

DRAFT
RAMAPO COLLEGE FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED

June 30, 2010

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 2010 financial statements.

This Management’s Discussion and Analysis provides an overview of the Foundation’s financial activities for its fiscal year ended June 30, 2010 with comparative information for the year ended June 30, 2009, 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.

FINANCIAL HIGHLIGHTS

Ramapo College Foundation’s financial position remains sound after two years of a difficult national economic climate. Total operating support and revenue increased dramatically to \$4,849,098 in FY’10 from \$2,849,248 in FY’09. The strongest area of growth was in endowment principal which grew 28.2 per cent to \$8,124,172 in FY’10 from \$6,338,608 in FY’09. Over a five year period the endowment principal has grown 142 per cent from \$3,357,292 in FY’06. Twenty new endowments were created in FY ‘10 including the establishment of the first endowed faculty chair/professorship.

After successful completion of the first five year contract with the Meadowlands Environment Center in FY 2008, a second five year contract was awarded with a FY '10 value of \$1.8 million.

National trends reported an 18 percent decrease in giving by alumni and a 11.9 per cent decrease in overall giving to higher education as noted by the Council for Aid to Education, The Chronicle of Higher Education, and the National Association of College and University Business Officers.

Ramapo was able to make strides in alumni giving, annual giving and planned giving, as well as in giving for capital purposes. Ramapo's alumni participation at 15.6 per cent is well above the national average of 5.4 per cent for colleges classified as Public Masters Degree granting institutions. Dollars donated to the Annual Fund have increased by 22.5 per cent over a five year period. And, leadership gifts of \$250 and above to the Annual Fund increased by 24.6 per cent in FY'10.

In FY '10 the Board of Governors funded 252 scholarships for a total of \$340,000 which included \$116,939 from net unrestricted reserves to fund underwater endowments.

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, 2010 with its activities for its fiscal year ended June 30, 2009.

STATEMENT OF ACTIVITIES

Operating support and revenue	2010	2009
Donations	\$ 1,640,451	\$ 999,451
Fund raising	466,790	569,174
Grants	1,934,299	2,076,105
Special events	4,197	6,898
Memberships	6,870	8,380
Program service	115,989	55,974
Other	127,226	142,075
Investment income	<u>553,276</u>	<u>(1,008,809)</u>
 Total support and revenue	 <u>4,849,098</u>	 <u>2,849,248</u>
 Expenses		
Payments to College towards salaries	200,000	200,000
Payments to College for capital projects	820,659	855,100
Foundation operations	331,233	392,841
Events & programs	40,624	30,014
Scholarships and awards	399,122	485,824
Fund raising	180,149	210,165
Planned giving & capital campaign	320,501	163,418
College grants awarded	61,493	61,852
Expenses for restricted grants	<u>2,175,472</u>	<u>2,150,346</u>
 Total expenses	 <u>4,529,253</u>	 <u>4,549,560</u>
 Changes in net assets		
Change in net assets	319,845	(1,700,312)
Net assets, beginning of year	<u>12,636,066</u>	<u>14,336,378</u>

Net assets, end of year

\$12,955,911

\$12,636,066

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 and other planned giving instruments, pledges, investment income and gifts-in-kind.

Total revenue increased by \$1,999,850 going from \$2,849,248 to \$4,849,098. This increase was primarily the result of the positive change in Foundation Investment Income of \$1,562,085 and an increase in Donation Revenue of \$641,000.

Total Unrestricted Revenue had a net increase of \$971,086 going from \$3,743,570 to \$4,714,656. This was mainly due to the increase in the release of Temporary Net Asset funds of \$226,173 with \$3,468,295 in 2010 as compared to \$3,242,122 in 2009 and an increase in Investment Income of \$746,646 with a positive amount of \$184,765 in 2010 as compared to a negative amount of \$(561,881) in 2009.

Total Temporarily and Permanently Restricted Revenues had a net increase of \$1,028,764 going from a negative amount of \$(894,322) to a positive amount of \$134,422. This was mainly due to the increase in Donation Revenue of \$532,844 with \$1,222,891 in 2010 as compared to \$690,047 in 2009 and an increase in Investment Income of \$815,439 with a positive amount of \$368,511 in 2010 as compared to a negative amount of \$(446,928) in 2009.

Expenses

The Statement of Activities also reflects expenses. Total Expenses decreased from \$4,549,560 in 2009 to \$4,529,253 in 2010. Restricted Grants Expenses remained the single largest category of expense at \$2,175,472 and \$2,150,346 for fiscal years 2010 and 2009, respectively. The expenses for the Meadowlands Grant were \$1,698,998 and \$1,877,141 for 2010 and 2009, respectively.

The decrease in total expenses for 2010 can be mostly attributed to decreases in Scholarships and Awards expenses of \$86,702, Foundation Operations Expenses of \$61,608 which were offset by the \$157,083 increase in Planned Giving and Capital Campaign expenses and the \$25,216 increase in Restricted Grant expenses. The reduction in Scholarships and Awards expenses were mainly due to the \$61,189 decrease in Faculty Fellowship awards. The Foundation Operations decrease and the Planned Giving and Capital Campaign expense increase was due mainly from the planned and budgeted redirection of resources to Comprehensive Capital Campaign planning and execution.. The increase in Grant related expenses included \$202,269 from the growth of

new grant programs and was partially offset by approximately \$178,000 in reduced expense associated with the Meadowlands Grant program.

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, 2010 and 2009. Net assets are divided into three categories: Unrestricted, Temporarily restricted and Permanently restricted.

	2010	2009
Assets		
Cash and cash equivalents	\$ 344,592	\$ 285,061
Grants receivable	1,576,943	1,413,759
Accounts receivable	47,799	15,937
Unconditional promises to give, net of allowance for doubtful accounts	2,829,430	4,928,095
Investments	9,323,074	6,911,772
Prepaid expenses	<u>14,801</u>	<u>5,512</u>
	<u>\$14,136,639</u>	<u>\$13,560,136</u>
 Liabilities		
Accounts payable	60,657	17,237
Annuities payable	137,806	51,225
Due to Ramapo College	865,118	694,117
Deferred income	68,492	73,783
Due to agency funds	<u>48,655</u>	<u>87,708</u>
	<u>\$1,180,728</u>	<u>\$924,070</u>
 Net Assets		
Unrestricted		
Undesignated	334,861	179,192
Board designated	378,216	348,482
Temporarily restricted	5,429,085	6,566,131
Permanently restricted	<u>6,813,749</u>	<u>5,542,261</u>
	<u>\$12,955,911</u>	<u>\$12,636,066</u>
Total Net Assets and Liabilities	<u>\$14,136,639</u>	<u>\$13,560,136</u>

Total net assets increased by \$319,845 in fiscal year 2010 from \$12,636,066 to \$12,955,911. Investments increased by 34.9% in 2010 over the 2009 level. The primary reason for this increase: a positive return on the Foundation's diverse portfolio of 9.03%. In addition, the inflow of donated cash of \$2,032,425 resulted in a reallocation of assets from the Unconditional Promises to Give Receivable to Investments. This inflow is comprised primarily of two components. The first consists of the realization of a \$1,500,000 Planned gift to establish two \$750,000 endowments. The Endowments benefit Anisfield School of Business student scholarships and the first Ramapo College Endowed Faculty Chair. The second is a \$100,000 Charitable Gift Annuity. The remaining inflow consists of donations benefitting various other endowments.

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, 2010 and June 30, 2009. 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	2010	2009
Net cash provided (used) by		
Operating activities (Per Statement of Activities in Financial Statements)	\$1,380,970	\$449,350
Net cash (used) provided by investing activities	(2,107,898)	(649,427)
Proceeds from permanently restricted contributions	<u>786,459</u>	<u>318,877</u>
Net increase (decrease) in cash and cash equivalents	59,531	118,800
Cash and cash equivalents July 1st	<u>285,061</u>	<u>166,261</u>
Cash and Cash Equivalents, June 30	\$344,592	\$285,061

CONCLUSION

The Foundation will continue to emphasize the need for more endowment support, and seek to grow the planned giving legacy programs, secure significant capital support to renovate academic facilities, and increase annual fund participation levels. The five year Institutional Advancement / Ramapo College Foundation Strategic Plan remains on target to ensure measurable strides are made in the "Quiet Phase" of the Campaign and that success will be reached for a "Public Phase" announcement. Toward a tentative goal of \$40 million, over \$27 million has been committed as of June 30, 2010.

