



SHARING SORROW
Women of Color Resource Center's Downfall
Community Taskforce Findings—March 2011

Dear Women of Color Resource Center Members, Supporters and Friends,

On February 26, 2010, the Women of Color Resource Center (WCRC), a 20-year-old organization abruptly closed its doors taking its members and supporters by surprise. A former staff member said, "I felt like I was witnessing the crumbling of a failed Third World state. It broke my heart."

As the news about WCRC's collapse began to circulate, former staff, board members, supporters and co-founders gathered and launched the Women of Color Taskforce/WCTF. The goals were to:

1. investigate why WCRC collapsed;
2. dialogue with WCRC Board;
3. support an independent audit; and
4. share findings and lessons with WCRC members, supporters and friends.

This report completes our efforts to carry out those goals. It contains a list of WCRC projects, background on non-profit organizations, and review of leadership function before and after WCRC closed. Appended are several documents produced during the crisis, including the preliminary findings of an independent audit and summary of Board interviews of Staff, as well as opening correspondence between the Board and WCTF.

We are issuing this report so that the organization we built does not die a useless death. We want to walk away with lessons that we can use in future work for Women of Color and our communities. We are airing our shame and failures because we want you, our movement sisters and brothers, to tuck lessons from this trauma into your sewing kits and toolboxes to create sturdier organizations in your communities.

WCRC taught us how to build and celebrate. We now find her teaching us how to conduct an autopsy, compile a coroner's report, stitch a corpse back together and give her the loving burial she deserves. Thank you for the wise counsel you have given us all these years.

With WCRC's passing we hope to emerge wiser women and better human beings. We hope you will bear with us as we share hard truths we learned carrying out the autopsy.

SISTERS OF FIRE

WCRC formed in 1990 as a political and popular education vehicle for Women of Color to take on critical issues across race, sexuality, class, generational, nationality and religious lines. The organization was initiated by 1960s era womanists, who came up in Black, Brown and Yellow liberation movements demanding a place at the leadership table. Specifically, WCRC descended from the work and philosophy of the Student Nonviolent Coordinating Committee, Black Women's Liberation Committee, Third World Women's Alliance, and Alliance Against Women's Oppression. Soon after its founding, WCRC incorporated younger generation activists on its Board and Staff, through Persian Gulf Wars I & II, Clinton's Welfare Deform, UN World Conferences and Bush Administration invasions of Afghanistan and Iraq.

Perhaps YOU joined us through one of these initiatives:

- Sisters of Fire Awards annual event honoring amazing women of color activists, artists, and leaders
- Service Women's Action Network/SWAN, now an independent project of war vets that WCRC fiscally sponsored
- Veterans Healing Retreat, held in 2007, from which SWAN emerged and also paved the way for the Do Tell Digital Storytelling Project for LGBT vets
- Fashion Resistance to Militarism show in 2005, with over 300 in attendance, featured WCRC's documentary, which together with the PeaceGAMES Curriculum continues to be used as a popular education tool across the country
- Transnational Feminist Conference held in 2005 organized with the Global Fund for Women at Sarah Lawrence College; another conference is now being organized at Mills College for March 2011
- Welfare Rights Education & Advocacy Project/WREAP policy papers and popular education training
- Child-cap Policy Welfare Rights Work that resulted in California Assembly member Sally Lieber introducing AB22 in 2007 <http://familycap.wordpress.com/>
- Technological Empowerment & Media Project/ TEMPO of Oakland to put poor women's voices on the airwaves
- UN World Conference Against Racism, Durban, South Africa
- Sister to Sister Newsletter (quarterly)
- Monthly Brownbag Lunches bringing the community together to talk about critical issues from Women of Color POVs
- Women's Education in the Global Economy popular education project
- Third World Women's Alliance Archives & Paving the Way DVD
- Beijing & Beyond 1995 UN 4th World Conference of Women, Huairou & Beijing, China
- Researchers, Organizers, Scholars & Activists/ROSA conferences and publications

However you came to us, you know WCRC sheltered lion-hearted women celebrating our voices, laughter and dreams.

LEADERSHIP TRANSITION

In December 2007, WCRC transitioned from its Executive Director (ED) and co-founder Linda Burnham to a new ED, Anisha Desai. This change was the culmination of two years of search and preparation. But the handoff failed and WCRC collapsed two years later due to structural and individual factors explored below.

Challenges of Organizing within a Non-Profit Corporation Shell

In order to clarify the parameters within which WCRC functioned, allow us to first share observations about the non-profit corporation structure.

Part of the success of the mass movements of the 1960s and '70s was the expansion of tax exempt, non-profit 501(c)3 organizations, including those created to serve disenfranchised communities. These groups are called non-governmental organizations, or NGOs, in other countries.

When US mass movements ebbed in the mid-1970s, this format allowed activists and community-service providers to pay staff. It enabled expansion of funds from membership dues to also include foundation grants. In exchange, groups had to register with the state, submit tax and financial reports to government entities, follow governance and fiscal requirements outlined in the bylaws and application filed with the state. This form allowed the government to bring the work we do “under their umbrella” and follow their laws. This form also allowed the government to off-load public service work that they should be doing for our constituencies, as later seen in more developed form with Reaganomics, etc.

For movement organizations this form contains a number of challenging aspects. The basic leadership and accountability structure as embedded in bylaws mimic those of for-profit corporations, i.e., Board of Directors over Executive Director (CEO in corporations) over Staff over Members and Supporters. While the Board technically sits at the top of the organization, the people getting paid and putting in the hours are the ED and Staff. The ED holds the pivotal role in the organization, as the link to the Board and Staff with power over hiring and firing, fundraising and funding.

Challenges in this format and structure have been critiqued in many radical venues, for professionalization of function divorced from the base, depoliticization, designing programs to snag foundation money vs. meet community needs, “poverty pimping” the community, etc.

These pitfalls are not limited to small community organizations. They also plague the big non-profits, like hospitals, libraries and schools, including university ethnic, women’s and LGBT studies departments.

Many groups have worked creatively within these parameters, constantly re-inventing an active, accountable Board, ED, Staff and membership. Others can share horror stories about breakdown in function at each level of the power structure.

WCRC's predecessor organizations worked around kitchen tables as volunteers, projects were paid for from membership dues without 501(c)3 status. After the political environment changed, sisters founded WCRC to continue activism on critical issues. Like other groups, WCRC always had to struggle to recruit and retain an active Board and outreach to new constituencies, including younger women. For many years even as a 501(c)3, WCRC operated with limited staff working long hours without pay, lacking sufficient funds to match its broad vision.

None of us operated under the illusion that running a 501(c)3 would lead to revolution, but we did believe that our Women of Color movement could deploy it to get some effective educational and organizing work done.

Breakdown of Leadership and Fragmentation of Staff

In non-profit and for-profit organizations, the ED/CEO sets the leadership style and work culture; WCRC was no different. Staff learns to listen not only to what leaders say, but also watch what they do, including the code of ethics they practice.

Initially Staff looked forward to having a young, new ED to deepen the generational power shift in WCRC's composition and programming. The founders and early members of WCRC were happy to turn the reigns of power over to younger sisters. The new ED's background at United for a Fair Economy, an economic justice organization, looked like a good fit for WCRC's focus on poor women.

The new ED, however, turned out to lack the leadership skills necessary to guide WCRC Staff, Board and organization. Please see the Board's "Summary of Staff Responses to Interview Questions" for the details of the deterioration in leadership, staff relations and program function under her tenure. The Board presented this critical document to WCTF at our joint meeting, May 2, 2010.

Under the ED's direction, Staff worked in increasingly fragmented ways, with each sister in her cubbyhole, lacking shared input and accountability. In the beginning, the Executive Director required that staff submit project plans but she failed to coordinate or share them or provide oversight. She instituted "staycations" where people could stay home, individually deciding whether to work or not—and still get paid. These "staycations" resulted in Administrative Staff absences for all but a few days a month making it difficult for the other Staff to complete work and field requests.

In another example of this fragmentation, the ED ended the practice of using the office server to backup files. Records were then kept separated between and from individuals. The ED kept administrative, Board and other official records and documentation on her personal laptop as opposed to the office system, the project heads, their own files, etc.

The ED's credibility and leadership function suffered when, after a few months into her tenure, Staff discovered that she was using WCRC credit card for personal expenses.

Staff whistleblowers went to the Board to complain about this and other financial irregularities. They also contacted WCRC's founders, who advised them to present grievances to the Board. However, complaints died for lack of follow-up. Staff feared continuing to criticize the ED because she was the then Board Chair's friend.

With the shrinking of funds and the ED often absent from the office, programs contracted until WCRC became a "virtual" organization with just a web presence. Staff interviews indicate that WCRC also became a very alienating place to work. (See attached.) Because WCRC had a strong communications director/web designer, many outside the office had the misimpression that WCRC was still functioning.

Fundraising and Finances

- Very Little New Money Raised

Before she left, the former ED raised a year's worth of funding, either in the bank or committed to tide the organization over through its initial transition under new leadership. WCRC funders were generous and understood the need to provide a cushion so the new ED did not face an immediate financial crisis.. When the new ED failed to raise sufficient funds, WCRC spent down that surplus. See *Audit—Preliminary Findings: Women of Color Resource Center—April 29, 2010*, "Money Raised vs. Expenses."

What made the shortfall fatal was that the ED did not alert the Board to the problem in time for appropriate action. During this period WCRC's partner groups organized emergency fundraising campaigns, reduced staff hours and puzzled out solutions to survive the recession. The Board only became aware of the crisis after the ED informed them that she planned to leave. That's when, at the advice of a founder, the Board finally took a hard look at the financials, discovered the shortfall and went into crisis mode.

- Bank Loans Taken To Cover Gap

The ED turned to bank loans without generating a payback program. WCRC had no outstanding debt, beyond basic accounts payable, when the ED arrived. Several months into her hire, the ED and Office Manager reopened a line of credit with Wells Fargo for \$50,000 that had previously only been used as a bridge loan to cover late receipt of promised foundation monies and then repaid. They also opened new bank accounts at Mechanics Bank, with signoff by the then Board Chair. They took out Mechanics Bank loans for \$40,000 and \$20,000.

For the flow of funds, see *Audit--Preliminary Findings*, "Asset/Debt Ratios," "Lines of Credit History," "Starting & Ending Bank Balances," and "Running Monthly Bank Balances."

- Oversight & Questionable Expenditures

At the Staff level of the non-profit corporation structure, power often rests in the hands of the ED and Staff handling monies and bookkeeping. These positions, thus, require skill and integrity—as well as a checkup system with other entities to ensure accountability, transparency and correction of errors in a timely manner. In the past, WCRC checkup mechanisms included quarterly finance reports to the Board by the ED, hiring independent bookkeepers and accountants to flank in-house bookkeeping staff, and paying for periodic audits.

Under the new ED, the Board reviewed no financial reports and no audits were conducted by WCRC's former CPA until after WCRC closed down.

A number of questionable expenditures were made by the ED and Office Manager, some in violation of IRS tax codes. See *Audit--Preliminary Findings*, "Questionable Transactions" totaling \$24,762.

As mentioned above, Staff first brought the credit card misuse problem to the Board. The Board confiscated the card and instructed her to pay the organization back. Unfortunately, the Board did not conduct follow-up on the issue and she acquired a debit card. She paid back some \$406 dollars when a new Finance Director deducted the money she owed WCRC from her wages before she left.

Additionally, a \$20,000 Mechanics Bank loan was deposited in a WCRC account but never recorded on the books and as revenue or expense. Whether that omission was due to a simple accounting error or done deliberately remains a mystery. The ED told the Board that she did not remember how the money was handled; the Office Manager did not respond to auditor's requests to explain how the bookkeeping end of the transaction was implemented. It is not clear to the Task Force how this money was used, or whether it was used for WCRC's work.

Board Non-Leadership

Many non-profit organizations find Board development challenging WCRC was no exception. Throughout its history, WCRC's Board has struggled to build an active, diverse Board to oversee fundraising, finances, programming and outreach. The ED and Board Chair caucused to match sisters' time commitments and skills to task and, for periods, formed subcommittees to carry out the work.

The Board met every quarter, including at an annual Staff-Board retreat. The Board outreached to donors for the annual Sisters of Fire event.

After the hiring of the new ED, the Board basically dropped the ball. When the crisis erupted, the Board was hesitant to inform and involve the community. As the former Board Chair explained in May 2010, the Board was burnt out after a two-year search and

preparation process for the new ED; they hoped things would turn out so they could step back.

When the crisis broke out, half the Board had only been serving for a year; they had not experienced WCRC when it was functional.

- Fiscal Management Problems

As a 501(c)3 the Board is ultimately responsible to the State of California (and theoretically to its citizens) for the fiscal and legal affairs of WCRC and overseeing the work of the ED. At the movement level, the Board is morally responsible both for those functions, as well as overseeing the deployment of the people's resources, whether membership dues, sustainers and contributions, as well as tax-exempt grants of foundations. As taxpayers, we indirectly allow foundations not to be taxed by the government (for services, etc.) because the foundations are donating money for the public good via the 501(c)3 groups they fund.

WCRC's previous Board reviewed the former ED's financial statements quarterly to ensure the right fiscal decisions were being made and to note when funds were low and fundraising had to be ramped up. The Board Secretary-Treasurer took notes of Board meetings, filing them with WCRC per state law.

Under the new ED, the Board did not review finance reports and budgets nor keep minutes. It did not even maintain a contact list of Board members with phone numbers and addresses.

- Hiring and Supervision Muddy

With periodic personnel evaluations, mistakes in hiring and poor job performance could have been corrected in a timely fashion.

The overall hiring process was compromised since the consulting group hired by WCRC to organize and conduct the search and help with the hire of the new ED—a group paid more than \$20,000—included on its team a friend of the new ED. After the hire, the Board failed to conduct new-hire and periodic performance evaluations of the ED, or personnel evaluations of Staff Members coordinated by the ED. Supervision of the ED was complicated by the then Board Chair being a close friend of the ED.

Both friends—the member of the consulting group and the Board Chair—should have recused themselves during the hiring process. After WCRC's closure, information emerged that other highly qualified candidates had applied for the position but been rejected.

- Elders Disengaged

WCRC went through an intense preparation process to transition the organizations leadership between a founder and a new ED. A nationwide search was opened up. Many

other sister organizations who had undergone generational leadership handoffs were consulted about their experiences. WCRC went to workshops and engaged consultants and coaches to make the best transition possible.

With the hiring of the new ED, two stark ruptures appear to have taken place. On the one hand, the ED and Board did not reach out to former Staff and Board for assistance, except to ask for money during Sisters of Fire. On the other hand, elders tried not to “meddle” to give young bloods a chance to make their own way.

Crisis Declared

After the crisis became evident in December 2010, the Board reshuffled its division of labor and went into crisis mode. A new Board Chair took over. The Board oversaw the closing of the office, disputes with the banks and landlord and dealing with other fires. The Finance Director closed down the office, including reconciling the books and handing them over to the Board. She also called former staff to pick up WCRC’s materials they had produced.

The ED continued to handle WCRC’s checks, mail and webmail even though she had taken a new job and no longer worked for WCRC. Her Facebook page continued to solicit money in WCRC’s name. This dismayed supporters as reports began to surface about her previous financial and governance practices.

On February 5, 2010, former staff, board and supporters gathered at an informal wake to mark the death of their organization. Mourners soon formed a community taskforce to investigate and interface with what remained of the leadership. Despite strong differences with some members of the Board and the profound disrespect displayed against the community, WCTF members were urged to refrain from exercising confrontational skills learned “growing up colored and female.”

Instead, we committed to working for accountability and transparency on all sides and asked for an independent audit. Fortunately Hilary Crosby, WCRC’s former CPA and auditor, stepped up and generously offered her pro-bono time. The Board welcomed Hilary’s offer and made WCRC’s financial records available to her.

Caught up in crisis management and its own differences, at first it took the Board a couple months to say anything to the community. Supporters continued to send in money, not knowing the organization had dissolved. On February 21, 2010, the Board issued a statement to the community announcing WCRC’s closure. See attached “An Important Message to Our Community” and our Taskforce’s offer to help, dated March 3, 2010.

Relations and communications between the two bodies were initially fragile. Not surprisingly, sharp differences emerged regarding the causes of the collapse and the role of leadership. The ED’s presence was strongly felt during the early days of the crisis, particularly in explanations that blamed WCRC’s collapse on one of our founder’s alleged financial mismanagement, as well as on the bad economy.

The Taskforce pushed for a meeting with the Board and delegated a team of six ad-hoc coordinators, three young bloods and three old hens, to prepare for and attend that meeting. After some back and forth the Board and Taskforce met on May 2, 2010 to review results of our auditor's preliminary findings, examine causes and effects, check on outstanding problems, and WCTF's proposal on how to distribute WCRC's remaining archives and inventory.

To its credit, the Board came to the May 2, 2010 meeting with a bevy of reports, including its analysis of what went wrong, task reports, and the attached "Summary of staff responses to interview questions." Hilary, WCRC's former auditor, also presented her audit findings; see attached.

The Board and Taskforce met again on August 1, 2010 to review follow-up tasks outlined at the first meeting.

The Board and its lawyers eventually succeeded in settling the \$50,000 Wells Fargo loan for \$17,500 in October 2010. This was a huge victory since if the Board had not been able to settle with the bank and had defaulted, Linda and Chris, the former ED and Board Secretary-Treasurer would have individually been on the firing line for the money.

The court also denied the landlord's lawsuit against WCRC, in part due to a number of technicalities and also because the Board showed that WCRC had practically no money left. The landlord has not since not re-sued, although this remains a liability as long as WCRC remains as a legal entity. The Board hired a consultant to settle upstanding outstanding tax liability issues, including failure to report taxes since 2009. This consultant and the Board are working to have WCRC closed as a legal entity as of the end of 2010, The Taskforce went through the remaining WCRC documents in storage to disburse to partner organizations, get shredded, or leave with the Board.

Since no new core of sisters has stepped forward to re-start WCRC in the intervening period, the Board's decision to close down WCRC as a 501(c)3 organization so as to not incur additional liabilities appears to be a the correct one.

LESSONS LEARNED

It took 18 years to build the Women of Color Resource Center; it took 2 to take it down. In this section we want to lift a few lessons out to strengthen future work so WCRC will not have died in vain.

- Intergenerational Leadership Transitions: Trust, Mentor, Listen & Hold Accountable Younger Leaders

The current generation of leaders of organizations and movements has been shaped by a profoundly different set of circumstances and political realities than the OGs. Whereas the latter worked informally, voluntarily, and with no expectation of financial remuneration or career advancement, the former have developed during the period when non-profit

organizations have proliferated, with their related organizational, financial and political rules of engagement.

The challenge facing today's young leaders is how to build organizations and movements that serve the community in today's world and how we individually and collectively hold ourselves accountable to each other and the common good. Sometimes young activists start new organizations; sometimes they inherit a space that's already been won, like WCRC. Sister organizations like Southwest Organizing Project (SWOP) and the Chinese Progressive Association (CPA), for example, have carried out successful leadership transformations.

One of the critical factors in the generational transfer of leadership with those groups was that the new leaders who took over the group had worked inside the organization for many years, clearly demonstrating their capacity and practice. Their organizations chose them for promotion and their leadership training was accelerated. CPA's case it took several years for the former ED to fully step back and the younger, now third generation of leadership to gel.

In WCRC's case someone from outside the group was hired at the recommendation of the Board Chair and an outside consulting group. In hindsight, several of the sisters inside the organization who had the capacity to lead WCRC decided to leave after the former ED announced her plans to move on. And no one from the current staff stepped forward to apply for the position. These sisters could have been asked by WCRC's outgoing Board and Staff to reconsider their individual decisions and step up with support mechanisms put in place for them during the transition. Or WCRC could have at least hired a sister outside the organization with whom we had worked closely in the past, who was more of a known quantity with a track record in the community.

The challenge for organizations is training the next generation of leaders to take over organizations. The challenge for individual activists is whether to step up into those positions of responsibility. And what it means to be a leader and what it means to make a commitment to the movement varies with the generation and political environment. For older gen activists, this often meant subordinating one's individual priorities in favor of community and movement imperatives. For younger gen activists working in 501(c)3 organizations as their principal political work in the current environment, also at play are questions of one's job and career stability and advancement. And the over-centralized ED structure makes the job very demanding. But some balance needs to be worked out between the demands of leadership and recruiting leaders with demonstrated potential to carry out the job.

- Identity Politics and Coddling: We Must Be Willing to Struggle with One Another and Hold Each Other Accountable

When the crisis erupted, some sisters were hesitant to confront misconduct, in part due to a negative aspect of identity politics. "We can't criticize another woman of color..." We can't hang 'dirty laundry' outside..." And so on. Despite its seeming compassion, this

hurts our community's ability to hold sisters accountable, reach out to for support and get help.

We know Condoleezza Rice, Elaine Chao, and Susana Martínez are wrong; we need to act more swiftly when opportunists who speak our language and wear our symbols act irresponsibly and damage our movements. As we hold corporations' and governments' feet to the fire for accountability and codes of conduct, we need to warm our own toes and hold ourselves responsible for the same values we demand of others. If we are not capable of taking action against misconduct within our community and movement, we are not ready to take on bad behavior by even more powerful individuals and institutions.

The buck stops with us. The change we dream starts inside us. What will we do when witnessing misconduct or abuse inside our organizations or in a sister organization? Will we allow abusers and abused to move on to new groups to repeat patterns of abuse and trauma?

- Step Up: Be the Impeccably Ethical and Responsible Party

The Board held the legal and fiscal responsibility for WCRC as a non-profit organization. The ED held executive responsibility. But Staff knew day-to-day what was going on and were the ones running WCRC programs, with the ED and Office Manager absent from the office.

During WCTF internal discussions after the crisis, former staff members expressed frustration and grief and criticized themselves for not speaking out more loudly about misconduct going down inside WCRC. At the same time, other WCRC members said that they knew Staffs' jobs and future job references were on the line had they done so.

The challenge confronting leaders young and old is whether we are willing to put our jobs on the line to speak out—and how to make that a more collective decision. This involves organizing co-workers to stand up, assess the lay of the land and take action, whatever it may be. Fortunately there are plenty of examples to tap from labor and community organizing—and now from youth activism in Tunisia and Egypt.

CONCLUSION

From our Taskforce's investigation here is our nutshell summary of what went wrong:

After 18 years a new ED assumed leadership of WCRC. The hiring process, though seemingly thorough and impartial, may well have been compromised. The ED's leadership and work style led to fragmentation and lack of accountability among Staff and Board. Her failure to raise sufficient new funds led to WCRC spending down the surplus raised by the former ED for the transition. Programs disappeared. The ED and Office Manager charged a number of questionable expenses to the organization. The Board did not oversee finances, fundraising or personnel supervision. The Board did not act upon Staff grievances. Elders had already moved on to new projects. The

organization collapsed when it was too late to mount an emergency rescue effort. The Board reorganized to close down WCRC and deal with remaining bank and landlord problems. A community taskforce formed to investigate causes and effects, support an audit, dialogue with the Board and help disburse WCRC materials to partner groups. Women of Color lost a hard-won organizing space; a 40-year-old legacy was destroyed.

We do not know when, whether or where another space will emerge for Women of Color to carry out pieces of WCRC's unique mission.

But with the writing and sharing of this report with you, we are now ready to scatter the ashes of our beloved organization.

Women of Color Resource Center Community Task Force Members

Derethia DuVal, former board chair, supporter & donor
Chris Lymbertos, former board member, supporter & donor
Joy Moore, former board member, supporter & donor
Margo Okazawa-Rey, former board member, supporter & donor
Miriam Ching Louie, former board and staff member, cofounder & supporter
Nadine Naber, former board member, supporter & donor
Betita Martínez, former board chair, Sister of Fire awardee, supporter & donor
Christine Ahn, former staff member, supporter & donor
Dorothy Lazard, former staff member, volunteer, supporter & donor
Elisa Gahng, former staff member
Kaaryn Gustafson, former staff member
Kimberly Alvarenga, former staff member, supporter & donor
Laura Flynn, former staff member
Maryam Roberts, former staff member
Nguyen Louie, former staff member, supporter & donor
Nobuko Yamada, former consultant, supporter & donor
Nunu Kidane, former staff member, supporter & donor
Renita Pitts, TEMPO mentor/trainer & supporter
Sheryl-Ann Simpson, former staff member
Shanina Shumate, TEMPO coordinator & supporter
Valrie Sanders, former staff, supporter & donor
Frances M. Beal, supporter & donor, Sister of Fire awardee
& co-founder of Third World Women's Alliance
Daphne Muse, supporter & donor
Belvin Louie, supporter & donor
Gerald Lenoir, supporter & donor
Gwyn Kirk, supporter & donor
Walter Turner, supporter & donor

Prayer for Colored Girls

sister shelter you warmed
our insides soups stews hugs

magic poulticed our wounds
wrapped our broke spirits

sister refugee tent you
pushed storm off our backs

shared big sis shoulder for cry
rock babies stay alive

sister warrior you schooled
us liberation art of peace

DOWN with welfare deform!
DOWN with killing our sisters!

sister dance party you
shimmied our rebel victories

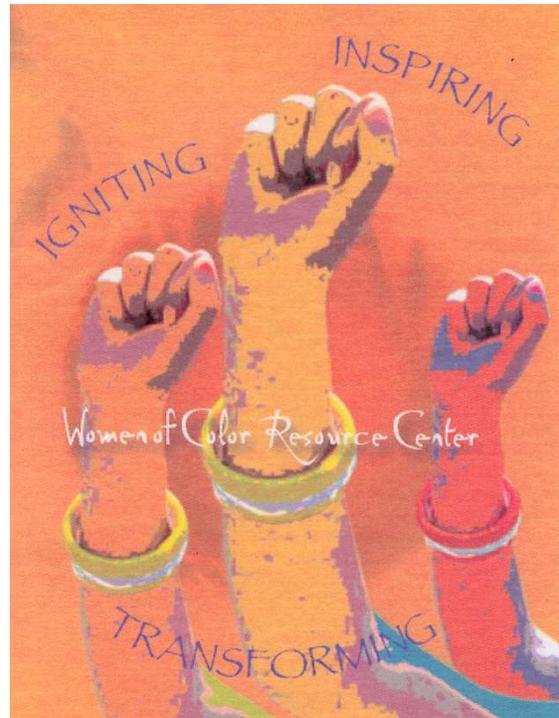
thunder throats earthquake hips
honey heaven skinned mirth

sister love you made us *all*
sisters of fire

we carry beats from
your now still heart

sister earth leaping sky
we trace your ash cross

our brow your memory our
talisman for fires to come



WCRC 9th Sisters of Fire

An Important Message to Our Community

February 21st, 2010

Dear Friends and Supporters of Women of Color Resource Center,

For 20 years, Women of Color Resource Center has been a strong and sometimes singular voice on the most pressing issues facing women of color. Our strength has been grounded in the experiences and leadership of everyday women and people, like yourself who have supported us and made our small but important organization possible.

Today it is with great difficulty and deep regret that we, the Board of Women of Color Resource Center, reach out to you. We come to you, our friends and supporters, for guidance, understanding and assistance.

As some of you may have heard, WCRC has been confronting a financial crisis since December that has brought us to the brink of collapse. Like many organizations in this period, the organization has struggled to raise revenues in this economically difficult climate. For us the fundraising situation was made more difficult due to a leadership transition from our founding director at the end of 2007. The organization borrowed heavily throughout the past two years to make up for the revenues we could not generate-- a strategy that we now see increased our long term vulnerability.

In December, the organization's finances reached a crisis level. With \$90,000 of debt, dwindling resources and escalating rent costs, the board felt we had few options. We laid off the staff, shut down our physical office and ceased all programming activities until we could deal with the financial crisis and try to map a strategy for the future.

We know that the news of the current state of the organization comes at great disappointment, shock and devastation to many. This organization has touched many lives over its 20 years of existence. There are countless women and a few men – including many of you -- who have poured their hearts, sweat and tears into building this organization.

To you, the organization owes not only deep gratitude for your support throughout the years, but also an explanation as to how this happened and what, if anything, we could have done to prevent it.

Unfortunately we do not yet have all the answers to those questions at this moment. Our main priority has been addressing the immediate financial issues, particularly resolving our remaining debt.

However, we as an organization are committed to a full evaluation as to how these circumstances evolved, how we handled them and how we could have improved our fiscal responsibility. We look forward to sharing the results of our analysis and engaging with the WCRC community once we complete our assessment.

As far as the future of WCRC it is uncertain. We wish that we could promise with certainty that there is a clear path to rebuilding. And that WCRC will celebrate its 20th Anniversary and beyond. Unfortunately, we cannot.

Nevertheless we want to express our commitment to explore all available and potential avenues, if any, to reorganization. We commit to pursuing these possibilities in direct conversation with the WCRC community to whom we are accountable beginning with resolving the immediate financial situation in the most responsible manner possible and rebuilding the trust with our supporters.

Some of you have reached out and asked the best way to support the organization during this current period. We continue to need technical and financial support to both address the immediate financial

issues and to have any chance at rebuilding. If you can offer either financial assistance (no matter how great or small) or technical assistance, such as basic bookkeeping, please contact us at womenofcolorresourcecenter@gmail.com.

In this age of social networking we realize that truth and rumor or misinformation are often co-mingled. We pledge ourselves to an open and honest dialogue about all that has happened. We invite you to contact us directly with your comments, questions and suggestions at the email address above.

We would like to close by expressing our continued belief, as individuals and as a board, in the mission of this organization. We believe that it has made, and can make in the future, an invaluable contribution to building a more just world for women and people of color. We sincerely hope that you share this belief with us.

We hope that we have the fortune and opportunity to build on this shared belief to continue the work and vision of WCRC, in whatever form it may take.

Thank you for your time and support today and throughout the years.

WCRC Board of Directors

Caroline Acuña, Jung Hee Choi, Elmira Nazombe, Genevieve Negrón-Gonzales, Malaika Parker, Alex Vazquez, Mei-ying Williams

Downloaded from <http://coloredgirls.live.radicaldesigns.org/article.php?id=670>

March 4, 2010

To: Caroline Acuña
Jung Hee Choi
elmira Nazombe
Genevieve Negrón-Gonzales
Malaika Parker
Alex Vazquez
Mei-Ying Williams

Dear Women of Color Resource Center Board Members,

As former board, staff, founders and supporters, we are writing to respond to your February 21st call for community assistance. We are shocked and cannot believe what has transpired. We profoundly grieve the totally unexpected and abrupt collapse and closure of the Women of Color Resource Center. We want to understand how this happened—indeed was allowed to happen—and also to lend our expertise in whatever can, or will, come next.

Individually and collectively we have devoted decades to creating a center where organizers and activists could build community, sharing strength to power our respective struggles. WCRC was as diverse, complex and spicy as we are. She served as leadership training ground and shero celebration hall. As pop ed school and library. As policy institute and colored girls brain trust. As media outlet for poor women, vets and artists. As crisis intervention center. As link between us and our sister organizations nationally and internationally.

We built WCRC with bare hands and street smarts, belly laughs and mama hearts. Her destruction hurts us bodily. Politically. Spiritually.

Yet in the midst of our grief, we are also puzzled, We know that Linda Burnham, WCRC's co-founder and former Executive Director (ED), together with us and other community supporters, successfully raised one year's worth of operating expenses (which was either in the bank or contractually committed at the time of her departure) in order to put the organization on the strongest possible foundation for its transition to the new ED, Anisha Desai. After eighteen years at the helm of the organization, Linda Burnham left the WCRC on its best financial footing ever with sturdy accounting and governance systems set in place. Now, just two years later, WCRC is closed, with a broken lease and substantial liabilities owed to creditors.

We want to send a delegated team to meet with you directly to determine how we can best help. We want to work together with you all to face the current crisis forthrightly, creatively, and with the utmost integrity—beginning right now as we enter International Women's History Month. As WCRC's builders, we want to be part of resuscitating WCRC. If WCRC cannot be revived, we are committed to giving her the community burial and memorial both she and we all deserve. Call on us. Tap our skills and resources. We are here!

Let us hear from you as soon as possible.

Peace,

Derethia DuVal, former board chair, supporter & donor
Margo Okazawa-Rey, former board member, supporter & donor
Miriam Ching Louie, former board and staff member, cofounder & supporter
Nadine Naber, former board member, supporter & donor
Betita Martínez, former board chair, Sister of Fire awardee, supporter & donor
Frances M. Beal, supporter & donor, Sister of Fire awardee
& cofounder of Third World Women's Alliance
Christine Ahn, former staff member, supporter & donor
Dorothy Lazard, former staff volunteer, supporter & donor
Elisa Gahng, former staff member
Kaaryn Gustafson, former staff member
Kimberly Alvarenga, former staff member, supporter & donor
Laura Flynn, former staff member
Maryam Roberts, former staff member
Nguyen Louie, former staff member
Nunu Kidane, former staff member, supporter & donor
Shanina Shumate, TEMPO mentor & supporter
Belvin Louie, supporter & donor
Daphne Muse, supporter & donor
Gerald Lenoir, supporter & donor
Gwyn Kirk, supporter & donor
Walter Turner, supporter & donor

Hilary L. Crosby
Certified Public Accountant
(*Volunteer Auditor*)
510-375-5647

Audit--Preliminary Findings

Women of Color Resource Center—April 29, 2010

This document has three sections and one big question:

- Scope of the project
- Preliminary findings
- Details
- Questionable Transactions
- Big Question
- Appendix – COSO Framework

Scope of the Project

I undertook this project to provide some insight into the financial factors that contributed to the dissolution of the Women of Color Resource Center (WCRC). I feel that my professional experience with nonprofit organizations provides the basis for me to compare the transactions, record retention, documentation, and overall internal control environment with other nonprofit organizations in the progressive movement of similar size.

I did not develop any opinions as regards intent or motivation of the individuals involved, and I am not qualified to do so. While some transactions may appear suspicious, I did not seek explanations from the originators of the transactions, and do not have the qualifications or authority to conduct forensic interviews.

I used the QuickBooks (QB) data from WCRC which includes information from January 1, 1997 through March, 2010, to learn about the revenue and expense categories, and to interpret the data contained in the bank and loan statements. I focused on the data and transactions in 2008 and 2009; however, I did use data from earlier years to learn about revenue and expense trends.

Most of the graphs I'm presenting are based on QB reports which I exported to excel. Prior to receiving the QB data, I created a QB general ledger by entering the transactions on the 2008 bank statements. That project made me familiar with the type of expected transactions and the standard of documentation available to inform observers about the nature and purpose of the transactions.

I am grateful to Miriam and Belvin Louie for pulling documents from the files, making scans of many of them, and compiling lists of certain transactions to answer questions that emerged during my examination of the bank statements and QB data. They provided the kind of support that I rely on from my clients: produce original documents for review, and to re-file everything. Without their help I would have much less confidence in my findings.

I'm also grateful to Chanda Jones, Nobuko Yamada, Mei-ying Williams, Malaika Parker, Linda Burnham and Jackie Patterson of Women of Color United for their prompt and thorough responses to questions.

I am offering my preliminary findings with the following caveats:

- I am not a forensic auditor; nothing I am presenting meets the standard of legal evidence.
- I was a supporter of and participated in political activity with the Third World Women's Alliance and the Alliance Against Women's Oppression, and I've been a donor to and supporter of the Women of Color Resource Center off and on for many years.
- I know many of the participants personally as friends, acquaintances, compañeras, fellow travelers, and in at least one case, a former client.
- I underestimated the time required for this project, and had to rely on Miriam and Belvin Louie's help to sort through the massive amount of paper, and used scans and lists they prepared to develop my findings.

Preliminary findings

Please understand that audits take place after the fact, and are based on available information. I could only use the information provided to me, and therefore relied on contemporary documentation. When contemporary documentation is not available whether because it was inadequate or nonexistent to begin with or because of poor record retention, the effect is the same. I read all the board minutes that were provided to me, and looked at the records supporting transactions in the files.

There were two intersecting problems which indicate a lack of overall internal control consciousness:

1. Weak communication and monitoring by the board
2. Inadequate financial management and oversight by management staff indicated by an overall weakness of documentation and actions that – in the absence of explanations – seemed imprudent

These findings were developed using the Internal Control framework developed by the Committee of Sponsoring Organizations (COSO) which consists of the following five components: (See Appendix A for a fuller explanation of the COSO framework.)

- Environment
- Risk Assessment
- Policies and Procedures
- Communication
- Monitoring

The Internal Control Environment is not just the intention to do a good job, or adherence to policies and procedures required by previous employers or mentors. It is an all encompassing environment that includes an orientation to efficient use of resources, strategic financial planning, providing the framework for management and staff integrity, and recognition that documentation is required to provide evidence of the existence of internal control.

Risk assessment lays the groundwork for identifying which areas of financial management are operable and therefore what kinds of policies and procedures are required to insure that internal controls are adequate. For WCRC, which relies on contributions and grants, and uses Lines of Credit for cash flow, a proper risk assessment would have dictated that the board pay attention to fundraising, and be vigilant about the management of credit and cash flow.

Furthermore, since WCRC's program included outreach and travel, and its relatively small scale of operations required use of personal funds and credit and debit cards, formal and enforceable standards of documentation and oversight of spending was essential to insure efficient use of resources and provide the basis to hold staff accountable to a high level of operational integrity. It seems that the requisite policies and procedures either did not exist or were not communicated and monitored effectively. Furthermore, the asset:debt ratio was not monitored,

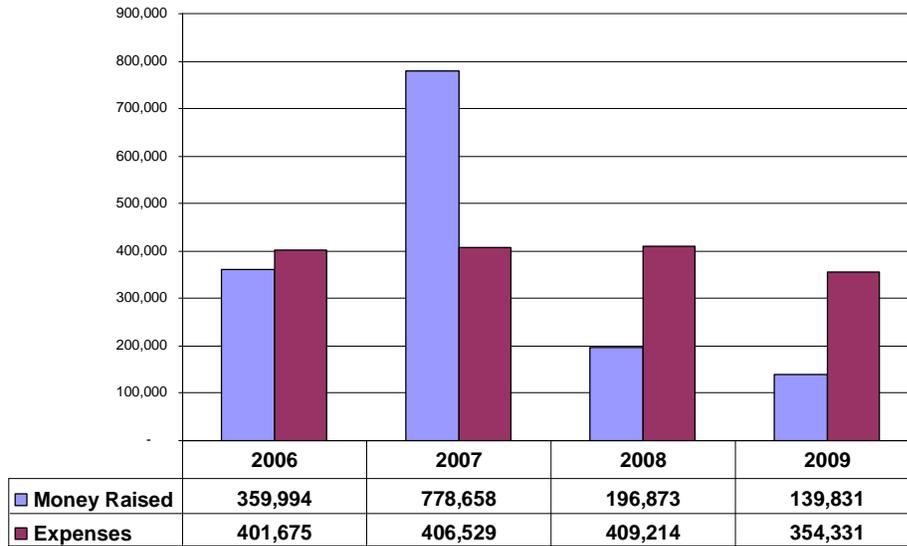
and fundraising goals were either not developed or were not met, and spending cuts were not made and/or enforced in a timely way.

Within this environment, staff was able to spend funds without providing proper documentation and without a guiding budget, certain expenditures were made without adequate justification or based on misconceptions, and there was an over-reliance on credit for cash flow.

Details

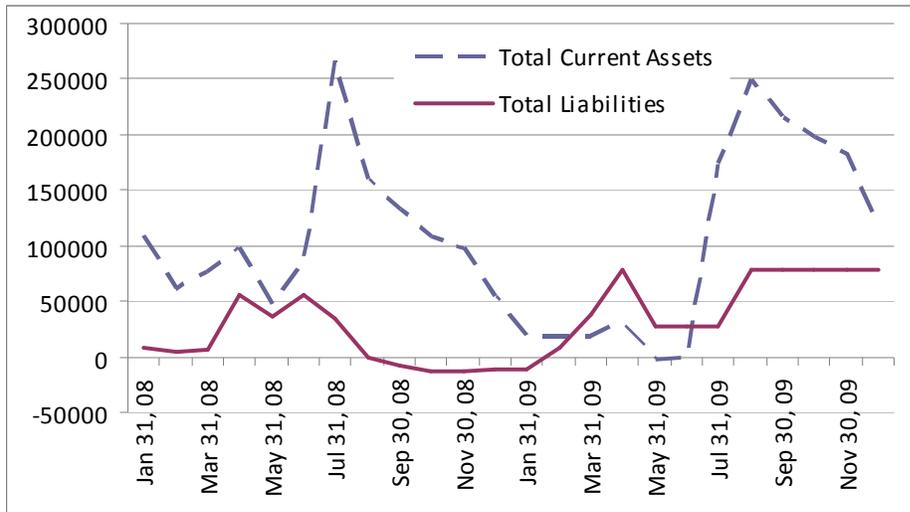
Looking at the revenue:expense ratios indicates that fundraising was not adequate:

Money Raised vs. Expenses



Looking at the asset:debt ratios shows overreliance on credit for cash flow:

Asset / Debt Ratios

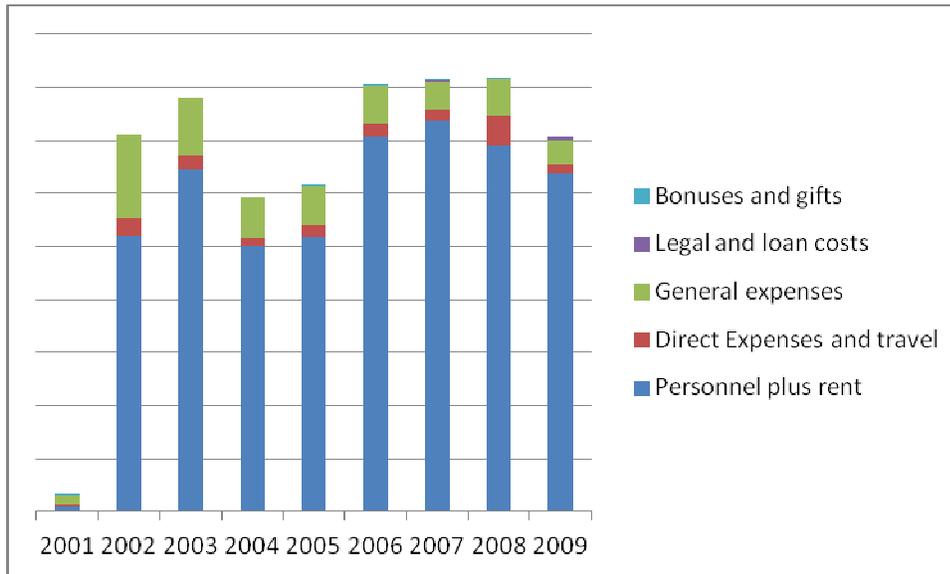


I am curious why the organization carried so much debt with the concomitant debt service expenses when there was adequate cash to reduce the debt.

Lines of Credit History

- Wells Fargo Bank
 - \$50,000 May 2008 – July 2008 (closed)
 - \$50,000 Feb 2009 – Today
- Mechanics Bank
 - \$20,000 Nov 2008 – Feb 2010 (closed)
 - MB \$20K CD was used as collateral
 - Foreclosed Jan 2010 to pay off MB LOC
 - \$40,000 April 2009 – Feb 2010 (closed)
- LOC Fees ~ 6% = ~ \$1,000 / month

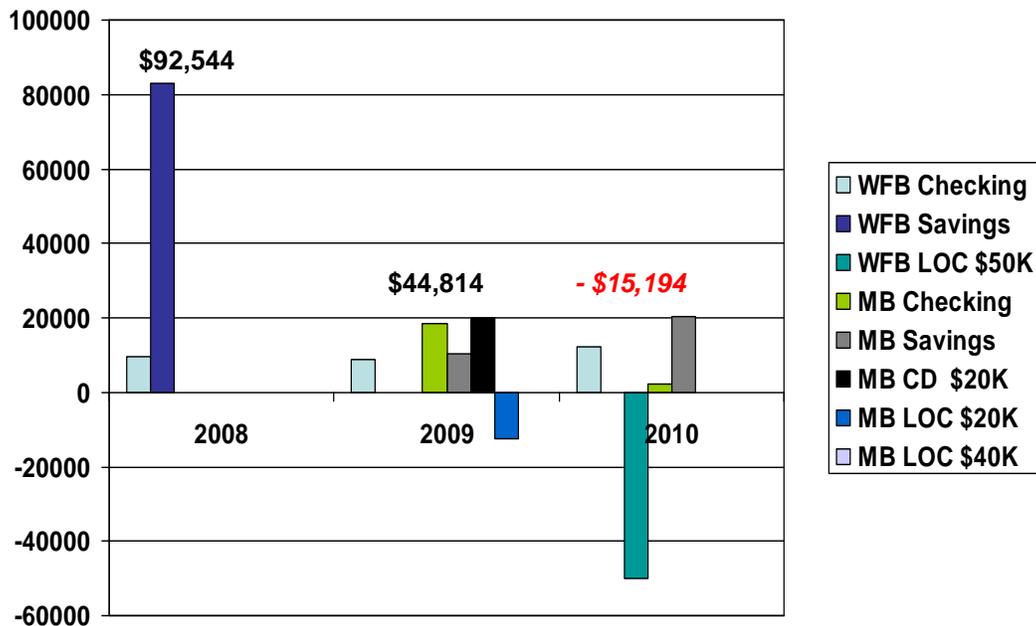
Here are the expenses by category:



Like other nonprofit organizations, WCRC spent expended the biggest portion of resources for personnel and rent. Consultants are included with personnel in this chart.

The following chart shows the starting and ending bank balances from January, 2008 – March,

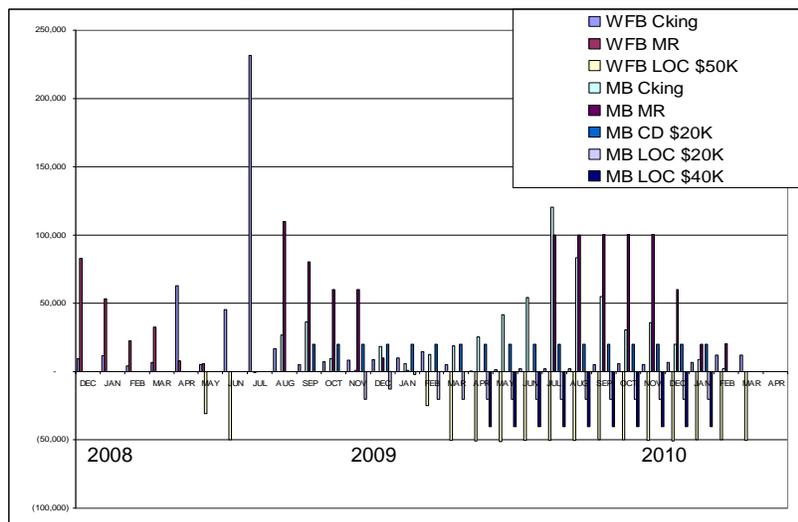
Starting and Ending Bank Balances



2010.

The following chart shows the running account balances:

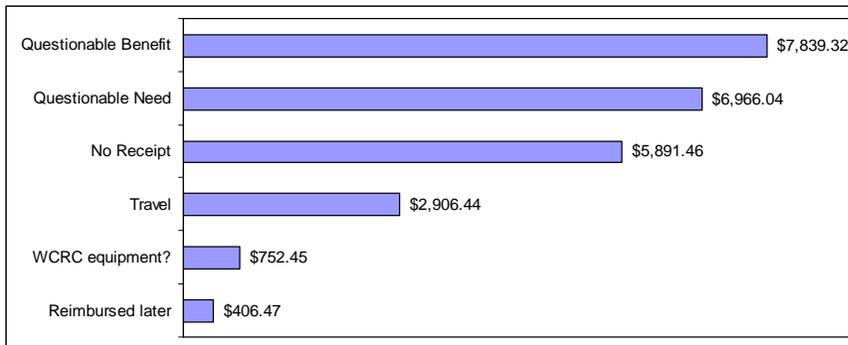
Running Monthly Bank Balances



Questionable Transactions

There were 108 transactions totaling \$24,762 during the two years ended December 31, 2009 as shown by the following chart:

By Category



108 questionable transactions = \$24,762

These specific expenditures included travel expenses for things like last minute schedule changes and in cities that WCRC was not active in. The Questionable Need expenses were for items where the usefulness of the expenditure in furthering WCRC's exempt purpose wasn't clear. While Anisha Desai did reimburse the organization for certain expenses that were disallowed by the board, there was a total of \$406.47 that was not reimbursed. Additionally, questionable benefits were expenditures for employee benefits that are not included in the IRS regulations such as massages and health club membership. Expenditures for equipment that should be returned to WCRC totaled \$752 and there was no receipt for 27 transactions that totaled \$5,891. While it's not unusual for people to get upset by undocumented or seemingly unnecessary spending, \$24,762 is about 3% of the total expenses for the two years ended December 31, 2009. We must also consider the problems rooted in lack of oversight, strategic planning, fundraising, and cash flow management.

Big Question

In October, 2008, \$20,000 was moved from the Mechanics Market Account into a CD at Mechanics Bank. The title for this account in the QuickBooks general ledger is Mechanics Bank 20K loan. The bank statements indicate that \$20,000 was borrowed from Mechanics Bank during October, 2008. There was never a liability established for the \$20,000; there was no revenue booked for \$20,000 during the months up through December that is not accounted for. However, in February, 2010 there are statements from Mechanics Bank indicating that \$20,000 was withdrawn from the WCRC account to repay the \$20,000 loan. I have no idea where that liability was booked, and no idea if the funds were ever received by WCRC.

APPENDIX A

The COSO Framework

Here's as good an explanation of the COSO framework as I've found:

The term "COSO" appears in financial, accounting and newspaper articles. What is COSO and why is it important to businesses of all sizes? COSO stands for the "Committee Of Sponsoring Organizations of the Treadway Commission," a nonprofit commission that in 1992 established a common definition of internal control and created a framework for evaluating the effectiveness of internal controls.

The 2002 Congress, in response to accounting and financial scandals, passed the Sarbanes-Oxley Act. This Act requires public companies to evaluate their internal controls and to publish those findings with their SEC filings. The concepts developed in the COSO Report are generally used as the framework to evaluate internal control.

Although the Sarbanes-Oxley Act is directed at public companies, many privately owned companies and nonprofit organizations are electing to evaluate their systems of internal control using COSO's framework. The manner in which the components of the COSO framework are applied to an organization will depend on the nature and size of the organization.

The COSO framework views internal controls as consisting of the following five interrelated components:

- **Control Environment**
The integrity and ethical values of the company, including its code of conduct, involvement of the Board of Directors and other actions that set the tone of the organization
- **Risk Assessment**
Management's process of identifying potential risks that could result in misstated financial statements and developing actions to address those risks
- **Control Activities**
These are the activities usually thought of as "the internal controls." They include such things as segregation of duties, account reconciliations and information processing controls that are designed to safeguard assets and enable an organization to timely prepare reliable financial statements.
- **Information and Communication**
The internal and external reporting process and includes an assessment of the technology environment
- **Monitoring**
Assessing the quality of a company's internal control over time and taking actions as necessary to ensure it continues to address the risks of the organization

Source: (http://www.mcgladrey.com/Resource_Center/Audit/Articles/WhatIsCOSO.html)

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect

misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

"Misstatements" include uses of resources that are not in accordance with the entity's exempt purpose, or are made for personal use

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if it operates as designed, the control objective would not be met.
- A deficiency in operation exists when (a) a properly designed control does not operate as designed or (b) when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Summary of staff responses to interview questions 🙄

(does not include interview with the ED) 🙄🙄

1. What did you like most about your job? What did you like most about the organization?

- The history and commitment behind the organization
- Sense of purpose
- Working at an all feminist, women of color organization
- The gender and racial lens to militarism
- Training and the popular education creativity and building skills
- Excitement over the potential for transparency, once the ED became ED

2. What did you like least about your job? What did you like least about the organization?

- Challenging social dynamics and gossip – staff talking about other staff, including the ED
- People working from home too much
- Not a lot of cohesion among staff
- Lack of mentorship – did not like working alone
- Lack of sharing ideas collectively
- Lack of power for staff and no financial transparency
- Very little action – not much follow through by the ED on her ideas

3. Did you feel like there was staff camaraderie?

- No – there were trust issues and lack of professionalism
- Huge Division
- Lack of participation by staff in areas that was not their job – specifically in fundraising
- Only Senior Staff were invited to participate in selecting the new ED
- Divisive behaviors by certain staff people
- The ED sent individual emails to staff that would slightly differ in what information was included
- Lots of shit talking and gossip

4. Please describe the Executive Director's leadership as it related to your position?

- The ED did not focus on major donor work
- Lack of follow through by the ED
- The ED was under a lot of pressure
- Dealing with budget stuff with the ED was a hindrance

- Lack of clarity with decision making, by the ED
- The ED was inconsistent about being in the office
- The ED made decisions based on her own needs, such as a “staycation”
- The ED would make personnel decisions without keeping in mind the financial impact
- The ED had poor boundaries
- The ED was supportive of activities such as Peace Games and Do Tell
- The ED had a hard time saying no and confronting people
- The WCRC structure didn’t match her capacity

5. How would you describe the financial climate of the organization when you came began working at the WCRC?

- An alarm went off when the WCRC applied for a grant from X Foundation , but didn’t make it through the LOI process - this was supposed to be money to help until Y Foundation grant came in
- Fundraising efforts were lackluster – no leadership by the ED
- Financials were tight but once the WCRC received the Y Foundation grant, things would be fine
- Debt was alarming and there was no functioning budget
- Books had not be reconciled
- There was \$1600 owed to the WCRC, by the ED, for charging personal expenses on the WCRC debit card – that amount was not paid back until 2009
- The ED had a bad reputation for being a liar in the community
- In May 2006, the financials felt good
- WCRC has always had a financial struggle

6. Please describe the Executive Director’s financial management as it related to your position.

- The ED did well at the first SOF
- The ED was gone a good portion of September and October 2009, around Sisters of Fire
- There were no thoughts or actions to move toward cutting expenses
- Stressful
- The ED was not transparent about fiscal standing
- A lot of trainings/things/publications didn’t happen because of money
- There was a budget but it was never referred to in staff meetings
- No action

7. Were there any staff discussions of financial problems of the organization? What was discussed?

- Yes, on the side, over tea
- It was hard to be transparent with the ED and she would get defensive
- The ED used the WCRC credit card for her own expenses, such as for a car rental and other unapproved moving costs
- Board confronted the ED about personal expenses and the Board told staff that The ED will pay it back – no one from the board followed up after they handled the situation
- Staff was worried about what the ED was doing
- Staff felt that The ED was full of bullshit
- The ED was not making contacts with the Founding ED's old donor contacts
- The ED gave staff raises at random rates
- The ED asked the Office Manager to sign the Board Chair's signature for a 25K loan
- The ED was invested in making staff like her – had fun days with all expenses paid for by the WCRC, such as a Pier 39 sailing trip and free beer and wine
- The ED paid for lunch with drinks and got really drunk – the staff drank too

8. Please describe your experience with the board as it related to your position. What was challenging? What was supportive?

- There was minimal exchange
- The Board Chair was good friends with the ED
- The Board trusted the ED too much, or was it the Board was disengaged?
- I wished there would have been a relationship established early on
- There should have been a board member who was a direct line to me
- The board often felt unavailable – overcapacity - Hella busy. '
- FRUSTRATION!
- Staff had expressed concerns about the ED early on and there was NO follow through
- The board trusted that the ED would pay the money with no follow through
- After a Board liaison member moved and left the board we **should** have made sure there is another staff liaison
- The ED would make two budgets: one for the board and one for The Office Manager - The ED would ask the Office Manager to change certain categories of financial figures for the board and the Office Manager would ask why only certain categories/ figures
- The board needed to see the whole picture and the ED would just act like The Office Manager didn't ask the question and said, «**I just need these numbers**»
- I knew the board was not seeing the full picture.

- Lack of responsiveness on the board's part - we felt there was a lack of concern on the board's part of the financial state of WCRC
- My concern was that the Board Chair and the ED were best of friends
- Most of the staff felt like they could not go to the Board Chair because of her closeness with the ED

9. How was communication/concerns between staff and the Board facilitated by The ED?

- The ED did tell the Board Sisters Of Fire stuff
- Board was seen as outside
- Believed that if I called anything into question, I feared for my job

10. What is your analysis of what caused the staff turnover of the organization?

- Communications Director left for law school
- The Office Manager left for an opportunity - but may not have been happy
- Development Director had already planned to go back to school
- Next Communications Director went back to school but did not like the dynamics of the organization, which is why she pursued graduate school
- The non-profit structure & people coming in younger
- Heard concerns about salary and raises not happening
- The ED was stressed at the top and that trickled down – it was not fun to be there
- The organization was in complete dis-repair
- No communication, no responsiveness

11. Were there any significant personnel changes made or allowed/accepted during The ED's tenure?

- Staff had paid vacation and a week off for Christmas break, and the ED added another week
- Staycations (you could work or not) came about the ED and The Office Manager were sitting in conference room and the ED decided everyone would have a staycation - this was 1 week off and a closure of the office in July, and everyone would take the time off
- It was impromptu and seemed like the motivation was for the ED to take time off.
- The WCRC may have paid more for insurance and it changed from a reimbursement model to an HSA account and higher deductible.
- Working from home became like a new policy - People just sent emails saying they would be working from home that day
- The ED was out of the office often but staff was told she was out for conferences or for other business related reasons
- Random pay rates

12. What is your analysis of what ultimately caused the financial downfall of the organization?

- Overall, the ED's leadership was pretty poor
- She did not really want to take leadership and maybe she didn't feel supported
- The ED did not make decisions that needed to be made and had a lack of vision and direction
- It ultimately comes down to the finances and extent of debt and abrupt, short timeline the WCRC had to figure out how to carry on work
- Decisions made that could have been made differently
- Taking out so many loans without a real plan of fulfilling them
- Debt-cycle happening huge factor
- Lack of clear structure and communication
- Board's lack of oversight and information about the financial details of WCRC and how The ED was running and managing the office finances
- Seemed like after the transition happened, the Board felt like their job was done
- The Board trusted The ED as much as they trusted Linda but the \$3,000-\$4,000 in personal expenses that The ED charged should have been a red flag for the Board
- The ED's lack of integrity – quickly lost trust in the ED

13. Were there ever any moments where things just didn't feel right? Something seemed suspicious or manipulated in any way?

- There were inconsistencies in stories and the ED not telling the whole truth
- The ED had another job offer which she had committed to by December and had applied for, in September
- The Board participation at SOF was minimal and that was hard.

14. Do you have any other feedback, comments, or critiques you would like to add?

- Would have been helpful if there was more focus on planning and evaluation
- No loop for communication
- Before I left, I contacted a Co-Founder and she told me to contact the board with concerns but did not do so because of the closeness of the Board Chair and the ED

☺The Board conducted and compiled staff interviews and delivered the above summary to the Women of Color Taskforce at the first joint meeting held May 2, 2010.

☺☺The Women of Color Taskforce has taken the liberty of replacing individual names in this document with those of Staff and Board's organizational titles or functions.