

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

June 30, 2008

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 2008 financial statements.

This Management's Discussion and Analysis provides an overview of the Foundation's financial activities for its fiscal year ended June 30, 2008 with comparative information for the year ended June 30, 2007, 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, 2008 with its activities for its fiscal year ended June 30, 2007.

Operating support and revenue	2008	2007
Donations	\$ 5,686,830	\$1,152,843
Fund raising	538,473	508,707
Grants	1,690,180	414,730
Special events	6,253	23,362
Memberships	7,725	7,285
Program service	45,816	16,152
Other	150,361	103,786
Investment income	<u>(374,594)</u>	<u>909,493</u>
Total support and revenue	<u>7,751,314</u>	<u>3,136,358</u>
 Expenses		
Commitment to College towards salaries	210,000	200,000
Foundation operations	169,727	217,755
Events & Programs	63,227	73,307
Scholarships	420,381	262,492
Fund raising	206,470	183,984
Planned giving & capital campaign	44,254	28,864
College grants awarded	79,391	90,665
Payments to College for Capital Projects	846,215	315,000
Expenses for restricted grants	<u>1,829,779</u>	<u>1,406,452</u>
Total expenses	<u>3,869,444</u>	<u>2,778,519</u>
 Changes in net assets		
Change in net assets	3,881,870	357,839
Net assets, beginning of year	<u>10,454,508</u>	<u>10,096,669</u>
Net assets, end of year	<u>\$14,336,378</u>	<u>\$10,454,508</u>

Operating support and revenue

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.

Total revenue increased by \$4,614,956 going from \$3,136,358 to \$7,751,314. This increase was primarily the result of the receipt (recording) of two major commitments. The two commitments (recorded at their present value) added \$4,477,750 in endowment and capital funds revenue to the Anisfield School of Business. This increase is reflected in both temporarily restricted and permanently restricted revenue in 2008.

As shown in the Statement of Activities, the increase in Unrestricted Revenue of \$1,124,270 is mainly due to the release of Temporary Net Asset funds of \$2,978,008 in 2008 as compared to \$1,915,133 in 2007. This increase includes additional funds available for expenditure of \$423,327 for restricted grants and \$531,215 for capital projects.

Investment Income for the fiscal year ending June 30, 2008 was a negative \$374,594 compared to a gain of \$909,493 the previous year. Fiscal year 2008's performance was negatively impacted by a \$569,522 decline in the Ramapo College Foundation's investment in equity indexes.

The Ramapo College Foundation endowment funds are managed with a long term objective of growth of principal with moderate risk. Pursuant to the Foundation investment policy, investment returns are designed to provide sufficient annual total return to cover endowment spending, fees and principal growth.

Expenses

The Statement of Activities also reflects expenses. Total Expenses increased from \$2,778,519 in 2007 to \$3,869,444. Restricted Grants Expenses remained the single largest category of expense at \$1,829,779 and \$1,406,452 for fiscal years 2008 and 2007, respectively, of which the expenses for the Meadowlands Grant were \$1,510,371 and \$1,199,808 for 2008 and 2007, respectively.

The 37.3% increase in total expenses for 2008 can be mostly attributed to the \$157,889 increase in Scholarship payments, a \$423,327 increase in grant related expenditures and the \$531,215 increase in payments to the College for Capital Projects. The increase in Grant related expenses included \$310,563 from the Meadowlands Grant. The increase in capital gift payments was due to the maturity of two of these capital projects. The payments made during 2008 included \$272,733 for the Bradley Recreation Center and \$483,482 for the Salameno Spiritual Center.

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, 2008 and 2007. Net assets are divided into three categories: Unrestricted, Temporarily restricted and Permanently restricted.

	2008	2007
Cash and cash equivalents	\$ 166,261	\$ 516,444
Investments	7,478,854	8,042,216
Grants receivable	1,357,313	1,199,671
Accounts receivable	58,976	62,312
Unconditional promises to give, net of allowance for doubtful accounts	5,937,160	1,538,485
Prepaid expenses	<u>7,046</u>	
	<u>22,935</u>	
	<u>\$15,005,610</u>	<u>\$11,382,063</u>
Liabilities		
Accounts payable	75,686	118,076
Annuities payable	30,057	7,276
Due to Ramapo College	403,054	652,671
Deferred income	75,014	113,405
Due to agency funds	<u>85,421</u>	<u>36,127</u>
Total Liabilities	<u>\$669,232</u>	<u>\$927,555</u>
Net Assets		

Unrestricted		
Undesignated	916,347	657,333
Board designated	417,317	404,742
Temporarily restricted	7,779,330	4,551,593
Permanently restricted	<u>5,223,384</u>	<u>4,840,840</u>
Total Net Assets	<u>\$14,336,378</u>	<u>\$10,454,508</u>
Total Net Assets and Liabilities	<u>\$15,005,610</u>	<u>\$11,382,063</u>

Total net assets increased by 37% in fiscal year 2008 from \$10,454,508 to \$14,336,378. The Meadowlands Grant continues to successfully operate and the Memorandum of Understanding with the Meadowlands Commission was increased during the year by \$293,929. Unconditional Promises to Give Receivable increased by \$4,398,675. This increase is due primarily to two commitments (\$4,477,750) made to the Anisfield School of Business. Investments decreased by 7% in 2008 over the 2007 level. There were two reasons for this decrease: a decline in equity market indices (down 7.05%), and the payment of \$90,000 to the College to fund annual debt service payments for the Anisfield School of Business. Liabilities consist primarily of funds due the College. The \$403,054 is comprised primarily of two components. The first consists of a \$200,000 balance remaining due on the Foundation's commitment to the construction of the Berrie Center. The remaining funds due to the College are for salary reimbursements, 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, 2008 and June 30, 2007. 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	2008 2007	
Net cash provided (used) by		
Operating activities (Per Statement of Activities in Financial Statements)	\$(726,567)	\$2,386,172
Net cash (used) provided by investing activities	(6,160)	(2,716,795)
Proceeds from permanently restricted contributions	<u>382,544</u>	<u>277,817</u>

Net increase (decrease) in cash and cash equivalents	(350,183)	(52,806)
Cash and cash equivalents July 1st	<u>516,444</u>	<u>569,250</u>
Cash and Cash Equivalents, June 30	\$166,261	\$516,444

CONCLUSION

The financial position of the Ramapo College Foundation remains sound. It is this position and demonstrated growth, in both the quantity and quality of the gifts, which allows the Foundation to launch further in the “Quiet Phase” of a Comprehensive Capital Campaign.

The Foundation secured over \$7.7 million in gifts and pledges– thus ensuring its most successful year ever. The Foundation received the largest gift in the history of the College from Mr. and Mrs. Richard Anisfield. This new commitment of \$3 million combined with previous most generous gifts from Dick and Millicent Anisfield bring their total giving to over \$6 million.

This year the Foundation also received notification of a bequest that will endow the College’s first faculty chair in Finance in honor of Steven Meyers. The bequest will also establish the second largest endowed student scholarship fund for Finance and Management students in the Anisfield School of Business.

Scholarship awards dramatically increased in fiscal year 2008 by 63 per cent, awarding \$309,373 in scholarships, in comparison to \$189,000 in fiscal year 2007. After successful completion of the first five year contract with the Meadowlands Environment Center, a second five year contract was awarded on January 30, 2008.

Giving from alumni at Ramapo continues to grow to 13.7 per cent – the highest alumni participation rate of all the New Jersey public state colleges or universities. The Campus Community also leads state giving at the participation rate of 31 percent.

The Foundation will continue to emphasize the need for more endowment support, continue to grow the planned giving legacy programs, continue to secure capital support to renovate academic facilities, and continue to increase annual fund participation levels. A new three-year Institutional Advancement / Ramapo College Foundation Strategic Plan has been established to ensure measurable strides will be made in the “Quiet Phase” of the Campaign and prepare us for a “Public Phase” announcement.