

Ramapo College Foundation

(A Component Unit of Ramapo College of New Jersey)

Financial Statements
As of and for the years ended

June 30, 2015 and 2014

Independent Auditors' Report

To the Board of Governors of Ramapo College Foundation

We have audited the accompanying financial statements of Ramapo College Foundation, a component unit of Ramapo College of New Jersey, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ramapo College Foundation as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

O'Connor Davies, LLP

September 11, 2015

O'CONNOR DAVIES, LLP

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Ramapo College Foundation

Statements of Financial Position

	June 30,	
	2015	2014
Assets		
Cash and cash equivalents	\$ 2,235,823	\$ 1,179,158
Grants receivable	464,777	1,259,518
Accounts receivable	126,896	52,366
Unconditional promises to give, net (Note 3)	5,695,219	5,935,239
Investments (Note 4)	16,096,140	15,891,827
Prepaid expenses	30,583	53,393
	<u>\$24,649,438</u>	<u>\$24,371,501</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 71,856	\$ 51,996
Due to Ramapo College of New Jersey (Note 10)	1,674,000	1,657,567
Deferred income	100,211	106,586
Due to agency funds	94,348	63,798
Annuities payable (Note 2)	238,555	237,476
Total Liabilities	<u>2,178,970</u>	<u>2,117,423</u>
Net Assets		
Unrestricted		
Undesignated	783,614	640,735
Board Designated (Note 2)	774,874	805,822
Total Unrestricted Net Assets	1,558,488	1,446,557
Temporarily restricted (Note 5)	8,286,892	9,726,065
Permanently restricted (Note 6)	12,625,088	11,081,456
Total Net Assets	<u>22,470,468</u>	<u>22,254,078</u>
	<u>\$24,649,438</u>	<u>\$24,371,501</u>

See notes to financial statements.

Ramapo College Foundation

Statements of Activities

	Year Ended June 30, 2015				Year Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING SUPPORT AND REVENUE								
Donations	\$ 438,353	\$ 919,966	\$ 1,543,632	\$ 2,901,951	\$ 377,684	\$ 1,072,088	\$ 454,094	\$ 1,903,866
Contributed service revenue (Note 2)	1,366,917	-	-	1,366,917	1,323,930	-	-	1,323,930
Fundraising events, net (Note 7)	361,337	10,708	-	372,045	245,361	25	-	245,386
Grants (Note 12)	-	1,043,992	-	1,043,992	-	1,785,933	-	1,785,933
Special events	4,175	-	-	4,175	3,915	-	-	3,915
Memberships	19,640	-	-	19,640	19,325	-	-	19,325
Program service	-	19,959	-	19,959	-	17,396	-	17,396
Other	214,300	-	-	214,300	188,356	22,884	-	211,240
Investment income (Note 4)	6,135	213,437	-	219,572	137,388	2,280,408	-	2,417,796
Net assets released from restrictions (Note 5)	3,647,235	(3,647,235)	-	-	4,034,248	(4,034,248)	-	-
Total Support and Revenue	6,058,092	(1,439,173)	1,543,632	6,162,551	6,330,206	1,144,486	454,094	7,928,787
EXPENSES								
Payment to College towards salaries	224,720	-	-	224,720	212,000	-	-	212,000
Contributed service expense (Note 2)	1,366,917	-	-	1,366,917	1,323,930	-	-	1,323,930
Capital and support payments to College (Note 5)	1,834,019	-	-	1,834,019	1,849,606	-	-	1,849,606
Foundation operations	160,599	-	-	160,599	141,139	-	-	141,139
Events, programs and fundraising	169,687	-	-	169,687	72,388	-	-	72,388
Scholarships and awards	597,890	-	-	597,890	549,162	-	-	549,162
Planned giving and capital campaign	136,963	-	-	136,963	130,782	-	-	130,782
College grants awarded	89,262	-	-	89,262	73,530	-	-	73,530
Expenses for restricted grants (Note 12)	1,366,104	-	-	1,366,104	1,863,390	-	-	1,863,390
Total Expenses	5,946,161	-	-	5,946,161	6,215,927	-	-	6,215,927
Change in Net Assets	111,931	(1,439,173)	1,543,632	216,390	114,280	1,144,486	454,094	1,712,860
NET ASSETS								
Beginning of year	1,446,557	9,726,065	11,081,456	22,254,078	1,332,277	8,581,579	10,627,362	20,541,218
End of year	\$ 1,558,488	\$ 8,286,892	\$ 12,625,088	\$ 22,470,468	\$ 1,446,557	\$ 9,726,065	\$ 11,081,456	\$ 22,254,078

See notes to financial statements.

Ramapo College Foundation

Statements of Cash Flows

	Year Ended June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 216,390	\$1,712,860
Adjustments to reconcile change in net assets to net cash from operating activities		
Permanently restricted contributions	(1,543,632)	(454,094)
Realized and unrealized loss/(gain) on investments	75,914	(2,128,500)
Change in operating assets and liabilities		
Grants receivable	794,741	140,891
Accounts receivable	(74,530)	(14,526)
Unconditional promises to give	240,020	136,645
Prepaid expenses	22,810	(17,768)
Accounts payable	19,860	31,155
Annuities payable	1,079	(2,675)
Due to Ramapo College of New Jersey	16,433	494,194
Deferred income	(6,375)	4,169
Due to agency funds	30,550	(39,959)
	(206,740)	(137,608)
Net Cash from Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	1,749,226	1,636,623
Purchase of investments	(2,029,453)	(1,862,482)
	(280,227)	(225,859)
Net Cash from Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from permanently restricted contributions	1,543,632	454,094
	1,056,665	90,627
Net Change in Cash and Cash Equivalents		
CASH AND CASH EQUIVALENTS		
Beginning of year	1,179,158	1,088,531
End of year	\$ 2,235,823	\$1,179,158

See notes to financial statements.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2015 and 2014

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 is to stimulate, solicit, receive and promote the receipt of resources from grants, bequests and gifts 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

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) which 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.

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 are classified as unrestricted.

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 are classified as temporarily unrestricted. 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 as net assets released from restrictions.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2015 and 2014

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

Financial Statement Presentation (continued)

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 are classified as permanently restricted.

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.

Contributions

All contributions including unconditional promises to give (pledges) are reported as revenues in the period received or when there is verifiable documentation that the pledge is promised. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted. 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 risk adjusted discount rate and the discount is amortized as additional contribution revenue over the expected life of the pledge.

The Foundation often receives significant donations from single donors. As such, there is a concentration of donations received from single sources. For the years ended June 30, 2015 and 2014, 55% of the donations reported on the Statement of Activities represented gifts from five and three donors, respectively.

Conditional contributions are not recorded by the Foundation until they become unconditional, that is, when the conditions on which they depend are substantially met. The Foundation has been named beneficiary in several estates. These amounts are deemed conditional and are not recorded as revenue by the Foundation until the wills have been probated. The Foundation had conditional gifts of approximately \$2,708,000 at June 30, 2015 and 2014, respectively.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2015 and 2014

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

Contributed Services

In April 2013 the Financial Accounting Standards Board issued a new Accounting Standards Update Number 2013-06 that is effective for fiscal years beginning after June 2014. The new standard specifies guidance for recognizing and measuring services received from personnel of an affiliate that directly benefit a recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. Under this provision the Foundation has elected to apply the retrospective approach. As a result, the prior year's balances have been adjusted to conform to this new presentation and there is no cumulative effect on the change in net assets or total assets. The Foundation has recognized in-kind revenue and a corresponding expense for this contribution associated with personnel who are paid directly by the College and are not subject to reimbursement by the Foundation.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid short-term investments 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.

Allowance for Uncollectible Promises to Give

The allowance for doubtful accounts is based on management's evaluation of outstanding promises to give at the end of each year.

Fair Value of Financial Instruments

The Foundation follows US GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets and liabilities. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets.

Investments

Investments in marketable equity and bond mutual funds are valued at fair value in the statement of financial position. Certificates of deposit are valued at cost plus accrued interest which approximates fair value due to their short-term to maturity. 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 donors.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Investments (continued)

The Foundation seeks to achieve current income and capital appreciation while attempting to limit risk through the use of a diversified investment policy that minimizes the concentration of risk.

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 and adjusted annually for changes in the estimates of future benefits.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to 2011.

Reclassification

Certain reclassifications have been made to prior-year amounts in order to conform to current year presentation.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 11, 2015.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2015 and 2014

3. Unconditional Promises to Give Receivable

Contributions due in more than one year are reflected at the present value of estimated future cash flows using a risk adjusted discount rate of 5.00% for the years ending June 30, 2015 and 2014.

Unconditional promises to give receivable at June 30, 2015 discounted to fair value are summarized as follows:

<u>Scheduled Collection in Year Ended June 30</u>	<u>Future Value of Promise</u>	<u>Present Value Discount</u>	<u>Present Value of Promise</u>
2016	\$ 2,064,235	\$ -	\$ 2,064,235
2017	1,970,039	93,811	1,876,228
2018	1,210,880	112,576	1,098,304
2019	91,915	12,515	79,400
2020	16,611	2,945	13,666
Thereafter	<u>994,186</u>	<u>380,800</u>	<u>613,386</u>
	<u>\$ 6,347,866</u>	<u>\$ 602,647</u>	5,745,219
Less allowance for doubtful promises			<u>50,000</u>
			<u>\$ 5,695,219</u>

Unconditional promises to give receivable at June 30, 2014 discounted to fair value are summarized as follows:

<u>Scheduled Collection in Year Ended June 30</u>	<u>Future Value of Promise</u>	<u>Present Value Discount</u>	<u>Present Value of Promise</u>
2015	\$ 1,862,520	\$ -	\$ 1,862,520
2016	1,430,895	68,138	1,362,757
2017	1,407,717	131,558	1,276,159
2018	957,077	193,773	763,304
2019	20,961	3,716	17,245
Thereafter	<u>991,186</u>	<u>287,932</u>	<u>703,254</u>
	<u>\$ 6,670,356</u>	<u>\$ 685,117</u>	5,985,239
Less allowance for doubtful promises			<u>50,000</u>
			<u>\$ 5,935,239</u>

Ramapo College Foundation

Notes to Financial Statements
June 30, 2015 and 2014

3. Unconditional Promises to Give Receivable *(continued)*

As of June 30, 2015 three individual donors (two of whom are reflected in the June 30, 2014 balance) represented approximately 68% of unconditional promises to give. As of June 30, 2014 three individual donors represented approximately 70% of unconditional promises to give.

4. Investments

Investments categorized by the fair value hierarchy for those investments measured at fair value are summarized as follows at June 30:

	2015 Fair Value	2014 Fair Value
Level 1 (Quoted prices in active markets)		
Money market funds	\$ 820	\$ 16,195
Marketable equity mutual funds	11,151,233	11,016,542
Marketable bond mutual funds	4,805,950	4,514,690
	15,958,003	15,547,427
Certificates of deposits	138,137	344,400
	\$16,096,140	\$15,891,827

The following schedule summarizes investment returns and their classifications in the statements of activities at June 30:

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 8,256	\$ 287,230	\$ 295,486	\$ 16,439	\$ 272,857	\$ 289,296
Realized and unrealized (loss)/gain	(2,121)	(73,793)	(75,914)	120,949	2,007,551	2,128,500
	\$ 6,135	\$ 213,437	\$ 219,572	\$ 137,388	\$2,280,408	\$2,417,796

Ramapo College Foundation

Notes to Financial Statements
June 30, 2015 and 2014

5. Temporarily Restricted Net Assets

Investment income derived from permanently restricted net assets is included as temporarily restricted net assets until they are expended for donor restricted purposes. Temporarily restricted net assets at June 30 are available for the following purposes:

	2015	2014
Restricted as to purpose:		
Scholarships/academic enrichment	\$ 5,361,157	\$5,618,157
Adler Center for Nursing Excellence	790,887	1,188,205
Salameno School of Humanities and Global Studies	679,381	603,999
Krame Center	405,898	224,706
Environmental and science education outreach	383,028	763,411
Other Capital Projects	323,296	341,120
Padovano College Commons	186,162	186,162
Bill Bradley Sports and Recreation Center	157,083	192,910
Dugan Physics wing	-	472,320
Les Paul Music Recording Studio	-	135,075
	\$ 8,286,892	\$9,726,065

Net assets were released from restrictions during the years ended June 30 as follows:

	2015	2014
Capital and support payments to the College	\$ 1,559,019	\$ 1,571,606
Restricted grants	1,366,104	1,863,390
Scholarships	570,352	528,051
Other	151,760	71,201
	\$ 3,647,235	\$ 4,034,248

Total support payments to the College also included unrestricted funds in the amount of \$275,000. Total scholarships and awards available were approximately \$775,000 and \$665,000 at June 30, 2015 and 2014, respectively.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2015 and 2014

6. Permanently Restricted Net Assets

Permanently restricted net assets at June 30 represent gifts, the income from which is expendable to support activities as follows:

	<u>2015</u>	<u>2014</u>
Academics/student development	\$ 3,640,874	\$ 2,885,490
Scholarships	<u>8,984,214</u>	<u>8,195,966</u>
	<u>\$ 12,625,088</u>	<u>\$ 11,081,456</u>

7. Fundraising Revenue

The Foundation has presented its unrestricted fundraising revenues net of its direct costs for the years ended June 30, as shown below:

	<u>2015</u>	<u>2014</u>
Fundraising revenue	\$ 674,864	\$ 462,998
Direct fundraising expenses	<u>313,527</u>	<u>217,637</u>
Fundraising revenue, net	<u>\$ 361,337</u>	<u>\$ 245,361</u>

8. Functional Expenses

The functional expense breakdown is as follows for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Programs	\$ 4,350,256	\$ 4,681,000
General & Administration	375,519	353,392
Fundraising	<u>1,220,386</u>	<u>1,181,535</u>
	<u>\$ 5,946,161</u>	<u>\$ 6,215,927</u>

As a result of the adoption of the new accounting standard, described in Note 2, the 2014 balances have been updated to reflect contributed service expense.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2015 and 2014

9. Endowment Funds

The Foundation maintains various donor-restricted and board-designated endowment funds whose purposes are to provide long term support for the programs of Ramapo College of New Jersey. In classifying such funds for financial statement purposes as either permanently restricted, temporarily restricted or unrestricted net assets, the Board of Governors looks to the explicit directions of the donor or the Foundation's Board where applicable and the provisions of the laws of the State of New Jersey. The Board has determined that, absent donor stipulations to the contrary, the provisions of State law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from an original gift.

For the years ended June 30, 2015 and 2014 the Foundation utilized a spending rate of 5% of the three year rolling average of the fair market value of each endowment. The spending rate is set each year by the Board and is subject to the terms of each endowment agreement.

The following is a reconciliation of the activity in the Endowment funds for the years ended June 30:

	2015			
	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2014	\$ 805,822	\$ 5,077,158	\$ 9,562,767	\$ 15,445,747
Contributions, pledge collections and designations	4,144	237,974	902,141	1,144,259
Appropriated for expenditure	(29,780)	(650,727)	-	(680,507)
Net investment (loss)/gain	(5,311)	213,982	-	208,671
Balance, June 30, 2015	\$ 774,875	\$ 4,878,387	\$ 10,464,908	\$ 16,118,170
Comprised of the following:				
Donor restricted funds	\$ -	\$ 4,878,387	\$ 10,464,908	\$ 15,343,295
Board designated funds	774,875	-	-	774,875
	\$ 774,875	\$ 4,878,387	\$ 10,464,908	\$ 16,118,170

Ramapo College Foundation

Notes to Financial Statements
June 30, 2015 and 2014

9. Endowment Funds *(continued)*

	2014			
	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2013	\$ 522,983	\$ 3,365,560	\$ 9,097,633	\$ 12,986,176
Contributions, pledge collections and designations	241,633	33,083	465,134	739,850
Appropriated for expenditure	(20,061)	(601,811)	-	(621,872)
Net investment gain	61,267	2,280,326	-	2,341,593
Balance, June 30, 2014	\$ 805,822	\$ 5,077,158	\$ 9,562,767	\$ 15,445,747
Comprised of the following:				
Donor restricted funds	\$ -	\$ 5,077,158	\$ 9,562,767	\$ 14,639,925
Board designated funds	805,822	-	-	805,822
	\$ 805,822	\$ 5,077,158	\$ 9,562,767	\$ 15,445,747

10. Transactions with College

The Foundation makes payments to the College for gifts and reimbursement of certain expenditures including salaries and fringe benefits. These gifts and expenditures were \$4,091,547 and \$4,166,030 for the years ended June 30, 2015 and 2014, respectively. Of these amounts, the amounts due to the College as of June 30, 2015 and 2014 were \$1,674,000 and \$1,657,567, respectively.

11. Risk Concentration

The Foundation maintains its bank accounts and certificate of deposits at several financial institutions which at times may be in excess of Federal Deposit Insurance Corporation insured limits.

12. Expenses for Restricted Grants

The Foundation receives funding for specific College grants from various agencies, and the grant expenses are those incurred in connection with the completion of these projects. The most significant of these grants in fiscal 2015 and 2014 is the Environmental Outreach at the Meadowlands, the funding is received from a grant from New Jersey Meadowlands Commission. Revenue from this grant was \$658,462 and \$1,703,580 in 2015 and 2014, respectively.

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