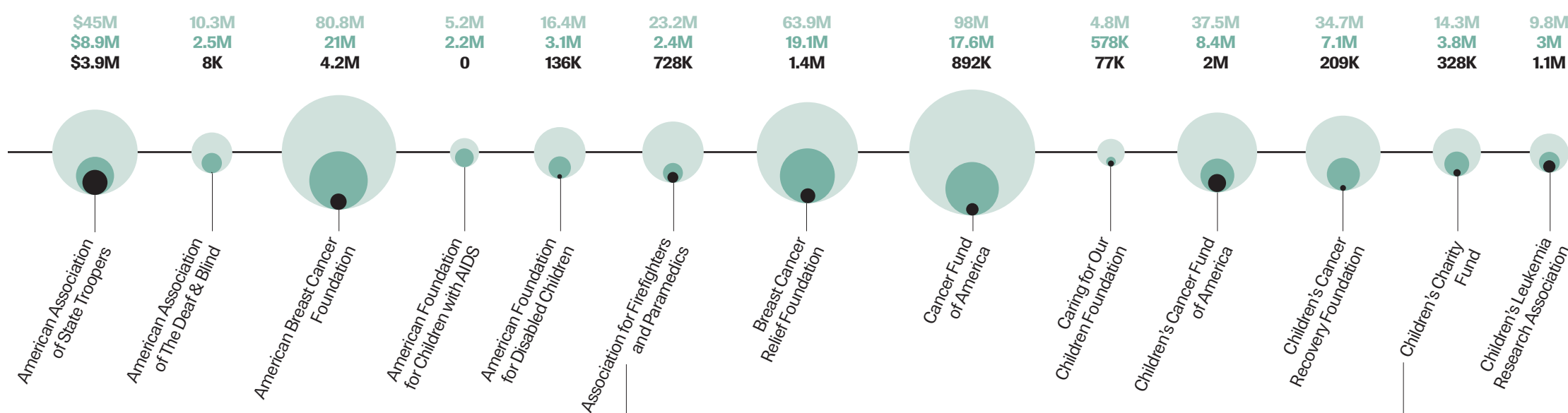
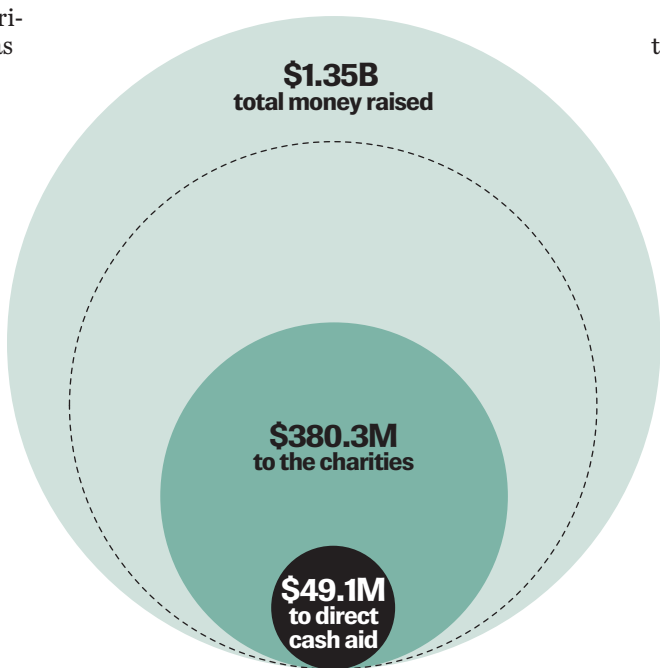
From 2008 to 2011, telemarketers representing some of the worst charities in the nation persuaded her to write checks and charge donations to her credit card for a total of nearly \$15,000.

Among those on the *Times*/CIR list that got multiple donations, sometimes only months apart, were Cancer Fund of America, Children's Cancer Fund of America and the Committee for Missing Children.

"She was such a vulnerable person, she must

Tracking donations to the 50 worst

America's 50 worst charities have paid for-profit solicitors to raise \$1.35 billion in donations over the past decade. Almost none of that money made it to people in need. These charts track where donations wound up — for each charity and for the 50 worst as a whole. The outer circles represent the total cash raised by solicitors. The middle circles are what each charity received. The smallest circles are what charities spent on those in need. The dotted line represents how much *should* go to the charities — 65 percent — according to watchdog groups.



Association for Firefighters and Paramedics

In 2010, the Association for Firefighters and Paramedics paid \$100,000 to settle a lawsuit filed by California's attorney general who said the charity lied to donors about how much money would go to burn victims and spent donations on a Caribbean cruise for board members. In 2011, solicitors kept nearly 90 percent of the \$1.2 million raised. Less than \$20,000 went to fire victims or hospital burn units. While the charity pays \$6,600 a year for office space, the address on its IRS filing is a UPS mail box. Michael Gamboa, who has been president since the charity started in 2001, is paid about \$54,000 a year.

Children's Charity Fund

Ken Bowron, a motorcycle mechanic, started Children's Charity Fund in 1994. Now he draws a retirement check from the charity, which is run by his wife, Sheryl, and daughter Ashley. In 2011, family members were paid more than three times the amount spent on medical equipment and sick children's "wishes." In 2011, the charity raised \$1.3 million. It gave 81 percent to its telemarketers. Sheryl Bowron said charities like hers have no choice but to take whatever percentage a solicitor offers. "People here don't want to give until they need it."

How we identified the 50 worst charities

BY KENDALL TAGGART AND KRIS HUNDLEY

The United States is home to roughly 1.6 million tax-exempt organizations.

That's far too many to examine closely. So the *Tampa Bay Times* and The Center for Investigative Reporting used data collected by the nonprofit charity tracker GuideStar USA to narrow the pool to the 5,800 charities nationwide that report paying professional solicitation companies to raise donations.

We focused on these charities because relying heavily on for-profit fundraisers is one of the most inefficient ways to collect donations. Regulators and industry experts widely consider the practice a red flag for bad charities.

To tell the stories of America's worst charities, reporters started in California, Florida and New York, the largest states that require charities to disclose the results of their professional fundraising campaigns.

These states capture the fundraising activities of thousands of charities across the country, and in many cases record the donations raised and the cash paid to fundraisers in every state where a charity solicits donations.

Reporters zeroed in on charities that consistently kept less than 33 cents of every dollar donated. Watchdogs generally flag charities as wasteful if they keep less than 65 cents of every dollar raised.

The *Times* and CIR then looked back at a

decade of IRS tax filings to identify and rank the 50 worst charities based on which groups paid the most to their fundraisers over that time.

One or two costly fundraising campaigns were not enough to make the list. Charities had to pay fundraisers the lion's share of money raised in at least 75 percent of all campaigns over the years.

In addition, the *Times* and CIR excluded charities that ran fewer than five campaigns, got half their cash revenue from other sources or had revenue under \$200,000. The reporters also calculated the cash each charity spent on direct cash aid.

The *Times* and CIR counted money given directly to individuals or passed on to independent charities as grants.

Grants given to a charity related to the original organization were not counted. Neither were donated items or the costs of educational campaigns. Both can be legitimate forms of charity, but they are easily manipulated to mask fundraising costs.

The data has limitations.

After facing criticism for high fundraising costs year after year, charities and fundraisers have learned how to hide the costs of telemarketing and direct mail. Some have obscured costs by reporting mailing expenses and other fees separately. Others run their own telemarketing operations in-house.

Some of the charities' IRS filings were



DOUGLAS R. CLIFFORD | *Times*

THE WORST OF THE WORST

Kids Wish Network of Holiday, No. 1 on the Tampa Bay Times-Center for Investigative Reporting list of 50 worst charities, last year raised \$18.6 million and spent just \$240,000 — 1 percent — granting wishes.

incomplete or had not been filed. Others contained obvious errors that sometimes could not be clarified.

The *Times* and CIR had three experts review the methodology for identifying the 50 worst charities. All of them — Chuck McLean, vice president of research for GuideStar; Robert Tigner, general counsel of the Association of Direct Response Fundraising Counsel; and Putnam Barber, a nonprofit expert at the University of Washington — said the methodology was sound.

In addition to identifying the nation's worst charities, the *Times* and CIR used public records requests to compile the first nationwide database of state regulatory actions against charities and their professional fundraisers. The data, available at tampabay.com/charity, contains some 8,000 actions from more than 35 states.

Some disciplinary actions may be missing. Fifteen states provided no information; 24 states directed reporters to press release archives that may not have been comprehensive.



CHARITY DATABASE

<< Scan with your mobile device to access our entire report and to look through an interactive database to see who really benefits from the 50 worst charities. Or visit tampabay.com/charity.



WE'LL CHECK IT OUT

<< Do you know of a charity you think we should look into? Scan with your mobile device to fill out a request. Also available at tampabay.com/charity.



have been on the 'A' list," Brown said. The Minnesota woman discovered the donations, which ranged from \$10 to nearly \$1,000, only after her mother-in-law was placed in an Alzheimer's facility. "It's hard to come to grips with the thought of her as a victim because she had been such a bright woman," Brown said. "This can happen to anyone."

To identify America's 50 worst charities, the *Times* and CIR pieced together tens of thousands of pages of public records collected by the federal government and 36 states. Reporters started in California, Florida and New York, where regulators require charities to report results of individual fundraising campaigns.

The *Times* and CIR used those records to flag a specific kind of charity: those that pay for-profit corporations to raise the vast majority of their donations year in and year out.

The effort identified hundreds of charities that run donation drives across the country and regularly give their solicitors at least two-thirds of the take. Experts say good charities should spend about half that much — no more than 35 cents to raise a dollar.

For the worst charities, writing big checks to telemarketers isn't an anomaly. It's a way of life.

The *Times* and CIR charted each charity's performance over the past decade and ranked it based on the total donations diverted to fundraisers, arriving at the 50 worst charities. By this measure, Kids Wish tops the list.

Tracking donations diverted to fundraising is just one way to rate a charity's performance. But experts called the rating fair and said it would

provide a unique resource to help donors avoid bad charities.

White, the Columbia University professor, dismisses the argument made by charities that without telemarketers they would have no money.

"When you weigh that in terms of values, of what the charity is supposed to be doing and what the donor is being told in the process, the house comes tumbling down," White said.

Collectively the 50 worst charities raised more than \$1.3 billion over the past decade and paid nearly \$1 billion of that directly to the companies that raise their donations.

If that money had gone to charity, it would have been enough to build 20,000 Habitat for Humanity homes, buy 7 million wheelchairs or pay for mammograms for nearly 10 million uninsured women.

Instead it funded charities like Youth Development Fund.

The Tennessee charity, which came in at No. 12, has been around for 30 years. Over the past decade it has raised nearly \$30 million from donors by promising to educate children about drug abuse, health and fitness.

About 80 percent of what's donated each year goes directly to solicitation companies.

Most of what's left pays for one thing: scuba-diving videos starring the charity's founder and president, Rick Bowen.

Bowen's charity pays his own for-profit production company about \$200,000 a year to make the videos. Then the charity pays to air *Rick Bowen Deep-Sea Diving* on a local Knoxville TV station. The program makes no mention of Youth Development Fund.

In its IRS tax filings, the charity reports that its programming reaches "an estimated audience of

1.3 million."

But, according to the station manager, the show attracts about 3,600 viewers a week.

Bowen, who runs the charity out of his Knoxville condo, declined to be interviewed. He defended the practice of hiring his own company with the public's donations.

"We just happened to be the low bidder," he said.

America's worst charities look nothing like Habitat for Humanity, Boys and Girls Clubs or thousands of other charities, large and small, that are dedicated to helping the sick and needy.

Well-run charities rely on their own staff to raise money from a variety of sources. They spend most of their donations on easy-to-verify activities, whether it's running soup kitchens, supporting cancer research, raising awareness about drunken driving or building homes for veterans.

The *Times*/CIR list of worst charities, meanwhile, is littered with organizations that exhibit red flags for fraud, waste and mismanagement.

Thirty-nine have been disciplined by state regulators, some as many as seven times.

Eight of the charities have been banned in one state.

One was shut down by regulators but reopened under a new name.

A third of the charities' founders and executives have put relatives on the payroll or the board of directors.

For eight years, American Breast Cancer Foundation paid Joseph Wolf's telemarketing com-

STORY CONTINUES ON 10A

5,800

Charities that hire professional solicitation companies. There are about 1.6 million nonprofits in America.

\$1B

Total fees paid each year to those for-profit charity solicitors.

3.6%

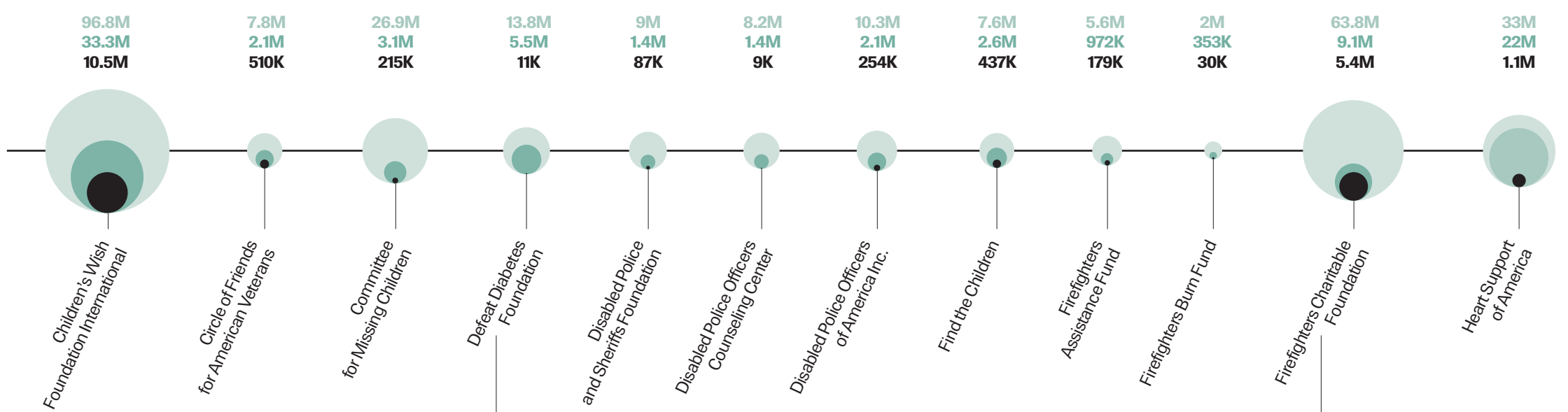
What America's 50 worst charities have spent on direct cash aid to the needy over a decade.

72¢

How much of your dollar donation the 50 worst charities pay to for-profit solicitors.

7M

Wheelchairs America's 50 worst charities could have bought with the money they spent on solicitors over a decade.



Defeat Diabetes Foundation

In 1991, retirees Andy Mandell and his brother Jerald launched Defeat Diabetes Foundation to raise awareness about the disease. Each brother is paid about \$30,000 a year; their sister is also on the payroll. In 2011, the charity raised \$1.2 million and gave away about 300 blood sugar meters that had been donated to the group. Total cash out of pocket: \$761 to ship the meters. Andy Mandell, who calls himself "Mr. Diabetes," visits about 80 schools a year, warning students to eat right and exercise to avoid diabetes.

Firefighters Charitable Foundation

Over the past decade, Firefighters Charitable Foundation has given about \$5 million to people affected by a fire or disaster. But it paid \$55 million to the for-profit companies that solicit donations. For six years charity president Frank Tepedino has said he plans to reduce the waste. But year after year, fundraisers take more than 85 percent of donors' money. Before anything gets sent on the needy, Tepedino and his wife, Lori, the charity's secretary, get combined pay of about \$83,000.

How a charity is formed

1. GET A FEDERAL EMPLOYER ID NUMBER

The application is free online from the IRS using Form SS-4.

2. FORM A NONPROFIT CORPORATION

The two-page application is available through the Florida Department of State. The form asks for the names of directors and the nonprofit's purpose, but no other documentation is needed.

Cost: \$78.75

Time: About a week

3. GET AN IRS TAX-EXEMPT STATUS

Form 1023 must be completed and submitted to the IRS in order to apply for tax-exempt status. It asks about the charity's organizational structure, planned activities and executive compensation.

Cost: \$400 - \$850 depending on expected revenue

Time: Typically a few months unless you're flagged by the IRS. The IRS rejects fewer than 1 percent of applications. Charities can raise cash while they wait.

4. REGISTER TO SOLICIT WITH THE STATE

Florida and about 38 other states require nonprofits to have a license to solicit their residents. In Florida, there is a five-page application that has to be renewed annually.

Cost: \$10 initial registration

Time: 10 days if the application has all the necessary information

5. RAISE MONEY

Most charities build financial support slowly through money-making programs, community events or sponsorships from corporations and wealthy individuals. But charity operators who hire professional solicitors can generate donations with little work. For a cut of donations, consultants and solicitors will create marketing materials, man phone banks and in some cases pay a charity's startup costs. What's left after their fees is enough for the charity founder's salary and a modest amount of charitable work.



JOSH RITCHIE | Special to the Times

FUNDRAISER TOOK CONTROL

In 2007, Jacqueline Gray and husband Kevin started Woman to Woman Breast Cancer Foundation in Lauderdale Lakes. After a year of struggling to raise money, they signed a contract with telemarketer Community Support, a decision that turned Woman to Woman into one of the nation's worst charities. Woman to Woman raised \$14.5 million in donations from 2009 to 2011, tax filings show. It paid nearly 95 percent of that to the fundraiser and spent about \$700,000 on overhead and salaries, leaving less than \$20,000 a year to provide mammograms and other diagnostic services for women with breast cancer.





AMERICA'S WORST CHARITIES

ON CNN THIS WEEK

See what happens when Anderson Cooper and other CNN reporters confront charity founders and executives about fundraising and helping those in need. **AC360, 8 and 10 p.m. Thursday**

CONTINUED FROM 7A

pany to generate donations. His mother, Phyllis Wolf, had founded the Baltimore-based charity and was its president until she was forced to resign in 2010.

While she ran the charity, her son's company, Non Profit Promotions, collected \$18 million in telemarketing fees.

Phyllis Wolf left the charity after the payments to her son attracted media attention in 2010. The charity has since stopped using telemarketers, including Joseph Wolf's.

Phyllis and Joseph Wolf did not respond to several calls seeking comment.

The nation's worst charities are large and small. Some are one-person outfits operating from run-down apartments. Others claim hundreds of employees and a half-dozen locations around the country. One lists a UPS mail box as its headquarters address.

Several play off the names of well-known organizations, confusing donors.

Among those on the Times/CIR list are Kids Wish Network, Children's Wish Foundation International and Wishing Well Foundation. All of the names sound like the original, Make-A-Wish Foundation, which does not hire professional telemarketers.

Make-a-Wish officials say they've spent years fielding complaints from people who were solicited by sound-alike charities.

"While some of the donations go elsewhere, all the bad public relations that comes with telemarketing seems to come to us," said Make-A-Wish spokesman Paul Allvin.

Donors who answer calls from the 50 worst charities hear professionally honed messages, designed to leverage popular causes and hide one crucial fact: Almost nothing goes to charity.

When telemarketers for Kids Wish call poten-

tial donors, they open with a name you think you've heard before.

Then they ask potential donors to "imagine the heartbreak of losing a child to a terminal illness," according to scripts filed with North Carolina regulators in 2010.

Kids Wish, the callers say, wants to fulfill their wishes "while they are still healthy enough to enjoy them."

They leave out the fact that most of the charity's good deeds involve handing out gift cards to hospitalized children and donated coloring books and board games to healthy kids around the country. And they don't mention the millions of dollars spent on salaries and fundraising every year.

The biggest difference between good charities and the nation's worst is the bottom line.

Every charity has salary, overhead and fundraising costs.

But several watchdog organizations say charities should spend no more than 35 percent of the money they raise on fundraising expenses.

The Make-A-Wish Foundation of Central and North Florida is one of dozens of Make-A-Wish chapters across the country.

Last year, it reported raising \$3.1 million cash and spent about 60 percent of that, \$1.8 million, granting wishes.

The same year, Kids Wish raised \$18.6 million, its tax filing shows. It spent just \$240,000 granting wishes — 1 percent of the cash raised.

The path chosen by Jacqueline Gray shows exactly how a worthy cause can be turned into one of the nation's worst charities.

In 2007, Gray and her husband, Kevin, started

Woman to Woman Breast Cancer Foundation in Lauderdale Lakes.

For a year the couple struggled to raise money by hosting golf tournaments and by making phone calls to potential donors themselves.

Then they met Mark Gelvan, a New Jersey consultant who has spent two decades transforming fledgling charities into money-making machines.

"He said he had the best dialers on the market," Jacqueline Gray recalled.

Gelvan introduced the Grays to what sounded like a winning formula.

He would help the charity expand if it signed a contract with telemarketer Community Support Inc.

The staff at Community Support would handle everything. They would create the marketing materials and run the call centers.

The telemarketer even gave the Grays \$30,000 in seed money to cover bills related to the expansion. All the Grays had to do was agree to let Community Support keep the majority of every dollar raised, then sit back and wait.

The transformation was immediate.

From donations of less than \$15,000 in fiscal 2008, contributions to Woman to Woman through its professional solicitor increased to \$1.5 million in 2009, then leaped to \$6.3 million in 2010 and \$6.7 million in its most recent filing.

What the charity got to keep was far more modest. It netted about \$50,000 its first year with Community Support and \$544,000 in 2011.

That was still enough for Gray, her husband and her daughter to start taking salaries. In the latest year, the trio received \$84,000 in total com-

pensation. Each member of the family also has a vehicle provided by the charity.

The Grays' decision to sign on with professional fundraisers transformed Woman to Woman into one of the nation's worst. It falls at No. 22 on the Times/CIR list.

Woman to Woman raised \$14.5 million in donations from 2009 to 2011, tax filings show.

It paid nearly 95 percent of that to its for-profit fundraiser and spent about \$700,000 on overhead and salaries.

That left an average of less than \$20,000 a year to provide mammograms and other diagnostic services for women with breast cancer.

Jacqueline Gray, herself a breast cancer survivor, said she is as shocked as anyone by how much money has been raised in her charity's name and how little of it has reached patients. She said she is angry that phone solicitors take more than 90 percent of the revenue.

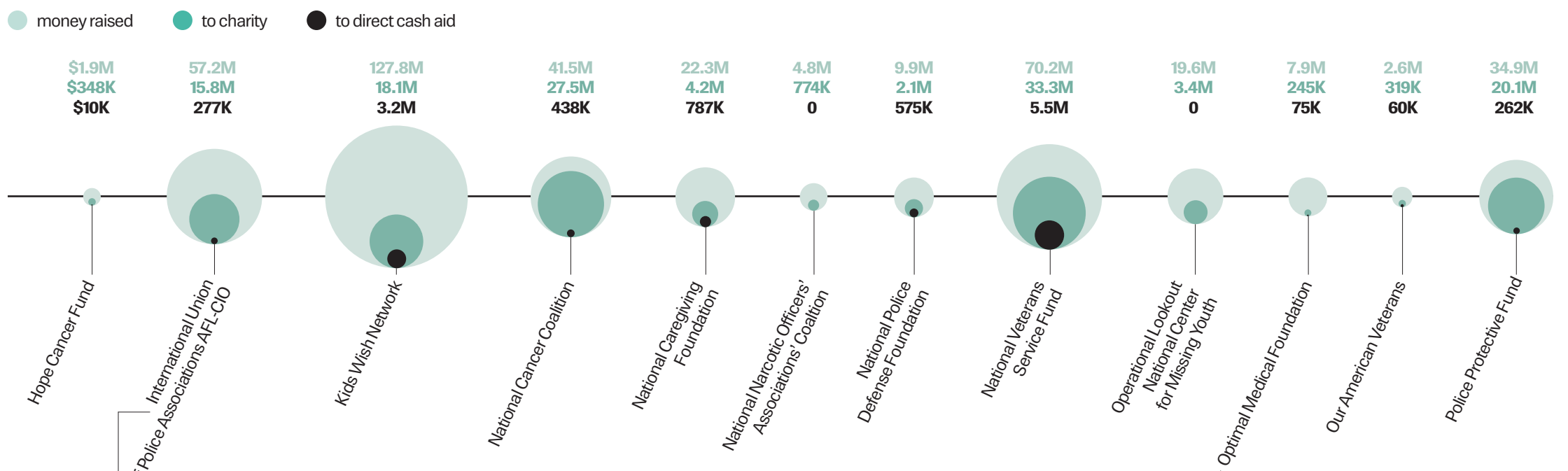
But she vehemently denies that she's to blame. "Why would I be to blame for a system that's dysfunctional?" Gray asked. "We are doing what we're supposed to be doing."

She showed a reporter several emails she has sent Gelvan in the past year, trying to renegotiate Woman to Woman's contracts for better returns.

His response, according to Gray: If they didn't like 10 percent, Gelvan would replace Woman to Woman with another charity.

"In the tele-funding business sector, it is common for nonprofit organizations to renew PFR (professional fundraising) contracts under the same terms and provisions of the previous contract," Gelvan wrote in an email that Gray shared with Times/CIR reporters. "This is part of the 'if it's not broken, don't fix it' principle."

Instead of giving the charity a better return,



International Union of Police Associations

Donations to this labor group are not tax deductible, but that hasn't kept the public from giving more than \$57 million over the past decade. Most of that money stays with the professional telemarketers who tell people donations will help families of fallen officers and provide scholarships for union members. In 2011, solicitors kept about 92 percent of the \$8.1 million raised. That year, the group spent \$15,000 on scholarships, \$5,000 on death benefits and \$5,000 for a handicapped children's foundation outside Sarasota.

Optimal Medical Foundation

Optimal president Janet Greenhalgh once ran a charity in Canada that claimed to have a hand lotion that could kill the AIDS virus. Canadian officials closed that charity in 2011 saying it spent too much on fundraising. Michigan-based Optimal, meanwhile, has paid solicitors 97 percent of nearly \$8 million raised over the past decade. The charity's biggest research grant — \$10,000 — went to a for-profit company where Greenhalgh is vice president.



KIDS WISHES TO CAR DREAMS

Far left: Mark Breiner, left, the founder and one-time president of Kids Wish Network, walks with WorldCause Foundation's Robert A. Preston Jr. at the Mustang Memories Car Show in Dearborn, Mich., on Aug. 12. WorldCause Foundation has paid Breiner's companies to run several car give-aways.

Top: Breiner, left, is now partners with Patrick Meehan in the fundraising business Dream Giveaway.

Bottom: Craig Tillman, left, commander of the American Legion Ford Motor Company Post 173, and Ford Motor Credit's Michael E. Bannister, right, look on as Preston addresses the crowd at the Mustang Memories Car Show.

Associated Press photos



ABOUT THE PROJECT

"America's Worst Charities" is the result of a yearlong collaboration between the *Tampa Bay Times* and California-based The Center for Investigative Reporting, the nation's largest and longest serving nonprofit newsroom dedicated to watchdog journalism. CNN joined the partnership in March.

Gelvan introduced the Grays to the next piece of the formula — gifts-in-kind.

Gifts-in-kind are donated items like generic drugs and medical supplies. Getting them to the sick and poor in developing countries can be an important role for a charity.

But for charities that spend most of their money on for-profit solicitors, gifts-in-kind can function as an accounting gimmick.

The value of these shipments is often highly inflated, with pills that sell for pennies priced at \$10 each on paper.

Several charities also can pitch in to pay the overseas transportation costs of the same shipment of medical supplies.

Under accounting rules, each charity is then allowed to take credit for the entire value of the shipment as if it alone provided the supplies to those in need.

The result: A charity's revenues and good deeds are boosted and fundraising costs look smaller.

That makes donated items especially useful for charities that fear being criticized for having excessive fundraising costs on their public IRS filings.

Kevin Gray, the charity's chief financial officer, said Gelvan made no pretenses when he suggested the charity start shipping goods overseas.

"Mark said it was a way to make our 990 (IRS filing) look better," Kevin Gray said.

Gelvan told them to hire a company that rounds up donated goods and ships them overseas for charities, according to the Grays.

He handed them a binder laying out options like a Sears catalog.

They could send blood pressure monitors to Ghana. Or maternity ward equipment to the Phil-

ippines. Or surgical supplies to Guatemala.

The Grays rejected the idea.

"I can't figure out why I'd pay to ship medicines out of the country while people need the stuff right here," Kevin Gray said. "Why would I want to spend money that way?"

But the Grays say their charity would have no money if not for professional fundraisers, so they have continued paying them.

The fundraising formula that raised millions of dollars for the Grays' charity has been adopted by hundreds of charities.

They use it to deceive donors and turn their causes into profit centers.

Few have been more successful than Mark Breiner, the founder and one-time president of Kids Wish Network.

Breiner relied on professional fundraisers and donated items to build his charity into a nearly \$20 million annual operation.

He is among the beneficiaries. The charity he founded has paid him or his companies nearly \$4.8 million in the past 10 years — \$1.5 million more than what the charity spent on direct cash to children, according to tax filings.

While Breiner was still president of Kids Wish, earning \$130,000 a year, he joined a former employee as a partner in a fundraising company called Dream Giveaway.

In 2008 and 2009, Kids Wish paid Dream Giveaway nearly \$1.7 million in consulting fees to run automobile give-aways that raised money for the charity. The charity's IRS filings do not specify how much it netted on these early sweepstakes.

Breiner continued making money after he retired from Kids Wish in mid 2010 and left his

mother-in-law on the seven-member charity board. In 2010 and 2011, the charity paid two of Breiner's companies \$2.1 million for licensing, consulting and brokerage fees.

Kids Wish violated IRS rules by waiting four years to disclose the money it paid Breiner's companies.

The charity first reported the payments in amended tax filings last year after an employee took her concerns about insider dealings to the charity's board.

Meanda Dubay, who had been a wish coordinator for six months, told Kids Wish's directors she was seeking protection under the charity's whistle-blower policy.

She was fired immediately after she raised her concerns.

Kids Wish officials accused Dubay of stealing proprietary information from the company's database and said they had been preparing to dismiss her prior to her appearance before the board.

The charity asked the FBI to investigate Dubay. The FBI found no wrongdoing.

Kids Wish then sued Dubay for breach of contract and defamation. Dubay, who declined to talk to reporters, has denied all allegations in the civil case, which is pending.

Kids Wish officials said in an email that the omissions in the IRS filings resulted from "inadvertent errors made by the former accounting firm."

Officials at the Tampa accounting firm, Guida & Jimenez, did not return calls seeking comment.

Breiner declined to answer questions about his fundraising and consulting businesses, which received an additional \$1.26 million from Kids Wish for a car giveaway in 2012.

But he said in an email that the charity recently completed an IRS audit that included a review of its contracts with his companies.

"They found no indication of private inurement or conflict of interest with founders or board members," Breiner said.

An IRS spokesman said federal law prohibits the agency from commenting on a specific individual or organization's tax issues.

Breiner has cashed in on other close relationships in the charity industry as well.

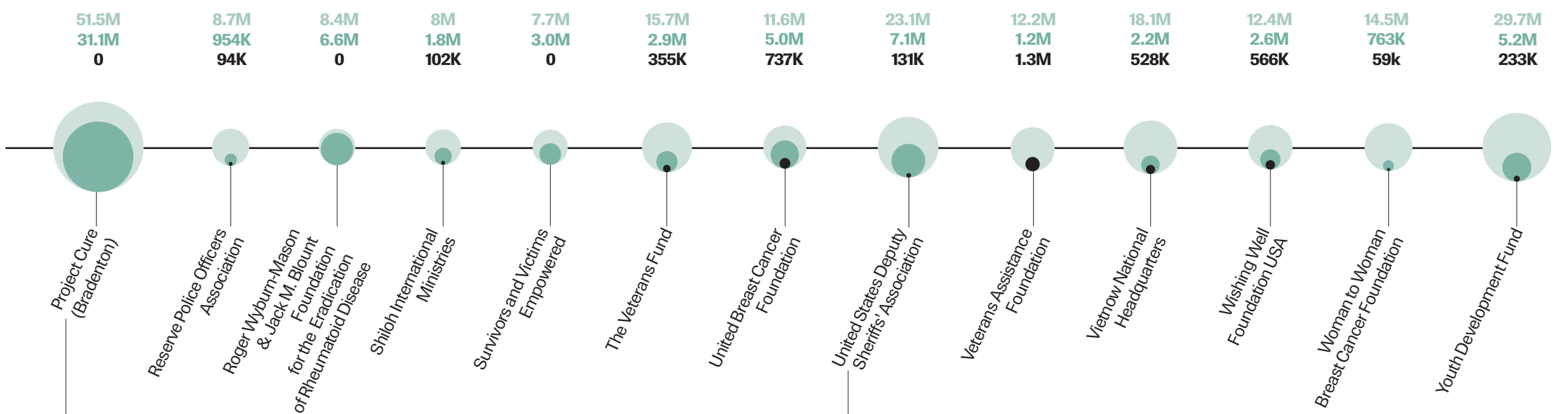
His consulting business was paid nearly \$1 million over two years by a charity founded by a former Kids Wish board member. And when Kids Wish's longtime telemarketer started a charity so his son could have a job, he turned to Breiner for fundraising help.

"Mark's a genius," said Robert Preston, who paid Breiner's companies more than \$375,000 in 2011 to run a Porsche giveaway for the charity, WorldCause Foundation.

Breiner's consulting arrangements may be perfectly legal, but such relationships are bright red flags to charity experts. They create the appearance of a conflict of interest and make it easy to turn charitable donations into personal profit, experts say.

Putnam Barber at the University of Washington, who has been writing and teaching about nonprofits for more than 20 years, said, "That kind of arrangement makes me fume."

Kendall Taggart is a reporter for The Center for Investigative Reporting. Times researcher Caryn Baird, computer-assisted reporting specialist Connie Humburg and Web developer Bill Higgins contributed to this report, along with CNN senior producer David Fitzpatrick. Times staff writer Kris Hundley can be reached at khundley@tampabay.com.



Project Cure

Project Cure in Bradenton says it educates the public about alternative medical treatments. But the education mostly consists of health warnings on donor letters, like one about possible links between aluminum and Alzheimer's. In IRS tax filings, the group says its solicitors only get about 40 percent of donations. But that figure ignores millions of dollars in marketing expenses reported separately. The huge amounts paid to professional solicitors still isn't enough to cover costs. Project Cure ended 2011 owing its solicitor more than \$3 million.

United States Deputy Sheriffs' Association

Until his death in April 2010, Stephen Van Dyke ran United States Deputy Sheriffs' Association with his wife, Judy. Its mission is to train officers, donate equipment to rural departments and help families of fallen officers. From 2005 to 2010, professional solicitors raised \$23 million in donations for the charity. The solicitors kept 70 percent. More than \$7.6 million was spent on salaries. Less than \$135,000 went to grieving families or equipment grants.

How to make sure your money goes to good charities

Before you give

FIND OUT EXACTLY WHO'S CALLING

Ask if the caller is a paid telemarketer. Get the exact name and location of the charity he or she represents. Beware of charities that mimic the names of well-established groups and of claims that you've given before to a charity you've never heard of.

FIND OUT EXACTLY WHERE YOUR DONATION WILL GO

How much gets to the charity? How much does the fundraiser keep? Don't let them brush your questions off with generalities. They know the exact percentage. Make them tell you.

FIND OUT WHAT THEY DO WITH YOUR MONEY

Ask for examples of the charity's good deeds. Beware of vague claims like "promoting awareness" or "educating the public." And if the group claims to help a local veterans' hospital or children's burn camp, check it out. Call the local nonprofit that supposedly benefitted and ask if it has ever heard of the charity that's asking for your donation.

IF YOU GET A CALL, KNOW THERE'S A COST

Cold-calling donors is one of the most expensive ways to raise money. Charities that use paid telemarketers often let the fundraisers keep 80 to 90 cents of every \$1 raised. Most of the money you think is going to needy veterans or dying kids is paying telemarketers' overhead and profit.

HANG UP AND GIVE DIRECTLY

If get a call and want to give, don't hand over your credit card number or start writing a check. Hang up and do some homework. A few quick Internet searches can uncover charities that have been criticized for high fundraising costs or unfulfilled promises.

If the charity meets your standards, contact it directly. More of your donation will go to the cause you care about.

Resources

There are many resources to help you choose a good charity. Some state governments post giving guides. And charity watchdogs grade charities or post reviews from people who gave to a charity or received its assistance.

AMERICA'S WORST CHARITIES
TAMPABAY.COM/CHARITY

Search charities and fundraisers to see if they've been disciplined by regulators and find out more details about how much money the 50 worst charities have paid to their fundraisers and spent on their cause over the past decade.

FLORIDA GIFT-GIVERS GUIDE
800HELPFLA.COM

Find out if a charity is registered to solicit in Florida and get details of their latest IRS tax filing.

CHARITY NAVIGATOR
CHARITYNAVIGATOR.ORG

This website uses a four-star system to rate charities based on their financial performance and accountability. It also shows how the charity ranks compared to others doing similar work.

GUIDESTAR
GUIDESTAR.ORG

Find a charity's latest IRS 990 filing and read personal reviews on this website. Access to recent IRS documents is free with registration.

CHARITYWATCH
CHARITYWATCH.ORG

This site grades about 600 large charities based on the amount spent on programs and the cost to raise money. Though some information is available for free, a copy of the group's comprehensive rating guide, published three times a year, is only available with a \$50 membership.

BETTER BUSINESS BUREAU WISE GIVING ALLIANCE
BBB.ORG/CHARITY-REVIEWS/NATIONAL

The Better Business Bureau rates 1,400 charities based on 20 benchmarks found in the IRS 990 and audit reports and cites which standards are not met. All reports are available for free online, searchable by charity name.

<< **TIP:** For an America's Worst Charities reference sheet, visit tampabay.com/charity.