

**Draft
Ramapo College Foundation
Management’s Discussion and Analysis - Unaudited
June 30, 2015**

The mission of Ramapo College Foundation (the 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 of New Jersey (the College) for student scholarships, educational programs, faculty development and research, community programs, construction projects, capital needs, and other College activities.

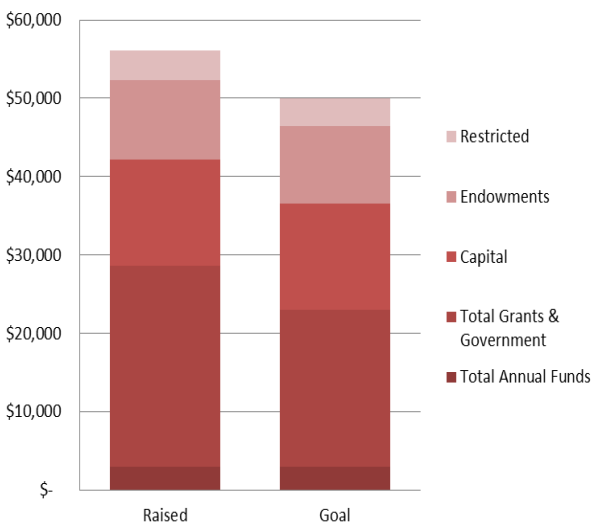
As an entity that follows accounting standards of the Financial Accounting Standards Board (FASB), the Foundation is not required to accompany its basic financial statements with a Management’s Discussion and Analysis (MD&A). However, Foundation management believes that some discussion and analysis provide useful information and help to users of the Foundation’s financial statements. Accordingly, it has prepared the following MD&A to accompany the Foundation’s 2015 financial statements.

This MD&A provides an overview of the Foundation’s financial activities for its fiscal year ended June 30, 2015 with comparative information for prior periods and should be read in conjunction with the Foundation’s audited financial statements and footnotes.

Foundation Highlights

In Fiscal 2015, the Foundation was delighted to complete its *Further our Promise Capital Campaign* in December 2014. The campaign, which was publically announced in November 2011, was to raise \$40 million, a goal that was later increased to \$50 million. As seen in the chart below, the Foundation surpassed that revised goal, bringing in more than \$56 million to support capital growth, grant activity, scholarship and endowments as well as unrestricted funds which allow the Foundation to provide additional support to the College.

Further our Promise Capital Campaign
(in thousands)



The Foundation’s financial position continues to be strong although the market did not continue its double digit returns in Fiscal 2015, with a return of 1.37%, the endowment balance increased to more than \$16 million. In Fiscal 2015, there were 16 new endowments created, including four established by College members, bringing in more than \$600,000 in permanent funds, and pledges of \$780,000 expected in future periods.

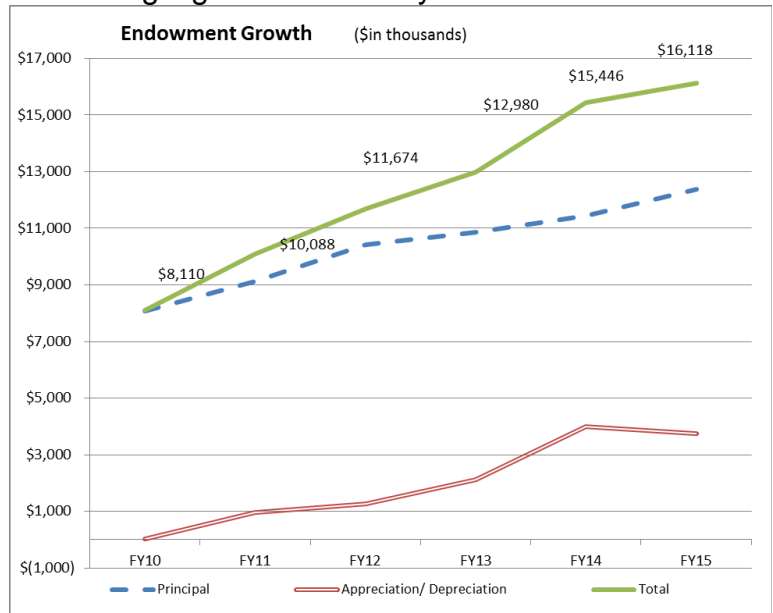
The Foundation is pleased to report that three additional Pathways Program Endowments were set up, and these new programs will be planned and implemented this year in the School of Contemporary Arts, Social Science and Human Services, and in Theoretical and Applied Sciences as a result of a \$1 million commitment. The College’s five schools now all have a dedicated, specifically designed by each dean and his faculty,

Pathways Programs whose focus is on student’s success beyond college, with careers, graduate

programs, service experiences and gap year opportunities. The growth in the endowment also 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 4.1% for all public institutions (according to National Association of College and University Business Officers fiscal 2014 statistics).

The Grant Office had a successful year, despite the restructuring of the Meadowlands grant, securing more than 15 new grant awards in Fiscal 2015. This includes a new project with the Paterson Board of Education, impacting approximately 700 middle school students.

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 \$509,000 awarded or 15% more in scholarship support to students in Fiscal 2015 as compared to \$443,000 in Fiscal 2014, and is included 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

Condensed Statements of Activities

(in thousands)

	For the year ended June 30,		
	2015	2014	2013 *
Operating Support Revenue			
Donations	\$ 2,902	\$ 1,860	\$ 2,252
Contributed service revenue	1,367	1,324	1,278
Fund raising events, net	372	245	354
Grants	1,044	1,786	1,965
Special events/Membership/Program Services/Other	258	296	310
Investment income(loss)	220	2,418	1,414
Total Support and Revenue	6,163	7,929	7,573
Expenses			
Capital, salary and support payments to College	2,059	2,062	2,616
Contributed service expense	1,367	1,324	1,278
Foundation operations	161	141	168
Events & programs/Fundraising/Planned giving & capital campaign	307	203	164
Scholarships and awards/College grants awarded	687	623	517
Expenses for restricted grants	1,366	1,863	1,889
Total Expenses	5,947	6,216	6,632
Change in Net Assets	216	1,713	941
Net Assets			
Beginning of year	22,254	20,541	19,600
End of year	\$ 22,470	\$ 22,254	\$ 20,541

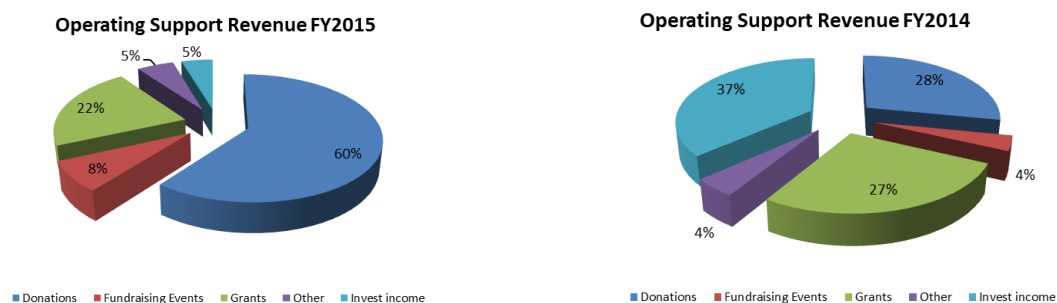
* Fiscal 2013 contributed service line is not audited.

Foundation and the College.

operational support 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 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 also must be given to net asset trends and to non-financial factors that can reflect on the overall health of the

In April 2013 the Financial Accounting Standards Board issued a new Accounting Standards Update Number 2013-06 that is effective for fiscal years beginning after June 2014. As a result of this standard the Foundation recorded donated service revenue and expense relating to the affiliate support it receives from the College each year. The new presentation shows 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, fund raising, grants, special events, bequests and other planned giving instruments, pledges, investment income and gifts-in-kind. Not considering the contributed service revenue, a breakdown of the operating support revenue sources is below:



The Foundation's revenue was up 9% in Fiscal 2015, as compared to Fiscal 2014, when removing the impact of the contributed service revenue and the investment returns. This was mainly driven by the Pathways gift received. In addition, the Foundation events outperformed the prior year as well, and the new event, the Concourse de'Elegance, was a success. When reviewing the results with the investment returns included, there was a decrease in revenue of \$1.8 million. Approximately \$2.2 million of which was caused from the lower investment returns in fiscal 2015, as compared to fiscal 2014, and the grants revenue was approximately \$1 million lower, year-over-year, as a result of the restructured Meadowlands contract.

The Foundation has committed in its Strategic Plan to increase operational support by 25% by Fiscal 2018, and as a result of this planned increase, the Foundation is looking for new and innovative ways to partner with the College, its donors and alumni, and other constituents. One such initiative is the RAMP – Ramapo Alumni Mentoring Program, which connects alumni in industry to students and recent graduates. In addition, four new alumni industry and corporate chapters have been formed to assist the Ramapo alumni with networking.

Statement of Financial Position

The Statement of Financial Position reports information on the Foundation at a single point of time. The comparison of the prior years will show changes in the timing of the assets and liabilities.

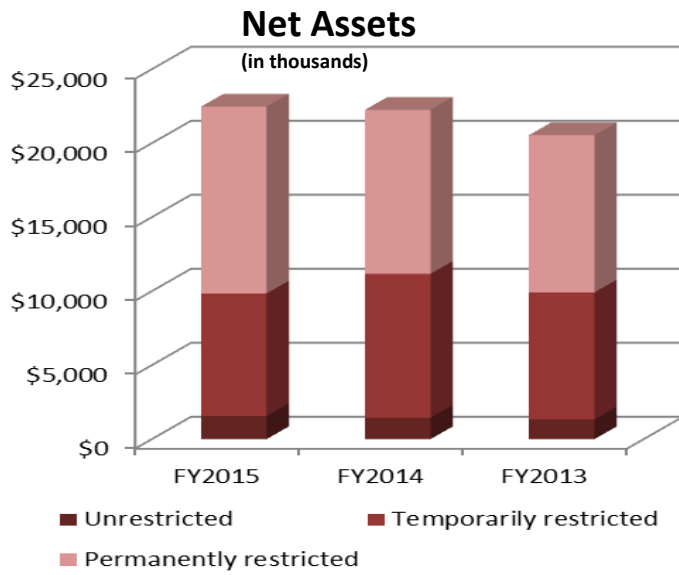
Trends should be reviewed over a number of years to see the impact on the net assets and the composition of the net assets year-over-year. The Statement of Financial Position

Condensed Statement of Financial Position

(in thousands)

	At June 30,		
	2015	2014	2013
Assets			
Cash and cash equivalents	\$ 2,236	\$ 1,179	\$ 1,089
Grants receivable/AR/ Prepaid expense	622	1,365	1,474
Unconditional promises to give, net	5,695	5,935	6,072
Investments	16,096	15,892	13,537
	<u>\$24,649</u>	<u>\$24,371</u>	<u>\$ 22,172</u>
Liabilities and Net Assets			
Liabilities			
AP/Due Ramapo College/Due to agency funds	1,840	1,773	1,289
Deferred income	100	107	102
Annuities payable	239	237	240
Total Liabilities	2,179	2,117	1,631
Net Assets			
Total Net Assets	<u>22,470</u>	<u>22,254</u>	<u>20,541</u>
	<u>\$24,649</u>	<u>\$24,371</u>	<u>\$ 22,172</u>

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.



Although total net assets only increased by \$0.2 million, permanently restricted assets increased \$1.5 million or 14% in Fiscal 2015 as compared to Fiscal 2014. Temporarily restricted assets decreased as a result of the release of funds for support, scholarship and programming this year to the College.

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 are for the fiscal years ended June 30,

2015, 2014 and 2013. 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 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.

Comparison of Cash Flows (in thousands)	Year ending June 30,		
	2015	2014	2013
Net cash (used in) provided by			
Operating activities	\$ (207)	\$ (138)	\$ (1,090)
Investing activities	(280)	(226)	(5)
Permanently restricted contributions	1,544	454	613
Net increase (decrease) in cash and cash equivalents	1,057	90	(481)
Cash and cash equivalents beginning of year	1,179	1,089	1,570
Cash and Cash Equivalents, end of year	\$ 2,236	\$ 1,179	\$ 1,089

As noted above, there was an increase in permanently restricted assets with new gifts coming in and being pledged. This can be seen

in the cash flows as well. In addition 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 to various restricted projects.

Future Outlook

Continued emphasis will be placed on endowment growth, and planned giving legacy programs, securing significant capital and programmatic support to renovate academic 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. Additionally the Foundation looks to bring in close to \$7 million for capital projects with new donations and pledge payments received over the next five years, to mirror the College’s growth plan.