

**Ramapo College Foundation
Management’s Discussion and Analysis - Unaudited
June 30, 2016**

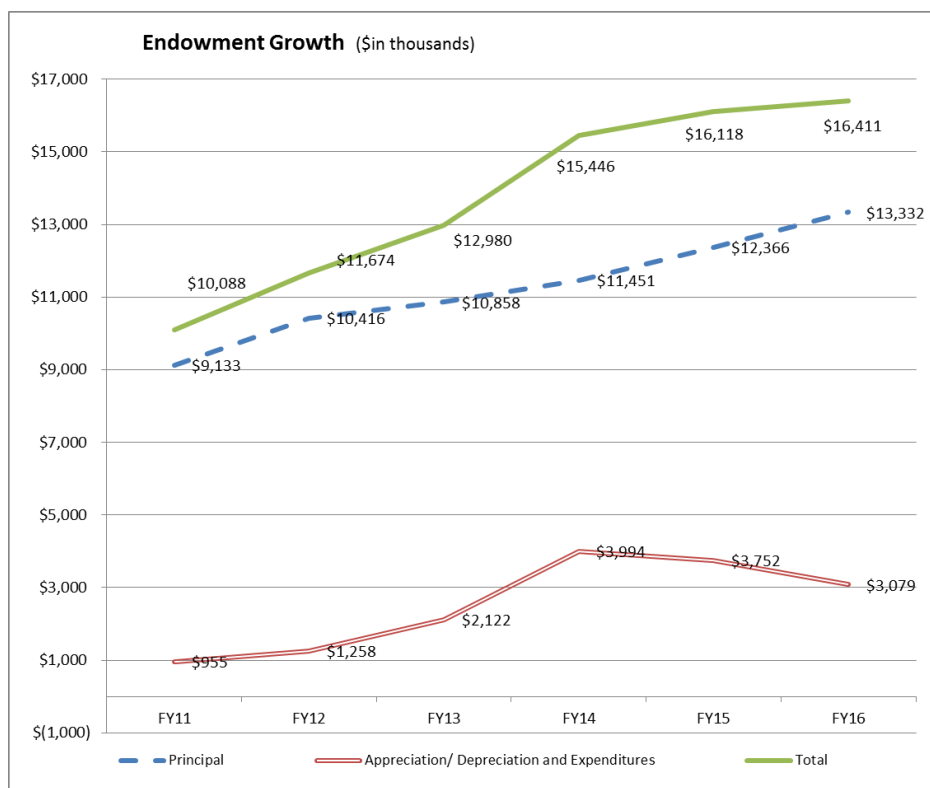
The mission of Ramapo College Foundation (the Foundation) “is to provide resources that make a difference in Ramapo College of New Jersey’s quest for educational excellence.” The Foundation, established in 1971 as a nonprofit corporation, is a 501(c)(3) charitable institution. Its purposes include providing funds to Ramapo College of New Jersey (the College) for student scholarships, educational programs, faculty development and research, community programs, construction projects, capital needs, and other College activities. The Foundation is a component unit of the College and operates within the College’s Institutional Advancement Division.

As an entity that follows accounting standards of the Financial Accounting Standards Board (FASB), 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 provide useful information and help the users of the Foundation’s financial statements. Accordingly, it has prepared the following MD&A to accompany the Foundation’s financial statements and provide an overview of the financial activities for its fiscal year ended June 30, 2016, with comparative information for the prior two periods. This presentation includes highly summarized information and should be read in conjunction with the Foundation’s audited financial statements and footnotes.

Foundation Highlights

The Foundation’s financial position continues to be strong. The endowment balance remained at more than \$16 million. In Fiscal 2016, there were 8 new endowments created and the corpus increased by \$1 million, or 8%, over the prior year. In addition, over \$820,000 of endowed and annual funds were available to the College for scholarship and program support.

The growth in the endowment surpassed the yearly goal and is in line to meet the strategic goals set both by the Foundation and College for growth. This is despite the 5% average spend rate, as compared to the average of 4.2% for all public institutions (according to National Association of College and University Business Officers fiscal 2015 statistics).



There also has been a significant increase in student scholarships issued, which include funding from the endowment as well as annual support from donors. This increase resulted in \$598,000 awarded or 18% more in scholarship support to students in Fiscal 2016 as compared to \$509,000 in Fiscal 2015. In addition, the largest annual scholarship from an individual donor was received in Fiscal 2016 and will benefit minority students who could not attend the College without such assistance. These amounts are reflected in the “Scholarship and awards/College grants awarded” line below.

Statements of Activities

The Statements of Activities reports information for the Foundation with focus on the annual revenue raised and the expenses incurred. 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

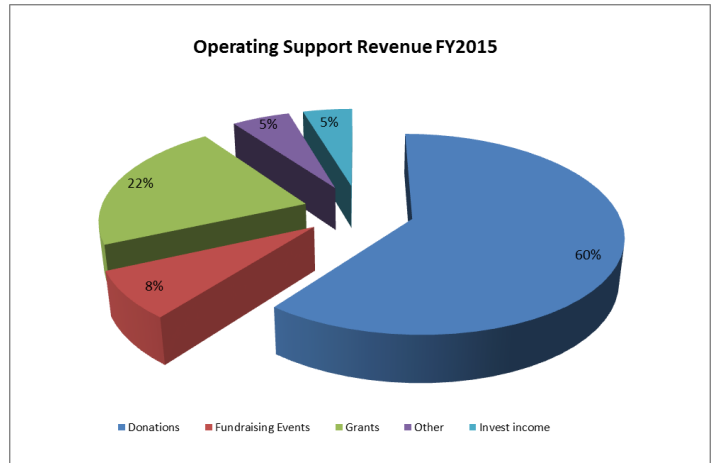
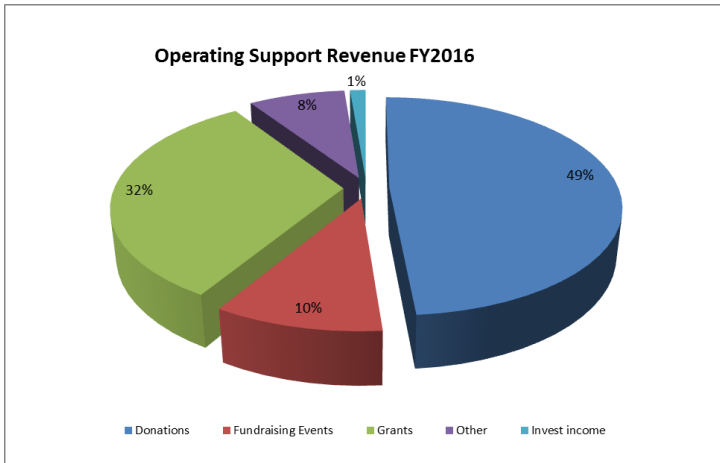
Condensed Statements of Activities (in thousands)	For the year ended June 30,		
	2016	2015	2014
Operating Support Revenue			
Donations	\$ 1,923	\$ 2,902	\$ 1,860
Contributed service revenue	1,192	1,367	1,324
Fund raising events, net	391	372	245
Grants	1,266	1,044	1,786
Special events/Membership/Program Services/Other	317	258	296
Investment income(loss)	51	220	2,418
Allowance for doubtful promise	(1,000)	-	-
Total Support and Revenue	4,140	6,163	7,929
Expenses			
Capital, salary and support payments to College	1,692	2,059	2,062
Contributed service expense	1,192	1,367	1,324
Foundation operations	186	161	141
Events & programs/Fundraising/Planned giving & capital campaign	571	307	203
Scholarships and awards/College grants awarded	697	687	623
Expenses for restricted grants	1,338	1,366	1,863
Total Expenses	5,676	5,947	6,216
Change in Net Assets	(1,536)	216	1,713
Net Assets			
Beginning of year	22,470	22,254	20,541
End of year	\$ 20,934	\$ 22,470	\$ 22,254

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. In accordance with prudent accounting practice, in Fiscal 2016, an allowance of \$1 million was recorded based on the aging of the pledge receivables. Following conservative accounting rules, we established a reserve for a receivable that is past due,

but we still believe to be valid. Consideration also must be given to net asset trends and to non-financial factors that can reflect on the overall health of the Foundation and the College.

In Fiscal Years 2016 and 2015, the Foundation recorded donated service revenue and expense relating to the affiliate support it receives from the College of \$1.2 and \$1.4 million respectively. These amounts show a gross up in the Statement of Activities with no cumulative effect on the change in net assets or total assets. The Foundation has recognized in-kind revenue and a corresponding expense for this contribution associated with personnel who are paid directly by the College and are not subject to reimbursement by the Foundation.

The Foundation receives support and revenue from a variety of sources. These sources include donations, fundraising, grants, special events, bequests and other planned giving instruments, pledges, investment income and gifts-in-kind. Excluding the contributed service revenue and valuation allowance, a breakdown of the operating support revenue sources is below:



The Foundation’s revenue, when removing the impact of the contributed service revenue, allowance for doubtful promise and investment returns, was down 15% in Fiscal 2016, as compared to Fiscal 2015 and up 9% in Fiscal 2015 as compared to Fiscal 2014. This is a direct result of the timing of a significantly large gift. In Fiscal 2015 the Foundation was fortunate to receive a one-time \$1 million gift. Adjusting for the impact of the \$1 million gift and consider all other information remains comparable, Fiscal 2016 revenue increased by 9%. In addition, the Foundation fundraising events outperformed the prior year, with the Distinguished Citizen Dinner having a 30% increase in net revenues over Fiscal 2015. The Grant Office had a successful year, securing more than 22 new grant awards in Fiscal 2016. Grants revenue increased \$222,000, 21% year-over-year, as a result of aggressively pursuing more STEM (Science, Technology, Engineering and Math education) related grants, such as “Paterson Middle School University” and “Little Ferry STEM project”.

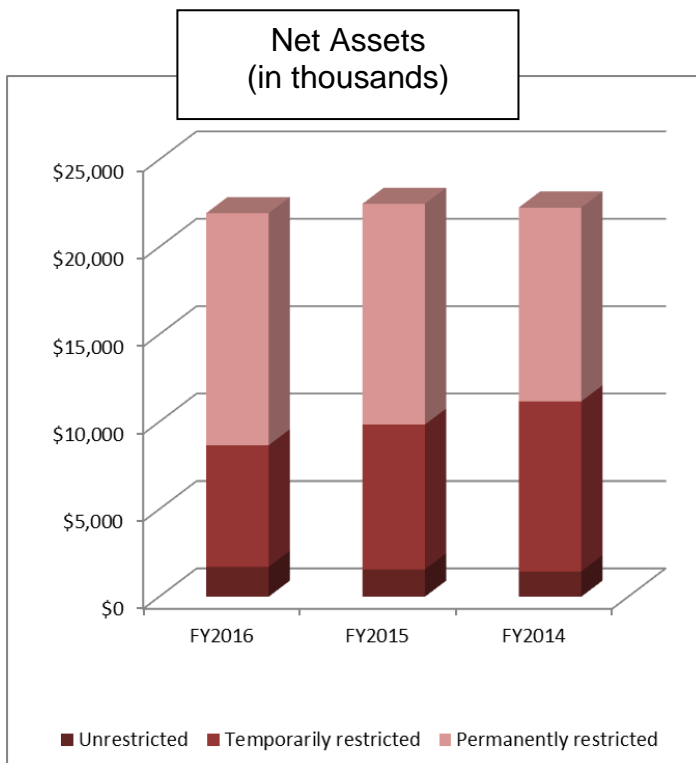
The Foundation has committed in its Strategic Plan to increase operational support by 25% by Fiscal 2018, and due to this planned increase, the Foundation is looking for new and innovative ways to partner with the College, its donors and alumni, and other constituents. As a result, the Foundation has implemented a strong Prospect Management and Research initiative. The initiative resulted in a 41% increase in gift proposals, 325 in Fiscal 2016 compared to 230 in Fiscal 2015. 33% of the Fiscal 2016 gift proposals were funded which is in line with industry average.

Statement of Financial Position

The Statement of Financial Position reports information on the Foundation at a single point in time. The comparison to the prior years 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. The Statement of Financial Position shows the residual interest in the Foundation's assets after liabilities. These net assets are divided into three categories, as shown below, at June 30.

Condensed Statement of Financial Position			
(in thousands)			
	At June 30,		
	2016	2015	2014
Assets			
Cash and cash equivalents	\$ 3,118	\$ 2,236	\$ 1,179
Grants receivable/AR/ Prepaid expense	625	622	1,365
Unconditional promises to give, net	3,438	5,695	5,935
Investments	16,499	16,096	15,892
	<u>\$23,680</u>	<u>\$24,649</u>	<u>\$24,371</u>
Liabilities and Net Assets			
Liabilities			
AP/Due Ramapo College/Due to agency funds	2,415	1,840	1,773
Deferred income	76	100	107
Annuities payable	255	239	237
	<u>2,746</u>	<u>2,179</u>	<u>2,117</u>
Net Assets			
Total Net Assets	<u>20,934</u>	<u>22,470</u>	<u>22,254</u>
	<u>\$23,680</u>	<u>\$24,649</u>	<u>\$24,371</u>



In Fiscal 2016, total net assets decreased by \$1.5 million. This is a result of the allowance for doubtful promise of \$1 million for permanently restricted assets, offset by an increase of \$.6 million in additional contributions, or 7% in Fiscal 2016 as compared to Fiscal 2015. Temporarily restricted assets decreased by \$1.3 million, or 16%, as a result of the release of funds to the College for operational support, scholarship and programming, as well as capital support. The Foundations past capital campaign was so successful, that pledge payments that were part of the beginning temporarily restricted net asset balance are being received, and therefore, released to the College, reducing the Foundations temporarily restricted net assets.

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, 2016, 2015 and 2014. The Statement of Cash Flows helps users assess an entity's ability to generate cash and its ability to meet its obligations. It should be noted that there often is a timing difference between when cash is received by an organization and released. Therefore, several years should be reviewed to determine the pattern of cash flows.

There is a trending increase in cash, which mainly is attributable to timing of payments and support to the College and the release of funds for various restricted projects.

Comparison of Cash Flows	Year ending June 30,		
	2016	2015	2014
(in thousands)			
Net cash (used in) provided by			
Operating activities	\$ 921	\$ (207)	\$ (138)
Investing activities	(685)	(280)	(226)
Permanently restricted contributions	<u>646</u>	<u>1,544</u>	<u>454</u>
Net increase (decrease) in cash and cash equivalents	882	1,057	90
Cash and cash equivalents beginning of year	<u>2,236</u>	<u>1,179</u>	<u>1,089</u>
Cash and Cash Equivalents, end of year	<u>\$ 3,118</u>	<u>\$ 2,236</u>	<u>\$ 1,179</u>

Future Outlook

Ramapo College continues to expand and renovate on-campus facilities. The College received a \$15 million bond from the State of New Jersey to support the refurbishment of Potter Library and the construction of a 21st century Learning Commons. As a result, the Foundation has launched a single purpose capital campaign for private funding to provide additional capital support. In July, 2016, commitments of \$3.3 million have already been received.

The foundation employs what it believes to be sound fiscal management which contributes to the stability in its financial health. Continued emphasis will be placed on endowment growth, and planned giving legacy programs, securing significant capital and programmatic support to renovate facilities, and increasing annual fund participation levels. The Foundation is working on meeting the goals of its five year Strategic Plan (2014-2018), along with its commitments to the College's Plan. Specifically, the Foundation will strive to increase its operational support, endowment corpus and grant revenues by 5% annually.