

AHP in the News
Family's Gift to Princeton Proved a Real Education
Seattle Post - Intelligencer, April 21, 2008
by Dan K. Thomasson

WASHINGTON -- If you are thinking about a sizable gift to your alma mater, especially one to support a specific purpose, it might be wise to keep an eye on an upcoming deliberation over whether Princeton University misused tens of millions of dollars from a charitable foundation. A trial date has been set for Oct. 1 in a New Jersey superior court on what is the largest donor-intent lawsuit in American history.

The case has been hanging around for several years now and it already has sent shock waves through the nation's institutions of higher education and the non-profit community generally. If the suit is decided for the plaintiffs, those tremors could be expected to increase dramatically. But judging from the length of time it has taken to reach trial an ultimate conclusion could be a long way off unless the parties somehow agree to settle, which seems unlikely.

In 1961, Charles and Marie Robertson established and endowed a charitable foundation with \$35 million to support U.S. efforts to extend freedom throughout the world by establishing a graduate program to train future diplomats at Princeton's renowned Woodrow Wilson School of Public and International Affairs. That endowment is now worth some \$900 million. Since 1961, the university, according to filings and the public relations firm hired by plaintiffs in the suit, has charged the foundation more than \$350 million.

But the Robertsons' son, two daughters and a nephew have claimed that many of the expenditures have been for activities that have little or no connection to the original mission. These include unrelated construction projects, programs and personnel. More seriously they allege that the expenditures were bogus and were approved in a fraudulent manner. The university, of course, denies the allegations.

The Robertson vs. Princeton case already has set off a flurry of similar although smaller cases ranging from allegations that the University of South Dakota reneged on a pledge to name the business school after a wealthy benefactor to one that charges that an endowment for Randolph Macon Women's College could not be used to support co-education that violated the school's original charitable mission to provide a liberal arts education to women. The Virginia Supreme Court will hear that case this spring.

The impact of the Robertson suit is further being felt in policies that govern acceptance and definition of bequests in colleges and universities that in the past were cavalier about shifting money from original intents to other projects, particularly after many years had passed and needs changed. This was made possible because the descendents of the donors often became less vigilant or lost interest altogether in overseeing their ancestors' wishes.

Recently, however, schools and non-profit groups have taken steps, as they should, to protect the wishes of donors, using ironclad agreements in accepting the money and, in some cases, offering to return the gift if the donors aren't satisfied rather than face an image tarnishing lawsuit.

How important is this? According to the Council for Aid to Education, charitable contributions to colleges and universities reached \$29.7 billion with 80 percent to 90 percent restricted in some fashion. A loss of faith in the way those gifts are administered could have a dramatic impact on that giving. Even if the bequests aren't strictly set down, the failure by a school to accede to the donor's wishes often costs the institution in future contributions from the family.

A major survey of 3,040 Americans by *Contribute Magazine* and Harris Interactive found there is far more concern today that charitable organizations are misusing funds. Nearly half of the respondents said they worried that charitable organizations are guilty of theft of funds. The concern has been heightened by extensive reports about the misdirection and use of private funds given in relief for a number of national tragedies including hurricanes Katrina and Rita.

In the wake of all this the American Association of Fund Raising Counsel, Association for Healthcare Philanthropy, Association of Fundraising Professionals and the Council for Advancement and Support of Education joined to create a "Donor Bill of Rights" that has been endorsed by a number of major colleges and universities. It states that all contributors have the right to be "assured their gifts will be used for the purposes for which they are given."

So the next time you want to support your local charity, favorite school or nonprofit it would be wise to make certain everyone is on the same page about what you want done with the money or else give it with no strings attached.

Dan K. Thomasson is former editor of the Scripps Howard News Service;
thomassondan@aol.com