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Practices questioned

Michael Sean Winters | Sep. 26, 2011

Activists demonstrate in front of a Planned Parenthood clinic in Washington as part of an American Life League protest in January 2008. (UPI Photo/Kevin Dietsch)

American Life League, a major Catholic pro-life organization, has been flagged by several nonprofit watchdogs for questionable financial practices, including compensating board members and doing hundreds of thousands of dollars in business with a firm owned by the spouse of the organization?s leader.

The league has also been investigated by the Internal Revenue Service, according to forms filed annually with the tax agency.

While Fr. Frank Pavone?s Priests for Life organization is under the spotlight **for how it has handled its finances** [1], questions have been raised for several years about American Life League?s finances, according to notes on its Form 990, which all nonprofits are required to file with the IRS. Questions have also been raised by the Better Business Bureau, which has been unsuccessful in its attempt to get the league to answer questions.

American Life League, founded in 1979, bills itself as the ?largest grass-roots Catholic pro-life education organization in the United States ? rooted in pro-life integrity that stands up for every innocent human being whose life is threatened by what Pope John Paul II called ?the culture of death.? ?

Its founder, Judie Brown, the organization?s president and executive director, has made controversial comments regarding those Catholics she deems insufficiently pro-life ? for example, suggesting Boston Cardinal Sean O?Malley was ?spitting on Christ? because he presided at the funeral of the late Sen. Edward M. Kennedy.

The league is a not-for-profit organization. According to its form 990s, its annual revenue was $5.7 million for 2008; $6.5 million for 2009; and $5.8 million for 2010. Brown?s salary for 2008 was $116,344, plus $13,088 from a related organization; $72,335 in 2009; and $92,216 in 2010.

Questions about the handling of American Life League?s finances have been raised by the IRS according to the organization?s federal form 990; by the Better Business Bureau?s Wise Giving Alliance, a national monitoring organization; and by www.charitynavigator.org, a Web site that American Life League itself calls attention to on its Web site. Among the main issues:

- Three of the seven board members listed on the 2010 IRS 990 form received substantial compensation and, in 2009, four of seven board members listed were also paid, with three being paid more than $50,000 and a fourth receiving $49,398. In 2008, the numbers were even larger. Four directors that year received in excess of $100,000. According to experts interviewed, compensating members of a nonprofit board is largely frowned upon.
- The league also engages in another practice that is generally avoided in the nonprofit world: paying large sums to friends and relatives of insiders. According to American Life League?s 2008 IRS Form 990, the organization paid more than $1.2 million to AKA Printing, a firm in which Paul Brown, husband of Judie Brown, is a primary shareholder. In 2009, AKA Printing received $500,000 and in 2010, AKA Printing was paid $826,782.

One independent audit, performed by an accountant in Illinois, points out: ?The league rents office space from the president of the league under an agreement started in 1991. The agreement has been updated over the years and in 2009, the league paid $78,000 in rent to Paul Brown.? The note also said that Judie Brown rented her personal residence to the league, at a cost of $36,000 per year, in 2008 and 2009. The arrangement, and the lease costs, remained the same, according to the 2010 audit. Both the personal residence and the office space are located in Stafford, Va.

An audit submitted with the 2010 Federal 990 included a note from the auditors explaining: ?During the year ended December 31, 2008 the Internal Revenue Service (IRS) commenced an examination of the League. The ultimate outcome of this examination cannot be determined as of December 31, 2010. The IRS has raised significant issues during this process. Many of the issues have been resolved as of May 2010, but since no Internal Revenue final reports have been issued, all issues are considered to be still outstanding.?

NCR made repeated attempts to contact league officials with questions, but Paul Rondeau, American Life League?s communications director, said the organization declined comment. But as this article was going to press, Rondeau made this response to *NCR*?s last set of questions:

?All of the questions you have asked of American Life League have been addressed by the Internal Revenue Service during their most recent audit. The IRS audit was concluded on June 19, 2011.

?The IRS audit concluded that there was nothing questionable regarding the operations at American Life League Inc.?

American Life League declined to provide the IRS report but told *NCR* that ?the information will be summarized in the 2011 990.?

The questions that have been raised by others, however, concern best practices, not the minimum standards set by laws.

Bennett Weiner, chief operating officer of the Wise Giving Alliance, raised several areas of concern about the information on the league?s Federal 990 forms. ?In general, boards are volunteer, although there may be a single person who is paid, such as the executive director, who may be an ex officio member of the board,? Weiner told *NCR*. ?As a matter of practice, compensated boards are not done.?

A legal counsel at another nonprofit not engaged in pro-life activities was more emphatic. Insisting on anonymity because she was not free to speak openly about another nonprofit, the lawyer said, ?You never do that. You put people on your board so they can bring money into the organization. You don?t pay your friends.?

Weiner said the answer to item 28 on the Form 990, which asks if the charity has any ?business transactions with current or former officers, director, trustee or key employee? or with a relative, also raised concern. Paul Brown?s role as a sometime officer of the organization, husband of its president and principal in a firm that did hundreds of thousands of dollars in business with American Life League, as well as owner of properties leased to the organization, raised alarms.

Weiner said that such business ties with relatives are greatly frowned upon in the nonprofit community. ?What if there is ever a problem with deliverables?? he asked. ?It becomes more difficult to dismiss the firm when it is run by a relative. Almost all nonprofits avoid it.?

Weiner said that if a nonprofit were to do occasional business with relatives or if there were a one-time transaction for a small amount, a ?Yes? on item 28 would not raise eyebrows.

Checks with other major pro-life organizations such as the National Right to Life Committee, Americans United for Life and Democrats for Life, as well as a survey of a half-dozen other nonprofits, chosen at random, showed no others engaged in business with relatives.

?It takes a lot of time and energy to comply with best practices, but it?s worth it,? said Kristi Hamrick, a spokesperson for Americans United for Life. ?It is our goal, hope and daily endeavor to take the extra steps needed to handle people?s trust and resources well.?

Weiner said his alliance regularly solicits information from groups that are potentially involved with numerous violations of best practices. So far, however, the league has refused to forward information to the Wise Giving Alliance. ?They have not disclosed information despite requests,? he said. ?And that?s been the case for a number of years.?

On its 2008 Form 990, the league states that its ?governing documents, conflict of interest policy and financial statements are available to the public upon request.?

Charity Navigator, a Web Site that describes itself as ?your guide to intelligent giving,? and is listed on the American Life League Web site, rates the league only two of a possible four stars, with a numerical overall score of 41.67 for such categories as ?Accountability and Transparency? and access to information via its Web site.

Charity Navigator lists four other pro-life groups for comparison. The Pro-Life Action League of Illinois received three stars and a numerical rating of 54.05; National Right to Life Education Trust Fund of Washington, received three stars and a numerical rating of 52.85; Life Legal Defense Foundation of California was the highest rated with four stars and a score of 61.2; and Human Life International received three stars and a score of 57.

[Michael Sean Winters writes about religion and politics in his blog Distinctly Catholic on the *NCR* Web site. Find it at NCRonline.org/blogs/distinctly-catholic.]

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