

Confidence in nonprofits is eroding

By WILLIAM ROBERTSON

Americans are beginning to question whether charities can be trusted with their money.

A recent "DonorPulse" poll, conducted by Harris Interactive, found that only one in 10 Americans strongly believes that charities are "honest and ethical" in their use of donated funds, while nearly one in three believes nonprofits have "pretty seriously gotten off in the wrong direction."

This could have a grave impact on America's \$250 billion-a-year nonprofit sector, and the thousands of institutions and individuals who depend on the public's continuing generosity.

While there may be many reasons for this growing crisis in confidence, there is one reason with which I am intimately familiar: Some nonprofit organizations can't be trusted to use the contributions they receive for the purposes for which they are given.

My sisters and I are involved in an unfortunate dispute involving this issue, which is now making its way through the legal system. With \$750 million or more hanging in the balance, the case is believed to be the largest donor-intent lawsuit in U.S. history.

The defendant in our case is Princeton University. Princeton, we believe, has egregiously ignored the wishes of our parents, who — in 1961 — donated 700,000 shares of A&P stock, valued at the time at \$35 million, to establish a foundation to benefit our country.

The sole mission of the Robertson Foun-

ation is to help the U.S. government "increase its ability and determination to defend and extend freedom throughout the world" by preparing talented Princeton graduate students for government careers in international relations and foreign affairs.

Since 1961, Princeton has spent more than \$300 million of the foundation's money. But steering program graduates into the Foreign Service and other foreign-policy careers in government has never been a high priority at my alma mater. Instead, an analysis by PricewaterhouseCoopers indicates the university misspent \$207 million, diverting funds to other departments, programs and activities. So we are seeking to remove Princeton's control of the foundation and its endowment so the foundation can pursue its mission with institutions that care.

Our experience is not unique. Just weeks ago, for example, the descendants of Josephine Louise Newcomb filed suit in Louisiana to block an attempt by Tulane University to dissolve Newcomb College, the women's liberal arts college affiliated with Tulane. Mrs. Newcomb donated \$100,000 in 1886 (about \$2 million in current dollars) to establish H. Sophie Newcomb Memorial College, named in memory of her daughter.

She later left the college her entire \$2 million estate (worth about \$46 million in today's dollars.) As attorneys for the family declared, "The conditions she put on her donation were crystal clear." The money was for Newcomb College.

Other cases abound, too numerous to de-

tail. The one common thread: Money is donated for a specific purpose but not used for that purpose.

If the intention of donors continues to be ignored or evaded, confidence in U.S. charities will continue to erode. The consequence could be tragic.

Though state and federal courts have been wrestling with charitable trust issues for some 200 years, the law is clear: A charitable gift made and accepted for one purpose cannot be used for another without the consent of the donor or a decree from an appropriate court.

The unflinching reaffirmation of this by New Jersey's courts will send a timely signal to nonprofit executives that the acceptance of designated funds — a gift "with strings" — carries with it the obligation to use the money as intended. Nonprofits that trifle with donor restrictions will learn that such behavior will not only threaten their donor base, but will subject them to legal ramifications.

This will send the right signal to all Americans, encouraging them to continue their necessary support of our country's 1.2 million nonprofits, whose daily good deeds improve the quality of life for millions of our fellow citizens.

William Robertson is the lead plaintiff in a lawsuit seeking to end Princeton's control of the Robertson Foundation and its endowment. Readers may write to the author at 501 Goodlette Road, D-100, Naples, Fla. 34102.