

**Ramapo College Foundation**  
(A Component Unit of Ramapo College of New Jersey)

Financial Statements

June 30, 2007



O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

## 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, 2007 and 2006, 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 audits 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 audits provide 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, 2007 and 2006, 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 Munns & Dobbins, LLP*

Paramus, New Jersey  
September 10, 2007

## Ramapo College Foundation

### Statements of Financial Position

June 30,

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 516,444	\$ 569,250
Investments (Note 3)	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 of \$50,000 (Note 9)	1,538,485	3,594,836
Interest receivable	-	3,555
Prepaid expenses	22,935	14,862
	<u>\$ 11,382,063</u>	<u>\$ 10,857,017</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 118,076	\$ 4,900
Annuities payable (Note 11)	7,276	7,954
Due to Ramapo College of New Jersey	652,671	674,092
Deferred income	113,405	59,581
Due to agency funds	36,127	13,821
	<u>927,555</u>	<u>760,348</u>
 Total Liabilities		
Net Assets		
Unrestricted		
Undesignated	657,333	472,391
Board Designated (Note 2)	404,742	401,440
	<u>1,062,075</u>	<u>873,831</u>
Total Unrestricted		
Temporarily restricted (Note 4)	4,551,593	4,659,815
Permanently restricted (Note 5)	4,840,840	4,563,023
	<u>10,454,508</u>	<u>10,096,669</u>
Total Net Assets	<u>\$ 11,382,063</u>	<u>\$ 10,857,017</u>

See notes to financial statements

## Ramapo College Foundation

### Statements of Activities

Years Ended June 30,

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007 Total	Unrestricted	Temporarily Restricted	Permanently Restricted	2006 Total
<b>OPERATING SUPPORT AND REVENUE</b>								
Donations	\$ 378,632	\$ 496,394	\$ 277,817	\$ 1,152,843	\$ 299,109	\$ 1,737,150	\$ 1,838,574	\$ 3,874,833
Fund raising	495,875	12,832	-	508,707	498,790	-	-	498,790
Grants (Note 10)	-	414,730	-	414,730	-	693,138	-	693,138
Special events	22,532	830	-	23,362	14,839	-	-	14,839
Memberships	7,285	-	-	7,285	7,375	-	-	7,375
Program service	16,152	-	-	16,152	50,039	-	-	50,039
Other	103,786	-	-	103,786	92,181	-	-	92,181
Investment income (Note 3)	77,368	832,125	-	909,493	36,101	357,901	-	394,002
Net assets released from restrictions (Note 6)	<u>1,915,133</u>	<u>(1,915,133)</u>	<u>-</u>	<u>-</u>	<u>1,930,018</u>	<u>(1,930,018)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>3,016,763</u>	<u>(158,222)</u>	<u>277,817</u>	<u>3,136,358</u>	<u>2,928,452</u>	<u>858,171</u>	<u>1,838,574</u>	<u>5,625,197</u>
<b>EXPENSES</b>								
Payment to College towards salaries	200,000	-	-	200,000	200,000	-	-	200,000
Payment to College towards capital projects (Note 6)	315,000	-	-	315,000	617,500	-	-	617,500
Foundation operations	217,755	-	-	217,755	199,015	-	-	199,015
Events and programs	73,307	-	-	73,307	63,520	-	-	63,520
Scholarships	262,492	-	-	262,492	158,694	-	-	158,694
Fund raising	183,984	-	-	183,984	144,503	-	-	144,503
Planned giving and capital campaign	28,864	-	-	28,864	21,482	-	-	21,482
College grants awarded	90,665	-	-	90,665	135,732	-	-	135,732
Expenses for restricted grants (Note 10)	<u>1,406,452</u>	<u>-</u>	<u>-</u>	<u>1,406,452</u>	<u>1,192,315</u>	<u>-</u>	<u>-</u>	<u>1,192,315</u>
Total Expenses	<u>2,778,519</u>	<u>-</u>	<u>-</u>	<u>2,778,519</u>	<u>2,732,761</u>	<u>-</u>	<u>-</u>	<u>2,732,761</u>
<b>OTHER CHANGES IN NET ASSETS</b>								
Transfers	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Changes, Net	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>188,244</u>	<u>(108,222)</u>	<u>277,817</u>	<u>357,839</u>	<u>195,691</u>	<u>858,171</u>	<u>1,838,574</u>	<u>2,892,436</u>
<b>NET ASSETS</b>								
Beginning of year	<u>873,831</u>	<u>4,659,815</u>	<u>4,563,023</u>	<u>10,096,669</u>	<u>678,140</u>	<u>3,801,644</u>	<u>2,724,449</u>	<u>7,204,233</u>
End of year	<u>\$1,062,075</u>	<u>\$ 4,551,593</u>	<u>\$ 4,840,840</u>	<u>\$10,454,508</u>	<u>\$ 873,831</u>	<u>\$ 4,659,815</u>	<u>\$ 4,563,023</u>	<u>\$10,096,669</u>

See notes to financial statements

## Ramapo College Foundation

### Statements of Cash Flows

Years Ended June 30,

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 357,839	\$ 2,892,436
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Permanently restricted contributions	(277,817)	(1,838,574)
Unrealized (gain) in fair value of investments	(748,718)	(224,352)
Realized gains on investments	(146)	(51,242)
Grants receivable	886,166	297,177
Accounts receivable	(50,212)	36,637
Unconditional promises to give	2,056,371	(2,115,472)
Interest receivable	3,555	(1,712)
Prepaid expenses	(8,073)	(11,018)
Accounts payable	112,498	(12,893)
Due to Ramapo College of New Jersey	(21,421)	159,224
Deferred income	53,824	(18,544)
Due to agency funds	22,306	(14,978)
Net Cash Provided (Used) by Operating Activities	2,386,172	(903,311)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	1,765,796	806,892
Purchases of investments	(4,482,591)	(1,348,760)
Net Cash (Used) by Investing Activities	(2,716,795)	(541,868)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from permanently restricted contributions	277,817	1,838,574
Net Change in Cash and Cash Equivalents	(52,806)	393,395
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	569,250	175,855
End of year	\$ 516,444	\$ 569,250

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

### 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. Contributions due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 5% for the years ending June 30, 2007 and 2006.

Conditional contributions are not recorded by the Foundation until all conditions have been satisfied. The Foundation has been named beneficiary in several estates. These amounts are deemed conditional, and not recorded as income by the Foundation until the wills have been probated. The Foundation had conditional gifts in excess of \$4,000,000 at June 30, 2007.

#### ***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 a maturity of three months or less at the time of purchase. The carrying amounts of cash and cash equivalents approximate fair value because of their short-term maturities.

#### ***Investments***

Investments in marketable securities and debt securities are valued at their fair values in the statement of financial position based upon reference to quoted market prices. 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

#### 3. Investments

Investments at June 30, 2007 and 2006 are summarized as follows:

	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Short term funds	\$ 728,266	\$ 729,990	\$ 548,971	\$ 548,971
Marketable Securities	4,741,260	6,252,648	3,226,565	3,921,229
Certificates of deposits	<u>1,064,035</u>	<u>1,059,578</u>	<u>106,530</u>	<u>106,377</u>
	<u>\$ 6,533,561</u>	<u>\$ 8,042,216</u>	<u>\$ 3,882,066</u>	<u>\$4,576,577</u>

The following schedule summarizes investment returns and their classifications in the statement of activities for the year ended June 30, 2007 and 2006.

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 56,883	\$ 103,746	\$160,629	\$ 29,117	\$ 89,291	\$118,408
Realized gains	146	-	146	6,984	44,258	51,242
Net unrealized gains	<u>(3,360)</u>	<u>752,078</u>	<u>748,718</u>	<u>-</u>	<u>224,352</u>	<u>224,352</u>
	<u>\$ 53,669</u>	<u>\$ 855,824</u>	<u>\$909,493</u>	<u>\$ 36,101</u>	<u>\$ 357,901</u>	<u>\$394,002</u>

#### 4. 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.

## Ramapo College Foundation

### Notes to Financial Statements

#### 4. Temporarily Restricted Net Assets *(continued)*

Temporarily restricted net assets as of June 30, 2007 and 2006 are available for the following purposes:

	2007	2006
Restricted as to purpose:		
Scholarships/academic enrichment	\$1,393,741	\$1,086,386
Environmental education outreach (Meadowlands)	791,651	1,680,821
Bill Bradley Sports and Recreation Center	598,370	586,394
Salameno Spiritual Center	671,787	482,924
Anisfield School of Business	1,096,044	823,290
	\$4,551,593	\$4,659,815

#### 5. Permanently Restricted Net Assets

Permanently restricted net assets as of June 30, 2007 and 2006 represent gifts, which have been restricted by the donor in perpetuity, the income from which is expendable to support activities as follows:

	2007	2006
Academics/student development	\$ 1,286,260	\$ 1,493,974
Scholarships	3,554,580	3,069,049
	\$ 4,840,840	\$ 4,563,023

#### 6. Net Assets Released from Restrictions

Net assets released from restrictions during the year ended June 30, 2007 and 2006 were as follows:

	2007	2006
Restricted grants	\$ 1,406,452	\$ 1,114,704
Payment to College towards capital projects	315,000	617,500
Scholarships	162,793	148,421
Other	30,888	49,393
	\$ 1,915,133	\$ 1,930,018

Total scholarships and awards available were \$337,000 and \$264,959 for June 30, 2007 and 2006, respectively.

## Ramapo College Foundation

### Notes to Financial Statements

#### 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 \$2,173,953 and \$2,123,780 for the years ended June 30, 2007 and 2006, 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, 2007 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>
2008	\$ 530,524	\$ -	\$ 530,524
2009	317,405	15,114	302,291
2010	95,179	8,849	86,330
2011	75,443	10,271	65,172
2012	29,767	5,279	24,488
Thereafter	<u>892,500</u>	<u>312,820</u>	<u>579,680</u>
	<u>\$ 1,940,818</u>	<u>\$ 352,333</u>	\$ 1,588,485
Less allowance for doubtful promises			<u>50,000</u>
			<u>\$ 1,538,485</u>

## Ramapo College Foundation

### Notes to Financial Statements

#### 9. Unconditional Promises to Give Receivable *(continued)*

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

Scheduled Collection in Year Ended June 30	Future Value of Promise	Discount	Present Value of Promise
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	1,441,500	645,469	796,031
	\$ 4,487,948	\$ 843,112	3,644,836
Less allowance for doubtful promises			50,000
			\$ 3,594,836

#### 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 \$384,432 and \$650,514 in 2007 and 2006, 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.