

Draft
Ramapo College Foundation
Management's Discussion and Analysis - Unaudited

June 30, 2013

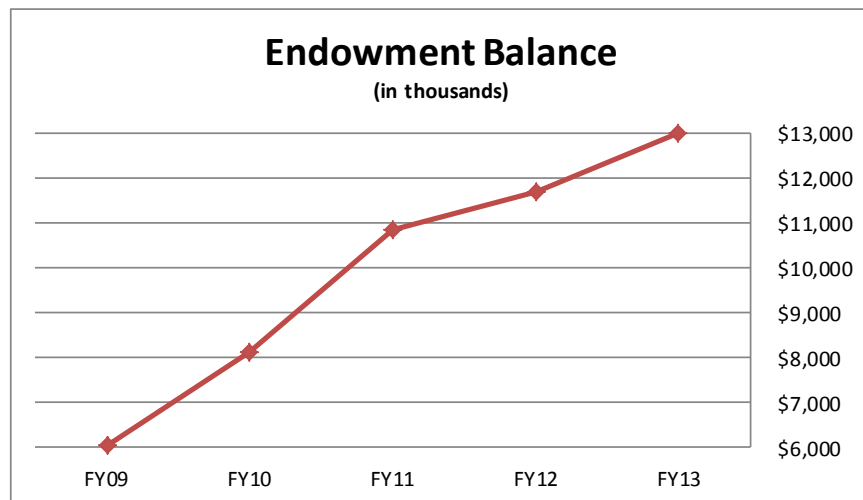
The mission of Ramapo College Foundation (Foundation) "is to provide resources that make the difference in Ramapo College of New Jersey's quest for educational excellence." The Foundation, established in 1971 as a nonprofit corporation, is a 501(c)(3) charitable institution. Its purposes include providing 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 (MD&A). However, Foundation management believes that some discussion and analysis will provide useful information and help to users of the Foundation's financial statements. Accordingly, it has prepared the following MD&A to accompany the Foundation's 2013 financial statements.

This MD&A provides an overview of the Foundation's financial activities, and should be read in conjunction with, the Foundation's financial statements and footnotes.

Financial Highlights

The Foundation's financial position has remained solid after stellar investment returns of 11.92% for the year ended June 30, 2013. The Foundation's endowment leads all public New Jersey institutions in the National Association of College and University Business Officers (NACUBO) Commonfund Study of Endowments for FY12, with a net increase in the market value of 7.1% as compared to a survey average of -0.7% (the net increase in market value includes new investments, payments out and investment returns). In addition, the Foundation maintains a spend rate at 5% as compared to the average of 4.2% for all institutions, and 4% for public only. As a result of another year of growth, the Foundation's endowment continues to grow through additional contributions and investment returns. The combination of these factors led to a 115% increase since FY09, as noted below.



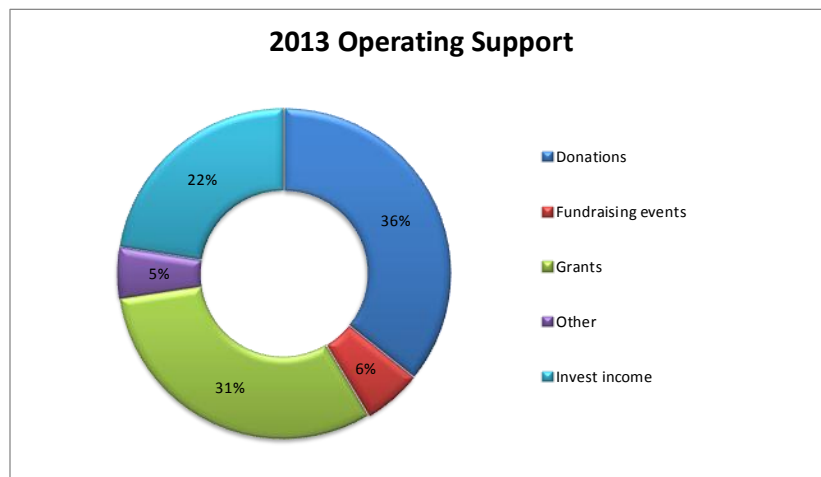
The Foundation continues to reach its alumni supporters, with FY12's participation rates at 6.9% of alumni of record, as compared to the national average of 4.5% for colleges classified as Public Master's Degree granting institutions (as calculated for the Voluntary Support of Education survey). As a percentage of the total alumni solicited, the rate was 7.6%.

Statement 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. It should be noted that there are timing issues as well that impact the changes in net assets- for example, pledge payments and the timing of grant spending will also change the total net assets of the Foundation.

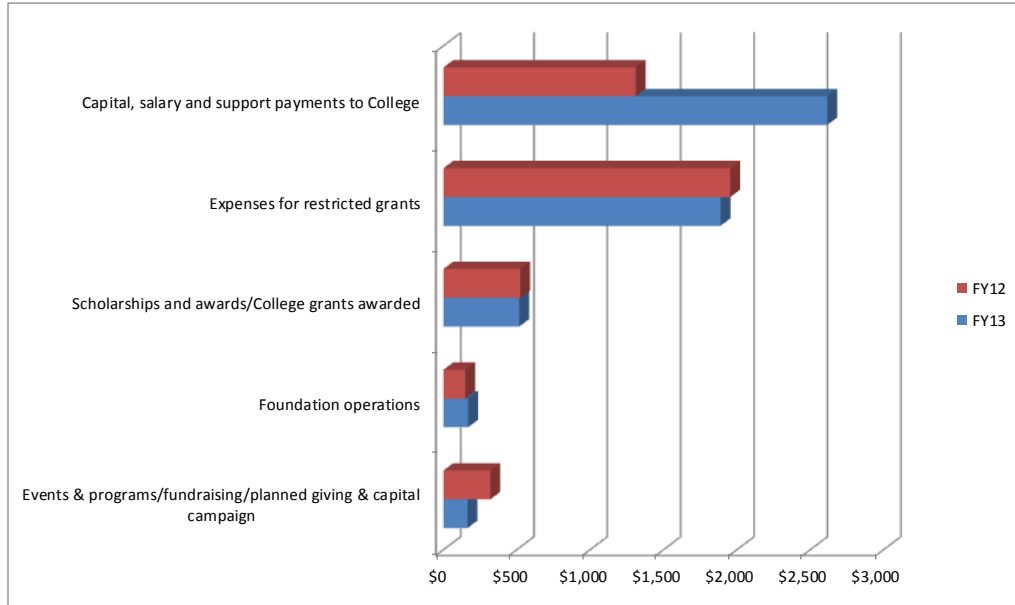
Condensed Statement of Activities (in thousands)	For the year ended June 30,		
	2013	2012	2011
Operating Support Revenue			
Donations	\$ 2,252	\$ 4,766	\$ 3,717
Fund raising events	354	293	305
Grants	1,965	1,856	1,882
Special events/Membership/Program Services/Other	310	268	235
Investment income(loss)	<u>1,414</u>	<u>(30)</u>	<u>1,995</u>
Total Support and Revenue	6,295	7,153	8,134
Expenses			
Capital, salary and support payments to College	2,616	1,312	1,328
Foundation operations	168	148	179
Events & programs/Fundraising/Planned giving & capital campaign	164	320	400
Scholarships and awards/College grants awarded	517	524	445
Expenses for restricted grants	<u>1,889</u>	<u>1,956</u>	<u>2,031</u>
Total Expenses	<u>5,354</u>	<u>4,260</u>	<u>4,383</u>
Change in Net Assets	941	2,893	3,751
Net Assets			
Beginning of year	<u>19,600</u>	<u>16,707</u>	<u>12,956</u>
End of year	<u>\$ 20,541</u>	<u>\$ 19,600</u>	<u>\$ 16,707</u>

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.



The Foundation receives support and revenue from a variety of sources, which include donations, fund raising, grants, special events, bequests and other planned giving instruments, pledges, investment income and gifts-in-kind. Operating support in FY13 was down approximately \$0.8 million, as compared to FY12, mainly as a result of lower donations. In FY12 a substantial pledge of \$3 million was received which drove the majority of the fluctuation, although this was partially offset by the positive investment returns of \$1.4 million during FY13.

Expenses
(in thousands)



Expenses increased from \$4.26 million in FY12 to \$5.35 million in FY13, mainly as a result of the capital and support provided to the College funded by the receipt of pledge payments. Restricted grants expense was down slightly as a result of timing. The largest grant for both FY13 and FY12 was the Meadowlands Grant, which runs on a calendar year, and was renewed for a five year period, which began January 2013.

Statement of Financial Position

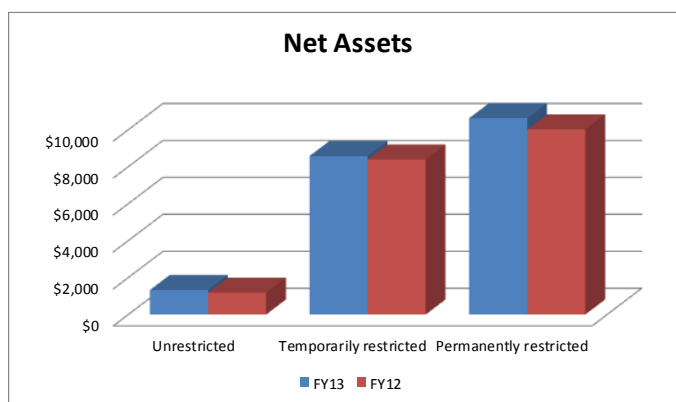
The Statement of Financial Position reports information on the Foundation at a single point of time. The comparison of the current year to the prior year will show changes in the timing of the assets and liabilities. Trends should be reviewed over a number of years, to see the impact on the net assets, and the composition of the net assets year-over-year.

Condensed Statement of Financial Position

(in thousands)

	at June 30,		
	2013	2012	2011
Assets			
Cash and cash equivalents	\$ 1,089	\$ 1,570	\$ 315
Grants receivable/AR/ Prepaid expense	1,474	1,406	1,590
Unconditional promises to give, net	6,072	6,076	3,388
Investments	13,537	12,400	12,567
	<u>\$ 22,172</u>	<u>\$ 21,452</u>	<u>\$ 17,860</u>
Liabilities and Net Assets			
Liabilities			
AP/Due Ramapo College/Due to agency funds	1,289	1,524	938
Deferred income	102	86	75
Annuities payable	240	242	140
Total Liabilities	1,631	1,852	1,153
Net Assets			
Total Net Assets	20,541	19,600	16,707
	<u>\$ 22,172</u>	<u>\$ 21,452</u>	<u>\$ 17,860</u>

The Statement of Financial Position shows the residual interest in the Foundation's assets after liabilities are deducted as of June 30, 2013 and 2012. Net assets are divided into three categories as shown here and rounded to thousands of dollars:



Total net assets increased by \$0.9 million, or 5% from \$19.6 million in FY12 to \$20.5 million in FY13, mainly driven by donations, investment income, and partially offset by increased payments to the College for support and capital. As noted, the permanently restricted assets continue to rise, as a result of the increase in the corpus of the Foundation's endowment.

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, 2013, 2012 and 2011. The Statement of Cash Flows also helps users assess an entity's ability to generate cash and its ability to meet its obligations. It should be noted that there is often a timing difference between when cash is received by an organization and released, so several years should be reviewed to determine the pattern of cash flows.

Comparison of Cash Flows (in thousands)	2013	2012	2011
Net cash (used in) provided by			
Operating activities	\$ (1,090)	\$ (1,042)	\$ 688
Investing activities	(5)	(121)	(1,500)
Permanently restricted contributions	<u>613</u>	<u>2,418</u>	<u>782</u>
Net (decrease) increase in cash and cash equivalents	(481)	1,255	(30)
Cash and cash equivalents July 1,	<u>1,570</u>	<u>315</u>	<u>345</u>
Cash and Cash Equivalents, June 30,	<u>\$ 1,089</u>	<u>\$ 1,570</u>	<u>\$ 315</u>

As noted above, the Foundation received a significant cash inflow from pledges in FY13, which was used to fund College initiatives, causing a use of cash for operations in FY13.

Future Outlook

Continued emphasis will be placed on endowment growth, and planned giving legacy programs, securing significant capital support to renovate academic facilities, and increasing annual fund participation levels. The Foundation is also excited to map out a 5 year Strategic Plan (2014-2018) to align with the College's Plan and provide for the additional support needed. Specifically, the Foundation will strive to increase its operational support, endowment corpus and grant revenues by 5% annually. Additionally the Foundation looks to bring in close to \$7 million for capital projects with new money and pledge payments received over the next five years, to mirror the College's growth plan.

The Foundation is also pleased to announce that it is extending its Capital Campaign to December 2014, and increasing the goal from \$40 million to \$50 million. This will mark a significant achievement for the Foundation and all the supporters of the College and students alike.