

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

**June 30, 2011**

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 2011 financial statements.

This Management's Discussion and Analysis provides an overview of the Foundation's financial activities for its fiscal year ended June 30, 2011 with comparative information for the year ended June 30, 2010, 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**

Increased giving by alumni, parents and friends has allowed Ramapo College Foundation's financial position to remain sound after three years of a difficult national economic climate. Total operating support and revenue increased dramatically to \$8,342,195 in FY'11 from \$4,849,098 in FY'10. The strongest area of growth was in restricted giving which increased by 168.1% to \$3,278,866 in FY'11 from \$1,222,891 in FY'10. The Endowment grew by 24.3% to \$10,831,860 in FY'11 from \$8,110,209 in FY'10. Over a three year period the Endowment has grown 75.72% from \$6,164,400 in FY'08. Many new endowments were created in FY '11 including a \$500,000 Student Scholarship fund for Polish American students.

National trends reported only a modest 0.5% increase in contributions to colleges and Universities as noted by the Council for Aid to Education (CAE), The Chronicle of Higher Education, and the National Association of College and University Business Officers in its May 2011 survey. Corporate giving increased by 2.4%. Foundation Giving increased by 2.0%. Alumni giving declined by 0.4%. As well, individual giving declined by 1.5%. However, endowment giving did increase by 9.1%.

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 rate as determined by CAE standards is 9.9%, well above the national average of 5.2 per cent for colleges classified as Public Masters Degree granting institutions. Dollars donated to the Annual Fund have increased by 14.6% over a three year period. And, corporate gifts of to the Annual Fund increased by 22.03% in FY'11.

In FY '11 the Board of Governors funded 244 scholarships for a total of \$315,225 which included \$40,566 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, 2011 with its activities for its fiscal year ended June 30, 2010.

### STATEMENT OF ACTIVITIES

<b>Operating support and revenue</b>	<b>2011</b>	<b>2010</b>
Donations	\$ 3,716,749	\$1,640,541
Fund raising events	513,500	466,790
Grants	1,881,745	1,934,299
Special events	3,340	4,197
Memberships	6,585	6,870
Program service	71,780	115,989
Other	153,773	127,226
Investment income	<u>1,994,723</u>	<u>553,276</u>
<b>Total support and revenue</b>	<b><u>\$8,342,195</u></b>	<b><u>\$4,849,098</u></b>
 <b>Expenses</b>		
Payments to College towards salaries	200,000	200,000
Payments to College for capital projects	947,917	820,659
Foundation operations	358,809	331,233
Events & programs	158,214	40,624
Scholarships and awards	389,964	399,122
Fund raising events	212,912	180,149
Planned giving & capital campaign	237,283	320,501
College grants awarded	54,995	61,493
Expenses for restricted grants	<u>2,030,660</u>	<u>2,175,472</u>
<b>Total expenses</b>	<b><u>\$4,590,754</u></b>	<b><u>\$4,529,253</u></b>
 <b>Changes in net assets</b>		
Change in net assets	3,751,441	319,845
Net assets, beginning of year	<u>12,955,911</u>	<u>12,636,066</u>
 <b>Net assets, end of year</b>	 <b><u>\$16,707,352</u></b>	 <b><u>\$12,955,911</u></b>

## **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 \$3,494,097 going from \$4,849,098 to \$8,342,195. This increase was primarily the result of the positive change in Foundation Investment Income of \$1,441,447 and an increase in Donation Revenue of \$2,076,298.

Total Temporarily Restricted Revenues had a net increase of \$3,352,034 going from a negative amount of \$(652,017) to a positive amount of \$2,700,017. This was mainly due to the increase in Donation Revenue of \$2,059,907 with \$2,496,339 in 2011 as compared to \$436,432 in 2010 and an increase in Investment Income of \$1,447,337 with \$1,795,848 in 2011 as compared to \$368,511 in 2010.

## **Expenses**

The Statement of Activities also reflects expenses. Total Expenses increased from \$4,529,253 in 2010 to \$4,590,754 in 2011. Restricted Grants Expenses remained the single largest category of expense at \$2,030,660 and \$2,175,472 for fiscal years 2011 and 2010, respectively. The expenses for the Meadowlands Grant were \$1,791,726 and \$1,698,998 for 2011 and 2010, respectively.

The increase in total expenses for 2011 can be mostly attributed to increases in Payment to College towards Capital Projects expenses of \$127,258, Events and Programs Expenses of \$117,590 which were offset by the \$83,218 decrease in Planned Giving and Capital Campaign expenses and the \$144,812 decrease in Restricted Grant expenses. The Capital Project Expense increase was due to the increase in receipt of Capital Project related donations. The Planned Giving and Capital Campaign Expense decrease is mainly due to the one time reduction in Planned Giving Events and the timing of Comprehensive Capital Campaign consultant payments.. The decrease in Grant related expenses included resulted from the timing of grant program activity.

## **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, 2011 and 2010. Net assets are divided into three categories: Unrestricted, Temporarily restricted and Permanently restricted.

	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 314,984	\$ 344,592
Grants receivable	1,489,406	1,576,943
Accounts receivable	74,188	47,799
Unconditional promises to give, net of allowance for doubtful accounts	3,387,820	2,829,095
Investments	12,566,947	9,323,074
Prepaid expenses	<u>27,201</u>	<u>14,801</u>
	<b><u>\$17,860,366</u></b>	<b><u>\$14,136,639</u></b>
<b>Liabilities</b>		
Accounts payable	\$ 55,358	\$ 60,657
Due to Ramapo College	800,993	865,118
Deferred income	75,298	68,492
Due to agency funds	81,679	48,655
Annuities payable	<u>139,686</u>	<u>137,806</u>
<b>Total Liabilities</b>	<b><u>\$1,153,014</u></b>	<b><u>\$1,180,728</u></b>
<b>Net Assets</b>		
Unrestricted		
Undesignated	\$ 430,736	\$ 334,861
Board designated	551,238	378,216
Temporarily restricted	8,129,102	5,429,085
Permanently restricted	<u>7,596,276</u>	<u>6,813,749</u>
<b>Total Net Assets</b>	<b><u>\$16,707,352</u></b>	<b><u>\$12,955,911</u></b>
<b>Total Net Assets and Liabilities</b>	<b><u>\$17,860,366</u></b>	<b><u>\$14,136,639</u></b>

Total net assets increased by \$3,751,441 in fiscal year 2011 from \$12,955,911 to \$16,707,352. Investments increased by 34.8% in 2011 over the 2010 level. The primary reasons for this increase: a positive return on the Foundation's diverse portfolio of 20.27% and the inflow of donated cash of \$1,042,340. This inflow is comprised primarily of two components. The first consists of the realization of \$1,025,312 of Promises to Give which benefit various endowments and a Charitable Gift Annuity donation of \$17,028.

### **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, 2011 and June 30, 2010. The Statement of Cash Flows also helps users assess an entity's ability to generate cash and its ability to meet its obligations.

<b>Comparison of Cash Flows</b>	<b>2011</b>	<b>2010</b>
Net cash provided (used) by		
Operating activities	\$ 688,118	\$1,380,970
(Per Statement of Activities in Financial Statements)		
Net cash (used) provided by investing activities	(1,500,253)	(2,107,898)
Proceeds from permanently restricted contributions	<u>782,527</u>	<u>318,877</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(29,608)</b>	<b>59,531</b>
<b>Cash and cash equivalents July 1st</b>	<b><u>344,592</u></b>	<b><u>285,061</u></b>
<b>Cash and Cash Equivalents, June 30</b>	<b>\$314,984</b>	<b>\$ 344,592</b>

### **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 on November 18, 2011. With a tentative goal of \$40 million, over \$34 million had been committed as of June 30, 2011.