

**RAMAPO COLLEGE FOUNDATION**  
(A Component Unit of Ramapo College of New Jersey)

FINANCIAL STATEMENTS

JUNE 30, 2006

## INDEPENDENT AUDITORS' REPORT

To the Board of Governors of  
Ramapo College Foundation

We have audited the accompanying statements of financial position of Ramapo College Foundation, a component unit of Ramapo College of New Jersey, as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ramapo College Foundation as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*O'Connor Davies Munne & Dobbins, LLP*

Paramus, New Jersey  
August 14, 2006

**RAMAPO COLLEGE FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2006 AND 2005**

**ASSETS**

	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$ 569,250	\$ 175,855
Investments (Note 6)	4,576,577	3,759,115
Grants receivable	2,085,837	2,383,014
Accounts receivable	12,100	48,737
Unconditional promises to give, net of allowance for doubtful accounts of \$50,000 for 2006 and 2005 (Note 9)	3,594,836	1,479,364
Interest receivable	3,555	1,843
Prepaid expenses	14,862	3,844
	<u>\$10,857,017</u>	<u>\$7,851,772</u>

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts payable	\$ 4,900	\$ 25,747
Annuities payable (Note 11)	7,954	
Due to Ramapo College of New Jersey	674,092	514,868
Deferred income	59,581	78,125
Due to agency funds	13,821	28,799
Total liabilities	<u>760,348</u>	<u>647,539</u>
Net assets		
Unrestricted		
Undesignated	472,391	360,000
Board Designated (Note 2)	401,440	318,140
Total Unrestricted	873,831	678,140
Temporarily restricted (Note 3)	4,659,815	3,801,644
Permanently restricted (Note 4)	4,563,023	2,724,449
Total net assets	<u>10,096,669</u>	<u>7,204,233</u>
	<u>\$10,857,017</u>	<u>\$7,851,772</u>

See notes to financial statements.

**RAMAPO COLLEGE FOUNDATION**

STATEMENTS OF ACTIVITIES

**YEARS ENDED JUNE 30, 2006 AND 2005**

# RAMAPO COLLEGE FOUNDATION

## STATEMENTS OF ACTIVITIES

### YEARS ENDED JUNE 30, 2006 AND 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2006 Total</u>
Operating support and revenue				
Donations	\$ 299,109	\$ 1,737,150	\$ 1,838,574	\$ 3,874,833
Fund raising	498,790			498,790
Grants (Note 10)		693,138		693,138
Special events	14,839			14,839
Memberships	7,375			7,375
Program service	50,039			50,039
Other	92,181			92,181
Investment income (Note 6)	36,101	357,901		394,002
Net assets released from restrictions (Note 5)	<u>1,930,018</u>	<u>(1,930,018)</u>		
Total support and revenue	<u>2,928,452</u>	<u>858,171</u>	<u>1,838,574</u>	<u>5,625,197</u>
Expenses				
Payment to College towards salaries	200,000			200,000
Payment to College towards capital projects (Note 5)	617,500			617,500
In-kind gift to College				
Foundation operations	199,015			199,015
Events and programs	63,520			63,520
Scholarships	158,694			158,694
Fund raising	144,503			144,503
Planned giving and capital campaign	21,482			21,482
College grants awarded	135,732			135,732
Expenses for restricted grants (Note 10)	<u>1,192,315</u>			<u>1,192,315</u>
Total expenses	<u>2,732,761</u>			<u>2,732,761</u>
Other changes in net assets				
Reduction in promises to give				
Transfers				
Other changes, net				
Change in net assets	<u>195,691</u>	<u>858,171</u>	<u>1,838,574</u>	<u>2,892,436</u>
Net assets, beginning of year	<u>678,140</u>	<u>3,801,644</u>	<u>2,724,449</u>	<u>7,204,233</u>
Net assets, end of year	<u>\$ 873,831</u>	<u>\$ 4,659,815</u>	<u>\$ 4,563,023</u>	<u>\$10,096,669</u>

See notes to financial statements.

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2005 Total</u>
\$ 270,735	\$ 1,048,513	\$ 224,314	\$ 1,543,562
469,863			469,863
	247,593		247,593
21,924			21,924
2,350			2,350
43,368			43,368
102,800			102,800
10,423	270,349		280,772
<u>1,221,162</u>	<u>(1,221,162)</u>	<u>                    </u>	<u>                    </u>
<u>2,142,625</u>	<u>345,293</u>	<u>224,314</u>	<u>2,712,232</u>
200,000			200,000
15,045			15,045
242,337			242,337
59,945			59,945
149,233			149,233
160,255			160,255
57,330			57,330
125,068			125,068
<u>959,653</u>	<u>                    </u>	<u>                    </u>	<u>959,653</u>
<u>1,968,866</u>	<u>                    </u>	<u>                    </u>	<u>1,968,866</u>
	(68,189)		(68,189)
<u>31,562</u>	<u>6,373</u>	<u>(48,038)</u>	<u>(10,103)</u>
<u>31,562</u>	<u>(61,816)</u>	<u>(48,038)</u>	<u>(78,292)</u>
<u>205,321</u>	<u>283,477</u>	<u>176,276</u>	<u>665,074</u>
<u>472,819</u>	<u>3,518,167</u>	<u>2,548,173</u>	<u>6,539,159</u>
<u>\$ 678,140</u>	<u>\$ 3,801,644</u>	<u>\$ 2,724,449</u>	<u>\$ 7,204,233</u>

**RAMAPO COLLEGE FOUNDATION**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Change in net assets	\$ 2,892,436	\$ 665,074
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Permanently restricted contributions	(1,838,574)	(224,314)
Unrealized (gain) in fair value of investments	(224,352)	(201,761)
Realized gains on investments	(51,242)	
Grants receivable	297,177	737,649
Accounts receivable	36,637	(42,237)
Unconditional promises to give	(2,115,472)	90,523
Interest receivable	(1,712)	(1,452)
Prepaid expenses	(11,018)	7,197
Accounts payable	(12,893)	(25,822)
Due to Ramapo College of New Jersey	159,224	(95,386)
Deferred income	(18,544)	(9,250)
Refundable advances		(575,125)
Due to agency funds	<u>(14,978)</u>	<u>28,162</u>
Net cash (used) provided by operating activities	<u>(903,311)</u>	<u>353,258</u>
Cash flows from investing activities		
Sales of investments	806,892	644,815
Purchases of investments	<u>(1,348,760)</u>	<u>(1,266,741)</u>
Net cash (used) by investing activities	<u>(541,868)</u>	<u>(621,926)</u>
Cash flows from financing activities		
Proceeds from permanently restricted contributions	<u>1,838,574</u>	<u>224,314</u>
Net increase (decrease) in cash and cash equivalents	393,395	(44,354)
Cash and cash equivalents, beginning of year	<u>175,855</u>	<u>220,209</u>
Cash and cash equivalents, end of year	<u>\$ 569,250</u>	<u>\$ 175,855</u>

See notes to financial statements.

# RAMAPO COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1. Organization

The mission of Ramapo College Foundation (“the Foundation”) is to provide the resources that make the difference in Ramapo College’s quest for educational excellence. The purpose of the Foundation as amended September 29, 2005 is to stimulate, solicit, receive and promote the receipt of resources from grants, bequests and gifts offered by individuals, corporations and foundations and to use such resources to enhance, support and complement the total mission of Ramapo College of New Jersey (the "College"). The Foundation also includes the accounts and activities of the Alumni Association of Ramapo College and the Friends of Ramapo.

#### *Income Taxes*

The Foundation is exempt from income tax under the Internal Revenue Code Section 501(c)(3).

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The Foundation's financial statements have been prepared on the accrual basis of accounting.

#### *Financial Statement Presentation*

The Foundation reports information regarding its financial position and activities according to three classes of net assets based on donor imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Unrestricted** – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

**Temporarily Restricted** – Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.

**Permanently Restricted** – Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

**RAMAPO COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**2. Summary of Significant Accounting Policies (Continued)**

***Contributions***

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions are recorded at present value.

***Board Designated Net Assets***

Board designated net assets are unrestricted funds which the Board of Governors has identified to be used for specific purposes. Because these funds have not been restricted by donors, they are classified as unrestricted.

***Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents include highly liquid short-term investments purchased with an original maturity of three months or less. The carrying amounts of cash and cash equivalents approximate fair value because of their short-term maturities.

***Investments***

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income or loss is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

**RAMAPO COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**3. Temporarily Restricted Net Assets**

The Foundation follows the policy of maintaining special funds (general ledger accounts) when grants and gifts are received for specific projects. Such grants and gifts are reported as temporarily restricted net assets until the donor imposed restrictions are satisfied.

Investment income derived from permanently restricted net assets which is restricted by the donor for a specific purpose are included as temporarily restricted net assets.

Temporarily restricted net assets as of June 30, 2006 and 2005 are available for the following purposes:

	<u>2006</u>	<u>2005</u>
Restricted as to purpose:		
Scholarships/academic enrichment	\$1,086,386	\$ 476,643
Environmental education outreach (Meadowlands)	1,680,821	2,383,014
Bill Bradley Sports and Recreation Center	586,394	941,987
Salameno Spiritual Center	482,924	
Anisfield School of Business	<u>823,290</u>	<u>                    </u>
	<u>\$4,659,815</u>	<u>\$3,801,644</u>

**4. Permanently Restricted Net Assets**

Permanently restricted net assets as of June 30, 2006 and 2005 represent gifts, which have been restricted by the donor in perpetuity, the income from which is expendable to support activities as follows:

	<u>2006</u>	<u>2005</u>
Academics/student development	\$1,493,975	\$ 403,574
Scholarships	<u>3,069,049</u>	<u>2,320,875</u>
	<u>\$4,563,024</u>	<u>\$2,724,449</u>

**RAMAPO COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. Net Assets Released from Restrictions**

Net assets released from restrictions during the year ended June 30, 2006 and 2005 were as follows:

	<u>2006</u>	<u>2005</u>
Restricted grants	\$1,114,704	\$ 921,801
Payment to College towards capital projects	617,500	72,207
Scholarships	148,421	138,783
Other	<u>99,393</u>	<u>88,371</u>
Total net assets released from restrictions	<u>\$1,980,018</u>	<u>\$1,221,162</u>

Total scholarships and awards available were \$264,959 and \$233,399 for June 30, 2006 and 2005, respectively.

**6. Investments**

Investments at June 30, 2006 and 2005 are summarized as follows:

	<u>2006</u>		<u>2005</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Short term funds	\$ 548,971	\$ 548,971	\$ 472,479	\$ 472,479
Marketable securities	3,226,565	3,921,229	2,741,756	3,176,632
Certificates of deposit	<u>106,530</u>	<u>106,377</u>	<u>110,004</u>	<u>110,004</u>
	<u>\$3,882,066</u>	<u>\$4,576,577</u>	<u>\$3,324,239</u>	<u>\$3,759,115</u>

The following schedule summarizes investment returns and their classifications in the statement of activities for the year ended June 30, 2006 and 2005.

	<u>2006</u>			<u>2005</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$29,117	\$ 89,291	\$118,408	\$10,423	\$ 68,588	\$ 79,011
Realized gains	6,984	44,258	51,242			
Net unrealized gains	<u>          </u>	<u>224,352</u>	<u>224,352</u>	<u>          </u>	<u>201,761</u>	<u>201,761</u>
	<u>\$36,101</u>	<u>\$357,901</u>	<u>\$394,002</u>	<u>\$10,423</u>	<u>\$270,349</u>	<u>\$280,772</u>

**RAMAPO COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**7. Transactions with Affiliate**

The Foundation makes payments to the College for gifts and reimbursement of certain expenditures including salaries and fringe benefits. These payments by the Foundation to the College were approximately \$2,123,780 and \$1,449,283 for the years ended June 30, 2006 and 2005, respectively.

Employees working in the College's Office of Institutional Advancement support Foundation activities.

**8. Risk Concentration**

The Foundation maintains its bank accounts and certificate of deposits at several high quality financial institutions. At times, such deposits may be in excess of FDIC insurance limits. Management believes, with regard to investments, there is no significant concentration of market risk.

**9. Unconditional Promises to Give Receivable**

Unconditional promises to give receivable at June 30, 2006 discounted to fair value are summarized as follows:

<u>Scheduled Collection in Year ended June 30</u>	<u>Future Value of Promise</u>	<u>Discount</u>	<u>Present Value of Promise</u>
2007	\$1,246,256	\$	\$1,246,256
2008	398,949	18,997	379,952
2009	599,728	55,756	543,972
2010	467,160	63,610	403,550
2011	334,355	59,280	275,075
Thereafter	<u>1,441,500</u>	<u>645,468</u>	<u>796,032</u>
	<u>\$4,487,948</u>	<u>\$843,111</u>	3,644,837
Less: Allowance for doubtful promises			<u>50,000</u>
			<u>\$3,594,837</u>

**RAMAPO COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**9. Unconditional Promises to Give Receivable (Continued)**

Unconditional promises to give receivable at June 30, 2005 discounted to fair value are summarized as follows:

<u>Scheduled Collection in Year ended June 30</u>	<u>Future Value of Promise</u>	<u>Discount</u>	<u>Present Value of Promise</u>
2006	\$ 269,728	\$	\$ 269,728
2007	263,964	12,571	251,393
2008	182,389	16,957	165,432
2009	133,942	18,237	115,705
2010	40,057	7,102	32,955
Thereafter	<u>1,356,615</u>	<u>662,464</u>	<u>694,151</u>
	<u>\$2,246,695</u>	<u>\$717,331</u>	1,529,364
Less: Allowance for doubtful promises			<u>50,000</u>
			<u>\$1,479,364</u>

**10. Expenses for Restricted Grants**

The Foundation receives funding for specific College projects. The expenses incurred are in connection with the completion of these grants. During the current year, the projects included Environmental Outreach at the Meadowlands, faculty research and student support. A major portion of this funding is from a grant from New Jersey Meadowlands Commission. Revenue from this grant was approximately \$650,514 and \$80,000 in 2006 and 2005, respectively.

**11. Annuities Payable**

Included in the investments held by the Foundation and temporarily restricted net assets are investments in annuity income funds arising from contributions which are subject to agreements to pay donors a fixed annuity over the remainder of their lives. The net present value of the actuarially expected annuity payments is recorded as a liability.