

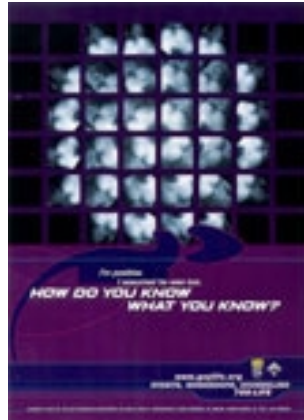
Questioning Assumptions About the Effectiveness of the Message: To Be Effective ...

... are full-page bleeds
necessary?



assumptions_red_small.jpg

... are use of multiple
colors necessary?



assumptions_purple_small.jpg

... are use of multiple
photo collages necessary?



assumptions_green_small.jpg

Additionally ...

Is the Phase I *Assumptions* budget of \$360,500 an *ethical* use of limited prevention funding?

Do each version of the photo collage come in three colors (green, purple, and green) ... or more? Is this *necessary*?

Was it *necessary* to have two different versions of the ad layout ... one with circles and one with squiggles?

Are there nine versions of the Phase I ad (three photo collages, each with three different colors) ... or more?

Will a nine-month run of the Phase I ad oversaturate the message, causing people to “tune out” in Phases II and beyond during the 36-month media/ad campaign?

Is the San Francisco *Frontiers* magazine an appropriate venue for print media ads, given their reader demographics vis-a-vis sero-conversion demographics?

Do readers with *Frontiers*' demographics *only* pay attention to ads of the size, placement, and color you found “necessary”?

Would the message have been *less* effective using 1/4-page, 3/8-page, 1/2-page, and/or 3/4-page ads in the *inside* of the magazine, as opposed to the premium special cover positioning you found “necessary”?

Is the *Assumptions* media/ad campaign based on social marketing theories?

Six months into the nine-month Phase I, how can you *not* know *now* how many phases or themes will be used in the 36-month ad campaign?

Presentation to the San Francisco AIDS Foundation
Board of Directors

Board of Directors: Increase Oversight of SFAF Staff Management of Phase I of the *Assumptions* Media/Ad Campaign

PATRICK MONETTE-SHAW, SAN FRANCISCO
INDEPENDENT COMMUNITY OBSERVER

VERSION 1.0 ISSUE DATE: MARCH 28, 2000

CURRENT ISSUE DATE: JUNE 29, 2000
VERSION 1.1

DEDICATION

for

Carl E. Shaw

1937 – 1995

whose voice, like other thousands, was silenced passing on

and for

other thousands of voices silenced by fear of retribution from AIDS Service Organizations (ASOs) that fail to be openly accountable for allocation of scarce resources.

OBJECTIVE

This report is the first in a series designed to highlight the San Francisco AIDS Foundation's (SFAF) unethical, wasteful management allocating scarce resources. The report series is meant to spur SFAF's Board of Directors to increase their management oversight of SFAF Staff's budgeting process. ASOs, such as SFAF, have an ethical and fiduciary responsibility to prudently stretch resources as far as possible, and to find as many "economies of scale" as possible to ensure broader funding of programs and services.

From January through April 2000, SFAF presented conflicting *misinformation* concerning the *Assumptions* media budget, on April 20, 2000 SFAF finally indicated \$340,846 had been budgeted (as of that date) for Phase I of the media campaign. Therefore, some variations in dollar amounts occur in the first part of this report. The excesses of the *Assumptions* campaign outlined in this report **should have been** held in check by SFAF's Board, if not SFAF's staff; by cutting the *Assumptions* Phase I media budget in half, SFAF could have easily realized a \$170,423 savings to fund other programs ... such as the \$190,000 Latino/a *Vida y Movimiento* program SFAF eliminated in 1998, desperately- needed housing programs, or other programs potentially not funded due to SFAF Staff's inability to hold expenses in check (including high-end, artsy-fartsy production values in the ad campaign outlined in this report, among other expenses).

SFAF Board:

*fulfill your
fiduciary responsibilities
ethically!*

SFAF's Board of Directors needs to ensure Phase I excesses are not repeated during subsequent phases of the *Assumptions* campaign, and to ensure resource savings are directed towards funding additional programs. If the Board does not act and the budget for the remainder of the 36-month *Assumptions* campaign is maintained at the Phase I April 20, 2000 funding level of \$340,846, the entire campaign could easily approach \$1.4 million dollars in advertising costs alone. By acting now, the SFAF Board has the potential to shave \$170,423 from each of the three remaining nine-month periods of the *Assumptions* campaign, for a total savings of \$511,269 that should be redirected to fund additional program services.

Version 1.2 of this report is now being written. Other reports planned for this series include examining excesses in the *AIDS Walk* media campaign; SFAF's performance regarding housing programs and management of the Housing Wait List; cross- year comparisons of their federal tax returns, budgets and audited financial statements; and, of course, an analysis of inflated SFAF staff salaries. Stay tuned!

SEIZE THE MOMENT DEMAND CHANGE!

If you are a SFAF client, tell them to stop wasting money in advertising excesses and to increase program services you *need*. If you are an individual or corporate donor to SFAF, next time you donate place restrictions on how your funds can be used (tell them to earmark it for direct client services), and tell them to be more prudent fiscally. If you are an *AIDS Walk* or *AIDS Ride* participant, tell them you'll stop participating until they stop wasting scarce resources! ***Seize the moment; contact SFAF to demand change!***

Board of Directors: Increase Oversight of SFAF Staff Management of Phase I of the *Assumptions* Media/Ad Campaign

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San Francisco AIDS Foundation

Board of Directors

(As of March 28, 2000)

Becky Burad
Denise Bradby
Janine Guillot
Anna Heath
David Kuizenga
Dean Leri
Bart McDermott
Chris Murchison
Lonnie Payne, Board Chair
Fred Silverman
Russ Testa
Tina Wang
Jeffrey Weisman
Karen Weiss
Paul Wisotzky
Ross Woodall

Report Change History

- | | | |
|-------------|----------------|--|
| Version 1.0 | March 28, 2000 | Initial Report Presented to SFAF Board of Director's |
| Version 1.1 | June 29, 2000 | <ul style="list-style-type: none">• Added Dedication and Objectives to inside front cover• Made minor edits in report, pages 1-6 (blue text in PDF file)• Moved Correspondence with SFAF to Appendix A• Added:<ul style="list-style-type: none">– List of SFAF Board Members– Verbal Remarks to the Board on March 28, 2000– Letters to Appendix A (beginning on page 16)– Appendix B — Regulatory Agency Correspondence• Posted Version 1.1 to Accountability Project Internet site @ http://www.accountabilityproject.com/aidstoriesindex.html (will be posted by July 5, 2000) |

VERBAL REMARKS TO SFAF BOARD OF DIRECTORS, MARCH 28, 2000

BY PATRICK MONETTE-SHAW

Note: What follows were my planned remarks; since I have limited public speaking experience, this is not a verbatim transcript. I have also incorporated ad lib remarks made during the presentation.

I am concerned about the projected budget for SFAF's 36-month media campaign, particularly the budget for Phase I, *Assumptions (How Do You Know What You Know?)*. I ask the Board to require SFAF Staff to implement Economies of Scale in the remainder of the 9-month Phase I and throughout the 36-month media campaign.

Contrast and Compare
Assumptions Media/

Print Collateral

[Hold up two *Assumptions*
ads, showing two of
three colors used to date]

I am concerned about the excesses of production costs. To convey your message:

- Are three or more colors *necessary*? How many more colors besides red, green, and purple will be used in the remainder of the Phase I *Assumptions* campaign?
- Are two different layouts at the bottom of the ads *necessary*?
- Would use of less expensive black-and-white printing have decreased the effectiveness in conveying your message?
- Was four-color printing, as opposed to less expensive spot color, *necessary*?
- Are three or more versions of the photo collages *necessary* to convey the message? How many more versions are there in the photo collage series? Are they *necessary*?
- Was it *necessary* to print different versions of the collateral, varying the tag line between "I'm positive. I assumed he was too." to "I'm negative. I assumed he was too."? Could the creative team *not* find an effective tag line which could have been used on only one version of each collateral component, thereby reducing expenses?
- Would the print ads have been less effective using *one* photo collage in *one* color? Could these unnecessary expenses have been avoided?

Compare to *Gay Life* Ads

[Hold up one *Assumptions*
ad and one *Gay Life* ad]

Note the *Gay Life* ad does not use full-page bleeds. Are expensive full-page bleeds [printing on over-size paper and trimming to size to have the ad print to all four edges of the pages] *necessary* to convey the *Assumptions* message?

Assumptions Postcards

[Hold up three variations
of the *Assumptions*
postcards]

- Are full-page bleeds *necessary* on the postcards?
- Was it *necessary* to print 60,000 postcards?
- Is it *necessary* for people to get these in their mailboxes to convey your message?
- Was it *necessary* to move the tag line ("I'm positive. I assumed he was too.") and the SFAF and *Gay Life* logos used on the layout of other collateral for Phase I from the front to the back of the postcards?
- Could medical confidentiality have been breached by mail carriers or neighbors seeing these postcards show up in client's mailboxes at their homes?
- Was it *necessary* to print the postcards in three or more colors, using four-color printing rather than, say, less expensive spot color or black-and-white?

Compare *Assumptions* Ads
in the *San Francisco*
Frontiers to *Multiple Drug-*
Resistant (MDR) Ad, Bay
Area Reporter, July 1998

- The July 1998 *MDR* ad did not use full-page bleeds, four-color printing, or any of the other artsy-farsty, high-end production values being used in the *Assumptions* ad campaign, but instead was printed using economies of scale, including black-and-white, no full-page bleeds, and only *one* version of the ad.
- The *MDR* ad appeared in the *Bay Area Reporter*, albeit with a paltry two-insertion print run, within two weeks of the close of the Geneva World AIDS Conference ... as opposed to the scheduled nine-month, multiple-issue print run of the Phase I *Assumptions* campaign which took nearly a year to plan, develop, and roll out. The *Assumptions* ad campaign, initially planned for a Spring 1999 introduction, was nearly nine months overdue when it finally appeared in print. What culpability does SFAF have for any seroconversions which may have occurred during this delay?

Cost of *Assumptions* Phase I
vis 36-month Media
Campaign

Budget information supplied by SFAF Staff indicates Phase I has been budgeted at approximately \$360,500 for the nine-month run of the *Assumptions* campaign. If funding is maintained at this level for the balance of the 36-month campaign the entire campaign could well cost \$1.44 million. This Board should require Staff to cut media expenses in half and redirect savings realized to fund unmet service needs.

I specifically ask the Board to instruct SFAF Staff to **find** economies of scale during the balance of Phase I, and for Phase II and beyond. Any monies saved by implementing economies of scale in advertising should be reallocated to funding unmet needs in program services, for instance housing, re-instating the Latino *Vida y Movimiento* program eliminated by SFAF in 1998, a lesbian health program, or perhaps a transgendered program tonight's previous community observer requested.

What I Ask of This Board

- I am not asking the Board to micromanage every expenditure of the media campaign.
- I am asking you to read this entire document and to raise questions of your own.
- I am asking the Board to make Staff provide you with an electronic copy of the Excel budget for the media campaign. If necessary, cross-sort it and take a hard look at line-item spending, particularly looking for economies of scale.
- I am asking for increased Board accountability and management oversight of Staff allocation of scarce resources.
- During the Board's Spring 2000 line-item review of the proposed FY 2000–2001 budget, I am asking you to look for economies of scale, not just with this media advertising campaign, but with *all* programs to ensure resources are allocated ethically to address unmet needs. Further, I encourage you to implement community-level line-item review of the proposed budget *before* adopting the final budget for the next FY.
- I am asking the Board to make the Staff explain what other prevention programs were, or will be, cut to fund this media campaign and what other prevention program proposals went unfunded to fund a potential \$1.44 million media campaign. Make the Staff explain what other proposed or actual programs under the Program Services umbrella (besides Prevention Services programs) may have gone unfunded due to excesses in the *Assumptions* budget.
- I am asking the Board to pass a resolution requiring prior Board line-item approval of budgets for *all* "projects" and "programs," and not just prior Board approval of expenditures greater than \$50,000 for "political causes" such as the recent SFAF Executive Director's \$55,000 contribution to the *No on Knight* initiative. The Board has an **ethical** responsibility to ensure scarce resources are allocated with the utmost economies of scale.

[Having exceeded the five minutes allotted for my presentation, SFAF's Executive Director, Pat Christen, addressed me concerning use of "unrestricted" funding of programs across fiscal years regarding programs not being "cut," but I worked in my final comment:]

- SFAF and this Board have a relationship with the Sheridan Group. I ask the Board to evaluate whether Staff management decisions regarding funding of this media campaign were imprudent, unethical, and mismanaged ... and if so, to **heed the Sheridan Group's guidelines by terminating the Executive Director, Pat Christen, and senior staff**, as appropriate.

EXECUTIVE SUMMARY

Guidelines for nonprofits encourage Board of Directors' management oversight of resources. I am requesting the San Francisco AIDS Foundation (SFAF) Board of Directors closely examine the excessive use of resources being expended for the *Assumptions* Phase I media campaign and provide stronger management oversight of unrestricted funds.

The Ecumenical Council for Financial Accountability published guidelines on the Seven Standards of Responsible Stewardship:

Standard #4 — Use of Resources[†]

Every member organization shall exercise management and financial controls necessary to provide reasonable assurance that all resources are used ... to accomplish the exempt purposes for which they are intended.

The Sheridan Group has also outlined Board Member responsibilities (excerpt):[‡]

2. Establish fiscal policy and *boundaries*, including budgets and financial controls [emphasis added].
4. Select evaluate, and, if necessary, terminate the chief executive of the organization.

San Francisco activists have long questioned SFAF's use of unrestricted funds for questionable expenditures. A. Toni Young, an HIV prevention consultant and co-chair of the HIV Prevention Planning Council, was recently quoted on this matter:

“When you give money to the San Francisco AIDS Foundation, what you believe you are giving money to is direct client services and direct prevention programs ...”^{‡‡}

I specifically ask the SFAF Board to review SFAF policies regarding expenditures requiring prior Board approval. If there is a policy in place that restricts SFAF staff to first seek Board approval for expenditures over \$50,000 for political causes, the Board should take this policy one step further and require a detailed line-item review of program budgets when the amounts involved approach \$360,500 for Phase I of the *Assumptions* budget, and potentially \$1.44 million over the 36-month period of the media campaign (see discussion on page 3).

The SFAF staff has delayed for over three months in providing me information. I ask the Board to review the variety of questions I pose in this report, to add questions of *your* own, and review line-item spending for the media campaign. Surely the Staff has a responsibility to provide the budget documents I have asked for to the *Board*, even if they are reticent in providing them to the public.

I am not asking the Board to micro-manage every expenditure related to this campaign. I *am* asking the Board to recognize that expenditures of this magnitude need to be reviewed from an ethical perspective of allocation of scarce resources.

I am also asking the Board to determine whether management decisions regarding these expenditures were prudent, and if not, to consider terminating managers responsible.

[†] <http://www.ecfa.org/7stnadards.html>

[‡] <http://www.asaenet.org/Publications/Meetings/Boston96/ginn.html>

^{‡‡} Terry Beswick, “SFAF, Horizons Give \$105K to Help Fight Night Initiative,” *Bay Area Reporter*, February 10, 2000.

To post a smaller file to the Internet that will download faster, the photo thumbnails referenced on the next page have been removed from this version of the report.

To view SFAFs gallery of media advertising campaign posters, go to:

<http://www.sfaf.org/prevention/gallery/index.html>

If you receive an error message that the page has moved, search for “gallery” using the search feature on SFAFs home page.

16-YEAR HISTORY OF SFAF AD CAMPAIGNS

SFAF includes on its website (<http://www.sfaf.org/prevention/gallery/index.html>) a gallery of 73 posters from 27 HIV prevention and education campaigns conducted by the SFAF during the past 16 years. In the 16-year period, SFAF has conducted a minimum of 27 ad campaigns, for an average of 1.7 campaigns per year. Note that short-run ads have not been posted to the SFAF web site (e.g., the “About Multi-Drug Resistant HIV Infection” ad that ran in the *Bay Area Reporter (BAR)* two weeks after the close of the Geneva World AIDS Conference). Other campaigns, such as the *Good Dog* campaign in 1995, may be absent from the on-line gallery.

Fact vs. Fiction	early/mid- 80s	Be Here For The Cure I	1992
You Can Have Fun (And Be Safe, Too)	1984	Be Here For The Cure II	1993
AIDS, It's What You Do, Not Who You Are	1986	Good For Life	1993
AIDS: Fight the Fear With the Facts	1987	Ecstasy and Safe Sex	1993
You Can't See AIDS Use Condoms!	1987	Street Smarts	1993
Necessities of Life	1988	Outliving HIV	1994
Bleachman	1988	Bathroom Ads	1994
Rubbermen	1990	I Am Worth ...	1995
Life, Liberty & The Pursuit of Happiness	1990	NXCH	1996
Do You Shoot Up?	1991	Begin A Dialog	1997
Crack...Sex...AIDS.	1991	Gay Life Public Awareness Campaign	1998
Reinforce Your Love	1991	Black Brothers Esteem Public Awareness Campaign	1998
The Moral Majority	1992	Assumptions Campaign	1999
Sex Is Good	1992		

Thumbnails of 14 of the 73 posters from their gallery are on the opposite page; many of the ads dealt with controversial subjects, and as late as 1997 most of the ads presented basic educational messages to help people at risk for HIV and AIDS understand risks associated with a variety of behaviors.

Unfortunately, many of these campaigns were short-lived, and the dates listed on the gallery site do not include the starting and ending months, making it difficult to know how long each campaign lasted. Oddly, the *Good Dog* campaign launched in September 1995 is not listed among the 27 campaigns (or was renamed). As Stephen LeBlanc noted, the Compass Prevention Project (*Begin a Dialog* campaign) launched on March 15, 1997:

“vanished, replaced by the ... ‘Gay Life’ program. Each project was launched with a new media campaign, new brochures, new logos, and each spent tens of thousands of dollars on advertising.. And they all avoided any specific messages about safe-sex or HIV transmission or treatment.

Activists contend that they would be less concerned that these flagship programs were not directly addressing safe-sex if other media campaigns were filling that gap. Unfortunately, that has not been the case.”¹

(Note: While LeBlanc referred to “tens of thousands of dollars,” the Assumptions campaign may be budgeting approximately \$360,500 for the 9-month Phase I of the campaign (see page 3); however, if SFAF matches this funding level for each of the four 9-month periods in the 36-month campaign, the extrapolated figure for the entire campaign could easily approach \$1.44 million.)

In the same *BAR* piece, LeBlanc noted “Many San Francisco media efforts during the last several years have largely de-emphasized providing basic AIDS education information or direct tools ...”. LeBlanc quotes Hank Wilson:

“At one point we gave people basic information ... Then we made a quantum shift to programs that attempt to enhance self-esteem or deal with psycho-social aspects of HIV, but I think we left the field of the basic prevention information that needs to get out there [unaddressed].”¹

¹ Stephen LeBlanc, “Infection, Reinfection: Can We Talk?”, *Bay Area Reporter*, July 23, 1998, 27.

Finally, LeBlanc wrote:

“One seven-year veteran of AIDS prevention work, who spoke on condition of anonymity, points to many factors leading to the *vagueness* of AIDS prevention messages [emphasis added]. ‘There is a battle going on in San Francisco as to what we believe everybody knows or doesn’t know. Prevention workers feel a lot of pressure from some strong voices in the gay male community that in everything we say we have to be celebratory, sex-positive, pro-gay, and we can’t give direct warnings about high-risk behavior. ...

Transmission of drug-resistant HIV has been documented for years; a solid 15 percent of new HIV infections are AZT-resistant. But prevention workers are told that to tell people about that is too alarmist, too sex-negative, not today’s trend.’”^①

SFAF’s media campaign gallery and associated narrative on the web site does not provide an accounting of the total number of posters developed and funded across the various campaigns. We do not have an accounting of whether the 73 posters mentioned are the *total* number of posters produced by SFAF or whether there were substantially more. Nor do we have an accounting for the total prevention dollars expended during this 16-year period. And finally, the shift away from presenting basic prevention information is troubling.

SFAFs “MDR/GENEVA” AD, JULY 1998

The World AIDS Conference in Geneva was held from June 28 to July 3, 1998. Within two weeks of the conference close, SFAF first ran a two-page ad in the San Francisco *Bay Area Reporter (BAR)* on July 16, 1998; SFAF saw fit to present this basic prevention information for a *paltry* two issues, paying a total of \$4,760 to run the two insertions.

The left-hand spread of the ad was targeted to HIV-positive gay and bisexual men; the right-hand panel to HIV-negative gay and bi-sexual men.. The ads’ focus was on research studies of multi-drug resistant HIV infection and its implications for HIV-positive and HIV-negative men who “fuck or get fucked without condoms.”

SFAF marshaled their vast resources and produced, funded, and placed this ad in the *BAR* within two weeks of the close of the Geneva conference. The ad used an honest approach of providing basic AIDS educational information to gay and bi-sexual men; apparently SFAF trusted that by presenting gay and bi-sexual men with basic prevention information that they would be able to assess high-risk behavior.

In the intervening two years since the July 1998 MDR/Geneva ad, SFAF’s media advertising “content” now focuses exclusively on supporting emotional well-being of gay men, enhancing self-esteem, and psychosocial aspects of HIV; it appears the MDR/Geneva ad was the last magazine or newspaper ad SFAF placed using basic prevention information.

GAY LIFE PUBLIC AWARENESS CAMPAIGN

A mere four months after the MDR/Geneva ad ran using basic prevention information, SFAF rolled out the *Gay Life* program in December 1998; Mark Norby, a reporter for the *Bay Area Reporter*, announcing the roll out, wrote:

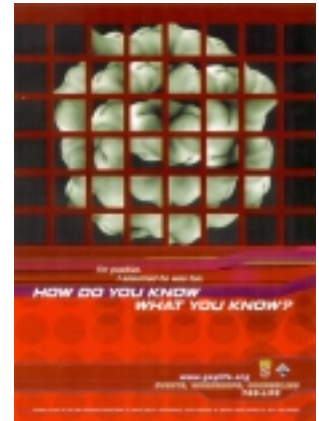
“Increasingly aware that HIV posters and advertisements have become irrelevant to many gay men, the San Francisco AIDS Foundation (SFAF) will try a different medium— video— this week.”^②

In describing the *Gay Life* program Norby quotes Jeff De Lucio-Brock, senior media relations associate at SFAF:

“The program attempts to get gay men to tune in to prevention messages at a time when many are tuning out because they’re ‘used to prevention messages and poster campaigns,’ said De Lucio-Brock.”

ASSUMPTIONS MEDIA CAMPAIGN

Oddly, a month before Lucio-Brock decried poster and ad campaigns during the December 1998 Gay Life rollout (above), SFAF had already begun planning a media campaign, announcing at the November 1998 Board meeting a spring 1999 introduction of the *Assumptions* campaign (we now know *Assumptions* is largely a poster and ad campaign).



In stark contrast to the \$4,760 SFAF paid in July 1998 to run the MDR/Geneva ad in the *BAR*, SFAF appears to be budgeting between \$328,559 and \$360,500 for Phase I (*Assumptions*) of the media campaign. I asked SFAF for a break out of the budget itemizing grants, private funding, and *pro bono* amounts as separate portions of the Phase I budget; SFAF indicated an unspecified portion of the \$31,941 City contract, \$273,559 in unrestricted funding, and \$55,000 in *pro bono* services, respectively, have been budgeted for Phase I (*Assumptions*) of the media campaign. Whether the total budget is \$273,559, \$328,559, or \$360,500, it stands in stark contrast to the \$4,760 expended for the MDR/Geneva ad.

If I am correct about the \$360,500 Phase I funding level, should SFAF match that funding level in each of the four 9-month periods of the 36-month campaign, the extrapolated figure for the entire campaign could potentially approach \$1.44 million. This is an extremely costly media campaign with questionable outcomes.

Also in stark contrast to the paltry two insertions of the MDR/Geneva ad in the *Bay Area Reporter* in 1998, the *Assumptions* campaign is slated for a 9-month run as Phase I in an astounding 36-month media campaign; it appears that it may only appear in print periodicals in the *San Francisco Frontiers* magazine and reach only a certain demographic. If some of the excesses underlying the ad's design were held in check (full-bleeds, four color printing vs. black and white, three variations to the photo collage, three main colors, etc.), perhaps the budget could have afforded inclusion in other periodicals, reaching other demographics.

Finally, in stark contrast to the two-week planning process for the MDR/Geneva ad (between the end of the Geneva conference and the ad's appearance), the *Assumptions* ad campaign ... targeted for roll-out in the spring of 1999 but which hit newsstands approximately six months late, in October 1999 ... planning process moved *glacially*: Rene Durazzo announced, I believe at the November 17, 1998 SFAF Board Meeting, that a new media campaign would be introduced in the spring of 1999. At the May 27, 1999 Board Meeting, I questioned Mr. Durazzo about the delay in the media campaign, as I'd not seen any ads in any San Francisco gay community publications. Mr. Durazzo responded by saying that SFAF had a disagreement with the advertising agency concerning the ad concept and that the concept was being reworked. It apparently took from May 1999 to October 1999 to resolve this pissing contest over the ad concept.

Given SFAF's acknowledgment that "posters and advertisements have become irrelevant to many gay men"^② it is odd SFAF's overall budget narrative indicates the *Assumptions* media campaign is a:

"multi-year risk reduction campaign to encourage community dialogue on issues surrounding HIV disclosure and assumptions. ... addressing HIV disclosure assumptions is the most important impact we can have on new sero-conversions among non-injection drug using gay men in San Francisco ..."^③

Odd that SFAF would choose as the main *Assumptions* venues posters and ads they claim gay men find irrelevant, while simultaneously hoping the irrelevant and ignored posters will *somehow* encourage community dialogue around disclosure.

^② San Francisco AIDS Foundation, *Fiscal Year 1999–2000 Budget*, Undated (received in Summer 1999), 4.

^③ <http://www.sfaf.org/aboutsfaf/newsroom/assumptions.html>

I acknowledge disclosure as an important component in prevention efforts. As SFAF indicates:

“The campaign is based on studies conducted by the AIDS Foundation, UCSF’s Center for AIDS Prevention Studies, the San Francisco Department of Public Health, and the Centers for Disease Control. These studies indicate that many gay men engaging in anal intercourse without condoms frequently do so based on the faulty assumption that they and their sex partners share the same HIV status. In assuming they are having sex with an individual of the same HIV status, many gay men see little risk in engaging in unprotected behavior. ...” ④

However, many accountability issues concerning allocation of scarce prevention resources remain:

- If SFAF believed at the time *Gay Life* was rolled out in December 1998 that “posters and advertisements have become irrelevant to many gay men” at a time when many are tuning out because they’re “used to prevention messages and poster campaigns,” one must ask why SFAF believed 10 months later in October 1999 that gay men will “tune in” to the \$360,500 Phase I *Assumptions* campaign using a series of four-color ads run full-bleed, which feature a minimum of three different collages, use two different treatments (circles vs. squiggles at the bottom of the ads), and use of a minimum of three colors (red, purple, and green)?
- Joe Headlee, director of the Foundation's *Gay Life* prevention program, has noted that “This is a very complicated issue for both HIV positive and negative men and it’s important that we be sensitive in addressing it.” ④ Oversaturating gay men with a 9-month run of the Phase I *Assumptions* campaign may not be addressing disclosure sensitively; it may, rather, only exacerbate the problem of people tuning out by seeing the wastefulness of potentially spending \$360,500 on the *Assumptions* Phase I campaign at the expense of providing basic unmet needs (for instance housing), and failing to provide basic prevention information. Could Phase I have *not* used fuller text messages ... beyond the scant text used of “I’m negative. I assumed he was too.” and “I’m positive. I assumed he was too.”?

To provide basic prevention information messages, might I suggest that it may have been more appropriate ... and far more honest ... to cite statistical information, or narrative summarizing the statistics, from the studies conducted by the AIDS Foundation, UCSF’s Center for AIDS Prevention Studies, the San Francisco Department of Public Health, and the Centers for Disease Control? The sooner SFAF learns many gay men want to see basic prevention information, empirical evidence, or narrative summarizing statistics in your media campaigns, the more likely we’ll “tune in”; scrap the *vague* ads in favor of sharing basic prevention information.

- Finally, for ethical reasons, SFAF needs to account for the delay in bringing the *Assumptions* campaign “to market.” First announced by Rene Durazzo in the November 1998 SFAF Board Meeting, it is inexcusable that the *Assumptions* campaign took an entire year to develop and roll out. This year-long delay and absence of a consistent basic prevention information media campaign may well have contributed to new seroconversions. It appears that as early as November 1998, SFAF was aware of the importance of addressing HIV disclosure in regards to prevention efforts and had decided to pursue a media campaign to begin addressing this issue; it took well over a year to come to market with the *Assumptions* campaign, and a mere two weeks to develop and place the MDR/Geneva ad.

ACCOUNTABILITY OF “PREVENTION SERVICES” BUDGET VIS ASSUMPTIONS MEDIA CAMPAIGN BUDGET

The SFAF Board of Directors should address accountability issues concerning allocation of scarce prevention resources. As shown in Figure 1, SFAF reduced the budget for *Prevention Services* portion of the 1999–2000 budget by 8.5% over the prior year’s budget, with a net reduction of \$131,336 (including Donated Services). Due to delays by the SFAF in proving requested information, I could not “drill down” to raise the question of whether the *Assumptions* campaign is funded entirely by the *Prevention Services* portion of the budget, or supplemented by other portions of the overall budget. When I raised this question to Lance Henderson the day before this presentation and he responded, it was too late to ascertain which portions of the *Assumptions* Phase I budget is being funded from which portions of the overall budget.

I venture the unspecified-to-date portion of the SF DPH \$31,941 grant earmarked for the *Assumptions* Phase I project comes from the *Programs and Contracts* portion of the budget, and the lion’s share of the balance likely comes from the *Prevention Services* portion of the overall budget. With a net reduction of \$131,336 in *Prevention Services* and the *Assumptions* \$360,5000 media campaign in the same fiscal year, what other sorely needed prevention services were eliminated to fund Phase I?

Figure 1: SFAF Budget Comparison

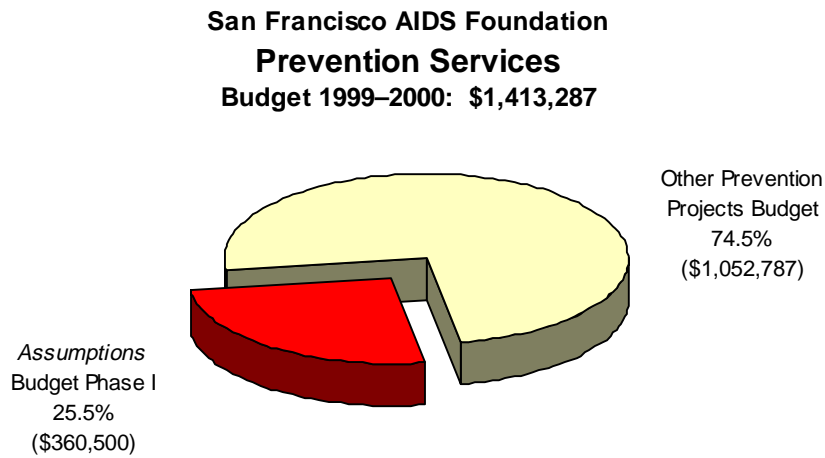
**San Francisco AIDS Foundation
Expense Budget by Functional Purpose
Cross-year Budget Comparison
Fiscal Years 1998–1999 to 1999–2000**

Fiscal Year	Budget Version	Public Policy	Communi- cations	Programs & Contract Management	HIV Services & Treatment Support			Prevention Services	Community Information & Education	TOTAL PROGRAM SERVICES	TOTAL MANAGEMENT & GENERAL	FUNDRAISING	TOTAL EXPENSES
					HIV Services	Housing Programs	Treatment Advocacy						
Before Donated Services													
1998–1999		\$832,048	\$437,844	\$956,349	\$4,600,919	\$4,183,194	\$208,464	\$1,484,931	\$891,244	\$13,594,993	\$663,792	\$4,252,033	\$18,510,818
1999–2000	Fall 1999	876,462	420,777	1,240,773	2,994,680	4,347,725	805,466	1,350,293	779,430	12,815,606	694,198	4,732,524	18,242,328
	Variance	\$44,414	(\$17,067)	\$284,424	(\$1,606,239)	\$164,531	\$597,002	(\$134,638)	(\$111,814)	(\$778,387)	\$30,406	\$480,491	(\$268,490)
Donated Services													
1998–1999		\$81,800	\$53,860	\$87,578	\$122,244	\$78,078	\$17,956	\$59,592	\$374,749	\$875,957	\$255,599	\$59,894	\$1,191,450
1999–2000	Fall 1999	65,303	70,268	10,363	81,150	58,126	87,019	62,994	356,512	791,735	169,007	112,125	1,072,867
	Variance	(\$16,497)	\$16,408	(\$77,215)	(\$41,094)	(\$19,952)	\$69,063	\$3,302	(\$18,237)	(\$84,222)	(\$86,592)	\$52,231	(\$118,583)
Total Budget													
1998–1999		\$913,848	\$491,704	\$1,043,927	\$4,723,163	\$4,261,272	\$226,420	\$1,544,623	\$1,265,993	\$14,470,950	\$919,391	\$4,311,927	\$19,702,268
1999–2000	Fall 1999	941,765	491,045	1,251,136	3,075,830	4,405,851	892,485	1,413,287	1,135,942	13,607,341	863,205	4,844,649	19,315,195
	Total Variance	\$27,917	(\$659)	\$207,209	(\$1,647,333)	\$144,579	\$666,065	(\$131,336)	(\$130,051)	(\$863,609)	(\$56,186)	\$532,722	(\$387,073)

\$1,544,623
1,413,287
(\$131,336)

If I am correct, the SFAF Board of Directors need to fulfill their fiduciary responsibilities and question why fully a quarter of the *Prevention Services* portion of the 1999–2000 budget is being expended on the questionable excesses of the *Assumptions* campaign, as shown in Figure 2 on the next page.

Figure 2: Assumptions Funding From SFAFs 1999–2000 Overall Budget



Surely, SFAF's Board can mandate to the SFAF Staff media campaign guidelines by which the Staff should constrain their excesses. SFAF's media campaigns should reconsider use of direct warnings about high-risk behavior. If SFAF found direct warnings useful when they ran the *MDR/Geneva* ads in July 1998 (albeit with a paltry length to the press run), direct warnings could be as useful in [the entire 36-month run of this new](#) media campaign.

As planning for Phases II and beyond begin in April 2000, the Board should increase their oversight of program budgets and ask tough questions about line-item spending in all phases of the media campaign budget.

APPENDIX A

**Correspondence With
SFAF and SFAF Contractors**

Subject: Request for Information

Date: Mon, 20 Dec 1999 07:25:09 -0800

From: Patrick Monette-Shaw <pmonette@slipnet.com>

To: "Henderson, Lance" <lhenders@sfaf.org>

Lance,

Would you please send me a listing of the media buy plan for the How Do You Know What You Know media campaign.

I am particularly interested in knowing which venues are being targeted. I'd like to know specifically which publications and other outlets (bus shelter ads) are being used, and the frequency and duration of the media campaign.

I would appreciate it if you could mail it before Christmas. Thank you.

Patrick

January 28, 2000

[Received via snail mail **February 2, 2000**]

Patrick Monette-Shaw
975 Sutter Street #8
San Francisco, CA 94109

Dear Mr. Monette-Shaw:

Enclosed, per your request, is information regarding the placement and duration of the current "How Do You Know What You Know" campaign. Some of the information is difficult to read since it is derived from a fax with small print, but a summary of the placement information is included in the cover sheet.

I hope this is helpful related to your inquiring on this recent prevention campaign.

Sincerely,

Lance A. Henderson
Deputy Director, Finance and Administration

Subject: Follow-up to Assumptions Materials

Date: Thu, 10 Feb 2000 18:32:44 -0800

From: Patrick Monette-Shaw <pmonette@slipnet.com>

To: "Henderson, Lance" <lhenders@sfaf.org>

Lance

I received your letter with the Assumptions backgrounder data. Some questions:

1. Is the media campaign funded, in whole or in part, by a grant? If yes, which agency(ies) provides the grant?
2. Can you give me the total cost of Phase I of the Assumptions media campaign?
3. When will Phase II of the campaign begin? Do you have a "theme" for that Phase?
4. How many phases are there to the campaign?
5. What is the time period for the entire Assumptions campaign?

Thanks.

Patrick

March 14, 2000

[Received via snail mail March 21, 2000]

Patrick Monette-Shaw
975 Sutter Street. Apt #8
San Francisco, CA 94109

Dear Patrick:

Here are the answers to the questions you recently asked regarding the San Francisco AIDS Foundation's current prevention campaign.

**Is the media campaign funded, in whole or in part, by a grant? If yes, which agency(ies) provides the grant?
Can you give me the total cost of Phase I of the Assumptions media campaign?**

The San Francisco Department of Public Health City Prevention contract funds \$31,941 of the San Francisco AIDS Foundation's prevention media campaign, entitled 'How Do You Know What You Know' (Assumptions). SFAF has been able to augment this campaign with private resources and significant *pro bono* assistance in the development and placement of the campaign. We currently estimate the *pro bono* portion of the campaign to exceed \$55,000.

When will Phase II of the campaign begin? Do you have a "theme" for that Phase?

The planing for Phase II is scheduled to begin in April of this year. No theme has been chosen.

How many phases are there to the campaign?

The number of phases has not been determined.

What is the time period for the entire Assumptions campaign?

The prevention media campaign duration will be approximately 36 months. The Assumptions portion will run from 10/99 through 6/00.

Sincerely,

Joseph W. Fera
Liaison to the Board of Directors

cc: Lonnie Payne
Lance A. Henderson

Subject: RE: [Fwd: Assumptions Media Campaign]
Date: Wed, 22 Mar 2000 16:31:14 -0800
From: Patrick Monette-Shaw <pmonette@slipnet.com>
To: joefera@sfaf.org, smgaynes@sirius.com

March 22, 2000

Joe Fera
Liaison to the Board of Directors
San Francisco AIDS Foundation
995 Market Street, Suite 200
San Francisco, CA 94103

Mr. Fera, please forward this e-mail to Lonnie Payne

Dear Mr. Fera,

I spoke with Lonnie Payne, the new Chair of the SFAF Board of Directors, by phone last night and he is aware of what I am asking for in this e-mail. We concurred there is a strong likelihood the budgetary information I request below should be readily-available in an Excel file, given your state-of-the-art computer systems. Additionally, the Assumptions/Gay Life program manager should be able to answer the narrative, as opposed to budgetary, questions inside an hour.

I am scheduled to present to the Board at next Tuesday's meeting regarding the Assumptions media campaign; due to a three-month delay in your first two responses, at this point time is of the essence. I indicated to Lonnie that I do not want to waste the Board's time presenting only half of what I want to say to them and then have to follow up with them at a subsequent Board meeting. Lonnie agreed with me that due to SFAF's delay outlined below, he would call you today to encourage you to respond before Friday of this week by e-mail, so that I can finalize my remarks to the Board over the weekend for presentation on Tuesday. Therefore, I am expecting that in lieu of a formal reply on letterhead sent through snail mail that you will respond instead by e-mail. Lonnie also suggested that if you foresee a delay in responding, that he would encourage you to, at minimum, reply by Friday indicating when I can expect an answer. At minimum, I expect an answer by Friday to questions 1 through 3 and # 8 below.

Background on Untimely Replies from SFAF

My first e-mail to Lance Henderson regarding this campaign was on December 20th; he finally replied (after hounding him with numerous e-mail and phone reminders) with a letter dated January 20th which I received on February 2nd. Six weeks and two days elapsed between my request and his reply. Noteworthy in this delay was that his cover letter was dated 1/28 but a "memo" attached to the letter was dated 12/31/99. If that summary was available on 12/31, why did it take fully a month to compose the cover letter?

After reviewing his reply I e-mailed him again on February 10th with follow up questions; again, after repeatedly leaving him e-mails and voice mails, I received your letter (dated March 14) yesterday on March 21. Again, five and a half weeks elapsed between submitting my follow up questions and getting a reply.

I had wanted to "drill down" my series of questions about the Assumptions campaign in a three-stage process. I wanted to obtain your answers sequentially to focus my line of questioning. Nearly 12 weeks ... three months ... have elapsed drilling down to answers through Stage 2. My Stage 3 questions are below; I'm expecting a faster response than your glacial replies to my Stage 1 and Stage 2 questions, so I can prepare over this upcoming weekend for Tuesday's presentation to the Board. This is why I want a reply by e-mail and not the U.S. mail.

I am under the impression the State of California's Attorney General ruled several years back that non-profits are required to provide answers to financial queries within 30 days. I indicated to Lonnie that should you delay replying to this request for information beyond 30 days (for the third time in a row) I intend to file a complaint with the CA Attorney General's office.

Stage Three Questions

1. In your March 14 letter, you sidestepped answering my question of what the “total cost” is for Phase I of the Assumptions campaign:
 - You wrote that “[SF DPH] City Prevention contract funds \$31,941 of the SFAF’s [Assumptions campaign]” but you neglected to break out whether that is being expended in its entirety during Phase I or whether those funds are being split across the 36 months of the entire media campaign. Please clarify how much of that \$31,941 is being spent during Phase I. Additionally, please advise whether that grant is only for the Assumptions campaign or if it is also earmarked contractually by the City for funding any other Gay Life print media advertising.
 - You indicated that the campaign is being “augmented with private resources” but neglected to enumerate the dollar amount of “private funding” being spent during Phase I. Your allusion to “private resources” is imprecise: are you talking about unrestricted funds, and if so, what is the total dollar amount of those resources being spent during Phase I?
 - You also “estimate the *pro bono* portion of the campaign to exceed \$55,000” but neglected to say whether that \$55,000 is being spent entirely during Phase I or whether it will be spread over the 36 month media campaign.
 - To repeat my request, how much money has been spent and/or budgeted for all of Phase I? Please provide a total across the grant, private sources, and *pro bono* amounts.

 2. Lance Henderson’s memo to me cited a summary “as of December 31, 1999”; it accompanied his 1/28/99 letter, listing 5 “venues” with location lists attached. I entered that info into Excel using formulas and came up with a total of \$36,347.91 apparently spent as of 12/31/99. That amount was as of December 31 ... but does not project the total budget for the entirety of Phase I. You indicated Phase I, “the Assumptions portion will run from 10/99 through 6/00.” Please forward me an update to his 5-venue summary showing the budgeted amount through the end of June rather than actual expenditures through the end of December.

 3. Lance’s summary showed “2 print ads in *Frontiers* magazine @ \$1,500 each,” for a total of \$3,000.
 - Was that \$3,000 for placement in *Frontiers*, or for design work?
 - How many times has the ad ran in *Frontiers* to date, and how many more insertions are planned through 6/00? Please break out the total by how many times on the inside front cover, the inside back cover, the back cover, and the number of times it was on pages elsewhere in *Frontiers*.
 - I have seen at least 7 ads run in a variety of colors run in *Frontiers*. According to the press kit I obtained from Dwaine Burgardt at *Frontiers*, if you paid Open Rate, those 7 ads would have ran approximately \$11,650. Please explain the disparity between Lance’s \$3,000 figure and my \$11,650 accounting. Did *Frontiers* give you a discount based on the number of ads ran? If so, what was the total, actual cost for all ads placed in *Frontiers*? I would find it extremely hard to believe that the premier positions (inside front, inside back, and back covers) are being donated *pro bono* given demand for those special positions, as they’re a major source of revenue for most magazines.
 - Please explain why full-page and full-page bleeds, and 4-color printing were chosen for the *Assumptions* ads in *Frontiers*. Would the message not have gotten across or been less effective using, say, less expensive spot color and/or cheaper still black and white ink? Also, would the message not have gotten across or been less effective using 1/4 page, 3/8 page, 1/2 page, and/or 3/4 page spreads in the inside of the paper as opposed to premium pricing for special positioning? Or were your choices for full-page, full-bleed, 4 color special positioning based on the demographics outlined in item 7 below? Do readers with *Frontiers*’ demographics only pay attention to the size and color of ads that you placed?

 4. Is the City contract of \$31,941 only for Phase I? If not, please indicate the City’s allocation of that amount for each of the years involved in the contract. Also, please explain, if it is a multi-year contract, how the City awarded you a contract without 1) the City being aware of the number of total phases to the campaign before awarding you the grant, since you indicated that has not as yet been determined, and 2) how the City awarded you funds for successive portions of the media campaign without requiring you to detail upfront the “theme’s” for each Phase of the campaign (since you indicated the Phase II theme has not yet been picked).
-

5. Is the Assumptions campaign based on social marketing theories? If not, please summarize the alternative to social marketing that you are using.
6. Please indicate how many variations to the photography are used in the ads during Phase I. I have seen at least three different photographic compositions and wonder how many versions of the photo collage will be used in Phase I through 6/00. Also, please indicate how many additional variations of the photo collage are being considered for use in Phases II and beyond. Will the series of collages expand as the campaign runs its 36-month course?
7. Given the City's incidence and prevalence statistics in their Quarterly Surveillance Reports, other trend data you have concerning new HIV infection rates, and the SFAF Board's statement for targeting historically under-served minority populations, please explain why *Frontiers* was the sole print media/magazine/newspaper for placement of the ads ... particularly in light of *Frontiers*' press package which indicates in their reader demographics that their average readers have annual incomes of \$45,000, 66% of their readers have a 4-year college degree, 84% own a computer, 70% go to the theater at least once every 3 months, they eat out an average of 16 times a month, and that 66% have taken three or more trips in the past 12 months while 94% have taken a trip in the past year.
 - One would think that a cohort of people with a demographic profile such as *Frontiers*' readers are more likely, and have probably been trained in college, to question their assumptions than, say, a high school dropout using injection drugs. Please explain why the *Assumptions* newspaper/magazine print campaign is being targeted to the *Frontiers* reader demographics; isn't this a little like preaching to the choir when it comes to their ability to question their assumptions?
 - Approximately a year ago, Susan Haikalis could not provide some crucial demographic data concerning SFAF's clients during a Board meeting when, I believe, Lonnie or another Board member asked her a demographics question. Please comment on how *Frontiers* was picked as the sole, apparently representative, "community rag" in which to place the Assumptions ads, given their reader demographics vis-a-vis new infection rate demographic data that has been presented at various Board meetings recently.
 - Please comment on why a high-gloss, bimonthly rag published in the Castro was chosen over say a weekly paper published in other areas of the City. Would not a weekly campaign have reached more readers? Does a Castro-produced rag reach Tenderloin injection drug users? I don't mean to sound classist, but does a Castro-based rag reach Black and Hispanic at-risk populations in the Mission or East Bay? Are there no community rags specifically published for and targeted to at-risk minorities?
8. Finally, as I discussed with Lonnie, I cannot believe that this campaign does not have a detailed level budget and associated Chart of Accounts; I assume this is being done in Excel to monitor actual-to-budget expenditures to insure that you are not going over budget. I recognize that the list below is detailed; it should not, however, slow your response, as I am sure your Chart of Accounts for this campaign includes all of these categories, and perhaps more that haven't occurred to me (yet).

Again, to prepare for my presentation to the Board, I am asking that you attach the budget for Phase I in an Excel spreadsheet to your e-mail reply. I do not want this delayed while you get caught up on "data entry" of any invoices you've received that have not been entered into the system. Rather, just show me the projected budget for what will be spent in total. I don't care where you stand right now on the actual expenses. I want to see the budget broken out to include the information Lance supplied in his 12/31/99 memo ... using his categories, and a few of my own. Please detail actual monies earmarked in the budget and the *pro bono* portion for each of the following:

Lance's 5-Venue Categories

- Bus shelters ... also clarify if this expense is paid to MUNI or to a commercial printer, and/or both
 - Print ads in *Frontiers* and any other print media
 - Convenience ads ... also clarify if this expense is only for a commercial printer
 - Postcards ... also clarify if this expense is for mailing the cards or for the commercial printer, and/or both. Also, please elaborate on how the 60,000 postcards were distributed (target groups, how distributed)
 - MUNI underground ads ... also clarify if this expense is paid to MUNI or to a commercial printer, and/or both
-

My Additional Categories

- Postage ... if any of the postcards were mailed or for other mailing expenses
- Photography Fees paid to Chris Komater
- Design fees paid to Cabra Diseno, Raul Cabra, Marco Theunissen, Dirk Walter, and/or Betty Ho
- Commercial printer fees for all film used in print ads, bus shelter ads, MUNI ads, convenience cards and the postcards
- Other commercial printer fees beyond film (e.g., typesetting fees separate from Text fees to John Roemer, other fees not included in other categories above and below, etc.)
- Fees paid to Outdoor Systems
- Acrylic frames used for the convenience ads
- SFAF staff member salaries
- Fees paid to Educational Message Services
- Other fees paid to Cabra Diseno
- Fees paid to any other consultants and/or PR firms
- Fees paid to models in the ads
- Typesetting fees
- Other Text design fees paid to John Roemer
- Full-page bleed trim charges for all print media ads and all other printed pieces using full-page bleeds, regardless of category/venue

I look forward to a prompt response.

Sincerely,

Patrick Monette-Shaw

cc: *San Francisco Frontiers* (by e-mail to smgaynes@sirius.com)

Subject: RE: [Fwd: Assumptions Media Campaign]

Date: Fri, 24 Mar 2000 14:05:40 -0800

From: "Fera, Joe" <jfera@sfaf.org>

To: 'Patrick Monette-Shaw' <pmonette@slipnet.com>

CC: "Henderson, Lance" <lhenders@sfaf.org>, "Durazzo, Rene" <rdurazzo@sfaf.org>

March 23, 2000

Patrick Monette-Shaw
975 Sutter Street, Apt. #8
San Francisco, CA 94109

Dear Patrick:

This is in response to your e-mail letter dated March 22, 2000.

With regard to the total cost of Phase I, the City Prevention contract amount cited in my 14 March letter to you (\$31,941) is for Phase I Assumptions and related Gay Life program promotion expenses for the 12-month period of the contract. The pro bono figure (\$55,000) also contained in that letter is for Phase I only. A total of \$273,559 in unrestricted dollars has been budgeted on Phase I of this campaign (10/99 - 06/00).

With regard to the wide variety of questions you have on social marketing, advertising, placement, strategy, demographics of the target populations, etc., we can more productively respond in person. At your convenience, please call me to set up a meeting with Program Director Rene Durazzo and myself.

Regarding your question about financial information non-profits must provide to the public pursuant to the Attorney General's guidance, we have previously provided you all of the required information.

Sincerely,

Joseph W. Fera
Liaison to the Board of Directors

Subject: Re: [Fwd: Assumptions Media Campagin]

Date: Fri, 24 Mar 2000 20:04:17 -0800

From: Patrick Monette-Shaw <pmonette@slipnet.com>

To: "Fera, Joe" <jfera@sfaf.org>, "Henderson, Lance" <lhenders@sfaf.org>, "Durazzo, Rene" <rdurazzo@sfaf.org>

March 24, 2000

Joe Fera

Liaison to the Board of Directors
San Francisco AIDS Foundation
995 Market Street, Suite 200
San Francisco, CA 94103

Mr. Fera, forward this e-mail to Lonnie Payne

Dear Mr. Fera,

Thanks for your prompt reply.

Without questioning your veracity, it would have been far more productive for both of us, despite your waffling with "we can more productively respond in person" by simply having taken the time on 3/23 or today (3/24) to have answered my questions and attached the Excel budget, as I requested on 3/22.

First, you continue to obfuscate, in that you have again failed to indicate the total amount being spent for the during Phase I of the Assumptions campaign. I initially asked this question on 2/10/00 and you continue to fail to answer the question. In your 2/23 e-mail reply below, you indicated that between the unrestricted amount and the pro bono amount, you have budgeted a minimum of \$328,559 for Phase I, but you again neglected to specify how much of the City grant of \$31,941 is being spent on the Assumptions campaign, and failed to answer the question honestly. I could not have phrased my initial question more clearly, and will repeat it again verbatim (please pay attention this time): "Please clarify how much of that \$31,941 is being spent during Phase I?" If you expend the City grant in full, are you in fact budgeting \$360,500 for Phase I?

Secondly, I resent having to take time off of work to meet with you because of your waffling over arranging a face-to-face meeting. I also resent not being able to prepare this weekend to make my presentation to the Board. Rest assured, I intend to get this information before the Board one way or another, even if it means having to make the first presentation next week followed by a second presentation at the June Board meeting; this is wasting both my time and theirs. This stalling on your part to pull your act together is a shameless thwarting of getting information before the Board in a timely manner, and is inexcusable. It may also lead to additional sero-conversions, of which you should be ashamed.

That said, I will call Monday to arrange a meeting with you and Mr. Durazzo; however, in order to prepare for the meeting, I will first require the Phase I budget, either as an e-mail attachment, or by hardcopy. Please provide this information within the 30-day period required by the Attorney General, beginning with the date I first asked for it (3/22). In the our subsequent meeting, you can then address the narrative responses. I am formally requesting that you prepare ahead of time to specifically answer my questions *exactly* as asked in my 3/22/00 e-mail to you. Please do not waste my time coming to the meeting unprepared.

Finally, I am not questioning your veracity about "having previously provided me information pursuant to the Attorney General's guidance." Please do not miss my point: I was questioning your timeliness (30-day limit), as SFAF has repeatedly replied to my inquiries with 5- and 6-week delays. My point to you, since you apparently missed it, was that should you miss the 30-day requirement again with any requested financial information, you will be pushing me into filing a complaint with the CA Attorney General's office.

To the extent you fail to supply the Assumptions Phase I Excel budget data as requested before April 21, 2000, you will force me into reconsidering filing a complaint with the CA Attorney General.

Sincerely,

Patrick Monette-Shaw

Subject: Re: Third Request for Information Re: Assumptions Phase I Budget

Date: Wed, 12 Apr 2000 15:15:26 -0700

From: Patrick Monette-Shaw <pmonette@slipnet.com>

To: lhenders@sfaf.org, jfera@sfaf.org

April 11, 2000

Joe Fera

Liaison to the Board of Directors
San Francisco AIDS Foundation
995 Market Street, Suite 200
San Francisco, CA 94103

Mr. Fera, forward this e-mail to Lonnie Payne

Lance Henderson

Deputy Director, Finance and Administration
San Francisco AIDS Foundation
995 Market Street, Suite 200
San Francisco, CA 94103

Dear Mr. Henderson

Re: Come Out of the Closet

This letter is to repeat my request in my letter of March 24, 2000: I am again asking that you send me the *Assumptions* media campaign Phase I budget, either as an Excel or Word e-mail attachment, or by hardcopy. As I requested, please provide this information within the 30-day period required by the California Attorney General, beginning with the date I first asked for it (March 22, 2000).

Section 12L.1 of the San Francisco Administrative Code reads: "(1) The intent of this Chapter is to establish a policy wherein the City ensures that nonprofit organizations which the City chooses to do business operate with the greatest possible openness and maintain the closest possible ties to communities they intend to serve. Nothing in this Chapter shall be construed to limit the level of openness and democracy in nonprofit organizations and any contracting nonprofit organization may establish policies that guarantee additional openness to stakeholders."

Section 12L.5 reads, in part:

"A member of the public may request additional financial information other than that described above ... the provision of such additional financial information by a nonprofit organization shall be voluntary, not compulsory."

Based on the spirit of the law and the spirit of the Ethics presentation made to the Board last year, I urge the SFAF to "come out of the closet." Your stakeholders, of whom I am one, ask you to step into the full Sunshine and open your records. If you have nothing to hide, you will honor my request. If you decline my request, I will assume you are, in fact, attempting to hide information from the public.

The detailed Phase I budget is merely a subset of your annual overall budget. The City awarded you a grant (PO Number POHC00000111) for a 7/1/99 — 6/30/00 Program titled "HIV Prevention Services Targeting High Risk Behaviors" in the amount of a \$505,721; the contract is funded from the General Fund and only partially funds your Total Expenditures of \$814,172 for this grant. Specifically, the City awarded you \$31,941 for media expenses, yet information you have provided me separately indicates you are spending approximately \$360,500 for media expenses alone. Concerned that if the Phase I *Assumptions* campaign funding level is maintained at the same level during the remainder of your 36-month advertising campaign that media expenses could approach \$1.44 million, I am requesting the line-item breakout of your advertising budget by way of receipt of the Excel spreadsheet for the *Assumptions* Phase I budget.

Since you are required by both Section 12 of the San Francisco Administrative Code, as well as by the California State Attorney, to disclose your most recent budget, particularly in connection with budgets funded in whole or in part by City contracts (and the *Assumptions* media campaign is, in fact, funded in part by a current FY City contract), I remind you that the ethicists who presented to the SFAF Board last year indicated you have a moral and ethical obligation to be open with the communities that you serve.

While Section 12L.5 indicates that providing additional financial information "shall be voluntary, not compulsory" I ask that the SFAF come out of the closet: unless you are purposefully hiding something from your constituencies, please provide this information forthwith as I asked in my formal presentation to the SFAF Board during your March 28, 2000 Board meeting.

Sincerely,

Patrick Monette-Shaw

cc: Tom Ammiano, President, Board of Supervisors, City and County of San Francisco
Lonnie Payne, Chair, Board of Directors, San Francisco AIDS Foundation

April 20, 2000

[Received via snail mail April 26, 2000]

Patrick Monette-Shaw
 975 Sutter Street, #8
 San Francisco, CA 94109

Dear Mr. Monette-Shaw:

Enclosed please find the additional information that you requested related to the *Assumptions* media campaign Phase I budget. This budget reflects all revisions we have made to date. The specific project budget you are requesting is fully incorporated into our accounting system so it is not available in spreadsheet or word processing format. The enclosed document has been compiled in order to be responsive to your specific request.

In response to your comments on our disclosure obligations, I would like to remind you that you have previously been provided, at your request, government contracts, annual budgets, audits, tax returns, and program materials as well as detailed responses to your questions related on many of these items. To date, we have already far exceeded our legal obligations under state and city disclosure laws. In addition, our budgets, tax returns and annual financial summaries are all available on our web site at www.sfaf.org.

If you have any additional questions related to this information or the *Assumptions* campaign itself, I would urge you to follow-up on Joe Fera's offer to you on Mach 23, 2000 to set up a face-to-face meeting with Mr. Fera and our Program Director, René Durazzo. I believe that such a meeting would be most helpful in addressing any outstanding questions you may have about the campaign strategies and costs.

Sincerely,

Lance A. Henderson
 Deputy Director, Finance and Administration

Enclosure

Enclosure to SFAFs April 20, 2000 Letter
 (*Note: Original enclosure contained no asterisk in table to explain asterisk in footnote.*)

San Francisco AIDS Foundation Prevention Ad Budget 99-00	
Design/Print	
Photography	\$ 7,805
Design (Multiple Format)	49,200
Postcards	3,431
BillBoards	3,144
Bus Shelters	7,610
Convenience Ads	1,760
Brochures	7,967
Web Site Ads	1,000
Total Design	\$ 81,917
Placement	
Postcards	\$ 2,953
BillBoards	32,339
Bus Shelters	114,556
Convenience Ads	18,340
Muni Metro station panels	4,800
Bus Runners/Interiors	62,223
BART Illuminated Piers	8,472
Print Ads	15,246
Total Placement	\$ 258,929
	\$ 340,846
* \$31,941 of this amount is funded by a government contract	

Patrick Monette-Shaw
975 Sutter Street, Apartment 8
San Francisco, CA 94109

June 29, 2000

Lonnie Payne
Chair, Board of Directors
San Francisco AIDS Foundation
995 Market Street, Suite 200
San Francisco, CA 94103

Pat Christen
Executive Director
San Francisco AIDS Foundation
995 Market Street, Suite 200
San Francisco, CA 94103

Dear Ms. Christen and Mr. Payne:

Re: Complaints Filed With Regulatory Agencies

Note: This letter will be posted to the Internet at <http://www.accountabilityproject.com/aidstoriesindex.html> on July 5, 2000 in an Acrobat PDF file; it is part of a presentation to the SFAF Board of Directors.

Between receipt of your April 20th letter and today, I have carefully reviewed that letter, the *Assumptions* budget contained in the letter's enclosure, and the City contract awarded in July 1999. Please be advised I have filed various complaints with regulatory agencies for your noncompliance in providing line-item- budget information I have repeatedly requested from the San Francisco AIDS Foundation concerning Phase I of this media campaign.

Mr. Henderson's April 20th letter indicating:

"The specific project budget ... is fully incorporated into our accounting system so it is not available in spreadsheet or word processing format."

is absurd. I assume that when the Board votes annually on whether to accept the overall budget proposed by SFAF staff for any given fiscal year, that the Board is presented with, and has reviewed, line-item budgets for each proposed program under Program Services. Surely, the Board is apprised of line-item expense detail, whether it is maintained in Excel (as many of your documents *are* for contracts awarded by the City and County of San Francisco for deliverables and outcomes assessment) or whether they are maintained in a "fully incorporated accounting system."

1. I have repeatedly sought a line-item breakout of the *Assumptions* budget because I wanted to see how much had been budgeted for particular aspects of production, design, and placement and I wanted to see what expenditures were being made to particular vendors. I also wanted to examine which expenses were provided *pro bono* by any of the vendors. I didn't care whether it was in Excel or Word, though that was my preference; a hardcopy printout from your "fully incorporated accounting system" would have sufficed. If the "fully incorporated accounting system" is capable of printing line-item detail in hardcopy, your failure to provide that printout can only be interpreted that SFAF is indeed being secretive with your constituents, or that you are providing *misinformation* to the public by providing only summary-level budget roll-ups..

I cannot imagine that your accounting system does not have a budgeting module which allows you to do "what if" scenarios and analyses, of which most off-the-shelf spreadsheet software packages are capable. If your accounting system is programmed using the same arcane programming language that the *Reggie* system is programmed in, you need to switch to an off-the-shelf accounting package that allows you to design *ad hoc* queries and reports. As part of your City contract I am aware that SFAF staff are learning how to use Microsoft Access; surely someone on your staff should be competent in designing line-item *ad hoc* queries and reports, regardless of programming language.

I also cannot image that your advertising agency, Anderson & Lembke (A&L), would submit recommendations to you regarding media campaign components without their providing you with line-item detail of planned expenses; as the budget and ad campaign were in the planning stages, surely they must have presented SFAF at some point with various iterations of the ad campaign budget. Having worked for advertising agencies, I know darn well that ad agency creative teams and account executives provide line-item breakouts of planned expenses to clients around the time they start presenting composite mockups, or at other times during campaign concept development.

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 San Francisco AIDS Foundation
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Finally, the *Assumptions* campaign was initially announced at the November 1998 Board meeting for a Spring 1999 roll out. When it didn't appear in the spring, I asked Renee Durazzo at the May 27, 1999 Board meeting to explain the delay; he indicated the delay was due to disagreements with the advertising agency. Therefore, it appears that SFAF must have been working with A&L between January and May of 1999; surely at some point during that time period A&L must have presented you with a preliminary budget.

2. I don't mean to quibble with you regarding whether you have "far exceeded" legal disclosure requirements, but I believe the copies you have provided me of government contracts, annual budgets, audits, and tax returns are all within legal disclosure requirements, so you've provided me with nothing extraordinary. As for any "program materials" you have supplied me, the majority of those you have provided are collateral SFAF developed for fund-raising or client education, which are also in the public domain. I do acknowledge it may be time-consuming to answer queries from the public concerning the legal disclosure materials. However, to avoid any misperception by the public that SFAF operates far too secretively, the time spent answering questions is part and parcel of the cost of doing business, and part and parcel of providing accountability to your various constituencies; you can't possibly believe that people will not raise detailed questions regarding the legal disclosure documents you are required to provide, nor believe that nonprofits are free to avoid accountability by not responding to detailed questions.
3. Please be aware that I took the step of writing Deloitte & Touche, Anderson & Lembke, San Francisco Board of Supervisors President Tom Ammiano, Assemblywoman Carole Migden, the Better Business Bureau, the National Charities Information Bureau, and California State Attorney General Bill Lockyear because of serious concerns I have regarding both the accounting of the \$340,846 for Phase I of the *Assumptions* campaign you provided in the enclosure to your April 20, 2000 letter and a thorough reading of the City contract award.

The *Assumptions* budget summary SFAF provided on April 20th:

- Continues to fail to provide a breakout of SFAF staff member salaries for *Assumptions*, as I requested in item 8 of my March 22nd letter to you.
- Shows a discrepancy between the \$4,000 allocated for web site development shown on Page 8 of Exhibit B-1 of the City contract award vs. the April 20th budget summary, which shows only \$1,000 for web site development.
- Shows a discrepancy between Joe Fera's March 24th e-mail to me indicating that the \$31,941 awarded in the City contract was for Phase I *Assumptions* and related *Gay Life* program promotion expenses ... vs. Lance Henderson's April 20th enclosure implying that amount is being spent **only** for *Assumptions* print media. Additionally the City contract indicated that amount was to be used for Health Communication/Media, not exclusively for the *Assumptions* campaign.

Further, in the two-month interval from your April 20th letter to this date, I have noted:

— The City contract (PO POHC00000111) indicates:	
Contract Award:	\$ 505,271
SFAF Supplemental Private Donations:	<u>308,451</u>
Total Project Cost Submitted to City:	\$ 814,172
Assumptions Additional Expenses Budgeted After Contract Award:	<u>308,905</u>
Adjusted Total Cost:	\$1,123,077

While Mr. Henderson indicated on March 27th the *Assumptions* campaign is "budgeted in both the Prevention Services and in the Program & Contract Management portions of the budget for FY 99-00" but did not specify the breakout across the two budget areas, the \$1,123,077 represents nearly 80% of the \$1,413,387 allocated for Prevention Services in the FY 99-00 budget. It is astounding that the larger *HIV Prevention Services Targeting*

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High Risk Behaviors project and the *Assumptions* subset of that contract award consume 80% of the Prevention Services portion of the FY 99–00 budget, possibly at the expense of other programs which may have gone unfunded due to the excesses in *Assumptions* advertising and *Gay Life* workshops, and event production.

- The \$31,941 for print media in the City contract has mushroomed tenfold in your April 20th accounting of \$340,846 for the *Assumptions* campaign, ostensibly inflated after the City awarded you the contract.
 - The 2 print ads promoting *Gay Life* and the 15 print ads promoting *Gay Life* programs, events, and workshops listed in the contract budget justification (Exhibit B-1, Page 9) appears to have been augmented by 12 insertions of *Assumptions* print ads, which were never mentioned in the City contract award.
 - *Assumptions* media print (newsmagazine) ads have virtually disappeared from print since the end of March. After nine ad insertions in *Frontiers* and possibly three insertions in *Odyessey*, the *Assumptions* print ads have vanished; the ads ran for only six of the nine months allotted for Phase I.
 - *AIDS Walk* print collateral appearing since *Assumptions* ads vanished at the end of March also utilize excessive production values. Again, one must question whether SFAF ever looks for economies of scale in either programs or fund-raising media advertising budgets. As well, one must wonder whether the *AIDS Walk* collateral budget has also increased tenfold over what the Board may have approved for *AIDS Walk* line-item expenditures when they approved the overall FY 1999–2000 budget in June 1999.
4. In addition to the *Assumptions* budget of \$340,846 as of April 20th (and my guess is it has gone up in the intervening two months), an analysis of the larger City contract indicates that you have budgeted an additional \$122,853 for a series of *Gay Life* and *Black Brothers Esteem (BBE)* group sessions, events, and workshops; combined, the media campaign and the events budget totals \$463,699, which represents 92% of the \$505,271 the City contract award. When advertising and events gobble 92% of the contract award, that doesn't leave much to spend on the prevention case management portion of the overall contract.

Included in the budget of \$122,853 for the events, group sessions, and workshops are \$4,000 for web site development; \$27,592 for emcee and facilitator fees; \$5,000 for a video director stipend, and videotape production, props, and editing; and \$14,400 for food, room rental, admission to galleries and clubs, and "incentives" to program participants. I will venture a guess that again, SFAF did not seek any economies of scale when setting this segment of the overall City contract. Again, one wonders whether the budgeted \$122,853 for events, group sessions and workshops has also increased substantially (tenfold?) over the amount submitted to the City, and whether other program services in the FY 99–00 overall budget were eliminated to deal with any events and workshops cost overruns.

One must also question why the focus of some of the workshops — Sexual Etiquette, Gay Men's Sex and Spirituality, Advanced Gay Men's Sex and Spirituality, Fag Art, Meaning of Sex — are construed as HIV and AIDS prevention. Many of my heterosexual friends and coworkers have begun voicing concerns that it is inherently unfair to other populations to have public funds utilized for what is essentially, partying. When ASOs such as SFAF persist in spending scarce resources in this manner, is it any wonder that other community groups are beginning to advocate for increased spending for other diseases, like breast cancer and Alzheimer's? Those groups are beginning to advocate for a larger portion of the pie for public health dollars and are beginning to question excesses such as these.

SFAFs excesses and apparent inability to constrain frivolous expenses will continue to add fuel to the fire that AIDS prevention dollars are being mismanaged by ASOs and that it is time for regulatory agency audits of ASOs.

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San Francisco AIDS Foundation
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As I have sought feedback during various revision cycles of version 1.1 of this report, other independent community observer advisors have expressed an interest in taking the next logical step: to review your performance on this City contract by examining deliverables and outcomes assessment. From their strong interest, I fully expect this will occur.

I venture another guess: that the Board will again vote unanimously during the June 29, 2000 final Board meeting of *calendar* year 2000, and that the budget will be approved by voice vote with virtually no discussion, questions, or dissent raised by Board members during what is supposed to be an open-to-the-public meeting ... and that the public and communities you serve will again *not* have been invited to provide input into the budget planning purposes *before* the voice vote is made final. To refresh your memories: at last year's June Board meeting, there was a vocal outcry from community observers regarding the lack of community input into your budgeting process. I will also remind you that the three ethicists who made their presentation to SFAF's Board indicated SFAF has an ethical obligation to seek and *listen to* community input *before* decision-making occurs, particularly concerning the allocation of scarce resources.

I strongly urge the Board and senior management of SFAF to become more fiscally accountable to the communities you serve. I particularly ask that the Board increase their management oversight of SFAF's management of public funds — whether those public funds are government contracts, or the “unrestricted funds” donated by the public.

Sincerely,

Patrick Monette-Shaw

cc: McCann-Erickson/Anderson & Lembke
Deloitte & Touche, San Francisco

Patrick Monette-Shaw
975 Sutter Street, Apartment 8
San Francisco, CA 94109

June 29, 2000

Craig On
Director
Deloitte & Touche
50 Fremont Street
San Francisco, CA 9410

Dear Mr. On,

Re: 1999–2000 Audit of Your Client, San Francisco AIDS Foundation

Note: This letter will be posted to the Internet at <http://www.accountabilityproject.com/aidstoriesindex.html> on July 5, 2000 in an Acrobat PDF file; it is part of a presentation to the SFAF Board of Directors.

When Deloitte & Touche prepares the 1999–2000 audited financial report (*Financial Statements for the Year Ended June 30, 2000 and Independent Auditors' Report*) for your client the San Francisco AIDS Foundation (SFAF), I request you examine in detail their ethical assignment of *all* Contributions receivables into restricted vs unrestricted accounts, and audit the budgeted allocation and use of restricted funds and restricted Net Assets throughout *all* programs. In particular, two programs need close attention: the current 9-month Phase I *Assumptions* media campaign, and the \$505,271 City contract (PO POHC0000111) whose funds are contractually restricted to line-item use for a larger prevention program entitled *HIV Prevention Services Targeting High Risk Behaviors*, of which *Assumptions* is a subset. Both programs are being supplemented with “private donations,” SFAF’s buzz word for unrestricted funds. It is not clear whether an additional \$308,905 to \$328,559 of unrestricted funds were allocated to the *Assumptions* media campaign *after* approval of the City contract.

The City contract indicates the larger project is supplemented with an additional \$308,451 in “private donations” bringing the overall project total to \$814,172. While the City contract awarded \$31,941 as a line-item expense for print media, SFAF has mushroomed the print media budget ten-fold to between \$340,846 and \$360,500 (as of April 20, 2000). Therefore, please determine whether the media expenses added by SFAF after the contract was awarded has driven the *High Risk Behaviors* overall project total to \$1,142,731. SFAF has indicated the \$328,559 variance between the print media amount awarded by the City contract and the current *Assumptions* budget is also funded by unrestricted funds and *pro bono* donated goods and services. The two underlined amounts in this paragraph total \$637,010 being funded from unrestricted funds; please ensure this amount did not, in fact, come from restricted sources. Additionally, please verify that the \$505,271 awarded by the City was expended in compliance with restrictions set forth in the contract.

The City contract also indicated the \$31,941 awarded for print media was for both the *Assumptions* ad campaign and other *Gay Life* program advertising. SFAF has supplied contradictory information concerning this amount, indicating on March 23 that it “is for the Phase I *Assumptions* and related *Gay Life* promotions expenses,” but in the “budget” attachment to their April 20th letter indicated that “\$31,941 of this amount [the Prevention Ad Budget] is funded by a government contract,” implying that it is being used in its *entirety* for the *Assumptions* campaign. During your audit please verify the \$31,941 awarded by the City was, again, expended in compliance with contract restrictions.

On a peripheral matter, on March 22, 2000 I requested SFAF provide me with an Excel or Word breakout of the *Assumptions* budget, requesting itemization of fees by particular line-item detail for media production expenses (photographers, film, models, typesetting, and design fees, and SFAF staff time, among other line items) to be able to examine planned expenses to various subcontractors involved with the design, printing, and/or placement of this media campaign. Astoundingly, SFAF’s written response on April 20, 2000 indicated:

“The specific project budget ... is fully incorporated into our accounting system so it is not available in spreadsheet or word processing format.”

SFAF has state-of-the-art computer systems; they have provided me previously with financial documents showing filenames with .DOC and .XLS file extensions in document footers. I cannot believe SFAF’s Board of Directors and

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Deloitte & Touche
Page 2

senior management approve any program's budget, and in particular this media campaign's expenses, without line-item, by vendor, budget-to-actual detail reports. Nor can I believe an organization with SFAFs sophistication uses a "legacy" accounting system that does not contain a pre-expenditure budgeting module, let alone a budgeting module incapable of providing line-item detail reports or incapable of generating *ad hoc* hardcopy printouts. Rather than providing me with the line-item detail breakouts I requested in either electronic or hardcopy format generated from their "fully incorporated accounting system," they continue to provide summary-level roll-up information grouped by categories.

As part of the FY 99-00 audit, please examine whether collateral materials developed for use in the 1999–2000 City and County of San Francisco contract (PO POHC00000111) — funds contractually restricted to line-item use — are being used inappropriately as Fundraising collateral instead of the prevention project's deliverables. Oddly, part of the *Assumptions* budget includes printing and "placement" of 60,000 postcards; it needs to be ascertained whether the postcards or any other collateral developed for Program Services are being used for Fundraising purposes.

SFAF has also indicated that funding of the *Assumptions* media campaign has been allocated from both the "Prevention Services" and "Program and Contract Management" portions of the FY 99-00 overall budget. Please verify that restricted funds under this City contract were properly allocated to each of these portions of the budget, that City restrictions in this contract were in fact expended properly, and that other sources of restricted funds beyond the City contract were not unethically diverted to fund this media campaign.

Finally, in response to a letter I wrote SFAF in July 1998 concerning a cross-year analysis of their '95-'96 to '96-'97 IRS Form 990's (Enclosure 1), SFAF repeatedly indicated in their response (Enclosure 2) oddities across the two form 990's are a "result of reporting changes suggested by our auditors" (Deloitte & Touche), or "based on guidance from our auditors," and "refinement of [SFAFs] chart of accounts." When you audit SFAFs accountability of restricted vs unrestricted funds for the 1999–2000 fiscal year in August 2000, please ensure SFAFs compliance and accountability in assignment of restricted funds to appropriate accounts per contributor restrictions on fund use to prevent SFAF from again resorting to finger-pointing excuses that Deloitte & Touche recommended additional changes to SFAFs chart of accounts or reporting methodology.

As a result of the scandal and conviction last year of San Juan AIDS Institute executives for diversion and mismanagement of Ryan White CARE Act funds, community observers concerned with accountability in AIDS Service Organizations will scrutinize your audit of SFAF this year with great interest.

Sincerely,

Patrick Monette-Shaw

Enclosures

cc: Jack Russi, Partner in Charge of Audit, Deloitte & Touche Oakland Office (with enclosures)
San Francisco AIDS Foundation

Patrick Monette-Shaw
975 Sutter Street, Apartment 8
San Francisco, CA 94109

June 29, 2000

Nick Bishop
President
McCann-Erickson/Anderson & Lembke
135 Main Street, Suite 21
San Francisco, CA 94105

Dear Mr. Bishop,

Re: Conflict of Interest and Your Qualifications to Serve

Note: This letter will be posted to the Internet at <http://www.accountabilityproject.com/aidstoriesindex.html> on July 5, 2000 in an Acrobat PDF file; it is part of a presentation to the SFAF Board of Directors.

The San Francisco AIDS Foundation (SFAF) was awarded a City and County of San Francisco contract to conduct a larger HIV prevention program entitled *HIV Prevention Services Targeting High Risk Behaviors* during the period 7/1/00–6/30/00; the contract award indicated SFAF intended to continue utilizing Anderson & Lembke (A&L) in developing a health communication/media ad campaign sub-project entitled *Assumptions*.

This letter is to inquire about McCann-Erickson/Anderson & Lembke's qualifications to develop this media campaign, your involvement in media development for SFAF beyond the *Assumptions* campaign, and potential conflicts of interest of the part of A&E, as well to provide feedback concerning excesses in production values in the *Assumptions* media campaign.

Since McCann-Erickson WorldGroup, McCann-Erickson Healthcare Worldwide, and McCann-Erickson/A&E's primary specialties are:

- business-to-business marketing;
- sales-related marketing communications and sales promotions to increase customer loyalty;
- product "branding" and packaging; and
- marketing and promotion of pharmaceutical, medical, and healthcare products and services

for major global/multinational for-profit business clients, I am curious about your qualifications, extent of expertise, and experience:

- developing social marketing campaigns targeting people at risk for HIV and AIDS,
- designing behavioral change programs targeted to gay men and bisexuals,
- developing non-product and non-service media campaigns, and
- working with nonprofit AIDS Service Organizations (ASOs).

Concerning potential A&E conflicts of interest:

1. Please describe how A&E avoids an ethical conflict of interest between developing marketing and promotion work for pharmaceutical, medical, and healthcare clients on the one hand, and social marketing behavior-change projects for nonprofit organizations on the other. If the goal of the *Assumptions* campaign is to reduce additional HIV seroconversions and the media campaign is effective, your pharmaceutical clients will potentially have lower revenues through decreased sales of their antiretroviral and protease inhibitor medications. Conversely, if the themes used in the *Assumptions* campaign are poorly chosen, ineffective at reducing new HIV seroconversions, and the expected social marketing behavior change fails to materialize, your pharmaceutical clients stand to gain through increased sales of their medications. How can target groups of the *Assumptions* campaign believe there is not an ethical conflict of interest inherent with your involvement in designing this campaign?

June 29, 2000

McCann-Erickson/Anderson & Lembke

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2. Please indicate whether your client list includes DuPont Pharma (manufacturer of *Sustiva*), Merck (*Propecia*), BTG Pharmaceuticals (*Oxandrin*), Agouron Pharmaceuticals (*Viracept*), Galxo Wellcome HIV or Glaxo Wellcome, Inc. (*Ziagen*), and/or any other pharmaceutical companies manufacturing AIDS medications.

Concerning your qualifications and experience:

1. Please describe your qualifications developing non-product and non-service media campaigns, particularly campaigns that do not focus on business-to-business marketing to the pharmaceutical, medical, or healthcare business communities.
2. Since your primary specialties are business-to-business marketing, product and services sales-related marketing communications, and product branding and packaging, please describe your experience developing social marketing campaigns for your nonprofit clients (whether ASOs or otherwise) directed to people at risk for AIDS and HIV, including the total number of clients, total number of such projects, and number of years performing this type of work.
3. Please describe your experience designing behavioral change programs targeted at gay and bisexual men, including the total number of such nonprofit clients (whether ASOs or otherwise), the total number of such projects, and the number of years you have performed this type of work.
4. Please describe your experience working with nonprofit ASOs on other types of projects beyond behavior change.

Concerning A&E involvement in media development for SFAF:

1. Please describe what portion of your subcontract with SFAF for this particular City contract is devoted to developing any of SFAF's numerous web site pages (SFAF's main web site, *Gay Life* pages, the *Black Brothers Esteem* pages, the *HIV Prevention Project* pages, etc.), what portion of your subcontract is devoted to non-print media under this City contract (e.g., involvement in events and workshops, including facilitator involvement and videotaping), and what portion of your subcontract is devoted expressly to the print media *Assumptions* campaign.
2. SFAF has indicated that \$81,917 has been budgeted to date for Phase I of the *Assumptions* campaign for design and printing, including \$7,805 for photography and \$49,200 for design. Please describe the fees you have received for any *Assumptions* design and consultation work; whether it was strictly for the *Assumptions* campaign or for other venues; and what portion of your fees, if any, were provided to SFAF *pro bono*.
3. Please describe your involvement in choosing that fine-art photography by Chris Komater be utilized for the media campaign, and whether Mr. Komater is on your payroll. Please also describe why abstract, conceptual fine art photography was chosen over portraiture that target groups could have more easily self-identified with.
4. Please describe why the media campaign has appeared in print media only in the *San Francisco Frontiers Magazine* and *Odyssey Magazine* when SFAF had indicated in their City contract (Exhibit B-1, page 8) that they intended to place the print ads in *San Francisco Frontiers Magazine* and the *San Francisco Bay Times*.
5. Please indicate why the *Assumptions* print ads stopped appearing in *San Francisco Frontiers Magazine* (after nine insertions) after the March 23rd issue, and stopped appearing (after possibly only three insertions) in *Odyssey Magazine* after the March 24th issue. Given the three-month gap between April and June in which the print media (news magazines) ads have virtually disappeared, please explain the lack of continuity in the media buy plan between the end of March and the end of Phase I, which was scheduled to run until the end of June 2000.
6. Please indicate what other advertising or Internet projects you are assisting SFAF with. In particular, please indicate whether you provide advertising services of any sort to SFAF on the *AIDS Walk* and *AIDS Ride* advertising campaigns.

June 29, 2000

McCann-Erickson/Anderson & Lembke

Page 3

As for feedback regarding the *Assumptions* media campaign:

1. Given SFAF's scarce prevention dollar resources, I am appalled with production values chosen for the *Assumptions* campaign, as well as for other of their advertising. Three ethicists made a presentation to the SFAF Board of Directors in August 1999 — two months before the *Assumptions* campaign was rolled out providing both SFAF staff and the SFAF Board sufficient time to question the excesses in the *Assumptions* budget — concerning ethical allocation of scarce resources; the ethicists indicated the SFAF Board has an ethical obligation to ensure limited funding is utilized prudently.

Among the high-end production values in the *Assumptions* campaign are use of eight printed collateral venues (Postcards, Billboards, Bus Shelters, Convenience Ads, Muni Metro station panels, Bus Runners/Interiors, BART Illuminated Piers, and Print Ads), rather than fewer venues (were the Postcards and Convenience Ads really *necessary*?); use of 4-color printing, rather than, say, less expensive black and white (or alternatively, spot color); full page bleeds requiring trim charges for both magazine ads and post cards; at least two variations of the print ad layouts (circles vs. abstract, squiggly graphics in the bottom portion of the layouts); alternating text treatment in the ads (“I’m positive. I assumed he was too.” vs. “I’m negative. I assumed he was too.”); use of full-page ads, rather than 1/4-, 3/8-, 1/2-, or 3/4-page ads); use of three separate color schemes (red, purple, and green, each printed apparently using 4-color, rather than spot color, inks) to obtain three separate versions in each of the eight printed collateral venues (a total of 24 versions across the 8 venues); and use of three versions of fine art photo collages, rather than a single portrait or single photograph.

Please explain why the choice of all of the above venues and modalities were *necessary*, including why *lower* production values would have adversely affected conveying the campaign’s message. Would the campaign’s message *not* have gotten across or been less effective using, say, less expensive spot color and/or cheaper still black and white ink? Would the message not have gotten across or been less effective using 1/4 page, 3/8 page, 1/2 page, and/or 3/4 page spreads in the inside of the paper as opposed to premium pricing for special positioning? Or were your choices for full-page, full-bleed, 4 color special positioning based on *Frontiers* demographics? Do readers with *Frontiers*’ demographics only pay attention to the size and color of ads that you placed? Were all eight venues *necessary* to have an effective media campaign?

2. You know, as does the SFAF, that each version in each of the eight venues requires additional film charges. You also both know that rather than getting volume discounts for printing one large print run in a given venue in *one* color, that smaller print runs to include three separate colors is more expensive. You also both know that “ganging” printing of the various venues on *one weight* of oversize paper stock and trimming to size can reduce printing costs by not having to print on a variety of grades of paper stock; I’ll venture a guess that “ganging” print runs across venues, or within a given venue, was not utilized to reduce expenses. You also both know that use of a single image, rather than three separate photo collages, would have lowered the costs of this campaign in film fees, photo fees, and multiple-issue run placement discounts; surely one image could have been conceptualized without affecting effectiveness in conveying the message. Finally, you also both know that running *one* version of the ad in *Frontiers* would have provided multiple-issue discounts for running one ad nine times; instead, 3 versions of the ads ran, eliminating any multiple-issue volume discounts ... in addition to requiring three or more versions of film, which drove up costs.

Given high-end production values being used in the Phase I *Assumptions* print media, it appears SFAF did not ask that Anderson & Lembke — nor apparently did A&L recommend SFAF — utilize economies of scale in this media campaign. Clearly, a large portion of the \$81,917 budgeted to date for Design/Print and a large portion of the \$258,929 Placement portion of the \$340,846 *Assumptions* budget could have been avoided; that savings could easily have been utilized to fund other legitimate Program Services to meet unmet needs of SFAF’s clients, programs which may have gone unfunded at the expense of this glitzy media campaign. My guess is that a good half of the

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 McCann-Erickson/Anderson & Lembke
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Assumptions \$340,946 budget could have been held in check by finding economies of scale, and that those funds could have been used to fund other desperately-needed services.

3. I have been attempting for nearly six months to obtain an *accurate* answer from SFAF concerning the exact amount budgeted for Phase I of the *Assumptions* media campaign. In January 2000, SFAF initially indicated approximately \$36,348 had been budgeted for the media campaign. When I pressed them further, they indicated on March 23rd that the budgeted amount was somewhere between \$305,500 and \$360,500, without indicating a precise amount. I sought additional clarification and SFAF finally indicated on April 20th that the total budget is \$340,846 — fully \$308,905 in excess of the budget SFAF submitted as Exhibit B in their application for a City contract.

Please explain how A&E can possibly advise SFAF concerning a media campaign without an accurate line-item project budget being developed early during the planning cycle. Since the City contract was awarded for the period 7/1/99 through 6/30/00 and the initial *Assumptions* print ad first appeared in *Frontiers Magazine* in October of 1999 and MUNI and bus collateral appeared soon thereafter, one would think that an accurate budget would have been developed by, say, August of 1999 to estimate the total costs of the project, including conceptualizing, designing, and preparing camera-ready artwork of the collateral for delivery to commercial printers. Surely between the contract award occurring in July 1999 and the ads first appeared a mere three months later, someone at either A&L or SFAF *must* have developed an accurate, full budget before the ads first appeared in print.

Having worked in advertising agencies for media buyers, creative teams, and designers, I know that neither A&L nor SFAF would commission fine art photography, involve typesetters and graphic designers, and have high-resolution film prepared for delivery to commercial printers in order to stay abreast of production lead times without having a budget in place far in advance to know how many dollars were going to be needed at various points along a timeline leading to public roll-out of the media campaign. No ad agency in the world offers professional design services to clients without having a handle on production costs up front, particularly on a print ad campaign running \$340,846 ... and a complete *other* budget in the amount of \$122,853 earmarked for event, group, and professional facilitators fees on top of the print media budget.

I am at a loss to understand why SFAF advised me in January 2000 that the campaign was budgeted at \$36,348 and inexplicably, four months later, indicated the budget at mushroomed ten fold. Please inform me of the date A&E first knew, or recommended to SFAF, that \$340,846 be allocated and budgeted for the *Assumptions* campaign. If you did not advise them of the total budget until April 2000 when they first presented me with that dollar amount, please explain your failure to advise them of the total costs during development of the campaign between July and October of 1999 and why it took until April 2000 to do so, and how you assumed that they could come up with that amount of funds to pay for Phase I of the *Assumptions* campaign *after the fact* when *all* of the collateral had been printed and placed.

4. I have noted that the production-value excesses in the *Assumptions* print collateral mirror excesses in advertising of other SFAF programs, in particular the *AIDS Walk 2000* collateral. The *AIDS Walk* collateral uses up to 7 versions of print ad layouts; 7 different photos; full-bleed layouts on some collateral; *cocktail napkins printed in color*; 6 different versions of cloth street light banners; 6 versions of table-top stands (used to hold sign-up brochures) that feature an ineffective die-cut to out-set the logo (the affect is lost due to the top die cut not folding back flatly to show the logo outset); t-shirts; and a host of other collateral ... the majority of which is again printed using 4-color ink rather than spot color. Please describe your involvement, if any, in developing the *AIDS Walk* print collateral.

In addition to economies of scale which could have been found in the *Assumptions* campaign, similar economies of scale could have been found with the *AIDS Walk* collateral, again freeing up scarce resources for other SFAF programs which continue to go unfunded. For instance, how much impact do the *AIDS Walk* cloth street light banners or

June 29, 2000

McCann-Erickson/Anderson & Lembke

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cocktail napkins have on attendance? If you are unable to measure their usefulness at drastically increasing *Walk* participants, might I suggest eliminating them entirely from next year's collateral? If A&L has been involved in design or development of *AIDS Walk* collateral, please explain why the production value excesses described above were *necessary* to attract full participation.

5. When the *Gay Life* program was first rolled out in December 1998, I noticed SFAF staff or volunteers along Polk Street handling out metal jacket/lapel pins which featured a battery-operated flashing light behind the *Gay Life* logo.

I approached the volunteers, noting those lapel pins were an affront to most SFAF clients and to those who donate funds to SFAF. Most expect donations will go to people who need direct services and that the funds are actually helping meet people's needs. Lapel pins do not assist getting people into either ADAP programs or housing.

Please explain your involvement, if any, in recommending those lapel pins as part of the *Gay Life* collateral and what particular purpose they serve SFAF clients.

6. The budget narrative for SFAFs 1999–2000 budget indicated the launch of:

“a major, multi-year risk reduction media campaign to encourage a community dialogue ... addressing HIV disclosure assumptions is the most important impact we can have on new sero-conversions among ***non-injection drug gay men*** [emphasis added] ...” (Page 4)

The City contract (Exhibit A-1, Page 1) indicates two distinct Behavioral Risk Populations (BRPs) are the focus of the larger project:

“1) self-identified gay males, the vast majority of those who are 27 years of age or older ... who are experiencing social isolation, loneliness, and are engaged in sexual risk taking; and 2) African-American men who have sex with men, who reside in a hotel and/or participate in a substance abuse culture in San Francisco's Tenderloin district and South of Market/6th Street Corridor, ages 27 and older.”

Please explain how each the eight venues for the *Assumptions* print media are designed to reach these two subpopulations; in particular please describe how the *San Francisco Frontiers* and *Odyessey* magazine reader demographics correlate to the demographics targeted by the City contract. Further, please explain both the discrepancy between targeted populations of ***non-injection drug gay men*** in SFAFs annual budget against ***substance-abuse culture participants*** cited in the City contract, and how the theme of Phase I of the *Assumptions* campaign has been designed to reach *both* BRPs.

Finally, Pat Christen, Executive Director of SFAF, wrote an opinion piece for the *San Francisco Chronicle* that was reprinted with permission in the May 27th, 1999 *Bar Area Reporter*. In it, she wrote:

“Our ability as a community to stop the spread of HIV depends, in part, on our ability to break the silence surrounding our own HIV status and that of our sexual partners.”

Yet, in Section 5, Methodology, of the City contract (Exhibit A-1, page 12), the media component is “defined as ... placement of media ***supporting and promoting program activities*** and that “media will continue to serve two key purposes: 1) ***program promotion***, and 2) ***client recruitment*** [emphasis added throughout].

Again, please explain the contradictions in the purpose of the media campaign: is it to promote programs and recruit clients, or is it intended to address Ms. Christen's and the SFAFs loftier intentions of initiating a community dialogue about assumptions across a broader spectrum of BRPs than those cited in the City contract? Can one media campaign effectively reach multiple BRPs *and* other targets simultaneously?

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7. If SFAF believed at the time *Gay Life* was rolled out in December 1998 that “posters and advertisements have become irrelevant to many gay men” at a time when many are tuning out because they’re “used to prevention messages and poster campaigns,” one must ask why SFAF believed 10 months later in October 1999— or as early as seven months later when the City awarded the contract in July 1999, planning began, and A&E began advising SFAF on the media campaign — that gay men would suddenly “tune in” to the Phase I *Assumptions* campaign ... which we now know is largely a poster campaign.

Please explain how in a mere seven months, A&E believed gay men would suddenly start buying in to this media campaign. Please also describe the conceptual disagreement A&E had with Rene Durazzo over concepts being developed for the campaign that resulted in a six-month delay in bringing the campaign to market. Durazzo indicated to me in May 1999 that there had been a conceptual disagreement between SFAF and their advertising agency, possibly concerning use of social marketing theories vs. other behavior-marketing theories, which led to the delay in rolling out this campaign. Please elucidate the areas of disagreement you had with Mr. Durazzo which prevented reaching consensus before May of 1999 on the themes used in Phase I of the *Assumptions* campaign, and how you resolved those conceptual differences by October 1999.

I will appreciate your prompt reply to the many questions raised in this letter. In your reply, please provide a copy of any subcontract issued by either the City or SFAF for City contract PO POHC00000111, any Memoranda of Understanding (MOUs), or any correspondence outlining the scope of your contractual agreements with SFAF in developing the *Assumptions* and/or *Gay Life* media campaign or web site development under this City contract, including any amendments thereto issued after initial agreement(s) were signed.

As you can see, our community intends to hold the SFAF accountable for frivolous expenditures of scarce resources. I hope you will keep many of these issues in mind when advising the SFAF in future regarding ad campaign and fund-raising collateral — whether for upcoming phases in SFAF's 36-month *Assumptions* ad campaign, *AIDS Walk* and *AIDS Ride* collateral, or any other fund-raising and programmatic collateral. I sincerely hope that you will begin to recommend to them — whether they ask you to or not — that they immediately start utilizing economies of scale in all media and fund-raising campaigns, including abandoning use of questionable venues and useless high-end production values. Even if they have not asked you to find economies of scale, the communities they serve expect you will do so.

Sincerely,

Patrick Monette-Shaw

cc: San Francisco AIDS Foundation
Deloitte & Touche

APPENDIX B

**Correspondence With
Regulatory Agencies**

Subject: Strengthening Section 12L of the City's Administrative Code

Date: Wed, 12 Apr 2000 18:14:37 -0700

From: Patrick Monette-Shaw <pmonette@slipnet.com>

To: Tom Amiano <tom_ammiano@ci.sf.ca.us>

CC: Carole Migden <Assemblymember.migden@assembly.ca.gov>

April 12, 2000

Tom Ammiano
President, Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear President Ammiano:

I am writing to request that you consider strengthening Section 12L.5 of the San Francisco Administrative Code, or the Sunshine Ordinance, to require that all nonprofits receiving City funds in excess of \$250,000 per year be required to disclose to the public line-item breakouts for program budgets for all programs administered by the nonprofits which are funded in whole or in part by City contracts.

As I understand it, nonprofits are currently only required to provide to the public budgets for the organization as a whole. My rationale in making this request is that specific line-item budgets are merely a subset of the overall budget, and nonprofits should be required to disclose that level of detail; it would not place an undue burden on them. Surely, the vast majority of nonprofits receiving City contracts have state-of-the-art computer systems in place, particularly using Microsoft Excel. I can't envision any nonprofit planning for, or implementing, a specific program to *not* have a line-item budget to monitor expenses against a program budget.

Shortly, I hope to have posted to the Internet the document I prepared and disseminated to each Board Member of the San Francisco AIDS Foundation at their March 28th Board meeting. Since it appears that one of their particular programs (the *Assumptions* Phase I media campaign) has been budgeted internally at approximately \$360,500 against the \$31,941 awarded for media expenses as part of a larger City contract, it has been very frustrating trying to figure out what they are doing on a line-item level with the advertising budget. Further, should they continue the \$360,000 funding level during each quarter of their 36-month advertising campaign as they have for the 9-month Phase I, this campaign could potentially reach \$1.44 million dollars. Clearly, the public has a right to know on a line-item level why this media campaign is so costly.

I will appreciate your support for strengthening the City's Administrative Code and/or the Sunshine Ordinance.

Sincerely,

Patrick Monette-Shaw

cc: Assemblywoman Carole Migden
13th Assembly District, San Francisco

Patrick Monette-Shaw
975 Sutter Street, Apartment 8
San Francisco, CA 94109

June 29, 2000

Assemblywoman Carole Migden
Capitol Office
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0001

Dear Assemblywoman Migden,

Re: Increase Scope of Disclosure Requirements for Nonprofits

Note: This letter will be posted to the Internet at <http://www.accountabilityproject.com/aidstoriesindex.html> on July 5, 2000 in an Acrobat PDF file; it is part of a presentation to the SFAF Board of Directors.

I am writing to ask you work with California Attorney General Bill Lockyear and San Francisco Board of Supervisors President Tom Ammiano to strengthen State and City laws extending the scope of information nonprofits are required to disclose to the public.

Specifically, I ask you consider sponsoring legislation, in coordination with Attorney General Lockyear's office, to require that nonprofits release line-item *project* budget information to the public. Though nonprofits are currently required to provide *overall* budget information to the public within 30 days of the request, line-item detail of *project* budgets are merely a subset of the overall budget. It should not pose an undue burden on nonprofits to supply line-item detail, and it is sometimes essential for community watchdog groups concerned with accountability issues to be able to see at the line-item level planned expenditure of funds received from the public, whether donated as restricted or unrestricted funds.

Surely, given state-of-the-art computer systems most nonprofit groups utilize, I cannot imagine that either Boards of Directors or senior management of nonprofit organizations make programmatic funding decisions without requiring a line-item examination of proposed budgets *before* they are incorporated into overall budgets. Since many nonprofits' programs are funded through grants and contracts awarded by local, state, and federal funding sources which require line-item budget justification before a grant or contract is awarded, release of this information should not pose an undue burden on nonprofits since they had to assemble line-item expenses as part of their funding application submission.

Because of ethical implications surrounding allocation of scarce resources, I believe California law should make disclosure of line-item budget expenditures a requirement for conducting business in our state. Finally, as a result of the scandal and conviction last year of San Juan AIDS Institute executives for diversion and mismanagement of Ryan White CARE Act funds, community observers concerned about AIDS Service Organizations' accountability issues are increasingly calling for stronger legislation requiring release of line-item project budgets.

I look forward to your support in strengthening California law in this regard.

Sincerely,

Patrick Monette-Shaw

cc: San Francisco AIDS Foundation
State of California Attorney General Bill Lockyear
San Francisco Board of Supervisors President Tom Ammiano

Patrick Monette-Shaw
975 Sutter Street, Apartment 8
San Francisco, CA 94109

June 29, 2000

Better Business Bureau, Inc. (BBB)
510 16th Street, Suite 550
Oakland, CA 94612-1584

Dear Sirs:

Re: Complaint Regarding San Francisco AIDS Foundation

Note: This letter will be posted to the Internet at <http://www.accountabilityproject.com/aidstoriesindex.html> on July 5, 2000 in an Acrobat PDF file; it is part of a presentation to the SFAF Board of Directors.

This is a formal complaint regarding the San Francisco AIDS Foundation (SFAF), a 501(c)(3) tax exempt nonprofit organization.

I have been attempting for well over four months to obtain budget and financial information regarding SFAF's new HIV prevention media campaign. I have repeatedly requested a line-item breakout of the budget for Phase I of this media campaign, which is entitled *Assumptions*. In January, SFAF initially indicated approximately \$36,348 had been budgeted for the media campaign. When I pressed them further, they indicated on March 23rd that the budgeted amount was somewhere between \$305,500 and \$360,500, without indicating a precise amount. I sought additional clarification and SFAF indicated on April 20th that the total budget is \$340,846 — fully \$308,905 in excess of the budget SFAF submitted as Exhibit B in their application for a City contract. Their April 20th response continues to use summary-level categories, rather than line-item detail.

I have repeatedly requested that SFAF provide me with an Excel or Word breakout of the *Assumptions* budget, requesting itemization of fees by particular line-item detail for media production expenses (photographers, film, models, typesetting, and design fees, and SFAF staff time, among other line items) to be able to examine planned expenses to various subcontractors involved with the design, printing, and/or placement of this media campaign. Astoundingly, SFAF's written response on April 20, 2000 indicated:

“The specific project budget ... is fully incorporated into our accounting system so it is not available in spreadsheet or word processing format.”

This is absurd. I find it hard to believe an organization with SFAF's sophistication uses a “legacy” accounting system that does not contain a pre-expenditure budgeting module, let alone a budgeting module incapable of providing line-item detail reports or incapable of generating *ad hoc* hardcopy printouts. Rather than providing me with the line-item detail breakouts I requested in either electronic or hardcopy format generated from their “fully incorporated accounting system,” they continue to provide summary-level roll-up information grouped by categories.

According to Exhibit B, page 1 of the City contract (PO POHC00000111) awarded to SFAF, Total Expenditures for their current prevention program entitled *HIV Prevention Services Targeting High Risk Behaviors* is budgeted at \$814,172, of which they received a City and County of San Francisco contract in the amount of \$505,271; SFAF is supplementing the balance of the contract with \$308,451 in “private donations,” their pet phrase for use of unrestricted funds.

A subset of the City contract awarded SFAF \$31,941 for development and placement of the *Assumptions* media campaign; information supplied separately to me by SFAF indicates, however, they may be budgeting an *additional* \$308,905 to \$328,559 (above the proposed \$814,172) in unrestricted funds for print media expenses for the 9-month *Assumptions* portion of a larger 36-month media campaign. The additional \$308,905 to \$328,559 appears to have been budgeted after the City awarded the initial contract.

Surely, given state-of-the-art computer systems most nonprofit groups utilize, I cannot imagine that either Boards of Directors or senior management of nonprofit organizations make programmatic funding decisions without requiring a line-item examination of proposed budgets *before* they are incorporated into overall budgets. Since many nonprofits' programs are funded through grants and contracts awarded by local, state, and federal funding sources which require line-item

June 29, 2000
Better Business Bureau
Page 2

budget justification *before* a grant or contract is awarded, release of this information should not pose an undue burden on nonprofits since they had to assemble line-item expenses as part of their funding application submission.

While SFAF provided me in June 1999 with their July 1, 1999 – June 30, 2000 *overall* budget, they persist refusing to disclose line-item breakouts of *project* budgets, which are merely subsets of the overall budget they are required to provide the public.

I am, therefore, filing this complaint that they refuse to disclose detail-level subsets of financial information. Please update BBS records you make available to the public indicating that SFAF is non-compliant in providing project line-item budget information to the public.

Sincerely,

Patrick Monette-Shaw

cc: San Francisco AIDS Foundation
Deloitte & Touche

Patrick Monette-Shaw
975 Sutter Street, Apartment 8
San Francisco, CA 94109

June 29, 2000

William P. Massey
President
National Charities Information Bureau (NCIB)
19 Union Square West
New York, NY 10003-3395

Dear Mr. Massey:

Re: Request for NCIB Evaluation of San Francisco AIDS Foundation

Note: This letter will be posted to the Internet at <http://www.accountabilityproject.com/aidstoriesindex.html> on July 5, 2000 in an Acrobat PDF file; it is part of a presentation to the SFAF Board of Directors.

Please evaluate the San Francisco AIDS Foundation (SFAF) to consider adding them to your *Quick Reference Guide* list of the nonprofit organizations NCIB monitors and provides reports on to the general public. SFAF meets your criteria for “organizations that have stimulated broad contributor interest”; my guess is that they also solicit contributions from the general public nationwide, whether through participation in the annual *AIDS Walk* and *AIDS Ride* fundraising events SFAF sponsors, or through other solicitations.

For the past several years, SFAF has awarded from \$900,000 to \$1.4 million annually in grants to other nonprofit institutions, some of them located around the country (a copy of their 1997 grant award list is attached; note the CAEAR Coalition and the National Association of People With AIDS are based in Washington, D.C., which illustrates SFAF's national “reach”). Additionally, SFAF is perceived by many in the AIDS industry as being a national leader, particularly surrounding their advocacy efforts in influencing national, state, and local legislation regarding a host of AIDS- and HIV-related issues. As well, SFAF's presence at national-level conferences and meetings contributes to the perception they are national leaders. SFAF's annual budget is approximately \$19 million, which places them among the largest AIDS Service Organizations in the country.

According to SFAF's last five audited financial records (FY's ending 6/95 through 6/99), SFAF has budgeted a total of \$5.6 million for “Public Policy” and another \$8.5 million for “Treatment, Education, and Advocacy” during that period; we do not know whether a portion of the \$8.5 million potentially went to *public policy* advocacy efforts (in addition to the \$5.6 million under the “Public Policy” category) and what portion went to “treatment or “education.” Both categories (“Public Policy” and “Treatment, Education, and Advocacy”) are listed under “Program Services.” Since SFAF fails to release to the public line-item budgets for each of their major Program Services categories, the public is unable to determine how much of the “Treatment, Education, and Advocacy” category of Program Services may potentially be going to public policy legislative advocacy efforts to augment spending under their “Public Policy” category. Between these two categories, \$14.1 million has been expended during this five-year period.

Therefore, I strongly urge NCIB to consider adding SFAF to the list of nonprofits you monitor. Should you do so, as part of your investigation please examine whether collateral material developed for use in a 1999–2000 City and County of San Francisco contract (PO POHC00000111) — funds contractually restricted to line-item use for a prevention program entitled *HIV Prevention Services Targeting High Risk Behaviors*, a subset of which funds a media campaign entitled *Assumptions* — is being used inappropriately for Fundraising collateral instead of the prevention project's deliverables. Oddly, part of the *Assumptions* collateral includes printing of 60,000 postcards; it needs to be ascertained whether the postcards or other Program Services collateral are being used for Fundraising purposes. Additionally, please examine whether line-item budget allocations to “Public Policy” and “Treatment, Education, and Advocacy” are unethically diverting funds from unfunded programs that should be addressing critically unmet needs of SFAF clients.

Sincerely,

Patrick Monette-Shaw

Attachment

cc: San Francisco AIDS Foundation
Deloitte & Touche

Patrick Monette-Shaw
975 Sutter Street, Apartment 8
San Francisco, CA 94109

June 29, 2000

Bill Lockyear
Attorney General
Office of the Attorney General
Department of Justice
State of California
P.O. Box 944255
Sacramento, CA 94244-2550

Complaint Regarding SFAF Financial Disclosure

Note: This letter will be posted to the Internet at <http://www.accountabilityproject.com/aidstoriesindex.html> on July 5, 2000 in an Acrobat PDF file; it is part of a presentation to the SFAF Board of Directors.

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I have repeatedly requested that SFAF provide me with an Excel or Word breakout of the *Assumptions* budget, requesting itemization of fees by particular line-item detail for media production expenses (photographers, film, models, typesetting, and design fees, and SFAF staff time, among other line items) to be able to examine planned expenses to various subcontractors involved with the design, printing, and/or placement of this media campaign. Astoundingly, SFAF's written response on April 20, 2000 indicated:

“The specific project budget ... is fully incorporated into our accounting system so it is not available in spreadsheet or word processing format.”

This is absurd. I find it hard to believe an organization with SFAF's sophistication uses a “legacy” accounting system that does not contain a pre-expenditure budgeting module, let alone a budgeting module incapable of providing line-item detail reports or incapable of generating *ad hoc* hardcopy printouts. Rather than providing me with the line-item detail breakouts I requested in either electronic or hardcopy format generated from their “fully incorporated accounting system,” they continue to provide summary-level roll-up information grouped by categories.

According to Exhibit B, page 1 of the City contract (PO POHC00000111) awarded to SFAF, Total Expenditures for their current prevention program entitled *HIV Prevention Services Targeting High Risk Behaviors* is budgeted at \$814,172, of which they received a City and County of San Francisco contract in the amount of \$505,271; SFAF is supplementing the balance of the contract with \$308,451 in “private donations,” their pet phrase for use of unrestricted funds.

A subset of the City contract awarded SFAF \$31,941 for development and placement of the *Assumptions* media campaign; information supplied separately to me by SFAF indicates, however, they may be budgeting an *additional* \$308,905 to \$328,559 (above the proposed \$814,172) in unrestricted funds for print media expenses for the 9-month *Assumptions* portion of a larger 36-month media campaign. The additional \$308,905 to \$328,559 appears to have been budgeted after the City awarded the initial contract.

June 29, 2000
Office of the Attorney General
Page 2

Surely, given state-of-the-art computer systems most nonprofit groups utilize, I cannot imagine that either Boards of Directors or senior management of nonprofit organizations make programmatic funding decisions without requiring a line-item examination of proposed budgets *before* they are incorporated into overall budgets. Since many nonprofits' programs are funded through grants and contracts awarded by local, state, and federal funding sources which require line-item budget justification *before* a grant or contract is awarded, release of this information should not pose an undue burden on nonprofits since they had to assemble line-item expenses as part of their funding application submission.

While SFAF provided me in June 1999 with their July 1, 1999 – June 30, 2000 *overall* budget, they persist refusing to disclose line-item breakouts of *project* budgets, which are merely subsets of the overall budget they are required to provide the public.

I am, therefore, filing this complaint that they refuse to disclose detail-level subsets of financial information to the public.

Sincerely,

Patrick Monette-Shaw

cc: San Francisco AIDS Foundation
Deloitte & Touche