

**RAMAPO COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

June 30, 2007

The mission of Ramapo College Foundation (Foundation) “is to provide resources that make the difference in Ramapo College of New Jersey’s quest for educational excellence.” The Foundation, established in 1971 as a nonprofit corporation, is a 501(c)(3) charitable institution. In addition, based upon the guidance covering the Pension Protection Act of 2006 the Foundation would be considered a functionally integrated Type III supporting organization. Its purposes include providing funds to Ramapo College (College) for: student scholarships, educational programs, faculty development and research, community programs, construction projects, capital needs, and other College activities for which state funds may not be sufficient or available.

As an entity that follows accounting standards of the Financial Accounting Standards Board, the Foundation is not required to accompany its basic financial statements with a Management’s Discussion and Analysis. However, Foundation management believes that some discussion and analysis may provide useful information and may prove helpful to users of the Foundation’s financial statements. Accordingly, it has prepared the following Management’s Discussion and Analysis to accompany the Foundation’s 2007 financial statements.

This Management’s Discussion and Analysis provides an overview of the Foundation’s financial activities for its fiscal year ended June 30, 2007 with comparative information for the year ended June 30, 2006, and reviews, and should be read in conjunction with, the Foundation’s Statement of Financial Position, Statement of Activities, and Statement of Cash Flows, including the financial statement footnotes. Those financial statements were examined by independent auditors and were prepared on the accrual basis of accounting. Responsibility for content and preparation rests solely with the Foundation’s management.

STATEMENTS OF ACTIVITIES

The Statement of Activities reports information on the Foundation and its activities during an accounting period. When operating support and revenue exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between operating support and revenue and expenses may be thought of as the Foundation’s operating results.

This Statement also shows the Foundation’s net assets and changes to them. The Foundation’s net assets – the difference between assets and liabilities – is one way to measure the Foundation’s financial health or position. Over time, increases or decreases in the Foundation’s net assets is one indicator of whether its financial health is improving or deteriorating. Trends are important to monitor, but in any given year a significant change in net assets may result from a unique event such as receipt of a significant grant or a capital payment to the College. Consideration must also be given not only to net asset trends, but also to non-financial factors

that can reflect on the overall health of the Foundation and the College. All of a year's support and revenue and expenses are taken into account regardless of when cash is actually received or paid.

The following financial data compares the Foundation's activities (operating results) for its fiscal year ended June 30, 2007 with its activities for its fiscal year ended June 30, 2006.

Operating support and revenue	2007	2006
Donations	\$ 1,152,843	\$ 3,874,833
Fund raising	508,707	498,790
Grants	414,730	693,138
Special events	23,362	14,839
Memberships	7,285	7,375
Program service	16,152	50,039
Other	103,786	92,181
Investment income	<u>909,493</u>	<u>394,002</u>
Total support and revenue	<u>3,136,358</u>	<u>5,625,197</u>
 Expenses		
Commitment to College towards salaries	200,000	200,000
Foundation operations	217,755	199,015
Events & Programs	73,307	63,520
Scholarships	262,492	158,694
Fund raising	183,984	144,503
Planned giving & capital campaign	28,864	21,482
College grants awarded	90,665	135,732
Payments to College for Capital Projects	315,000	617,500
Expenses for restricted grants	<u>1,406,452</u>	<u>1,192,315</u>
Total expenses	<u>2,778,519</u>	<u>2,732,761</u>
 Changes in net assets		
Change in net assets	357,839	2,892,436
Net assets, beginning of year	<u>10,096,669</u>	<u>7,204,233</u>
Net assets, end of year	<u>\$10,454,508</u>	<u>\$10,096,669</u>

Operating support and revenue

While Net Assets for the year 2007 increased and overall fundraising goals for the year were met or surpassed, total support and revenue in 2007 decreased from 2006. Total revenue decreased by \$2,488,839 going from \$5,625,197 to \$3,136,358. This decrease was primarily the result of the fact that in 2006, the College received the largest gift in its history for the Anisfield School of Business. This decrease is reflected in both temporarily restricted and permanently restricted revenue in 2007. However, donations, pledges and conditional gifts not yet recorded for fiscal 2007 exceeded \$5.6 million for the second year in a row.

Investment income for 2007 increased significantly with \$909,493 in 2007 as compared to \$394,002 in 2006. This increase of \$515,491 or 130% was the result of continued good performance in the equity market and additional funds invested from gifts received. The comparison of 2007 to 2006 shows the significance of receiving large grants and seeking new grants. Also, temporarily restricted grant revenue decreased by \$278,408 in 2007. This was due to the reduction of position modifications to the existing Meadowlands Grant as compared to FY 2006. In the Unrestricted column of the Statement of Activities most of the revenue for the various categories is comparable between 2007 and 2006.

Expenses

The Statement of Activities also reflects expenses. Expenses for restricted grants were \$1,406,452 and \$1,192,315 for fiscal years 2007 and 2006, respectively. The expenses for the Meadowlands Grant were \$1,199,808 and \$1,015,500 for 2007 and 2006, respectively. A large portion of the revenue for these expenses was primarily recognized in 2003 when the receivable was recorded for the Meadowlands Grant.

The 1.67% increase in total expenses for 2007 can be mostly attributed to the \$103,798 increase in Scholarship payments, a \$214,137 increase in grant related expenditures and the \$302,500 decrease in payments to the College for Capital Projects. The increase in Grant related expenses included \$184,808 from the Meadowlands Grant. The decrease in capital gift payments was due to the maturity of these capital projects. The payments made during 2007 were \$190,000 for the Bradley Recreation Center and \$125,000 for the Salameno Spiritual Center.

As shown above, the Foundation receives support and revenue from a variety of sources. These sources include donations, fund raising, grants, special events, bequests, pledges, investment income and gifts-in-kind.

Unrestricted revenue increased by 19.5%. The Annual Fund itself increased by 15.5% and alumni participation reached an all-time high of 13.6%. Endowment income grew by over 49%. At June 30, 2007, the Foundation was the documented beneficiary of several estates valued in excess of \$4 million.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position shows the residual interest in the Foundation's assets after liabilities are deducted as of June 30, 2007 and 2006. Net assets are divided into three categories: Unrestricted, Temporarily restricted and Permanently restricted.

Assets	2007	2006
Cash and cash equivalents	\$ 516,444	\$ 569,250
Investments	8,042,216	4,576,577
Grants receivable	1,199,671	2,085,837
Accounts receivable	62,312	12,100
Unconditional promises to give, net of allowance for doubtful accounts	1,538,485	3,594,836
Interest receivable	-	3,555
Prepaid expenses	22,935	14,862
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Total Assets	\$11,382,063	\$10,857,017
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Liabilities		
Accounts payable	118,076	4,900
Annuities payable	7,276	7,954
Due to Ramapo College	652,671	674,092
Deferred income	113,405	59,581
Due to agency funds	36,127	13,821
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Total Liabilities	\$927,555	\$760,348
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Net Assets		
Unrestricted		
Undesignated	657,333	472,391
Board designated	404,742	401,440
Temporarily restricted	4,551,593	4,659,815
Permanently restricted	4,840,840	4,563,023
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Total Net Assets	\$10,454,508	\$10,096,669
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Total Net Assets and Liabilities	\$11,382,063	\$10,857,017
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Total net assets increased by 4% in fiscal year 2007 from \$10,096,669 to \$10,454,508. The Meadowlands Grant continues to successfully operate and the Memorandum of Understanding with the Meadowlands Commission was increased during the year by \$384,432. Investments increased by 130% in 2007 over the 2006 level. There were two reasons for this increase: continued positive performance of equity market indices (up 15.88%), and the receipt of several large gifts for endowments, including the receipt of \$2.0 million for the capital and operating funds for the Anisfield School of Business. There is corresponding reduction in Unconditional

promises to give as a result of the pledge recorded in 2006 and paid in 2007 which reduced Unconditional promises to give from \$3,594,836 to \$1,538,485. Liabilities consist primarily of funds due the College. The \$652,671 is comprised primarily of two components. The first consists of a \$300,000 balance remaining due on the Foundation's commitment to the construction of the Berrie Center. The remaining funds due to the College are for salaries, printing and grants. Due to agency funds represents monies held by the Foundation and administered for College faculty and organizations.

STATEMENT OF CASH FLOWS

Another way to view financial health is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about cash receipts and cash payments of an entity during an accounting period; the financial data below is for the fiscal years ended June 30, 2007 and June 30, 2006. The Statement of Cash Flows also helps users assess an entity's ability to generate cash and its ability to meet its obligations.

Comparison of Cash Flows	2007	2006
Net cash provided (used) by		
Operating activities (Per Statement of Activities in Financial Statements)	\$2,386,172	\$(903,311)
Net cash (used) provided by investing activities	(2,716,795)	(541,868)
Proceeds from permanently restricted contributions	<u>277,817</u>	<u>1,838,574</u>
Net increase (decrease) in cash and cash equivalents	(52,806)	393,395
Cash and cash equivalents July 1st	<u>569,250</u>	<u>175,855</u>
Cash and Cash Equivalents, June 30th	<u>\$516,444</u>	<u>\$569,520</u>

CONCLUSION

The financial position of the Ramapo College Foundation remains sound and the Foundation is positioned for continued growth. This has been validated by Ramapo College Foundation being named a winner of the Council for the Advancement and Support of Education's (CASE) 2007 Award for Educational Fund Raising. Out of 482 colleges, Ramapo was one of 17 to be named to the Circle of Excellence for Overall Improvement.

Revenues from many sources and constituents grew significantly in 2007 over 2006. Unrestricted revenue increased by 19.5%; alumni donations increased by 16%; faculty and staff participation grew to 25.3%; Senior Class Giving increased by 41%; Parent Giving increased by 28%; and endowment funds grew by 49%. Investments, for the third consecutive year, earned double digit returns being 15.88% for FY'07, 11.16% for FY'06 and 10.22% for FY'05.

Management believes that it has the infrastructure in place to achieve favorable financial results, maintain a strong financial position, and accomplish the Foundation’s mission of “providing the resources that make the difference in Ramapo College of New Jersey’s quest for educational excellence.” Capital Projects, Planned Giving, Alumni Giving, Parent’s donations, and Senior Class Challenge all provide opportunities for significant future growth.

With confidence in the Foundation’s ability to realize its financial goals, the Board of Governors revised its “Net Asset Balance Policy” to increase annual allocation surplus to support new faculty positions, retire Berrie Center debt and provide additional endowed scholarship funds. The Board for 2008 has also added two additional part time staff to further advance its fund raising initiatives. As well, a new Harris Alumni Directory and on-line community will strengthen communication and solicitations to all alumni.

Going forward, the Foundation has received a 5-year commitment from the Meadowlands Environmental Commission to conduct its educational outreach program. This commitment represents five annual budgets through 2012 which has an estimated value of \$8 million. The Foundation will continue to emphasize the need for endowment support, continue to expand the Planned Giving Legacy Program, and continue to increase annual fund participation rates.

The Foundation remains focused on the initiatives assigned to it and to Institutional Advancement in the College’s Strategic Plan for 2002-2012. Measurable strides have been achieved as a result of an increasing donor base and leadership and commitment provided by our Board of Governors, the College’s Board of Trustees, and the Alumni Board, the Friends of Ramapo and the Parents Council.

Result

Foundation Endowment Growth Per VSE Report

