

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

Financial Statements  
As of and for the years ending

June 30, 2013 and 2012

**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 statement of financial position as of June 30, 2013 and 2012, 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, 2013 and 2012, 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 24, 2013

O'CONNOR DAVIES, LLP

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# Ramapo College Foundation

## Statements of Financial Position

	June 30,	
	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,088,531	\$ 1,569,871
Grants receivable	1,400,409	1,326,337
Accounts receivable	37,840	43,688
Unconditional promises to give, net (Note 3)	6,071,884	6,075,665
Investments (Note 4)	13,537,468	12,399,679
Prepaid expenses	35,625	36,036
	<u>\$22,171,757</u>	<u>\$21,451,276</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 20,841	\$ 48,692
Due to Ramapo College of New Jersey (Note 10)	1,163,373	1,388,129
Deferred income	102,417	85,527
Due to agency funds	103,757	87,515
Annuities payable (Note 2)	240,151	241,578
	<u>1,630,539</u>	<u>1,851,441</u>
<b>Net Assets</b>		
Unrestricted		
Undesignated	809,294	676,315
Board Designated (Note 2)	522,983	511,674
	<u>1,332,277</u>	<u>1,187,989</u>
Temporarily restricted (Note 5)	8,581,579	8,397,841
Permanently restricted (Note 6)	10,627,362	10,014,005
	<u>20,541,218</u>	<u>19,599,835</u>
	<u>\$22,171,757</u>	<u>\$21,451,276</u>

See notes to financial statements.

## Ramapo College Foundation

### Statements of Activities

	Year Ended June 30, 2013				Year Ended June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>OPERATING SUPPORT AND REVENUE</b>								
Donations	\$ 297,991	\$ 1,341,132	\$ 613,357	\$ 2,252,480	\$ 304,762	\$ 2,043,127	\$ 2,417,729	\$ 4,765,618
Fund raising events, net (Note 7)	348,660	5,480	-	354,140	282,973	10,037	-	293,010
Grants (Note 12)	-	1,964,563	-	1,964,563	-	1,855,925	-	1,855,925
Special events	1,325	-	-	1,325	1,130	-	-	1,130
Memberships	18,660	-	-	18,660	14,415	-	-	14,415
Program service	51,764	13,532	-	65,296	52,325	27,350	-	79,675
Other	160,649	64,386	-	225,035	173,119	-	-	173,119
Investment income (Note 4)	77,194	1,337,041	-	1,414,235	(1,903)	(28,402)	-	(30,305)
Net assets released from restrictions (Note 5)	4,542,396	(4,542,396)	-	-	3,668,809	(3,668,809)	-	-
Total Support and Revenue	5,498,639	183,738	613,357	6,295,734	4,495,630	239,228	2,417,729	7,152,587
<b>EXPENSES</b>								
Payment to College towards salaries	200,000	-	-	200,000	200,000	-	-	200,000
Capital and support payments to College (Note 5)	2,433,546	-	-	2,433,546	1,112,014	-	-	1,112,014
Foundation operations	149,583	-	-	149,583	147,731	-	-	147,731
Events, programs and fundraising	78,833	-	-	78,833	96,442	-	-	96,442
Scholarships and awards	453,138	-	-	453,138	464,713	-	-	464,713
Planned giving and capital campaign	85,584	-	-	85,584	223,508	-	-	223,508
College grants awarded	64,360	-	-	64,360	59,754	-	-	59,754
Expenses for restricted grants (Note 12)	1,889,307	-	-	1,889,307	1,955,942	-	-	1,955,942
Total Expenses	5,354,351	-	-	5,354,351	4,260,104	-	-	4,260,104
Change in Net Assets	144,288	183,738	613,357	941,383	235,526	239,228	2,417,729	2,892,483
<b>NET ASSETS</b>								
Beginning of year	1,187,989	8,397,841	10,014,005	19,599,835	952,463	8,158,613	7,596,276	16,707,352
End 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

See notes to financial statements.

## Ramapo College Foundation

### Statements of Cash Flows

	Year Ended June 30,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 941,383	\$ 2,892,483
Adjustments to reconcile change in net assets to net cash from operating activities		
Permanently restricted contributions	(613,357)	(2,417,729)
Realized and unrealized (gain)/loss on investments	(1,132,618)	288,407
Change in operating assets and liabilities		
Grants receivable	(74,072)	163,069
Accounts receivable	5,848	30,500
Unconditional promises to give	3,781	(2,687,845)
Prepaid expenses	411	(9,015)
Accounts payable	(27,851)	(6,666)
Annuities payable	(1,427)	101,892
Due to Ramapo College of New Jersey	(224,756)	587,136
Deferred income	16,890	10,229
Due to agency funds	16,242	5,836
	(1,089,526)	(1,041,703)
Net Cash from Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	1,682,009	1,195,971
Purchase of investments	(1,687,180)	(1,317,110)
	(5,171)	(121,139)
Net Cash from Investing Activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from permanently restricted contributions	613,357	2,417,729
	(481,340)	1,254,887
Net Change in Cash and Cash Equivalents		
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	1,569,871	314,984
End of year	\$ 1,088,531	\$ 1,569,871

See notes to financial statements.

## **Ramapo College Foundation**

Notes to Financial Statements  
June 30, 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 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**

#### ***Use of Estimates***

The financial statements have been prepared in conformity with generally accepted accounting principles 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.

##### ***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 as net assets released from restrictions.

## **Ramapo College Foundation**

Notes to Financial Statements  
June 30, 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.

##### ***Reclassification***

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

##### ***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, 2013 and 2012, 46% and 79% of the donations reported on the Statement of Activities represented gifts from four and two 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 \$2,608,000 and \$2,590,000 at June 30, 2013 and 2012, respectively.

## **Ramapo College Foundation**

Notes to Financial Statements

June 30, 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.

#### ***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.



## Ramapo College Foundation

Notes to Financial Statements  
June 30, 2013

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

#### ***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 2009.

#### ***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 24, 2013.

### 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, 2013 and 2012.

Unconditional promises to give receivable at June 30, 2013 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>
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	<u>1,117,086</u>	<u>383,407</u>	<u>733,679</u>
	<u>\$ 6,885,717</u>	<u>\$ 763,833</u>	6,121,884
Less allowance for doubtful promises			<u>50,000</u>
			<u>\$ 6,071,884</u>

## Ramapo College Foundation

Notes to Financial Statements  
June 30, 2013

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

Unconditional promises to give receivable at June 30, 2012 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
2013	\$ 2,195,506	\$ -	\$ 2,195,506
2014	1,134,742	54,036	1,080,706
2015	1,106,617	102,883	1,003,734
2016	1,103,619	150,269	953,350
2017	410,486	72,778	337,708
Thereafter	1,037,486	482,825	554,661
	\$ 6,988,456	\$ 862,791	6,125,665
Less allowance for doubtful promises			50,000
			\$ 6,075,665

As of June 30, 2013 three individual donors (two of whom are reflected in the June 30, 2012 balance) represented approximately 74% of unconditional promises to give. As of June 30, 2012 three individual donors represented approximately 81% 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:

	2013	2012
	Fair	Fair
	Value	Value
Level 1 (Quoted prices in active markets)		
Money market funds	\$ 29,648	\$ 11,107
Marketable equity mutual funds	9,529,779	8,389,296
Marketable bond mutual funds	3,486,910	3,515,264
	13,046,337	11,915,666
Certificates of deposits	491,131	484,013
	\$13,537,468	\$12,399,679

## Ramapo College Foundation

Notes to Financial Statements  
June 30, 2013

### 4. Investments *(continued)*

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

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 24,453	\$ 257,164	\$ 281,617	\$ 46,546	\$ 211,556	\$ 258,102
Realized and unrealized gains/(loss)	<u>52,741</u>	<u>1,079,877</u>	<u>1,132,618</u>	<u>(48,449)</u>	<u>(239,958)</u>	<u>(288,407)</u>
	<u>\$ 77,194</u>	<u>\$ 1,337,041</u>	<u>\$ 1,414,235</u>	<u>\$ (1,903)</u>	<u>\$ (28,402)</u>	<u>\$ (30,305)</u>

### 5. Temporarily Restricted Net Assets

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

	2013	2012
Restricted as to purpose:		
Scholarships/academic enrichment	\$ 3,648,760	\$2,660,419
Adler Center for Nursing Excellence	1,549,773	1,818,855
Salameno School of Amer and Int'l Studies	1,240,500	1,877,000
Environmental education outreach (Meadowlands)	793,856	793,513
Center for Contemplative Science and Mindful Living	446,359	-
Other Capital Projects	286,024	159,640
College Commons	177,298	-
Bill Bradley Sports and Recreation Center	164,758	136,186
Music Recording Studio	150,000	-
Salameno Spiritual Center	96,132	102,486
Sharp Sustainability Center	22,500	93,810
Anisfield School of Business	5,619	755,932
	<u>\$ 8,581,579</u>	<u>\$8,397,841</u>

## Ramapo College Foundation

Notes to Financial Statements  
June 30, 2013

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

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

	<u>2013</u>	<u>2012</u>
Capital and support payments to the College	\$ 2,183,546	\$ 932,014
Restricted grants	1,889,307	1,955,941
Scholarships	413,413	424,869
Other	<u>56,130</u>	<u>355,985</u>
	<u>\$ 4,542,396</u>	<u>\$ 3,668,809</u>

Capital and support payments to the College mainly increased as a result of timing of cash payments from donors. Total scholarships and awards available were approximately \$650,000 and \$560,000 at June 30, 2013 and 2012, 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>2013</u>	<u>2012</u>
Academics/student development	\$ 2,481,201	\$ 2,836,471
Scholarships	<u>8,146,161</u>	<u>7,177,534</u>
	<u>\$ 10,627,362</u>	<u>\$ 10,014,005</u>

### 7. Fundraising Revenue

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

	<u>2013</u>	<u>2012</u>
Fundraising revenue	\$ 594,688	\$ 496,531
Direct fundraising expenses	<u>246,028</u>	<u>213,558</u>
Fundraising revenue, net	<u>\$ 348,660</u>	<u>\$ 282,973</u>

## Ramapo College Foundation

Notes to Financial Statements  
June 30, 2013

### 8. Functional Expenses

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

	2013	2012
Programs	\$ 4,951,184	\$ 3,673,690
General & Administration	167,583	177,731
Fundraising	235,584	408,683
	\$ 5,354,351	\$ 4,260,104

### 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, 2013 and 2012 the Foundation utilized a spending rate of 5% 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:

	2013			
	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2012	\$ 511,674	\$ 2,506,547	\$ 8,655,764	\$ 11,673,985
Contributions, pledge collections and designations	386	18,699	441,869	460,954
Appropriated for expenditure	(15,889)	(495,863)	-	(511,752)
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

## Ramapo College Foundation

Notes to Financial Statements  
June 30, 2013

### 9. Endowment Funds (continued)

	2012			
	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2011	\$ 543,479	\$ 3,088,031	\$ 7,200,350	\$ 10,831,860
Contributions, pledge collections and designations	5,443	-	1,455,414	1,460,857
Appropriated for expenditure	(39,150)	(538,300)	-	(577,450)
Net investment gain (loss)	1,902	(43,184)	-	(41,282)
Balance, June 30, 2012	\$ 511,674	\$ 2,506,547	\$ 8,655,764	\$ 11,673,985
Comprised of the following:				
Donor restricted funds	\$ -	\$ 2,506,546	\$ 8,655,764	\$ 11,162,311
Board designated funds	511,674	-	-	511,674
	\$ 511,674	\$ 2,506,546	\$ 8,655,764	\$ 11,673,985

### 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 \$4,491,224 and \$4,079,583 for the years ended June 30, 2013 and 2012, respectively. Of these amounts, the amounts due to the College as of June 30, 2013 and 2012 were \$1,163,373 and \$1,388,129, 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 limits.

### 12. 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 fiscal 2013 and 2012, 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 \$1,703,580 and \$1,715,061 in 2013 and 2012, respectively.

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