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A Decade of Pandemic Waste …

San Francisco AIDS Foundation

Bay Area Service Cuts:

Pangaea Global AIDS Foundation Deemed Higher Priority

During the period ending in June 2003, SFAF diverted 53% of its program services funds to Pangaea and Africa. This is ***hardly*** the 25% of fundraising proceeds Pat Christen blabbed to the *New York Times* about, trying to "make a case" for the change in SFAF's focus and a so-called "change in mandate," by claiming that diverting 25% of its revenue to Africa would be acceptable to ***all*** of SFAF's various Bay Area constituencies.

PATRICK MONETTE-SHAW, SAN FRANCISCO
INDEPENDENT COMMUNITY OBSERVER

VERSION 1.0 ISSUE DATE: JANUARY 1, 2004

for the

DEDICATION

Clients and Staff

of

Bay Area

AIDS Service Organizations

Held Hostage by SFAF's
"Grantee Model" Grantmaking
(Sharing) of Fundraising Event Revenue

> "I understand that these PTW- [Palotta Teamworks] fundraisers are not based on a 'beneficiary model,' like CAR [the California AIDS Ride]. They are instead based on a 'grantee model' **which affords beneficiaries virtually no control or oversight of costs and cost of fundraising issues**."
>
> — Patricia L. Christen
> Executive Director, San Francsico AIDS Foundation
> Declaration of Support to SFAF's Oppostion to
> Palotta Teamworks' Application for Preliminary
> Injunctive Relief; December 19, 2001; Page 4, Lines 3–5

While Pat Christen did not want the San Francsico AIDS Foundation to held hostage to Palotta Teamworks' "grantee model," she is perfectly willing to force smaller Bay Area ASO's into being held hostage to SFAF's self-same "grantee model." Until the smaller Bay Area ASO's demand their right to be real beneficaries using the "beneficiary model" — complete with a voice in how fundraising event revenue will be shared equitably, and with control over event expense overhead — they will continue to be victimized by SFAF's grantee-model grantmaking, and the Pangaea Global AIDS Foundation will continue receiving the lion's share of SFAF's largess.

San Francisco AIDS Foundation
Bay Area Service Cuts:

Pangaea Global AIDS Foundation Deemed Higher Priority

TheLastWatch Analysis

Media Coverage

After Laying Off At Least 48 Employees, and Massively Chopping Bay Area Services, SFAF Grants Its African Affiliate, Pangaea, $22.4 – $36 Million

Bay Area Service Cuts

C**an anyone seriously believe** that when an HIV/AIDS organization created to address local needs diverts fully 53% of its program services funds in a single year to Africa, that it has ***not*** simultaneously cut its services to the Bay Area in order to fund largess to Pangaea?

When Pat Christen was quoted in the *New York Times* on November 18, 2002 that "[SFAF has] the ability to assist in the global effort, ***without distracting from our effort in San Francisco***" [emphasis added], she failed to elaborate on how SFAF intended to divert, at minimum, $22.4 million away from the Bay Area without detracting from services desperately needed locally.

That's exactly what SFAF has done: In just two years it has routed, at minimum, $22.4 million to Africa, and subsequently cut both services to its Bay Area clients — including accepting fewer clients, increasing waiting lists for services, and providing less one-on-one counseling time with its Bay Area clients — and simultaneously chopped its grantmaking support to other smaller Bay Area AIDS service organizations, hypocritically turning its back on its own clients, as well as clients of other AIDS service organizations in the Bay Area.

In the *Times* article, Christen claims Pangaea's "mandate" to help minority communites grew out of SFAF's experience helping minorities in the Bay Area. But according to San Francisco's local Ryan White CARE Council as recently as in the last three months, San Francisco's Bayview Hunters Point area, largely African-American, has been underserved for years.

The amount SFAF has diverted to Africa in the current fiscal year which ends in June 2004 — also likely to be in the tens of millions of dollars — will not be known until December 2004. However, if SFAF carried forward a level of "flat funding" of the $13.6 million awarded for "grants paid" + "grants payable" for the period ending in June 2003 into the period ending in June 2004, it will have then diverted fully $36 million to Africa. SFAF could only have done so at the expense of massive service cuts to its Bay Area clients.

In November 2002, the *New York Times* underreported that SFAF had "***... diverted $1 million of its money to help establish Pangaea***," SFAF's new affiliate non-profit global AIDS spin-off foundation. The *Times* article reported that "Ms. Christen said some ***people at the foundation were wary about telling donors that money was being spent overseas. 'But we've always been very honest with our donors about what we do with our resources***,' she said [emphasis added."

Honest? Well, not quite.

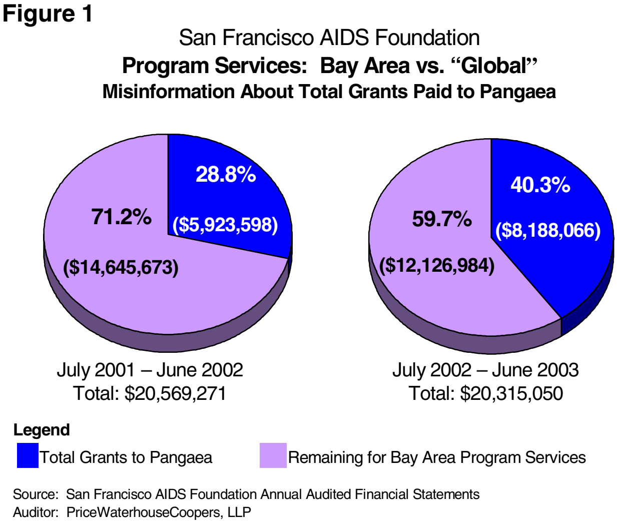
As SFAF's Executive Director, Christen spouted mis-statements to the *Times*, for the truth of the matter is that it was not a mere $1 million that SFAF was in the process of diverting to Africa in just the two-year period ending in June 2003. Surely she knew when interviewed by the *Times* in November 2002 that she had created two separate budgets that six months later, in June 2003, would have completed diverting the $22.4 million to Africa. That Christen did not accurately inform the *Times* reporter the amount diverted was $21.4 million more than the mere $1 million reported can only be seen as outright deception, not the very ethical "honesty" she had attempted to garner for either of her two foundations.

At the time of her interview, she was being disingenuous with the *Times* reporter, as it was Christen's own hand that had created the two SFAF budgets she rammed through SFAF's Board of Directors in consecutive years; after all she is Executive Director of the one organization and President of the other, and her hand crafts the budgets of ***both*** organizations year after year.

SFAF — and in particular, Christen — has been anything ***but*** forthcoming, let alone honest, with either its donors, its clients, or the media. Indeed, as shown in Figure 1, of the $20.5 million SFAF spent on actual "Program Services" in the period ending June 2002, its audited financial statements show that in Pangaea's first year in operation 28.8% ($5.9 million), at minimum, of SFAF's budget for Program Services was routed to Africa. [It was actually much, much more than $5.9 million, but we'll get to that in short order.] For the previous period ending in June 2001, SFAF had only awarded a single "global" grant of just $12,070 (that's right, just thousands); across a single fiscal year, global grants soared from the thousands, into millions. Notably, when SFAF released its budget in July 2001 for the period ending in June 2002 announcing that it would form Pangaea in November 2001, SFAF did not honestly forewarn its public that it intended to divert massive millions to its global "affiliate," which funding skyrocketed in its first fiscal year of operations, diverting well over one-quarter of SFAF's total Program Services expenses to fund Pangaea.

The right-hand slices in Figure 1 show ***only*** "grants paid" to Pangaea during its first two fiscal years in operation, totaling $14,111,664. It also shows that the percent mix of expenses jumped by 11.5%, from 28.8% to 40.3% ($8.2 million) — or two-fifths — of the $20.3 million SFAF spent on Program Services in the period ending June 2003.

Figure 1



Clearly, services ***and*** programs SFAF traditionally has supplied to people with HIV/AIDS in the Bay Area have been chopped. In addition to cutting how much it spent overall on Program Services in the period ending 2003 over the previous period by $254,221, Program Services for the Bay Area was cut by $2,518,689 in order to increase the grants actually paid to Pangaea by $2,264,468 to $8.19 million!

Even though she had told the *Times* in November 2002 that SFAF would not detract from its Bay Area services, just two-and-a-half months later Pat Christen babbled to the *Bay Area Reporter* in February 2003 that "***the amount of direct services [SFAF] can provide will be reduced [in the Bay Area]***." Under Pat's so-called "leadership," SFAF has prioritized people in Africa as having more urgent direct-service needs than SFAF's Bay Area clients, and when eventually forced to explain service cuts in the Bay Area, Christen dishonestly kept from telling the truth: That the Bay Area cuts were made in order to enable SFAF to continue diverting funds to Pangaea. And both the *Bay Area Reporter*, the *New York Times*, and other media have completely neglected to read SFAF's audited financial statements, question Christen about the significant diversion of tens of millions of dollars away from the Bay Area's backyard direct-service needs, and then report this scandal in Bay Area media outlets, where not one drop of ink has been spared to inform people of the magnitude of diversion of tens of millions of dollars that is ***really*** going on.

Artful Deception?: "Grants Payable" Hidden in "Liabilities"

The combined $14.1 million paid to Pangaea in the first two years of its existence shown in Figure 1 is misleading, precisely because SFAF deceptively did not include a separate category of additional "grants payables" in its summary of Program Services expenditures detailed in a chart on page 4 of the June 2003 audited financial statement.

Taking a lesson from the Artful Dodger, in order not to frighten the horses (its Bay Area clients, its donors, and the media), rather than reporting honestly that it had actually doled out additional funds to Pangaea, SFAF chose instead to under-report the actual amount it had spent on "Program Services" by squirreling away that it was on the hook financially to pay out additional "Grants Payable" to Pangaea in both FY '01–'02 and FY '02–'03. The PriceWaterhouseCoopers audited financial reports show that SFAF had placed additional Grants Payable to Pangaea under its "liabilities and net assets" figures, which are not reported as an actual "Expense" under Program Services during the same reporting period. Indeed, while $5,698,669 in "Grants Payable" appears on page 2 of the June 2003 audited financial report, it is not until page 7 that PriceWaterhouseCoopers notes that $5,433,422 of the Grants Payable was owed to Pangaea as a "liability" using revenue or net assets from the same reporting period.

[**TheLastWatch notes** that PriceWaterhouseCoopers also did not elaborate on which other organization(s) in addition to Pangaea were to have received the remaining $265,247 balance in Grants Payable during the period ending June 2003.]

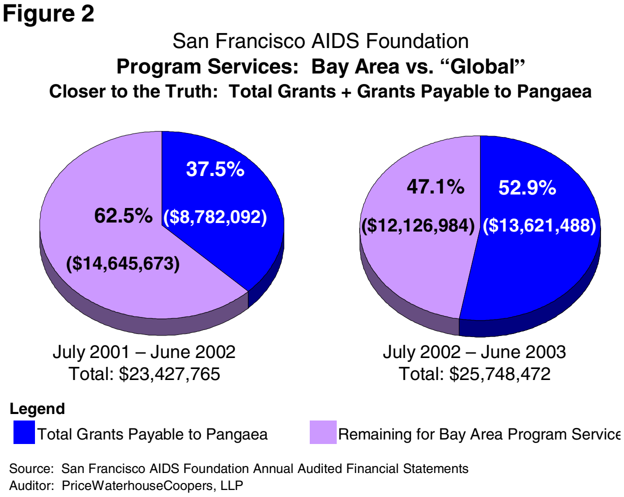
Its curiosity roused, TheLastWatch decided to examine how "grants payable" changed the picture. Based on data in the audited reports from PriceWaterhouseCoopers, TheLastWatch added the "Grants Payable" to the total amount of Program Services, and recalculated the proportion of grants SFAF awarded to Pangaea.

The right-hand slices in Figure 2 illustrates a scenario of what really transpired: Across a single fiscal year for the period ending in June 2003, between grants paid + grants payable SFAF increased the amount it paid to Pangaea by $5.4 million to $13.6 million, not the $8.2 million for the period ending in June 2003 shown in Figure 1, even as it sucked $2.5 million away from services in the Bay Area in order to do so.

And rather than a total of $14.1 million routed to Pangaea by combining the two right-hand slices in Figure 1, combining the two right-hand slices in Figure 2 reveals that $22.4 million has been routed to Pangaea during its first two years of operation for both grants paid + grants payable in this modified view of total "Program Services."

As of this writing in December 2003 — half way through SFAF's current fiscal year — it is anyone's guess how many millions more have been diverted to Africa by way of Pangaea this year, although an educated guess is that if SFAF maintained the same level of "flat funding" as it had the previous year by "granting" Pangaea another $13.6 million for FY July '03–June '04), the cumulative total routed to Africa could be $36 million, or possibly more.

Figure 2



But this is not all that a comparison of Figure 1 to Figure 2 illustrates. Across a single fiscal year, the percent reserved for its Bay Area program services plummeted from 71.2% (Figure 1, which can be thought of as spin control by excluding grants payable) to only 47.1% (Figure 2, a more reality-based view of what actually transpired), a drop of fully 24%, while at the same time the percentage devoted to Pangaea skyrocketed from 28.8% to 52.9% by adding in the grants payable.

The Big Question is why SFAF would have used this new "grants payable" trick. Why did it not simply pay the grants payable and list them as a Program Services expense in its chart on page 4 of the audited financial statement? One answer may be that because listing in its chart on page 4 that it had diverted $8.78 million to Africa during Pangaea's first year of operations and had diverted an additional $13.6 million to Pangaea in its second year — totaling the $22.4 million — was simply too risky, even for brazen and gutsy Pat Christen, since she and SFAF have been unable to make the case to its donors and its Bay Area clients that this diversion was a wise idea. Pat babbled about the risk being worthy, provided a case had been made for the risk, but the truth is the case wasn't made publicly — let alone even presented completely or truthfully to its donors and clients — ***before*** SFAF leapt into the very risky business of diverting tens of millions of dollars to Africa.

SFAF possibly may have ***deliberately*** chosen to utilize grants payable tucked away under "total liabilities and net asssets" precisely in order to camouflage the massive amount of grants it was obligated to pay to Pangaea to prevent a public uproar. Indeed, SFAF's former auditors, Deloitte & Touche LLP, had never utilized the "grants payable" construct in any of SFAF's audited financial reports it had issued, the last of which D&T conducted for the period ending in June 2000; and PriceWaterhouseCoopers did not list grants payable on is first audited financial report for the period ending in June 2001. It was not until after Pangaea was created in November 2001 that PriceWaterhouseCoopers began listing grants payable for the first time in SFAF's audited report for the period ending June 2002.

It appears that it is no mere coincidence this Artful Dodger "grants payable" creative accounting technique was first utilized in the same reporting period in which Pangaea was incorporated as SFAF's so-called non-profit "affiliate," and this artful accounting of the books may have been introduced precisely to avoid frigthening donors — since SFAF was quite wary of informing potential donors about the true nature of the ***massive amount of funds*** being diverted away from Bay Area needs to be channeled overseas instead.

Another way of looking at Figure 2: For the period ending in June 2003, SFAF diverted 53% of its program services funds to Pangaea and Africa. This is hardly the 25% of fundraising proceeds Christen blabbed to the *New York Times* about, trying to "make a case" for the change in SFAF's focus and a so-called "change in mandate," by claiming that diverting 25% of its revenue to Africa would be acceptable to ***all*** of SFAF's various Bay Area constituencies.

One wonders how much more SFAF has awarded to Pangaea in grants + grants payable in the current fiscal year ('03–'04), and how Figure 2 will change showing the percent mix of services provided to the Bay Area when SFAF's audited financial statement for the period ending June 2004 is released to the public in December 2004, which will likely show further cuts to the Bay Area to fund further increases to Pangaea. Reasonable people wonder whether the 53% mix of program service expenses diverted to Pangaea will soar to 65% for the period ending in June 2004, repeating the 12% increase between FY '01–'02 and FY '02–'03.

Turkey Iceberg, Massive Layoffs

Just three days after the *Times* article, on November 21, 2002 the *Bay Area Reporter* weighed in on SFAF's service cuts to people with HIV/AIDS by way of eliminating its traditional Thanksgiving dinner for its clients. But the *B.A.R.* and other media outlets fell victim to SFAF's propaganda — as have many of SFAF's AIDS Walk, AIDS Ride, and AIDS marathon participants and the smaller Bay Area organizations held hostage by SFAF's "beneficiary model" grantmaking, the very model SFAF battled with Palotta Teamworks over who would control the California AIDS Ride — that SFAF had a budget shortfall resulting in an insufficient number of staff to host the holiday event. Nothing could be further from the truth: At the same time SFAF was crying poor in November 2002, it was half-way through the July '02 – June'03 fiscal year in which its revenue from individual donors and foundations/corporations would soar by almost $3.4 million (so there had been no need to have already laid off 28 of its employees in July '02, creating the staff shortage it later used to justify slicing turkey dinner in November '02 from its menu of client services before it sliced an additional 20 employees from its payroll in February '03 in its second round of layoffs in the same fiscal year).

A year before SFAF beheaded its Thanksgiving dinner for its clients in 2002 (which dinner was subsequently not restored for Thanksgiving 2003), it had already launched on November 29, 2001 its affiliate non-profit arm — the Pangaea Global AIDS Foundation, so named after a hypothetical supercontinent presumably containing Earth's single land mass that split apart 200 million years ago. And even as it cut Thanksgiving dinner in 2002 and 2003 to its gay and bisexual male clients, it continued to hold a Christmas luncheon only for its female clients in 2002, though that, too, may have been chopped in 2003, as information about the Christmas luncheon 2003 is not listed on SFAF's web site. Its Christmas and Thanksgiving meals were beheaded in order to help fund the $22.4 million grants to Pangaea.

Presumably, SFAF's pretensions are to create a global foundation providing AIDS services to all continents, with SFAF's executive director also serving as president of the globe ... err, president of its global AIDS foundation. When it incorporated Pangaea as a non-profit entity under its control, SFAF had also presumably already prioritized Africa's needs above needs of its own clients in the Bay Area. Carving turkey dinner from its menu of services to its Bay Area clients was part and parcel of prioritizing services to Africa ahead of a full menu of services for Bay Area unmet needs.

Chopping turkey dinners — and ignoring that its AIDS clients may not feel comfortable being served Thanksgiving dinners in other, possibly hostile alternate venues — is but the tip of the iceberg in SFAF's subsequent reduction in services to the Bay Area HIV/AIDS community. Indeed, its claim of insufficient staff, and not insufficient cash, as the reason to eliminate its Thanksgiving dinner, is hogwash, as according to its audited financial statements SFAF's payroll for its global operations skyrocketed between June 2002 and June 2003 by almost $500,000, indicating it hired more staff for its global operations in 2003 during the same year it had fired a combined 48 people from its domestic, local operations staff. And at every opportunity it is afforded to explain ***honestly*** cuts in services to its clients, SFAF winds up every explanation by petulantly crying poor, begging people to please give it more money by attending its various fundraisers, despite the fact that its fundraising has not been permanently or irreparably hurt by either 9/11 or a sluggish economy, as shown in figures 4 and 5 below. [**Note:** Figure 5 illustrates that individual giving post-9/11 has soared by $261,000 at the end of June 2003, well over pre-9/11 giving.] SFAF's repeated entreaties of "give us more money" are designed to enable it to turn around and give the money to Africa, not provide services in the Bay Area.

Lest anyone think TheLastWatch and SFAF's clients are merely whining about turkey dinners, consider what SFAF has done to its Bay Area housing programs. After various ASO's (including SFAF) and other organizations have conducted costly so-called "needs assessments" across the years costing literally millions of dollars, all of which assessments have consistently identified housing as the greatest unmet need in San Francisco, SFAF has turned a blind eye to housing services in order to march over to Africa. Disturbingly, between FY '00–'01 and FY '03–'04, SFAF cut $207,319 in housing subsidies and housing vouchers to Bay Area clients from its budget, and chopped a whopping $1,523,172 from its various housing programs, since FY '00–'01, as shown in Figure 7. (Africa, pay attention; housing or medical services that SFAF and Pangaea may start out helping you with initially could eventually be cut when next Pangaea changes its priorities, possibly heading off next to India.)

Despicably, these housing service cuts have probably resulted in more homeless people with HIV/AIDS struggling to live on the streets of San Francisco — all so that SFAF can focus instead on Africa to make a name for itself as a "global foundation" by trying to save that continent with mere millions, not the billions that are ultimately needed to help Africa.

And other Bay Area service cuts are designed, in part, to provide SFAF the cash it needs to fund its African operations, Pangaea leading the way and Pfizer, Inc. in tow.

It's an ugly, self-serving story about a non-profit organization eager to diversify by expanding to new markets, rather than serving the very market it had been created to serve 20 years ago: San Francisco and Bay Area clients And it's the tired, age-old story of robbing Peter blind in order to pay Paul, replete with misinformation designed to disguise what is ***really*** going on.

$22.4 Million in Grants Diverted to Africa: Cause of Deficits?

In July 2003, the *Bay Area Reporter* editorialized that it was time for SFAF to revamp the processes it uses to distribute revenue equitably, by distributing AIDS Walk revenue "to groups other than itself." In an accompanying article, the *B.A.R.* noted that just $370,000 of $3.1 million raised at San Francisco's July 2003 AIDS Walk would be "spread out among some 30 other agencies." [**Note:** In recent years, it is actually 33 to 36 other agencies who are purportedly to be beneficiaries of the Walk, and indeed, SFAF spreads heavy propaganda leading up to its fundraising events that it will share the money with so many organizations in order to pump up public participation, hoping heart strings will be yanked, and more money will be raised so it can siphon the money off to Africa.] One agency in San Francisco, Continuum, which provides adult day health care for people with AIDS possibly including physical therapy treatments, saw its 2003 "beneficiary model grant award" from SFAF's AIDS Walk revenue plummet to $2,500, down from the $25,000 it had received from AIDS Walk 2002.

But it is not just that SFAF retains the majority of its funds for its own use, it also prioritizes channeling money to Africa ahead of helping Bay Area AIDS Service Organizations (ASO's) that have been mired in an economic fundraising slump for several years, as donations to charities have reportedly plummeted.

In just two years, SFAF has diverted, at minimum, $22.4 million to Africa while Bay Area residents with HIV/AIDS remain desperate for emergency direct financial assistance and housing vouchers, and while Bay Area ASO's dependent on SFAF's grantmaking remain desperate for funds to help their clients. As shown in Figure 3, across just two fiscal years SFAF's audited financial statements show that it had "provided grants to Pangaea" during the respective years, in addition to having remaining "grants payable to Panagea," totaling the $22.4 million.

And in the two years of Pangaea's existence, neither the *Bay Area Reporter* nor other media outlets have reported on the *Times* article, nor has anyone in the media analyzed and reported on SFAF's audited financial reports.

In both audited statements — for July 2001–June 2002 and July 2002–June 2003 — PriceWaterhouseCoopers, SFAF's auditors, used very precise language that the grants payable were "in addition to" grants actually awarded, indicating that SFAF was financially on the hook to pay the grants payable. As of this writing [December 2003], SFAF is already half-way through its current fiscal year for the period ending June 2004, and no documentation will be available to determine how many more millions will be diverted this year to Africa until SFAF releases its audited financial statement for July 2003–June 2004 in December 2004.

Figure 3

SFAF Grants to Pangaea

FY Ending	Grants Awarded	Grants Payable	Subtotal
June '02	$5,923,598	$2,858,494	$8,782,092
June '03	$8,188,066	$5,433,422	$13,621,488
Total	$14,111,664	$8,291,916	$22,403,580

Source:
San Francisco AIDS Foundation Audited Financial Statements
Auditor: PriceWaterhouseCoopers, LLP

In February 2003 during the midst of fiscal year '02–'03 ending in June 2003, SFAF claimed it faced a $700,000 shortfall ("SFAF announces budget cut specifics," *Bay Area Reporter*, February 6, 2003, below) and would have to cut services to its Bay Area clients, ***including accepting fewer clients***, providing less one-on-one [counseling] time between clients and staff, increasing waiting lists for services, and cutting other "non-essential" services. (Well, if those services had not been "essential" in the first place, what exactly were they, and why had they been previously provided?) In addition, the article noted SFAF was laying off an additional 20 staff members, bringing the number of domestic staff SFAF had fired to 48, (fewer staff obviously means fewer clients will be seen, which is a cut in services in its own right) anticipating another $1.6 million deficit for FY '03–'04. Facing a combined $2.3 million ***purported*** deficit across the two fiscal years did not stop SFAF from awarding its global affiliate, Pangaea, $13.6 million in grants and grants payable in 2003 and another $8.8 million in 2002, even as it chopped services to its Bay Area clients in order to fund the largess to Pangaea.

The 20 layoffs in February 2003 were in addition to the 28 layoffs announced in June 2002 scheduled to take effect in July 2002, which SFAF blamed on a $2.5 million budget gap ("Pat takes a pay cut," *Bay Area Reporter*, June 20, 2002, on the Bloated Salaries section on the SFAF main page on this web site). It is unclear why there was a $2.5 million budget gap in June 2002 and possibly a different budget gap of $2.3 million announced in February 2003, when, in fact, total revenue had climbed by $6.4 million dollars across the two-year period (end of June 2001 to end of June 2003). And SFAF has not explained why it claimed to have budget gaps in both 2002 and 2003 yet still awarded Pangaea $22.4 million in grants. Perhaps the grants are the very reason there have been budget gaps, but neither SFAF nor Pangaea have been forthcoming about which came first, the chicken (the $22.4 + million in grants) or the egg (the purported "budget deficits" SFAF reported in both June 2002 and February 2003).

Had a reporter bothered to inquire about the reasons behind both purported budget deficits, SFAF would likely not have been forthcoming about the Pangaea grants + grants payable, but at least the question would have been asked; after all, SFAF and PriceWaterhouseCoopers had quietly tucked the latter category neatly hidden away under "liabilities," possibly hoping a reporter wouldn't notice the clever accounting of grants payable.

[**Note: In addition to the grants payable to Pangaea**, SFAF also had other grants payable of $776,393 ending in June 2002 and $265,247 ending in June 2003 for a total of $1,041,640 across the two years, both of which were tucked away under "liabilities." But neither of its two audited financial statements indicated who was to receive the extra grants payable (i.e., local/domestic vs. global ASO's), nor how and from which accounts SFAF would pay them. Those additional grants payable may also have contributed to the purported budget deficit causing the loss of services to the Bay Area.]

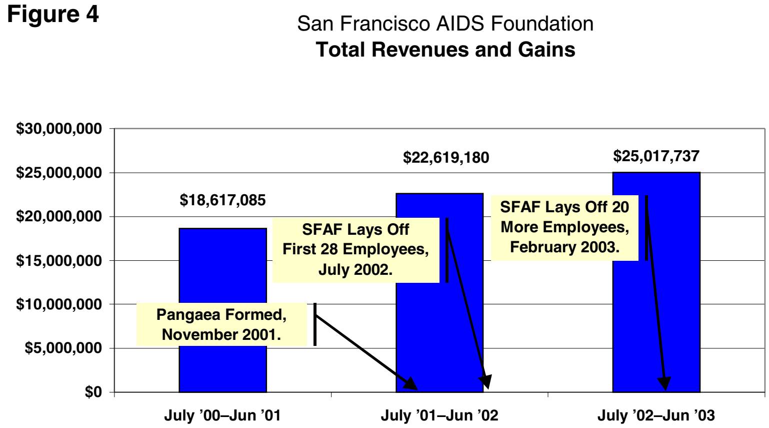
So just how did SFAF find the largess to award Pangaea tens of millions of dollars in grants it claimed it didn't have to help Bay Area residents living with HIV/AIDS? Well, SFAF claimed that Pfizer, Inc. — the international pharmaceutical giant known for its high-priced AIDS medications, among its other high-priced pharmaceuticals — had awarded SFAF an $11 million dollar grant to launch Pangaea in November 2001. But disturbingly, while PriceWaterhouseCoopers noted in SFAF's annual financial statement for the period ending in June 2002 that SFAF had "recognized $4.4 million of the Pfizer grant during the year ended June 30, 2002," and the remainder [of the $11 million] would be "recognized as [SFAF] meets the conditions associated with the [Pfizer] grant," there is no mention in the PriceWaterhouseCoopers audited financial statement for the period ending in June 2003 that SFAF had either a) Finally "recognized" the balance of the Pfizer grant the previous year, nor b) That SFAF had eventually received another portion of the funding from ***Pfizer*** for the period ending in June 2003, if it was, in fact, a Pfizer multiyear grant.

To be fair, SFAF saw "corporate and foundation contributions and grants" increase for the period ending in June 2003 by $2.6 million to $7.7 million, but it is not obligated to disclose to the public exactly which corporations contributed what specific amounts, so it is unclear whether Pfizer kicked in the remaining balance of $6.6 million in a single fiscal year (ending June '03). And it is troubling that the PriceWaterhouseCoopers statement for the period ending June 2003 saw fit to make absolutely no mention of Pfizer; apparently SFAF chose to clam up about its relationship with Pfizer for the period ending in June 2003. [Note: For more on SFAF's relationship with its auditors, see the Annual Audits section on the SFAF main page on this web site.]

And what of SFAF's claim that it had possibly two separate $2 million budget deficits resulting in the need to chop services clients ***and*** layoff 48 of its 100 or so employees between July 2002 and February 2003?

In order to have a deficit, an organization needs one of two things: Deceased revenue, or excessive spending (or a combination of the two). As shown in Figure 4, SFAF did not have decreased revenue causing a budget deficit; indeed, across a mere two year period SFAF saw its revenue soar by $6.4 million (and its overall revenue may have climbed even higher in the current fiscal year which will end in June 2004). The $6.4 million in increased revenue was reported by PriceWaterhouseCoopers on SFAF's audited financial statement — not on Pangaea's separate financial statement, since

Figure 4



Source: San Francisco AIDS Foundation Annual Audited Financial Statements
Auditor: PriceWaterhouseCoopers, LLP

the two organizations claim to be separate non-profit organizations. And the increased grant awards to Pangaea noted in Figure 3 are grants made by the San Francisco AIDS Foundation from SFAF's revenue, separate from any revenue Pangaea may have raised of its own accord.

Even while SFAF was busy churning out propaganda in June 2002 and February 2003 claiming we should believe it had a budget deficit for the period July '02 to June '03, Figure 4 illustrates that when its audited financial statement for the period ending in June 2003 was released to the public in November 2003, rather than seeing decreased revenue, we saw overall revenue soar by $6.4 million, proving SFAF's Executive Director, Pat Christen, had been spewing, at best, pure misinformation in the November 2002 *New York Times* and *Bay Area Reporter* articles, and the *B.A.R.* articles in June 2002 and February 2003.

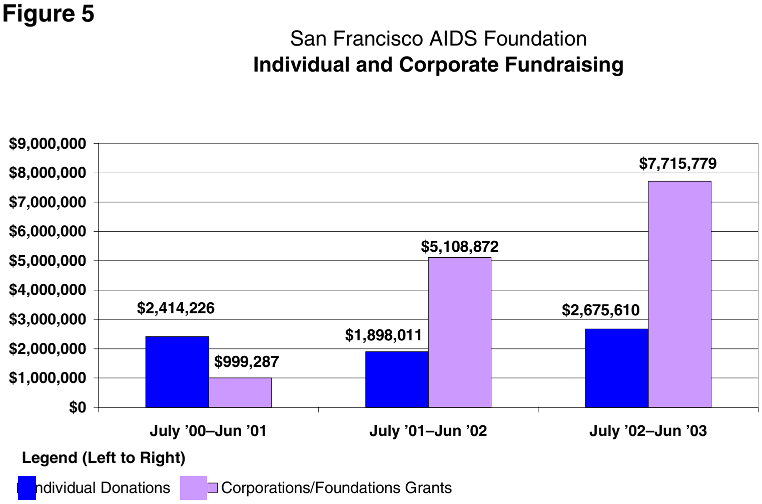
And while Christen was quoted in the February 6, 2003 *B.A.R.* that "Government deficits are very significant at the city, state, and federal levels," in a bald attempt to deceive the public about why services at the Foundation have been cut at SFAF for the past three years, the truth of the matter is that SFAF has only seen a modest decrease in its government contracts during the same period. While its audited financial statements show a decline of only $426,115 in "government grants" across these three fiscal years (see the Annual Audits section on the SFAF main page on this web site), Figure 5 illustrates that SFAF simultaneously had seen an increase of over $261,384 in increased fundraising from individual donors, and a staggering $6,716,492 increase in contributions from corporations and foundations, across the three audited financial statements. SFAF ***does not*** have a revenue shortage on its hands, as it wants to mislead us. Instead, it has experienced a $6.4 million to $7 million increase in revenue since the end of June 2001.

That leaves "excessive spending" as the cause of any possible deficit we are being mislead by SFAF into believing has occurred. And the excessive spending points in only one direction: East by South-east, to Pangaea in Africa.

Christen brazenly noted in the *B.A.R.* February 6, 2003 article ("SFAF announces budget cut specifics," below) that "There is no ***escaping*** the unfortunate reality that the amount of direct services [SFAF] can provide ***will be reduced*** [emphasis added]." The unfortunate reality, more honestly, is that direct services to Africa were increased, but could not have been without reducing direct services to the Bay Area.

Christen, deceitfully, was less than forthcoming that SFAF's income from two other sources of giving had swelled across the past three fiscal years by this cool $7 million, and that cutting services to the Bay Area did not have to occur, given the increased revenue. Yet SFAF, apparently with Pat's blessing or direction, callously persists in chopping services to the Bay Area, despite increased revenue. The "unfortunate reality" is ***not*** that SFAF is having to tighten its belt due to a shortage of income; instead SFAF is forcing its so-called Bay Area "beneficiary organizations" into tightening ***their*** belts — as well as tightening its own Bay Area clients' belts by way of cutting client services — in order for SFAF to feed and prosper Pangaea at the hog's trough, while SFAF suffers cuts on its Bay Area constituents using "distributive justice" as its rationale to justify its despicable actions. While SFAF likes to advertise it is sharing event funds with other so-alled "beneficiary" organizations, it does so using the very "grantee model" that it argued with Palotta Teamworks over, not the "beneficiary model" that SFAF prefers for itself.

Figure 5



Source: San Francisco AIDS Foundation Annual Audited Financial Statements
Auditor: PriceWaterhouseCoopers, LLP

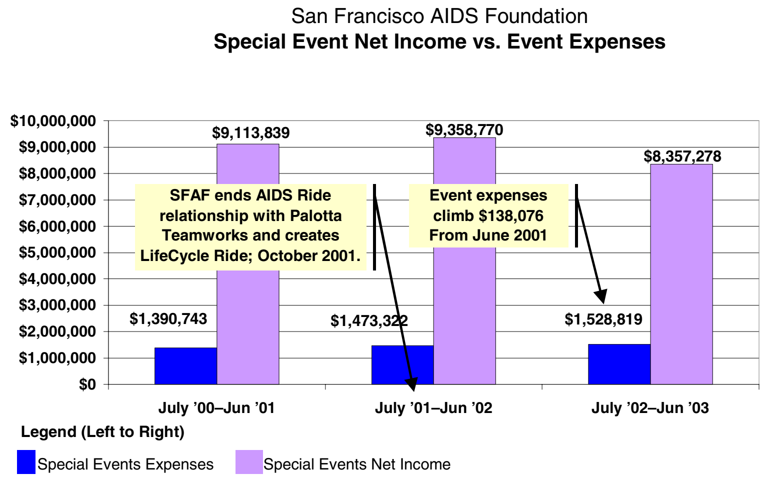
And while SFAF would like to dupe the public into believing it chopped services in the Bay Area due to a loss in fundraising revenue — expecting us to ignore both the increase in individual (non-fundraising event) revenue and the increase in corporate/foundation revenue noted in Figure 5 — the truth of the matter is that across the last two fiscal years, as shown in Figure 6 (on the next page), SFAF has lost only $756,561 in net income from fundraising events, bringing its total increase in revenue down from $7 million to $6.4 million.

[**Note from the LastWatch.com:** SFAF would have only lost $618,485, not the $756,561, in fundraising event revenue had it better controlled event expenses since taking over the AIDS Ride (now called LifeCycle

Ride), since event expenses from the Rides, Walks, and Marathons have climbed by $138,076 during the same period, even though SFAF has dumped Palotta Teamworks as an event producer. Soaring event overhead expenses remain an issue; see the Fundraising section on the SFAF main page on this web site.]

Therefore, if SFAF does not have a revenue shortfall, reasonable people can only conclude that "excessive spending" at SFAF is entirely out of control, and it is precisely out of control because of the tens of millions SFAF has routed to Africa via Pangaea as a result of SFAF's shift in priorities placing Africa's needs above those of people living with HIV/AIDS in the Bay Area. Most probably, SFAF rationalizes its shift in priorities due to "distributive justice," a theory of ethics in which traditionally underserved populations are "made whole" by chopping services to one set of constituents and increasing services to a replacement population, supplanting services to the former. TheLastWatch wonders how SFAF explains its "distributive justice" ethical theories to its Bay Area clients living with HIV/AIDS who may have been forced into homelessness by SFAF's cuts to its housing programs in favor of vaccine "preparedness" for Africa (whatever that is, given the dismal absence of a viable, efficacious AIDS vaccine, and given SFAF's abysmal record of awarding any meaningful grants for actual vaccine development duirng its ten-year decade of pandemic waste).

Figure 6



Source: San Francisco AIDS Foundation Annual Audited Financial Statements
Auditor: PriceWaterhouseCoopers, LLP

Despite a legal disclaimer in PriceWaterhouseCoopers audited financial statements that SFAF has "neither control [of] nor an economic interest in Pangaea," in practice and in reality nothing could be further from the truth: SFAF appears to have had a vested interest in making grants totaling at least $22.4 million to Pangaea to date at the expense of cutting desperately needed services to its Bay Area clients. To believe otherwise is to believe nonsense. And indeed, money raised by SFAF at its various fundraising events, and from individual and corporate donors, may possibly be structured precisely to channel the money to SFAF first, rather than directly to Pangaea, for tax purposes or possibly other "economic interests." Surely, neither PriceWaterhouseCoopers nor SFAF seriously believes SFAF has no control of, nor an economic interest in, Pangaea. And neither, dear reader, should you.

In the end, SFAF's largess to Pangaea can only be seen as part and parcel of SFAF's decade of pandemic waste: In the Winter 2002 issue of its publication, *BETA* (Bulletin of Experimental Treatments for AIDS), Pangaea noted "Unless [our] initiatives build good, solid infrastructure to sustain and manage these projects [in Africa] over the long term, we will have ***wasted*** a tremendous amount of resources [emphasis added]." From the perspective of many of SFAF's Bay Area clients, and the smaller ASO's hurt by SFAF's diversion of resources to Africa, SFAF has already proved to be wasting resources Bay Area donors had contributed to SFAF in the expectation of helping resolve the Bay Area's unmet HIV/AIDS needs.

Bay Area FY '03–04 Housing Cuts

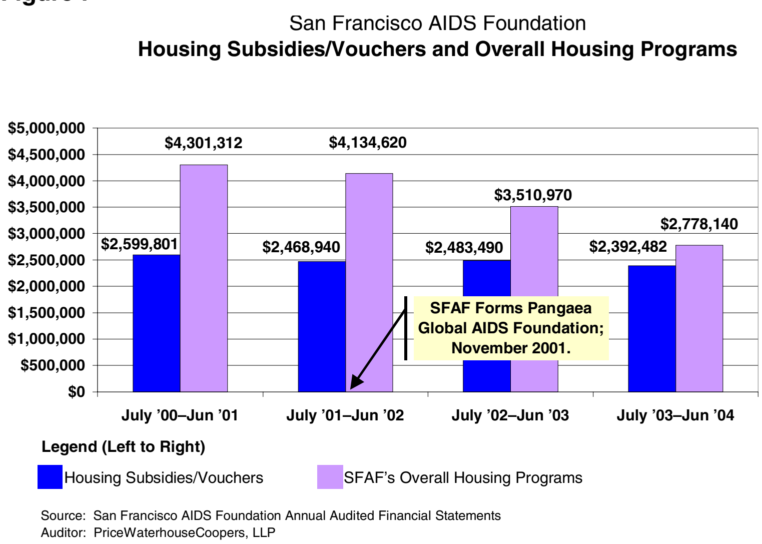
After various ASO's (including SFAF) and the City and County of San Francisco have spent literally millions of dollars — including federal Ryan White CARE Act funds intended to provide actual healthcare services to people with HIV/AIDS — across the years to learn what the greatest unmet needs are for people with HIV/AIDS in San Francisco, which costly so-called "needs assessments" have consistently identified housing as the greatest unmet need, SFAF has turned a blind eye to housing services in order to establish a beachhead in Africa. Indeed, across the four fiscal years shown in Figure 7, despite having identified housing repeatedly as the greatest unmet need of people living with HIV/AIDS in the Bay Area, SFAF has cut from its budget $207,319 in housing subsidies and housing vouchers, and a staggering $1,523,172 from its various housing programs since FY '00–'01.

And sadly, SFAF had so poorly managed the City of San Francisco's HIV/AIDS-related housing waiting list program — a.k.a., the CHIPS wait list — that San Francisco's Department of Public Health eventually took the waiting list contract away from SFAF by taking it back in house (rarely does DPH take back a contract and perform it in house, but it it is forced to when contractors fail so miserably to perform contractual obligations).

Despicably, these housing service cuts have probably resulted in more homeless people with HIV/AIDS struggling to live on the streets of San Francisco, making it more difficult for them to adhere to their treatment regimens, and likely making them sicker and potentially more infectious — all so that SFAF make a name for itself in Africa as a "global foundation."

While San Franciscans, desperate for housing, weep homeless at night, disturbed that their needs have been usurped, supplanted by Pfizer Inc.'s posturing to get its foot in Africa's pharmaceutical front door … with SFAF's complicit "grants paid + grants payable" assistance, cleverly disguised by so-called expert auditing of SFAF's and Pangaea's Artful Dodger creative bookkeeping.

Figure 7



Bay Area Prevention Counseling Cuts

As reported elsewhere on this web site (repeating information on the Gay Life workshops page):

SFAF reported the number of Gay Life workshop attendees on only one of its tax returns, for the period ending in 1998, reporting 204 participants. In subsequent tax filing years, SFAF lumped together the Gay Life workshops with the Black Brothers Esteem (BBE) workshops, reporting an aggregate number, so determining attendance trends only for the Gay Life workshops is difficult to ascertain. That said, it is troubling that SFAF's tax returns show that the number of gay and bisexual men receiving (apparently one-to-one) prevention case management has dropped every year: From 177 gay/bi men in 1998, to 157 (1999), 116 (2000), 105 (2001), and 101 (2002) — which is particularly troublesome since the 2000 to 2002 City of San Francisco general fund contract stated that for 2001 and 2002, 125 clients would be served with prevention case management (being short by 20 and 24 clients according to its tax returns, respectively, in those years, for an approximately 19% gap in the number of clients to be served).

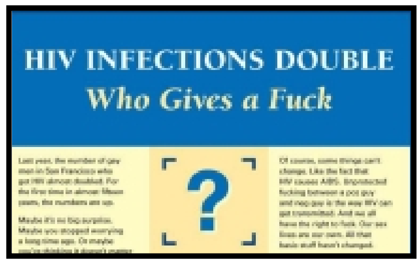
That's right: **Contracted to have provided case management services to 125 clients, SFAF appears to have been able to locate only 101 Dalmatian's (err … 101 clients) in 2002 interested in having their gay lives case-managed by SFAF.** As well, the 2000–2002 SF DPH contract stated that 1,160 clients would be served by other non-case management components of the BBE and Gay Life programs each year, yet SFAF's tax return for the period ending in June 2002 boasted in Statement 6 that only 649 — not 1,160 — had received these services, leaving a reasonable person to wonder whether 511 clients (44% of those projected in the contract) simply went unserved. How can SFAF be reporting one set of data to the IRS, and possibly other data to DPH hoping to bypass the scrutiny of DPH's contract compliance officers', and the San Francisco Health Commissions', radar?

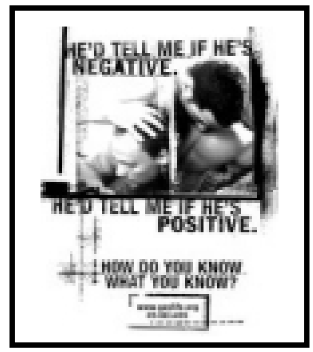
One of two things seems to be occurring: Either gay and bisexual men have finally wised up to the utter uselessness of the Gay Life workshops and individual counseling suggesting that SFAF has oversaturated the likely number of people interested in these interventions … OR … SFAF ***has cut the number of staff providing these services***, resulting in fewer case management "treatment" sessions being available to Bay Area clients. Indeed, since releasing its tax return for the period ending June 2002, SFAF has reportedly laid off at least 48 employees (or approximately half of its staff) due to purported budget deficits (which deficits are untrue, given the $6.4 million in its increased revenue), resulting in part from SFAF's diversion of funding from the Bay Area to launch SFAF's affiliate non-profit, the Pangaea Global AIDS

Foundation in Africa. It will be instructive to see the tax return for the period ending June 2003 when it is released in May 2004 to learn how many gay and bisexual men received prevention case management counseling in FY July '02–June '03 (unless SFAF simply stops reporting those numbers on its tax returns, just as it has stopped reporting other data it doesn't want its charity-donating public to know about readily, or obtain easily). And it will be even more instructive to see the tax return for the period ending June 2004 when it is released in May 2005 to learn what ***other*** Bay Area prevention programs and other services were cut, supplanted to fund Pangaea's services to Africa.

Dearth of Prevention Social Marketing

Since launching Pangaea in November 2001, SFAF has not conducted any print media prevention advertising campaigns in the Bay Area. Just ask the *Bay Area Reporter*, who has been paid only to run SFAF's Gay Life workshop registration and promotion advertisements; the *B.A.R.* will know that no prevention media campaigns have been conducted by SFAF since mid-2001, since the two ads to the right were last run.





In January 2001, the Institute of Medicine (IOM) issued a report titled *No Time To Lose: Getting More From HIV Prevention*. SFAF's Public Policy Department must, surely, have read the IOM report before it launched Pangaea eleven months later in November 2001. One of the IOM's "research institutions" reviewers was none other than Thomas Coates, PhD, whose agency, the UCSF Center for AIDS Prevention Studies had been contracted to provide an efficacy analysis of SFAF's "Gay Life" program, which analysis has never been released to the public, perhaps because the program may have low efficacy results. The IOM's report noted that social marketing advertising campaigns "show remarkable efficacy in preventing new HIV infections," and "can be highly cost-effective because they can inexpensively reach large numbers of at-risk individuals" (page 117). Other HIV prevention authorities have long noted that sustained and consistent social marketing media ad campaigns presenting basic prevention information are a key component in preventing additional HIV infections.

In 1998, Stephen LeBlanc noted in a *Bay Area Reporter* article, ("Infection, Reinfection: Can We Talk?," *Bay Area Reporter*, July 23, 1998, page 27) that SFAF's 1997 Compass Prevention [advertising] Project had:

> "… 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 [advertising] programs were not directly addressing safe-sex if other media campaigns were filling that gap. Unfortunately, that has not been the case." LeBlanc further noted "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]" [emphasis added].

Indeed, SFAF's FY 1999-2000 Budget noted that "[The Assumptions] multi-year risk reduction campaign [is intended] 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." But instead of a three-year sustained media campaign, SFAF then unilaterally internally changed its "most important" mandate by cutting short the three-year media campaign in order to launch Pangaea.

SFAF's controversial "Who Gives a Fuck" ad sparked community outrage in 2000, and the Assumptions Phase II ads designed with a gritty look-and-feel abruptly ended in early 2001, despite SFAF's 1999 debut of the "Assumptions" claiming the prevention ads ***were supposed to have been*** a three-year (36-month) campaign. But the Assumptions campaign died an early death, possibly curtailed to launch SFAF's global annexation, at just about the same time it was preparing to launch Pangaea in November 2001; rather than a three-year media campaign, the Assumptions ads — albeit costing between $650,000 and, potentially, $1.4 million — were a two-year flash in the pan sacrificed from the mix of services to its Bay Area clients, new HIV infection rates in the Bay Area be damned so Pangaea could be birthed.

What has ensued — since Pangaea was formed to channel funds to Africa — is a complete dearth (as in, complete absence whatsoever) of any social marketing prevention media campaigns sponsored by SFAF in San Francisco, since SFAF has ignored that Bay Area need for now well over two years beginning in mid-2001. And callously, the cut of social marketing prevention ads may have directly contributed to purported rates of rising HIV infection in San Francisco. How ironic is it, that the very organization trying to stem the rise in HIV cases in San Francisco has abandoned, for well over two years, any sense of ethics in utilizing social marketing prevention ads in the Bay Area, merely in order to have additional Monopoly money to divert to Africa, instead?

SFAF's 25% Solution

At its Summer 2001 Board of Directors meeting, SFAF's staff — in particular, Pat Christen — promised its Board that it would not divert funds from the Bay Area in order to launch Pangaea the following November; it had further promised not to launch Pangaea unless sufficient revenues were raised independently to prevent having to rob Peter to pay Paul to launch Pangaea. The promise was repeated in its annual Budget document for FY '01–'02: "While we are optimistic about the likely success of the Marathon given strong runner registration numbers to date, as a first-year event we have been very conservative in actually relying on AIDS Marathon funds to support [global] operations." While projecting $3.7 million in revenue from the newly created AIDS Marathon (before subtracting event expenses), and although it grossed $3.8 million from the first Marathon, the California Attorney General's report showed that only $2.28 million went to SFAF, since event overhead expenses had gobbled $1.63 million, as shown in Figure 8.

Missing from Figure 8 is how much money SFAF had raised from its newly formed LifeCycle 1 event, which was first held in the summer of 2001 after breaking away from Palotta Teamworks following the nasty legal battle over the California AIDS Ride. Since it claims it is now producing its new Ride without the help of a third-party commercial fundraiser event producer, SFAF has neglected to file with the Attorney General's office a statement showing overall revenue, event expenses, and how much was realized in net proceeds from its LifeCycle ride. But if we are to believe Pat Christen that just 25% of ***only*** the Marathon revenue would be used to support Pangaea, Figure 8 illustrates that even adding in 25% of net revenue from the AIDS Walk (without having told its walkers prior to the event that it might divert Walk money to Pangaea) nowhere near adds up to the $8.8 million dollars SFAF diverted to Pangaea between grants paid + grants payable shown in Figure 2 above during the same fiscal year as the fundraisers shown in Figure 8 (i.e., fiscal year July '01–June '02).

Figure 8

Fundraising Event	Period		Net Proceeds After Expenses	Assumption: 25% Donated to Pangaea
SFAF AIDS Walk (Walkathon)		7/15/01	$2,280,453	$570,113
SFAF Marathon Training Program	2/1/01	4/1/02	$2,192,390	$548,098
		Subtotal	**$4,472,843**	**$1,118,211**

Source:
California Attorney General's Registry of Charitable Trusts

Indeed, the paltry $548,098 raised by marathoners — representing 25% of just the Marathon net proceeds — would have only reduced the $8.8 million first-year burden in grants + grants payable to Pangaea to $8.2 million for fiscal year '01–'02. And since Pfizer had only released $4.4 million in the first year of its three-year grant to launch Pangaea, SFAF would, therefore, have been on the hook for the $3.8 million remaining in the balance from the $8.2 million. Most probably, SFAF made up the $3.8 million by dipping into funds raised by its bike riders and the AIDS walkers — without telling them prior to those events that was what it would eventually do. And indeed, the list of grants SFAF awarded and attached to its IRS tax forms for the period ending in June 2002 (the most recently released tax return) — which list for years had been titled as grants made from the AIDS Walk — shows that SFAF had awarded grants of $5.9 million to Pangaea from its various fundraising events.

But the numbers don't add up: If the $5.9 million SFAF reported to the IRS represented only the grants paid and had not included "grants payable," and if Pfizer had contributed only $4.4 million, that left SFAF holding the bag for the remaining $1.5 million it awarded Pangaea in grants paid, but does not explain how the additional $2.86 million in grants payable for FY '01–'02 to Pangaea was paid. SFAF was on the hook for between $4.2 million and $4.4 million in grants + grants payable to Pangaea, but it has offered no explanation of which fundraising sources were eventually tapped, or which Bay Area services were cut, to pay the Pangaea piper.

SFAF cannot claim that the increased corporation/foundation revenue shown in Figure 5 could have footed this bill to Pangaea, as of the $5.1 million noted in Figure 5, Pfizer had contributed $4.4 million, leaving a modest balance of

$708,872 in corporate/foundation giving in FY '01–'02 to pay the $4.3 million owed to Pangaea. Notably, without the Pfizer grant, SFAF would have seen a $291,000 decrease in corporate/foundation giving from the previous FY in '00–'01, in addition to the $516,000 decrease in individual giving noted in Figure 5 for FY '01–'02. Yet despite this fall off of $807,000 between decreased corporate/foundation and individual giving in FY '01–'02, — and despite being on the hook to other organizations besides Pangaea for an additional $776,393 in grants payable in FY '01–'02 — SFAF still managed to divert $4.3 million of its own funds to Pangaea, possibly by dipping into non-Marathon fundraising.

In the end, SFAF's assertion to the *New York Times* that it would divert no more than 25% of its fundraising to Pangaea does not pan out. Examining Figures 1, 2 and 8, SFAF's diversion of tens of millions of dollars to Pangaea does not add up to 25% of fundraising event revenue, and the loss of direct services to the Bay Area has been staggering.

It has been substantially more than a mere "25% Solution." And what now needs to follow in the Bay Area should be substantial, sustained, and quite vocal opposition to SFAF's diversion of further resources away from unmet needs to San Francisco and our Bay Area neighbors. Because without vocal opposition now, the diversion of funds to Pangaea will continue, and likely grow..

The Unkindest Cut of All: Bay Area ASO Cuts

Elsewhere in this report it has been noted that SFAF has chopped the amount of funds it shares with the smaller Bay Area AIDS service organizations, and has simultaneously slashed its domestic staff by firing at least 48 of its employees.

Indeed, across a single FY — from '01–'02 to '02–'03 — SFAF has slashed its salaries budget for domestic staff providing Program Services, by $1,985,382 (even as it increased its salaries budget for Fundraising by $314,196 across two-years, FY '00–'01 to FY '01–'03) during Pangaea's second year of operations in which the 48 domestic employees were fired. After all, SFAF needed that $2 million in domestic salary savings to help fund its Pangaea operations overseas.

As well, the July 24, 2003 *Bay Area Reporter* editorial "AIDS Walk Needs Revamping" (located on he Fundraising section of the main SFAF page on this web site) noted that only $370,000 of the AIDS Walk 2003 funds would be shared with the smaller Bay Area ASO's, down significantly from previous years. The distribution of AIDS Walk funds shared is covered in detail on the Fundraising page, and it is probable the other Bay Area ASO's have also had to lay off staff in the face of dwindling "grantee model" support from SFAF.

So the unkind cut of staff members across agencies who had been providing direct services to people with HIV/AIDS in the Bay Area has led directly to the unkindest cut of all: SFAF is not just forcing its ***own*** clients into longer waiting lists when not eliminating services entirely; the unkindest cuts are to those clients of ***other*** Bay Area ASO's who are experiencing the trickle-down effect of cuts, when many of those clients participated in the AIDS Walks, AIDS Rides, and the AIDS Marathons hoping their agencies would receive a larger slice of the pie, and have seen the money routed to Africa, instead. (For more on the unkindest-of-cuts to the ASO's, see the SFAF Fundraising section on this web site.)

Abandoning Bay Area?

In November 2002 — just seventeen days before the *New York Times* article appeared in print — SFAF merged its third non-profit affiliate, the "San Francisco AIDS Foundation HIV Prevention Project" (or HPP, a needle-exchange program) into a single non-profit with SFAF. That merger resulted in a contribution of net assests from the HPP to SFAF of $328,696 according to its audited financial statement for the perdiod ending June 2003.

Given that 53% of its program services expenses were diverted to its other "affiilate" non-profit, Pangaea (which shares the same 995 Market Street address as SFAF), in the same fiscal year as the merger with HPP, reasonable observers wonder how long it will be before SFAF simply merges with Pangaea into a single non-profit, by claiming that its sole "mandate" will be its partnership with Pfizer, Inc. and its other partners in Africa.

Should that eventuality come to pass SFAF's Bay Area clients, and the smaller ASO's who have been held hostage for years by SFAF's "grantee model" of grantmaking, can kiss SFAF's direct services to the Bay Area goodbye. To prevent any such eventuality, SFAF's donors should immediately stop contributing to SFAF, if they really want to preserve services to people living with HIV/AIDS in the Bay Area.

Failure to do so will only hasten SFAF's merger into a single global foundation with Pangaea, as it despicably and hypocritically turns its back on the Bay Area.

Media Coverage

Carpetbaggers Chop AIDS services

Guest Opinion, *Bay Area Reporter*, 2/6/03 **by Patrick Monette-Shaw** Reprint permission courtesy of the *B.A.R.*

The San Francisco AIDS Foundation's decision to further slash its staff and chop client services is disturbing ("SFAF to cut services and staff," *B.A.R.*, January 30). Particularly troubling — though not particularly surprising — is that SFAF's executive director, Pat Christen, is not telling us the whole truth: Known facts presented here counter misinformation currently being misrepresented by SFAF.

SFAF's reported $700,000 shortfall is suspicious. On February 14, 2002 DPH threatened to cut a $383,179 contract to SFAF for emotional and practical support; by the time the Health Commission approved this contract in November 2002, the contract had doubled to $769,621, presenting SFAF a windfall of $380K not planned for in its current budget. So why is SFAF now claiming a $700,000 shortfall?

Last September, SFAF released its current year budget to the public fully three months late, claiming it wanted to ensure its revenue projections were realistic. The current FY budget [July 2002 to June 2003] was set at $20,729,115; down $3.8 million from the $24,614,287 budget for FY '01–'02, not the $2.5 million gap reported last week. The actual difference between the two periods should have been $4.9 million, but in order to hide from the public its dire financial condition, this year's budget included an extra $1.02 million, by combining its separate HIV Prevention Project (needle exchange) affiliate's budget into SFAF's master budget.

Subtracting the current $700,000 "shortfall" and next year's reported budget deficit of $1.6 million, one would expect the current year budget of $20.7 million would only shrink to $18.4 million next year, rather than the reported $16.6 million, unless of course there's an unreported additional budget deficit of $1.8 million SFAF has not acknowledged. That said, this prominent AIDS organization has seen its budget plummet $8 million (from $24.6 to $16.6 million) across a mere three years, despite padding its budget by incorporating the HPP affiliate budget. This cannot all be explained by Christen's reported weak excuses, and the answer lies, in part, by examining — in Enron vs. Arthur Anderson fashion — SFAF's financial documents.

By comparing SFAF's last three audited financial statements, we learn SFAF's total net assets stood at $7.9 million at the end of June 2000; at the end of June 2002, PriceWaterhouseCoopers (its new auditor) reports SFAF's net assets total $3.7 million, as of June 2002. (SFAF's previous auditors, Deloitte & Touche, were sued by Adelphia Communications in November 2002 for failing to report "self dealing, financial chicanery, professional negligence, and breach of contract").

In this two-year period, SFAF potentially either released from restrictions, or sold off, $4.16 million in total net assets. Shockingly, during a single FY, between June 2001 and June 2002, SFAF's cash and cash equivalents soared $1.83 million, from $547,359 to $2,380,078 — a disturbing feat when total net assets simultaneously plummeted. What has SFAF done with the unexplained missing net assets, and the infusion of cash and cash equivalents? Packed it into a carpetbag, intending to flee the area? SFAF has slashed, and continues to slash, both staff and direct services from its Bay Area presence in order, possibly, to divert resources to its newest non-profit "affiliate" — the Pangaea Global AIDS Foundation.

According to a November 18 [2002] *New York Times article*, SFAF "… diverted $1 million of its money to help establish Pangaea, an affiliate with its own board and Ms. Christen as president." Does this mean she now earns two salaries, one at Pangaea and one at SFAF? The $1 million diversion is not substantiated, however. According to the PriceWaterhouseCoopers audited report dated October 2002, SFAF provided grants to Pangaea totaling $5.92 million, in addition to having grants payable to Pangaea at the end of June 2002 of $2.86 million. Grants awarded to, and grants remaining payable to, Pangaea total $8.78 million [just for the period July 2001–June 2002].

Of this amount, only half of the grants have been forthcoming from an $11 million grant Pfizer Corporation gave SFAF to launch Pangaea. The audited statement reports that as of June 2002, Pfizer had released only $4.4 million to SFAF to march over to Uganda. To award $8.78 million to Pangaea, SFAF dipped into its own funds — total net assets, cash and cash equivalents, etc. — to cover the remaining $4.4 million, despite SFAF's promise to its own Board of Directors it wouldn't divert funds intended for the Bay Area to its overseas operations, unless [sufficient] revenues were realized. Small wonder SFAF has chopped its staff, and disturbingly, services to clients, in the Bay Area.

The *Times* article further reported that "Ms. Christen said some people at the foundation were wary about telling donors that money was being spent overseas. 'But we've always been very honest with our donors about what we do with our resources,' she said." Well, um, no! SFAF has not been honest with its donors, any more than it is now being "honest" with the *Bay Area Reporter* or SFAF's Bay Area clients. Various SFAF fundraising promotional materials I have accumulated have not once told people registering for its AIDS Walk, its new LifeCycle or its old California AIDS Ride, nor its AIDS Marathon that any portion of funds raised would be sent overseas. SFAF's pre-event come-ons always promise: "Come walk/ride/marathon with us; your efforts will assist 36 Bay Area beneficiary organizations helping people living with HIV/AIDS in the Bay Area." Not other promises.

The Bay Area is facing massive federal, state, and city AIDS service cuts. SFAF's cash-laden carpetbags should focus on Bay Area needs, not be capetbagged overseas.

Patrick Monette-Shaw is an AIDS funding accountability watchdog; for specific details on service cuts proposed by SFAF, see related article on page 2 [of the 2/6/03 *B.A.R.*]

SFAF announces budget cut specifics

Bay Area Reporter, page 2, 2/6/03 **by Zak Szymanski** Reprint permission courtesy of the *B.A.R.*

Waiting times will be increased, ***fewer clients will be accepted***, and there will be less one-on-one time between clients and staff at the San Francisco AIDS Foundation, but the agency's core services will remain intact despite necessary belt tightening, SFAF announced on Wednesday, February 5 [emphasis added].

Last week, SFAF confirmed a $700,000 shortfall for the remainder of this fiscal year, and a projected $1.6 million deficit for the 2003–04 budget year, financial troubles that will lead to 20 staff position layoffs, and cuts in non-essential services, the details of which are not yet finalized.

What has been finalized, according to the most recent announcement, is that core services will continue despite the reduced workforce, although at a price to clients.

"We will prioritize seeing those people with the most urgent need through our direct services, and the foundation will maintain the high quality of services for which we have set a standard," said a statement from Pat Christen, SFAF's executive director. "But there is no escaping the unfortunate reality that ***the amount of direct services we can provide will be reduced*** [emphasis added]."

Core services are defined as those most critical to clients, including client advocacy, financial benefits counseling, the needle exchange program, the AIDS hotline, the Action Point program, and the Black Brothers Esteem and Gay Life workshops. SFAF has also promised that no client will lose housing as a result of the budget cutbacks.

"We make cuts with an eye to maintaining core direct services while also utilizing funds to leverage community level and policy changes that will support HIV health for the greatest numbers of people," said Christen.

The changes will be implemented over the next few weeks, said Christen, who added that pending decisions by city and state governments could have additional impact on SFAF in the coming months.

"Government deficits are very significant at the city, state, and federal levels," said Christen. "Until these budgets are finalized later this year, it is impossible to predict what might happen to government funds that support some of our programs. If government funds were to sink dramatically, additional service changes may be necessary."

Christen encouraged the community to help in the fight for HIV services by participating in AIDS LifeCycle2, the agency's major fundraising charity ride in June, which is accepting registrations at www.aidslifecycle.org.

More information about specific staff layoffs and potential service cuts will be made available as those decisions are finalized.

SFAF cuts turkey dinners

Bay Area Reporter, page 2, 11/21/02 **by Zak Szymanski** Reprint permission courtesy of the *B.A.R.*

Citing a lack of staff resources, the San Francisco AIDS Foundation has decided not to host its annual Thanksgiving dinner for people with HIV/AIDS this year.

Instead, clients who would normally attend SFAF's dinner will be referred to other dinners throughout the city, according to Redge Norton, SFAF spokesman, particularly the dinner hosted by Glide Memorial Church, to which SFAF donated $5,000 to help cover the costs of additional clients.

The decision to cancel the dinner came when SFAF was trying to bridge a $2.5 million budget shortfall, according to Norton. Because the agency opted to cut staff instead of services, and because there are numerous other Thanksgiving dinners offered to people with HIV/AIDS, SFAF concluded that its staff would be better used at its annual holiday dinner in December. Canceling Thanksgiving dinner, added Norton, is not considered a service cut.

"We just didn't have the staff necessary to do both dinners,' Norton told the *Bay Area Reporter*. Although he refused to disclose how much money it usually costs SFAF to host Thanksgiving dinner, he emphasized that the cancellation was due to a staff — rather than a monetary — deficit.

Additionally, SFAF's annual Thanksgiving dinners, which had been held at the Westin St. Francis Hotel, had seen continually declining attendance, said Norton, leading the agency to believe it was duplicating services. In 1996, he said, 1,400 people attended the dinner. Last year, only 700 people were served.

"People that would have come are being absorbed by Glide," he said, "so no one will go hungry."

Glide's dinner takes place on Thanksgiving Day at 330 Ellis Street from 9 a.m. to 1:30 p.m., and breakfast is from 7 a.m. to 8:30 a.m. But Glide may not be the only one feeling the impact of one less Thanksgiving dinner this year.

Tom Nolan, executive director of Project Open Hand, told the *B.A.R.* that a lot of his own agency's clients used to frequent SFAF's Thanksgiving dinner instead of getting their Open Hand meals delivered for that day. "Since that's not happening this year, even though there are other alternatives, there's nothing quite like that for our clients,' said Nolan. "So we're expecting a full client load that day. We prepare a nice meal. I'm sure the congregate experience is cherished by a lot of folks but we do the best we can to make it as festive as possible."

SFAF does plan to continue its annual holiday party for women and families, which this year will be held December 19, from 5:30-7:30 p.m., at the Annunciation Cathedral.

SFAF's turkey

Bay Area Reporter, Editorial, 11/21/02 Reprint permission courtesy of the *B.A.R.*

As most readers will recall, several months ago the San Francisco AIDS Foundation announced a series of staff layoffs and salary reductions at all levels of the organization. Even longtime Executive Director Pat Christen, often criticized for her six-figure salary, finally took a pay cut. SFAF took the action, it said, in an effort to close a $2.5 million budget shortfall in the current fiscal year that started July 1 [2002].

At the time, foundation officials assured the public that the protection of client services was prioritized. Current "core" client services would continue, but the volume of services would be reduced, leading clients to experience increased waiting time and less one-on-one time with staff.

Now, five months after SFAF's announcement, we see clearly what "core" client services means. Apparently it does not mean the annual Thanksgiving dinner for people with AIDS that the foundation has provided for the past several years. This year, as we report this week, the foundation will not host its turkey dinner for clients; instead, clients are being referred to other free holiday dinners in the city. In an effort to put a positive spin on the matter, SFAF did provide $5,000 to Glide Memorial Church (we hope that's not government money going to a religious institution) so that Glide could handle the expected increased demand for meals since the foundation was recommending that its clients attend that event.

SFAF insists that the cancellation of its Thanksgiving dinner is not a "service cut." We disagree. If it's a service that was previously provided and is now not taking place, that's a cut.

To add insult to injury to the hundreds of gay men who are SFAF clients, the agency has no plans to cancel its Christmas party next month for its clients who are women with children. Something doesn't add up. As the largest AIDS service organization in San Francisco, SFAF should be aware that men who have sex with men make up the vast majority of HIV/AIDS cases in the city. While we are certain that SFAF's female clients are deserving of a holiday party, why do gay and bisexual men have to be told that they will have to go elsewhere for a meal on Thanksgiving? It doesn't seem fair to cut the one holiday event for both men and women.

SFAF maintains that it sliced the Thanksgiving dinner because it did not have enough staff for both events. The cancellation is due to a staff — rather than a monetary — deficit; but that's not accurate. In the end, it does come down to money. If the foundation had not been forced to implement layoffs, then presumably it would have had the manpower necessary to put on the event. But SFAF had cut its personnel to save money.

We recognize that the AIDS foundation has had a rough year. It started out in litigation with the infamous Dan Pallotta over the fate of the for-profit AIDS Ride. SFAF severed its ties with Pallotta and started its own ride, which in this first year raised far less money than the previous AIDS Ride events. It then announced the staff and salary reductions. And, like virtually all other local HIV/AIDS nonprofits, SFAF has seen its revenue reduced in a sluggish economy. [**Note from TheLastWatch.com:** At the time this editorial was published, the *B.A.R.* had not been informed by SFAF that its revenue had actually ***increased*** for the year starting in July 2002 and ending in June 2003.]

But it's a damn shame that SFAF had to do away with its Thanksgiving dinner. Perhaps Ms. Christen's pay cut wasn't big enough.

SFAF in 2002: Compliments, cutbacks and criticism

Bay Area Reporter, 12/26/02 **by Zak Szymanski** Reprint permission courtesy of the *B.A.R.*

It was an interesting year for the San Francisco AIDS Foundation. One of the city's first organized responses to the AIDS epidemic turned 20 years old in 2002, marking not just a significant anniversary but ushering in a host of milestones and changes.

The year began with SFAF winning an important victory as it moved ahead with its plans to host an independent bicycle ride fundraiser. Fresh from severing ties with Pallotta Teamworks, the producers of the California AIDS Ride, of which SFAF was a main beneficiary since 1994, the organization soon found itself in court defending its right to create and produce a competing bike-a-thon with the goal of returning more of the money raised to direct services. On January 14, a Los Angeles Superior Court ruled in SFAF's favor, denying Pallotta's request for an injunction against SFAF's new "AIDS/LifeCycle" event. As such, both SFAF and Pallotta proceeded as planned with their fundraisers, with SFAF and the L.A. Gay and Lesbian Center ditching the controversial AIDS Ride in favor of LifeCycle, and Pallotta's AIDS Ride recruiting different beneficiaries from around California.

On May 9, SFAF celebrated 20 years of service with a dinner and awards presentation in the large warehouse-like space of the festival pavilion at Fort Mason. The event featured speaker Dr. Mitchell Katz, director of the San Francisco Department of Public Health, who was honored for his leadership on AIDS issues, and who praised SFAF for its involvement with emergency needle exchange policies.

SFAF Executive Director Pat Christen noted the recent conflict with Pallotta Teamworks, but reiterated that the upcoming AIDS/LifeCycle was the most ethical and financially beneficial decision to make.

"I am very proud to work for an organization that understands the importance of integrity in its decision-making," said Christen at the dinner. "In the short-term, creating AIDS/LifeCycle was a painful step to take. In the long-term, it will better position us."

[**Note from TheLastWatch.com:** The *B.A.R.* reporting did not elaborate on why or how Christen believed the Foundation would better positioned, nor whether Christen merely meant that SFAF would be in a better position to cart off additional money to Africa, not better position SFAF to provide — or restore — services to its Bay Area core clients that it had already chopped. In this regard, Christen showed not an ounce of ethical integrity in being honest with either SFAF's Bay Area donors or her clients with HIV/AIDS, and her decision-making at the helm of both SFAF and Pangaea may be the flaw that ultimately breaks the glass, if only SFAF's current crop of cowardly Board of Directors would fire Christen for her gross nincompoopism directed at our Bay Area brethren.]

The dinner raised $350,000 for SFAF and was attended by 725 people. AIDS/ LifeCycle began as promised less than a week later, when close to 700 participating riders left the University of San Francisco on May 13 for a six-day trip to Los Angeles.

But the event began on a tragic note when LifeCycle participant Tom Gilder, 57, collapsed and died on Highway 1 at 2:45 p.m. on the ride's first day. Gilder, a former bartender for the Hole in the Wall saloon and a longtime volunteer for Project Open Hand who gave over 2,300 hours of service to the organization, died of a heart attack, according to the San Mateo County Coroner's office.

"We're very saddened," SFAF spokesman Gustavo Suárez told the *Bay Area Reporter*. "The sadness was made even more poignant because he died doing something to help others."

Nevertheless, AIDS/LifeCycle was hailed as a success, wrapping up on Sunday, May 19, and generating more than $4.4 million.

Still, the success of LifeCycle couldn't stop the woes of a weak economy and a depressed nonprofit donation climate in the wake of the terrorist attacks on September 11, 2001. On Tuesday, June 18, SFAF announced that it was facing a $2.5 million budget gap, and the agency not only laid off 28 of its 117 employees, but instituted a 10 percent pay cut for its senior managers, and a 12 percent cut for the executive director, bringing Christen's controversial salary down to $182,188, excluding benefits.

Christen, often the target of criticism for what has been called an exorbitantly high salary, told the *B.A.R.* that she gladly accepted the pay cut to help ensure the agency's survival.

"A 12 percent cut is a very appropriate thing to do in light of the circumstances," said Christen. "The board has made the right decision regarding that and I fully support it."

Christen also addressed criticism of her salary — which is set by the Board of Directors — by stating, "Our commitment to compensating people competitively so that we can seek and maintain the best possible folks is something I don't make any excuses for. Our compensation philosophy has served our organization very well through the years." [**Note from TheLastWatch.com**: Christen neglected to note that the compensation strategy has served ***her*** very well, in that she has earned — without fringe benefits, retirement, and possibly unreported bonuses — at a minimum, in excess of $1.72 million dollars during her reign of terror as SFAF's Executive Director.]

SFAF spokesman Suárez — one of the employees let go by the cutbacks — emphasized that compared to many nonprofits, and thanks in large part to the success of AIDS/LifeCycle, SFAF was "fortunate."

"If AIDS/LifeCycle had not been a success the budget shortfall would be almost double what we're facing. The event now has a solid foundation and will grow into something that will be able to support a lot of services." The foundation's newly projected $20.7 million budget for the fiscal year was created "thoughtfully," according to the agency, which promised that no client services would be cut as the result of the belt tightening.

"The stability we had has allowed us to sit back and analyze and make leveraged use of the resources we have to achieve the greatest efficiencies and carry on our mission as effectively as possible," said Suárez who left SFAF a few months later, after assisting with the transition process.

Come November, however, the no-cut-in-services tune had changed, or so charged some activists when it was revealed that SFAF would not be hosting its annual Thanksgiving dinner for people with HIV/AIDS.

Citing a lack of staff resources, SFAF instead donated $5,000 to Glide Memorial Church, whose annual dinner was designated to absorb clients who would normally attend SFAF's event.

The decision to cancel the dinner actually came much earlier, when SFAF was trying to bridge the $2.5 million budget shortfall, according to SFAF spokesman Redge Norton. Because the agency opted to cut staff instead of services, because attendance at SFAF's Thanksgiving had dropped 50 percent in five years, and because there were numerous other Thanksgiving dinners offered to people with HIV/AIDS, SFAF concluded that its staff would be better used at its annual holiday party for women and families in December.

Canceling Thanksgiving dinner, added Norton, was not considered a service cut.

"We just didn't have the staff necessary to do both dinners," Norton told the *B.A.R.* Although he refused to disclose how much money it usually costs SFAF to host Thanksgiving dinner, he emphasized that the cancellation was due to a staff — rather than a monetary — deficit.

Also of the end of November, SFAF's LifeCycle had already started recruiting participants for next year's ride. The 2002 ride returned 50 percent of its profits to charity, an expected low rate of return due to the event's first year. But the goal has always been a higher rate of return, noted organizers, and many of the 2002 costs — from the over $330,000 required for start-up, to the full year of planning, to the lower number of riders at an inaugural event — should not be a factor for AIDS/LifeCycle 2, scheduled for June 8–14, 2003. For more information go to www.aidslifecycle.org or call 1-866-BIKE-4-AIDS.

In the meantime, SFAF is looking toward a rosier future. With budget cuts allowing more stability, and the infrastructure now set for its major fundraiser, the agency seems poised to face the challenges of 2003.

More information about SFAF can be found at www.sfaf.org.

H.I.V. Groups Reach Beyond Borders

New York Times, 11/18/02 **by David Kirby** Courtesy reprint permission denied by the *New York Times*

What you are reading here is not the actual *Times* article noted in the title above; it is paraphrased commentary about the *Times* article.

The *Times* wanted TheLastWatch to cough up $150 for thirty days, or $600 for a single year, for permission to re-post on this web site David Kirby's article that contained incorrect information. TheLastWatch politely told the *Times* to take a hike: Why should the *Times* with be rewarded with a reposting fee when Kirby's initial reporting containing flawed facts that may have misled the public; wouldn't that be like rewarding someone for intentional deception?

Anybody who really wants to read Kirby's article will have to go to the library to locate a hardcopy, because paying the *Times* its "premium service" Internet access rates for an year-old news story that was incorrect when it was published would be a waste of money.

Pat Christen, executive director of the San Francisco AIDS Foundation, was one of the people Mr. Kirby interviewed, noting that SFAF had created a "spin-off organization" — the Pangaea Global AIDS Foundation.

Kirby reported that Christen had said: "But we have the ability to assist in the global effort, ***without distracting from our effort in San Francisco*** [emphasis added]." And Kirby wasted not one word or an ounce of ink examining whether SFAF had actually "detracted" from its efforts in San Francisco. Massive cuts in the Bay Area were documented, had only Kirby done his homework by looking into SFAF's own public records in detail.

Kirby claimed SFAF's "mandate" had grown, but that too is false. As its justification to launch Pangaea, Christen claimed SFAF would be "hypocritical to let millions [in Africa] die," by turning SFAF's back on the developing world, but she neglected to tell Kirby that SFAF was turning its back on the Bay Area (allowing people to die here, homeless, instead) by diverting significant tens of millions of dollars to Africa, and that fully 53% of its program services funds were being diverted by turning its back on Bay Area needs during the very same time Kirby was writing his story.

In the *Times* article, Christen claims Pangaea's "mandate" to help minority communites grew out of SFAF's experience helping minorities in the Bay Area. But according to San Francisco's local Ryan White CARE Council as recently as within the last three months, San Francisco's Bayview Hunters Point area, largely African-American, has been underserved for years.

SFAF's mandate in its IRS incorporation papers stated explicitly that SFAF was created to service Bay Area needs, and that it's mandate from the IRS had never been a global mandate. SFAF is now looking for new markets to expand into, and it dreamed up this so-called "mandate" on its own; the larger Bay Area AIDS community did ***not*** ask SFAF to expand its mandate. SFAF did that unilaterally, possibly in part to help Pfizer Inc. get its foot into a huge, new pharmaceutical market.

Indeed, SFAF is under attack in San Francisco and the Bay Area for having inequitably and unfairly not shared its fundraising revenue with the very organizations SFAF drags in as purported "co-beneficiaries" of its fundraising events, merely in order to lure more people into believing they are participating to help raise funds for the Bay Area. And the smaller AIDS service organizations struggling desperately to stay afloat to help their Bay Area clients are quite disturbed that SFAF's "mandates" are never openly set as part of the larger Bay Area response to the AIDS epidemic, SFAF sets those mandates behind closed-door Board meetings, unilaterally. In its unkindest cut of all, SFAF has drastically slashed grants it shares with Bay Area ASO's.

In a single 63-word paragraph, Kirby appears to have mixed up SFAF's fiscal years. He accurately reported that Pfizer had committed an $11 million three-year grant for Pangaea. While Kirby stated that SFAF had "***diverted $1 million of***

its money" to help establish Pangaea, he neglected to note that amount occurred in FY '01–'02 when Pangaea was incorporated in November 2001. Kirby also failed to note that SFAF's audited financial report (for FY '01–'02, which report was available in November 2002 at the time of his article) indicated that Pfizer had already released $4.4 million of its three-year grant in FY '01–'02.

He then reported SFAF had added $3.8 million in "***private donations***" to "this year's budget" — which would have been FY '02–'03. But Kirby neglected to note (maybe Christen hadn't told him the truth) that between grants paid + grants payable, SFAF had diverted $13.6 million to Pangaea for FY '02–'03, as shown in Figure 2 above. Subtracting $3.8M from $13.6M, left an unexplained balance of $9.8 million diverted to Pangaea during FY '02–'03. Even if Pfizer had kicked in the remaining balance of $6.6 million from its $11 million grant in a single-year (leaving nothing remaining for the third year), subtracting $6.6M from $9.8M left an unexplained $3.2 million funding gap to Pangaea for FY '02–'03. That would be $3.2 million on top of SFAF's $3.8 million so-called "private donation" in Kirby's "this year's budget." If Pfizer had ***not*** kicked in the full $6.6M, the $3.2 million unexplained gap would have been even higher.

As well, Kirby merely regurgitated SFAF's spin control that just 25% of proceeds from ***only*** the AIDS marathon would be used for its Pangaea "global foundation."

Kirby, like so many others, completely fell for SFAF's perennial weak-kneed excuse: That it is "SFAF's own money," replete with an unstated implication that it can misspend that money as it pleases. TheLastWatch would like to remind readers that ***all*** money SFAF has ever raised has been in its role as a steward of the public's trust. It is ***not*** "their" money to do with as they please; it's money held in trust for the community it purports to serve.

Well Mr. Kirby, now that SFAF has diverted somewhere between $22.4 million and $36 million to Africa, let me tell you that the marathons have ***not*** raised anywhere near that amount of money in total, nor are those millions representative of just 25% of its revenue. Even if SFAF had raided ***each*** of its other fundraising events by 25%, it would not have had $22 million to $36 million to channel to Africa. It could only have sent these tens of millions by chopping a massive amount of services from, by turning its back on, Bay Area needs.

Kirby reported Christen said employees or board members of the foundation were wary that SFAF's funds was being spent overseas. "***But we've always been very honest with our donors about what we do with our resources," she said. "You can take the risk if you make the case.***"

The problem is, neither Christen — ***before*** marching off to Africa — nor Kirby, in his article, made a sufficient case that the risk SFAF had entered into by diverting millions of dollars to Pangaea was a legitimate mandate. SFAF is anything but honest, and it hasn't been since less-than-forthcoming-with-the-truth Christen began her reign of terror at SFAF 11 years ago.

This wasn't a mandate arrived at by consensus of the larger AIDS community in San Francisco, nor a mandate from the very clients of SFAF who have seen their services chopped, so another mandate could supplant their needs. And Christen knows this, if not Kirby, who should have.

Christen's having marched SFAF over to Africa by way of Pangaea deceived both its clients, its donors, and the smaller ASO's depending on grants from SFAF, and the deception centers, in part, around ***the sheer magnitude of resources being diverted***. She has subsequently tried to make a case for her unilateral decisions, but it will likely backfire on her, sooner rather than later.

Kirby's *Times* article was once available free on-line at: http://www.ny*Times*.com/2002/11/18/giving/18KIRB.html