

Bloomberg Businessweek

<https://www.bloomberg.com/news/features/2023-02-01/sean-penn-charity-core-wasted-money-and-ignored-complaints-employees-say?srnd=premium&sref=ekORE1fh&leadSource=uverify%20wall>

The Big Take

Sean Penn's Disaster-Relief Charity Ended Up a Money Mess

CORE saved American lives during the pandemic. Employees say it has also failed to shield them from alleged sexual harassment or address financial mismanagement.

By

Sophie Alexander

February 1, 2023 at 12:01 AM EST

EXCERPT:

...By then, CORE had begun expanding its operations to more than 20 locations, including Atlanta, Chicago and New Orleans, and winning tens of millions of dollars in federal grants to repeat its Dodger Stadium success. What CORE wasn't doing was setting up the kinds of rigorous accounting processes typical of an operation spending tens of millions of taxpayer dollars a year, according to several current and former employees, some of whom have served in leadership roles at peer institutions. Federal grants come with much stricter reporting requirements than donations from billionaire friends. CORE was using Excel spreadsheets for its roughly 2,000-person payroll and the small-

business software QuickBooks for its accounting. In fact, as of September, it was still using QuickBooks, according to O’Connell, the chief business officer. “It’s not ideal,” he said in the interview. “You make it work.”

O’Connell acknowledges that CORE’s 2020 financial processes needed an overhaul. In reviewing its finances for that year, the firm Windes found that CORE was missing financial documentation and basic oversight of its payroll and expenses. None of Windes’s seven points of concern was material enough to lead to repercussions, but taken together, they start to look a little dizzying: tens of thousands of dollars of expenses not accounted for; hundreds of thousands in expenses misclassified; hundreds of thousands recorded under the wrong year; missing payroll approvals and donation documents; miscalculations in accrued vacation time; and missing grant documentation from, separately, the Treasury and Health & Human Services departments. “That’s a lot of findings,” says Stefanie Cohn, a partner at accounting firm Marcum LLP in Washington, DC, who reviewed CORE’s audit at Businessweek’s request. “On a bad client, I have four or five.” In addition, internal financial documents viewed by Businessweek show that CORE didn’t list its largest fundraiser on its 2020 or 2021 tax forms, and that its official top vendors for 2020 don’t quite match its own records, either.

CORE didn’t answer a question about those internal discrepancies. O’Connell says he took over the finances that fall and made sure all the money was accounted for, though he added: “I’ve never worked in a company that’s been shipshape.”

Yet CORE’s finances have remained “structurally unsound,” according to a former employee who left last year after being hired to help address some of these problems. The person oversaw grants from the US Health Resources and Services Administration and says the tracking of payroll and expenses was consistently messy. According to two people familiar with the matter, the nonprofit Partners in Health, which was administering a multimillion-dollar federal grant given to CORE, repeatedly warned via emails that CORE’s financial reporting

was unacceptable. Partners in Health no longer works with CORE, in part because of this experience, one of these people says. A Partners in Health spokesperson declined to comment. CORE noted in its statement that, ultimately, “all of CORE’s financial and programmatic reports were reviewed and accepted by PIH.”

A year after O’Connell says he reformed CORE’s accounting practices, toward the end of 2021, an employee named Elvis Ramirez had to repeatedly tell CORE to stop paying him months after he’d left the organization. “I had to reach out multiple times, and they never got back to me,” Ramirez says. The parties have now set up a payment plan for him to return the money. “That’s a huge issue,” says Cohn. “I’m sure that for every employee that reported that they were getting paid and not working there, there’s probably two that didn’t.” CORE said in its statement that what happened with Ramirez isn’t a widespread issue.

Hilsman, the former CORE employee who quit this past September, says he also noticed financial discrepancies on his team, which was creating an app. He says in his last few weeks there he noticed random travel expenses attributed to his team, including rental car bookings in various cities, and that his questions to his manager about the expenses were met with silence. “Where did all that money go?” he asks. CORE said it “reviews each program’s profit-and-loss statement monthly to ensure accuracy.”

...Many former employees are trying to move on with their lives after CORE, describing their experiences as traumatic. Some say the stress of working for CORE led them to lose unhealthy amounts of weight or take medical leaves. Some current and former employees say they’re frustrated that there’s been no accountability for the management team’s blunders, and that they feel like their good intentions and hard work have been taken advantage of to make Lee and Penn look good. One former employee sent a letter to the California attorney general last year saying they have concerns about the nonprofit’s use of grants, according to a copy of the letter shared with Businessweek.

In California the attorney general has “very broad authority” to make sure charities are serving the public benefit, says Eric Gorovitz, a nonprofit attorney at the law firm Adler & Colvin in San Francisco. Speaking generally, he says things like misuse of donor funds could warrant an investigation. At the very least, says Cohn, the Marcum auditor, CORE’s management needs “to take a step back and get the right controls in place.” The attorney general’s office declined to comment, saying it’s unable to discuss complaints it has received.

In September, following early reporting by Businessweek, Lee held what some employees now call the “snitches get stitches” staff meeting. She told the gathering that talking about the nonprofit with outsiders was “just not cool,” and that staying quiet is part of their contracts, which is only true for some employees. “We did the right thing, and we did it the right way,” Lee says in a recording of the meeting shared with Businessweek by multiple employees. “There’s not a moment I regret.”