

## AADC Frequently Asked Questions

July 20, 2016

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In order to help alumnae understand the Agreement reached among the AADC, Rutgers, the Rutgers University Foundation and Douglass Residential College, we have developed the summary below and a list of questions and answers that you may find useful. You will also see how to make inquiries regarding any of these issues.

### WHAT ARE THE KEY ELEMENTS OF THE SETTLEMENT?

1. *Under the terms of the Agreement, the AADC remains an independent, self-funded organization serving the alumnae of the New Jersey College for Women (NJC), Douglass and Douglass Residential College (DRC). We continue as a chartered member of the Rutgers University Alumni Association, with all rights and privileges. There are certain exceptions permitted, such as the AADC's being allowed to raise money to fund our alumnae programs and AADC operations, employing paid staff and raising money for Fellowships for post-graduate studies for Douglass alumnae.*
2. *The AADC retains the rights to use the name "Associate Alumnae of Douglass College," along with the pine tree in its current logo.*
3. *The AADC retains full fiduciary responsibility for the management of the Douglass Fund, the endowment created in 1969 by the AADC exclusively for the benefit of Douglass and her students. The AADC will appoint individuals from the AADC Board to serve as Trustees of the Fund, which the AADC will continue to steward. Distributions from the Douglass Fund will continue to be used for the exclusive benefit of the College, with restricted money being used to provide scholarships, leadership development and other opportunities, according to the donors' specified intent, as it always has been used. The AADC, through the Douglass Fund, will continue to provide a significant amount of financial support for Douglass Residential College. In fiscal year 2016, this support from the Douglass Fund amounted to about 50% of the programming budget for Douglass Residential College.*
4. *Fundraising for Douglass Residential College will now be the responsibility of DRC in conjunction with the Rutgers University Foundation. The AADC will no longer solicit bequests or donations for scholarships, for the Douglass Fund or for DRC. The AADC may, however, continue to accept bequests or donations from original donors of certain established scholarships. When a donor of an established scholarship contacts the AADC and the AADC is unable to accept funds for a particular established scholarship, the AADC will refer that donor to DRC/RUF. The AADC may solicit and accept donations for new and existing Fellowships for current year graduates who will be alumnae at the time the Fellowship is awarded and for Douglass alumnae pursuing post-graduate studies.*
5. *The AADC will refocus its programs to provide new and enhanced experiences and services for alumnae, expand our networks and strive to remain a best-in-class alumnae organization.*
6. *The AADC will continue to fund its own operations and alumnae programming through the Associate Alumnae of Douglass College Annual Appeal and through approved fundraising for certain events, programs and activities, including those organized for regional groups and affinity networks. Donations continue to be tax deductible. Please note that the AADC will follow Rutgers' policies and industry practices on fundraising, which include the common practice of taking a gift assessment on donations to help pay for fundraising and other operations costs.*
7. *The AADC will not conduct programs specifically for students. If one of our programs or events is relevant to students, the AADC can ask the DRC Dean whether students may be invited. There may be joint programs if the Dean and the AADC agree a program is in the best interest of the College, its students and the AADC.*
8. *The AADC will continue to operate out of the Ruth Schilling Hennessy Alumnae Center on the Douglass Campus, but will pay a usage fee to Rutgers. In addition, the AADC will be sharing the space with other tenants from DRC.*

### Frequently Asked Questions:

#### MEDIATION/NEGOTIATIONS

**Why did this process take such a long time?**

*There were numerous complex issues that had to be resolved to redefine the AADC's role and the relationship among the AADC, Rutgers, the Rutgers University Foundation and DRC. Formal mediation ended last fall, but all parties agreed to continue negotiating to reach an Agreement.*

#### **What is the term of the Agreement?**

*It will run for 5 years and can be renewed.*

#### **If the AADC was an independent organization, why did we need mediation?**

*Although the AADC is an independent 501 (c)(3), our organization had a memorandum of Agreement (MOA) with Rutgers University, the Rutgers University Foundation and Douglass College (now Douglass Residential College) that was signed in 2005. The MOA designated the AADC as the primary fundraising arm of and support for Douglass, a role the AADC fulfilled for 90 years. The MOA also defined services that Rutgers provided to the AADC, such as access to data and University networks, telephone and computer systems and other operational aspects. As of April 20, 2015, Rutgers unilaterally withdrew from the MOA and asked the AADC to cease fundraising for the College and its students. At that time, the AADC was providing about 50% of the DRC programming budget. Rutgers subsequently cut off AADC access to jointly-owned alumnae data stored on Rutgers networks and stated that it planned to eliminate all services. Since last year, the AADC has maintained its own networks, data and telephone systems; we no longer rely on Rutgers for such services. In addition, our status as a chartered organization within the Rutgers University Alumni Association (RUAA) was also in question. We felt it best to clearly define organizational roles through mediation. The mediation process began in July, 2015, and ended in the fall, when all parties agreed to continue negotiating a settlement. The new Agreement was signed on July 20, 2016.*

#### **How much has the mediation/negotiations cost the AADC?**

*Mediation costs were split among the parties, with the AADC paying one-third of the total. Each party was responsible for the costs of its own legal representation. Legal and other costs associated with this process have escalated and, while some have been covered by solicitations for the AADC Future Fund in 2015, donations to the Associate Alumnae of Douglass College Annual Appeal are needed and welcomed.*

#### **How did the AADC fund these negotiations with Rutgers?**

*Since we have been in mediation/negotiation with the Rutgers parties, the AADC has used Board-designated funds and contributions from many generous alumnae. This is our alumnae organization and the need for every alumna to give support is more critical now than ever.*

#### **Who represented the interests of the AADC in these talks?**

*The Mediation/Negotiation team consisted of our outside legal counsel and AADC Board members Jeanne Fox '75, Jennifer C. Bender '93, Helen Galt '69 and former Board member Wilma Harris '66. These women have extensive professional experience as well as service in leadership roles within the AADC and the University. AADC Executive Director Valerie Anderson '81 was added to the team a few months after the talks began.*

### **FUNDING AND FUNDRAISING**

#### **Is the AADC still allowed to raise money for Douglass? If not, why not?**

*No. Fundraising for Douglass Residential College will now be the responsibility of DRC in conjunction with the Rutgers University Foundation. The AADC will no longer solicit bequests or donations for scholarships, for the Douglass Fund or for DRC. Donors who contact the AADC with questions about their established scholarships will be directed to DRC/RU if the AADC is unable to accept funds for the particular established scholarship. The AADC may solicit and accept donations for new and existing Fellowships for current year graduates who will be alumnae at the time the Fellowship is awarded and for Douglass alumnae pursuing post-graduate studies. The AADC will continue to raise money for AADC operations as well as for approved alumnae programs, events and activities through the AADC Annual Appeal.*

#### **Will the AADC still be involved in providing funding to Douglass Residential College?**

Yes, through the Douglass Fund. The Douglass Fund is the endowment created by the AADC in 1969 for the exclusive benefit of Douglass College (now DRC) and its students. The AADC will appoint individuals from the AADC Board to serve as Trustees of the Fund, which the AADC will continue to steward, consistent with historic practices. DRC will continue to receive financial support through distributions from the Douglass Fund endowment. As part of the settlement, Rutgers and Douglass Residential College requested and the AADC agreed to transfer \$4.6 million in unrestricted funds held in the Douglass Fund to DRC/RU within 90 days of signing the Agreement. That money will be used to support the mission of Douglass Residential College.

#### **If the AADC is no longer fundraising for the College or students, what will happen to my prior donations?**

Money in the Douglass Fund has always been used as intended for the College and its students. Under the terms of the settlement, half of the “unrestricted” funds —about \$4.6 million — will be distributed to DRC as a lump sum at this time; these funds must be used for the exclusive benefit of the College. Funds that were restricted by the donor for a specific purpose will remain in the Douglass Fund and must be used only for that purpose. AADC will continue to steward the Douglass Fund to ensure that the donor’s intent is met. The Fund’s proceeds will continue to help support Douglass Residential College and its students. Although the AADC will not be soliciting donations for Douglass through the Douglass Fund, it retains the fiduciary responsibility to manage and steward the Fund.

#### **Are the financial assets of the AADC and the Douglass Fund safe?**

The assets of the AADC and the Douglass Fund continue to be managed by an independent professional investment firm, with oversight by an alumnae volunteer Investment Committee consisting of seasoned financial professionals who are Douglass alumnae. The ultimate fiduciary responsibility and accountability resides with members of the AADC’s Board of Directors. The consolidated financial statements of the AADC and the Douglass Fund will continue to be audited by an independent audit firm, which consistently has awarded the AADC its highest audit opinion. The AADC will continue to provide the Rutgers University Controller’s Office with our financial statements, as we have done for many years.

#### **How do I start a new scholarship?**

Under terms of the Agreement, the AADC cannot solicit or accept gifts to establish new scholarships. If you are interested in starting a new scholarship, you should contact DRC or the Rutgers University Foundation. The AADC may solicit and accept donations for new and existing Fellowships for current year graduates who will be alumnae at the time the Fellowship is awarded and for Douglass alumnae pursuing post-graduate studies. This is a great opportunity to continue to support Douglass women.

#### **How do I add money to an existing scholarship?**

As a result of the Agreement, the AADC will no longer solicit bequests or donations for scholarships, only Fellowships. The AADC may, however, continue to accept bequests or donations from original donors of certain established scholarships. When a donor of an established scholarship contacts the AADC and the AADC is unable to accept funds for a particular established scholarship, the AADC will refer that donor to DRC/RUF.

#### **What happens to my donation if I gave my money for use by the AADC?**

Donor intent for every gift will be honored, so if you previously pledged or gave a gift to the AADC Annual Appeal or to the Future Fund (which existed only in 2015), that money will go to support alumnae initiatives and the general administration of our alumnae organization. If you made a pledge that you have not yet fulfilled, we encourage you to do so as soon as possible. Your gifts allow us to remain an independent and self-supporting organization.

#### **Is my donation to the AADC still deductible on my taxes?**

Yes. The AADC remains a self-funded, tax-exempt 501(c) (3) organization and contributions to the Associate Alumnae of Douglass College Annual Appeal remain tax deductible.

#### **Will I continue to get calls from students asking for donations?**

Yes. Our new AADC Annual Appeal phone outreach program begins in early September. The AADC’s phone program vendor will continue to employ Douglass student callers to solicit donations to the Associate Alumnae of Douglass College Annual Appeal. However, the AADC will not identify their fundraising efforts as, or claim a

previous identification with the “Douglass Annual Fund,” the “Douglass Annual Appeal,” or any similar name. In addition, Rutgers, DRC, or the Rutgers University Foundation will also not identify their fundraising efforts as, or claim a previous identification with, the “Douglass Annual Fund” or the “Douglass Annual Appeal”. The AADC Annual Appeal raises money for alumnae programs, activities, events and the general administration of the AADC, as well as for new Fellowships for current year graduates who will be alumnae at the time the Fellowship is awarded and for Douglass alumnae pursuing post-graduate studies. It is likely that you will also be contacted by representatives of DRC or the Rutgers University Foundation for donations to Douglass Residential College. To avoid confusion, AADC callers will clearly identify themselves as Douglass students raising money for the AADC Annual Appeal. You should always ask any caller whom they represent.

**What do I do about the wording of my will if I have planned to give my money to Douglass Residential College through the AADC and do not want to donate through the Rutgers University Foundation?**

Any bequests directed to the Douglass Fund in wills executed prior to the date of this Agreement (July 20, 2016) will go to the Douglass Fund and will be stewarded by the AADC, as the donor intended. Bequests specified to the AADC for the Douglass Fund after July 20, 2016, will be directed to Rutgers for the exclusive benefit of Douglass Residential College. You may also specify that you would like your money to go to the AADC for alumnae initiatives.

**NEW: Will there be a gift assessment on donations made to the AADC?**

Yes. In the past, the AADC did not impose a gift assessment on donations, which is a common practice to cover fundraising and operational costs. The AADC will follow Rutgers’ policies and industry practices on fundraising, which include the common practice of taking a gift assessment on donations to help pay for fundraising and other operations costs. All gifts to the Associate Alumnae of Douglass College provide direct support to our mission. The gift assessment fee goes to the AADC.

**AADC STATUS**

**Is the AADC still an independent organization or has it been absorbed into the Rutgers University Alumni Association?**

The AADC remains independent and self-funded, and it will remain a chartered alumnae organization within the Rutgers University Alumni Association. However, we will have certain privileges, such as being permitted to fundraise for approved alumnae programs, events and activities and to employ paid staff, which other chartered organizations do not have. It is important to note that the AADC does not receive funding from Rutgers for its operations.

**NEW: What will happen to the AADC staff?**

Since the scope of our mission will change, we will be downsizing our staff to align with the new priorities of our organization. The individuals affected by these changes have been informed and provisions have been made for compensation or alternative employment under the terms of the Agreement.

**MISCELLANEOUS**

**Will such programs as the Extern Program, Founders Day, Reunion, etc., still continue?**

We expect many of the signature events and programs to continue. As you may be aware, in 2015 DRC created its own version of the AADC’s successful Extern Program and continues to run it. Any programs that directly involve student education fall under the auspices of Douglass Residential College and the AADC will not be conducting them. The AADC will eliminate student-focused programs that we previously conducted, such as STAT (Students Today, Alumnae Tomorrow), Zero Year Reunion and Study Break, which was held for students prior to exam periods. We may partner on some programs with the College if agreed to by both parties. Traditional programs such as Yule Log, Sacred Path and Douglass Convocation will continue to be managed by Douglass Residential College, and the Dean will determine whether they are held. If they are held, a representative of the AADC will be invited to attend and the AADC will be recognized for significant financial support. Questions about these programs should be directed to the Dean of DRC. As far as alumnae programs are concerned, we intend to continue to run our own Reunions, Founders Day, lectures, events and other programs as well as to introduce new ones. These include the new Mabel’s Alumnae Mentoring Program and the Victoria Dabrowski Schmidt ’42 Workplace and Professional Development Symposium, planned for September 10.

**What interaction will there be between the AADC and Douglass students under this Agreement?**

*All educational programs for students are the responsibility of DRC. The AADC will not conduct programs specifically for students. If one of our programs or events is relevant to students, the AADC can ask the DRC Dean whether students may be invited, but we will not be communicating with them directly. There may be joint programs if the Dean and the AADC agree a program is in the best interest of the College, its students and the AADC. However, students may choose to attend AADC programs they may hear about and they may voluntarily provide their contact information to the AADC so we have it when they graduate and become active members of the AADC.*

**Where can I find out more about the settlement?**

*The complete Agreement will be appear on our website so that you can review it in detail at your leisure. In addition, we will be holding meetings in the near future so that alumnae may ask questions. AADC leaders will be meeting and speaking with individual donors, class leaders, regional groups and affinity groups in the near future to answer any questions. Finally, we have established a mailbox (aadcnw@douglassalumnae.org) where you may e-mail your question and receive a reply. We ask for your patience as we attempt to handle the volume of messages, phone calls and briefings required to inform our alumnae of the details of the settlement.*

**What were the key issues in these talks?**

*They included the AADC's historic role as the primary fundraiser for the College and various other aspects of the relationships among the AADC, Douglass Residential College and her students, Rutgers University, the Rutgers University Foundation and the Rutgers University Alumni Association. The AADC will no longer be raising money for the College and, therefore, will no longer be adding substantial amounts to the Douglass Fund endowment. The AADC will continue to steward the money in the Douglass Fund. The Agreement simplifies processes for the distribution of funds from the endowment to DRC and provides the AADC with information as to how these funds are allocated or spent by DRC.*

**Will the AADC be allowed to remain on campus at the Ruth Schilling Hennessy Alumnae Center?**

*Yes. The AADC will remain on the Douglass campus in the Ruth Schilling Hennessy Alumnae Center, a building that is owned by Rutgers. However, we will no longer be the exclusive tenants in "the Cottage" and we will be required to pay a usage fee to Rutgers.*

**Who is responsible for ensuring that the terms of the settlement are followed? Are there any controls to assure that all parties will abide by the Agreement?**

*The Agreement is signed by all parties and is legally binding. There are provisions to ensure it will be followed by all parties and there is a provision for a formal Alternative Dispute Resolution (ADR) process, which is also binding.*

**When this process began, Rutgers accused the AADC of misdirecting donations, hiding financial records and lying to potential donors. What was the outcome of those accusations, which were part of Rutgers' court filings?**

*Last spring's Court filings by Rutgers made allegations regarding the AADC that were based upon the limited information Rutgers then had available. Rather than pursue that litigation further, the parties jointly decided to engage in mediation and negotiation in order to resolve all outstanding issues. After more than a year of discussions and extensive review of documents and information, Rutgers gained a much better understanding of the AADC's practices. This process demonstrated that the AADC has effectively stewarded gifts to the Douglass Fund while maintaining the highest standards in fulfilling its fiduciary responsibility as the Trustee with the best interests of the College and the wishes of the donors paramount.*

**There was also an accusation that a bequest was not turned over by the AADC to the College according to the terms of the will. Has that been resolved?**

*We are in the final stages of resolving that issue. The AADC had worked with the Dean of DRC regarding an alternate use of the funds. The AADC was holding the funds until the plans were finalized. The AADC was acting appropriately to ensure donor intent would be met. DRC and Rutgers have now withdrawn the alternate use*

*proposal. Both parties will move forward to be sure the gift is used as the donor intended. At no time did the AADC benefit from the use of the funds.*

**Is Rutgers requiring new financial controls over the AADC?**

*No. The AADC's financial records were always audited by a well-recognized, independent accounting firm with expertise regarding charitable foundations. This practice will not change. The AADC will continue to have an independent audit each year and will continue to provide Rutgers with reports on what funds we raise. The AADC's totals will be counted with other money raised by the Rutgers University Foundation. The Agreement specifies timelines and information that the AADC will provide to improve the process going forward. DRC will also report back to the AADC how Douglass Fund monies will be or have been spent to benefit the College.*

**The court papers revealed problems in the working relationship between the University and the AADC. How have those issues been resolved?**

*Productive discussions have taken place regarding how the parties can work and communicate most effectively in the future. The roles of each party have been made clear, and we are all eager to move forward in a unified manner in the best interests of Douglass Residential College and its students as well as its loyal alumnae and the Rutgers community.*

**How can we help the AADC as alumnae?**

*We need more active engagement by more of our alumnae in order to sustain this organization. We have exciting plans ahead. There is the new Mabel's Alumnae Mentoring Program that was recently launched, and we look forward to the Victoria Dabrowski Schmidt '42 Workplace and Professional Development Symposium on September 10. Our programs will focus on lifelong learning for our alumnae. We are rejuvenating existing regional and affinity networks, creating new ones, such as the Pride Network for the LGBTQ community, and using technology to enable more alumnae to participate even if they do not reside near New Brunswick. The AADC needs your participation, your ideas and your financial support to remain a best-in-class alumnae organization. Show your pride for our great organization through your actions.*