

## Letter from Lyn McWhirter Fraser '65

Sept. 3, 2007

To Alumnae and Friends of R-MWC,

Several people have asked me to provide a summary of the financial problems relating to the adoption of the "strategic plan" by the Board of Trustees of Randolph-Macon Woman's College. For anyone interested, and especially those attending the Alumnae Association meeting on September 15, I am providing four reasons why I have had serious reservations regarding the co-ed decision. My reasons are based on an analysis of the College's published financial statements, I.R.S. Form 990's, and the College's own projections and Capital Campaign reports.

**1. Financial mismanagement.** The College's endowment declined between 2000 and 2006, from \$150 million to \$140 million. This was a period in which Randolph-Macon's endowment, like the stock market, plummeted sharply after 2000. The market recovered, but R-MWC's endowment did not, in spite of the College's self-proclaimed triumph of achieving endowment returns that were better-than-market and the \$100 million plus in fundraising that occurred after 2002. Even allowing for the fact that some funds were pledged rather than collected, the endowment should have increased substantially to reflect the market recovery, better-than-market returns, and the enormous infusion of funds from the capital campaign, more than enough to offset the higher-than-desired endowment draw.

Further evidence of possible mismanagement is that the College had to borrow to finance capital improvements even though some funds from this "highly successful campaign" were designated for that purpose. And in spite of an endowment much larger than Hollins, Sweet Briar, and Mary Baldwin, R-MWC was unable to sustain itself as a woman's college.

**2. Risk.** The decision to go co-ed was based largely on projections of financial performance under the new "Global Honors Coed Model." Projections, however, show the continuation of operating deficits for the new model throughout the entire projection period, so that the College would still be generating operating deficits in 2014-15 of over \$3 million, and in the near-term deficits in the \$8-\$11 million range. If the revenue projections under the new model are not met and/or the expenses of making the change are higher than anticipated, the deficits will be even larger than projected. It is my opinion that the sale of art, which I strongly oppose, is driven by the large projected deficits associated with the co-ed decision.

**3. Questionable expenditures.** One egregious example is the compensation for President Kathleen Bowman, as reported to the I.R.S. on Form 990: 2001, \$192,500; 2002, \$204,100; 2003, \$313,800; 2004, \$496,000, 2005, \$378,300; and 2006, \$387,900.

Note that in the years following the steep endowment losses, her compensation increases were 54% in 2003, and 58% in 2004. While now claiming the College was suffering from problems relating to its continuance as a woman's college, the president was paid almost half a million dollars in 2004.

**4. Failure to release information regarding financial problems.** Alumnae and friends of the College were never given a chance to present and implement ideas for increasing both the endowment and enrollment. By the time we heard about the problems, the decision to implement

the "strategic plan" was in process, and it was after the decision had been announced that the BOT revealed such intentions as selling irreplaceable art.

Lyn McWhirter Fraser '65

Author, *Understanding Financial Statements* (Prentice Hall, 8th edition, 2007)