

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

Financial Statements
As of and for the years ended

June 30, 2014 and 2013

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, 2014 and 2013, 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, 2014 and 2013, 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

October 3, 2014

O'CONNOR DAVIES, LLP

Dorothy B. Kraft Center, 15 Essex Road, Suite 503, Paramus, NJ 07652 | Tel: 201.712.9800 | Fax: 201.712.0988 | www.odpkf.com

Ramapo College Foundation

Statements of Financial Position

	June 30,	
	2014	2013
Assets		
Cash and cash equivalents	\$ 1,179,158	\$ 1,088,531
Grants receivable	1,259,518	1,400,409
Accounts receivable	52,366	37,840
Unconditional promises to give, net (Note 3)	5,935,239	6,071,884
Investments (Note 4)	15,891,827	13,537,468
Prepaid expenses	53,393	35,625
	\$24,371,501	\$22,171,757
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 51,996	\$ 20,841
Due to Ramapo College of New Jersey (Note 10)	1,657,567	1,163,373
Deferred income	106,586	102,417
Due to agency funds	63,798	103,757
Annuities payable (Note 2)	237,476	240,151
	2,117,423	1,630,539
 Net Assets		
Unrestricted		
Undesignated	640,735	809,294
Board Designated (Note 2)	805,822	522,983
	1,446,557	1,332,277
Total Unrestricted Net Assets	1,446,557	1,332,277
Temporarily restricted (Note 5)	9,726,065	8,581,579
Permanently restricted (Note 6)	11,081,456	10,627,362
	22,254,078	20,541,218
Total Net Assets	\$24,371,501	\$22,171,757

See notes to financial statements.

Ramapo College Foundation

Statements of Activities

	Year Ended June 30, 2014				Year Ended June 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING SUPPORT AND REVENUE								
Donations	\$ 333,293	\$ 1,072,088	\$ 454,094	\$ 1,859,475	\$ 297,991	\$ 1,341,132	\$ 613,357	\$ 2,252,480
Fundraising events, net (Note 7)	245,361	25	-	245,386	348,660	5,480	-	354,140
Grants (Note 12)	-	1,785,933	-	1,785,933	-	1,964,563	-	1,964,563
Special events	3,915	-	-	3,915	1,325	-	-	1,325
Memberships	19,325	-	-	19,325	18,660	-	-	18,660
Program service	44,391	17,396	-	61,787	51,764	13,532	-	65,296
Other	188,356	22,884	-	211,240	160,649	64,386	-	225,035
Investment income (Note 4)	137,388	2,280,408	-	2,417,796	77,194	1,337,041	-	1,414,235
Net assets released from restrictions (Note 5)	4,034,248	(4,034,248)	-	-	4,542,396	(4,542,396)	-	-
Total Support and Revenue	5,006,277	1,144,486	454,094	6,604,857	5,498,639	183,738	613,357	6,295,734
EXPENSES								
Payment to College towards salaries	212,000	-	-	212,000	200,000	-	-	200,000
Capital and support payments to College (Note 5)	1,849,606	-	-	1,849,606	2,415,546	-	-	2,415,546
Foundation operations	141,139	-	-	141,139	167,583	-	-	167,583
Events, programs and fundraising	72,388	-	-	72,388	78,833	-	-	78,833
Scholarships and awards	549,162	-	-	549,162	453,138	-	-	453,138
Planned giving and capital campaign	130,782	-	-	130,782	85,584	-	-	85,584
College grants awarded	73,530	-	-	73,530	64,360	-	-	64,360
Expenses for restricted grants (note 12)	1,863,390	-	-	1,863,390	1,889,307	-	-	1,889,307
Total Expenses	4,891,997	-	-	4,891,997	5,354,351	-	-	5,354,351
Change in Net Assets	114,280	1,144,486	454,094	1,712,860	144,288	183,738	613,357	941,383
NET ASSETS								
Beginning of year	1,332,277	8,581,579	10,627,362	20,541,218	1,187,989	8,397,841	10,014,005	19,599,835
End 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

See notes to financial statements.

Ramapo College Foundation

Statements of Cash Flows

	Year Ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,712,860	\$ 941,383
Adjustments to reconcile change in net assets to net cash from operating activities		
Permanently restricted contributions	(454,094)	(613,357)
Realized and unrealized (gain)/loss on investments	(2,128,500)	(1,132,618)
Change in operating assets and liabilities		
Grants receivable	140,891	(74,072)
Accounts receivable	(14,526)	5,848
Unconditional promises to give	136,645	3,781
Prepaid expenses	(17,768)	411
Accounts payable	31,155	(27,851)
Annuities payable	(2,675)	(1,427)
Due to Ramapo College of New Jersey	494,194	(224,756)
Deferred income	4,169	16,890
Due to agency funds	(39,959)	16,242
	(137,608)	(1,089,526)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	1,636,623	1,682,009
Purchase of investments	(1,862,482)	(1,687,180)
	(225,859)	(5,171)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from permanently restricted contributions	454,094	613,357
	90,627	(481,340)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,088,531	1,569,871
End of year	\$ 1,179,158	\$ 1,088,531

See notes to financial statements.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2014 and 2013

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, 2014 and 2013

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, 2014 and 2013, 55% and 46% of the donations reported on the Statement of Activities represented gifts from three and four 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 and \$2,608,000 at June 30, 2014 and 2013, respectively.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2014 and 2013

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

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.

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.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2014 and 2013

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

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 2010.

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 October 3, 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, 2014 and 2013.

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, 2014 and 2013

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

Unconditional promises to give receivable at June 30, 2013 discounted to fair value are summarized as follows:

Scheduled Collection in Year Ended June 30	Future Value of Promise	Present Value Discount	Present Value of Promise
2014	\$ 1,766,681	\$ -	\$ 1,766,681
2015	1,301,295	61,966	1,239,329
2016	1,287,617	119,710	1,167,907
2017	1,258,727	171,391	1,087,336
2018	154,311	27,359	126,952
Thereafter	1,117,086	383,407	733,679
	\$ 6,885,717	\$ 763,833	6,121,884
Less allowance for doubtful promises			50,000
			\$ 6,071,884

As of June 30, 2014 three individual donors (two of whom are reflected in the June 30, 2013 balance) represented approximately 70% of unconditional promises to give. As of June 30, 2013 three individual donors represented approximately 74% 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:

	2014	2013
	Fair Value	Fair Value
Level 1 (Quoted prices in active markets)		
Money market funds	\$ 16,195	\$ 29,648
Marketable equity mutual funds	11,016,542	9,529,779
Marketable bond mutual funds	4,514,690	3,486,910
	15,547,427	13,046,337
Certificates of deposits	344,400	491,131
	\$15,891,827	\$13,537,468

Ramapo College Foundation

Notes to Financial Statements
June 30, 2014 and 2013

4. Investments *(continued)*

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

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 16,439	\$ 272,857	\$ 289,296	\$ 24,453	\$ 257,164	\$ 281,617
Realized and unrealized gains/(loss)	120,949	2,007,551	2,128,500	52,741	1,079,877	1,132,618
	\$ 137,388	\$ 2,280,408	\$ 2,417,796	\$ 77,194	\$ 1,337,041	\$ 1,414,235

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:

	2014	2013
Restricted as to purpose:		
Scholarships/academic enrichment	\$ 5,618,157	\$3,648,760
Adler Center for Nursing Excellence	1,188,205	1,549,773
Environmental education outreach (Meadowlands)	763,411	793,856
Salameno School of Humanities and Global Studies	603,999	1,240,500
Dugan Physics floor	472,320	-
Other Capital Projects	322,318	314,143
Center for Contemplative Science and Mindful Living	224,706	446,359
College Commons	186,162	177,298
Bill Bradley Sports and Recreation Center	192,910	164,758
Music Recording Studio	135,075	150,000
Salameno Spiritual Center	18,802	96,132
	\$ 9,726,065	\$8,581,579

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

	2014	2013
Capital and support payments to the College	\$ 1,571,606	\$ 2,183,546
Restricted grants	1,863,390	1,889,307
Scholarships	528,051	413,413
Other	71,201	56,130
	\$ 4,034,248	\$ 4,542,396

Ramapo College Foundation

Notes to Financial Statements
June 30, 2014 and 2013

5. Temporarily Restricted Net Assets *(continued)*

Total scholarships and awards available were approximately \$665,000 and \$650,000 at June 30, 2014 and 2013, respectively.

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>2014</u>	<u>2013</u>
Academics/student development	\$ 2,885,490	\$ 2,481,201
Scholarships	<u>8,195,966</u>	<u>8,146,161</u>
	<u>\$ 11,081,456</u>	<u>\$ 10,627,362</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>2014</u>	<u>2013</u>
Fundraising revenue	\$ 462,998	\$ 594,688
Direct fundraising expenses	<u>217,637</u>	<u>246,028</u>
Fundraising revenue, net	<u>\$ 245,361</u>	<u>\$ 348,660</u>

8. Functional Expenses

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

	<u>2014</u>	<u>2013</u>
Programs	\$ 4,470,076	\$ 4,951,184
General & Administration	141,139	167,583
Fundraising	<u>280,782</u>	<u>235,584</u>
	<u>\$ 4,891,997</u>	<u>\$ 5,354,351</u>

Ramapo College Foundation

Notes to Financial Statements
June 30, 2014 and 2013

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, 2014 and 2013 the Foundation utilized a spending rate of 5% three year rolling average of the fair market value of each endowment. The spending rate is set each year by the Board.

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

	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

Ramapo College Foundation

Notes to Financial Statements
June 30, 2014 and 2013

9. Endowment Funds *(continued)*

	2013			
	Board Designated	Temporarily	Permanently	Total
	Unrestricted	Restricted	Restricted	
Balance, July 1, 2012	\$ 511,674	\$ 2,506,547	\$ 8,655,764	\$ 11,673,985
Contributions, pledge collections and designations	382	18,699	441,869	460,950
Appropriated for expenditure	(15,885)	(495,863)	-	(511,748)
Net investment gain	26,812	1,336,177	-	1,362,989
Balance, June 30, 2013	\$ 522,983	\$ 3,365,560	\$ 9,097,633	\$ 12,986,176
Comprised of the following:				
Donor restricted funds	\$ -	\$ 3,365,560	\$ 9,097,633	\$ 12,463,193
Board designated funds	522,983	-	-	522,983
	\$ 522,983	\$ 3,365,560	\$ 9,097,633	\$ 12,986,176

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 \$4,166,030 and \$4,491,224 for the years ended June 30, 2014 and 2013, respectively. Of these amounts, the amounts due to the College as of June 30, 2014 and 2013 were \$1,657,567 and \$1,163,373, 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 2014 and 2013 is the Environmental Outreach at the Meadowlands, the funding is received from a grant from New Jersey Meadowlands Commission. Revenue from this grant was \$1,703,580 in 2014 and 2013.

* * * * *