

Ramapo College Foundation

Independent Auditors' Report on Communication of
Internal Control Related Matters Identified in the Audit

June 30, 2011



**Audit Committee and Board of Governors
Ramapo College Foundation**

In planning and performing our audit of the financial statement of Ramapo College Foundation as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The attached Addendum A that accompanies this letter summarizes other matters on which we made comments and recommendations intended to improve internal control or result in other operation efficiencies.

This communication is intended solely for the information and use of management, Audit Committee and Board of Governors and others within the Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies Munns & Dobbins, LLP

Paramus, New Jersey
October 7, 2011

Ramapo College Foundation

Addendum A

Financial System Reporting

Observation

Currently, the banner system is used by the college and the Foundation for its financial reporting systems. The system produces various reports that are used in the preparation of Foundation's financial reports including the year-end financial statements. The reports produced by the banner system need to be printed and manually reclassified to properly report amounts in the financial statements. There is the potential that time efficiencies could be obtained by the accounting personnel if the banner system account grouping better matched the grouping used in the financial statements.

Recommendation

We recommend that management work with Information Technology Service to develop reporting systems which can summarize transactions and summary totals in accordance with financial statement categories.

Management's Response

We agree with the recommendation. Current Banner Summary and Detail Reporting parameters will be updated to accommodate internal and external reporting requirements.

Allowance for Doubtful Accounts

Observation

Currently the Foundation reviews the pledge receivables on a periodic basis to determine the appropriateness of the allowance for doubtful accounts. This process has been reasonable for the nature and timing of the pledge receivables the Foundation has recorded on its books. The Foundation in the June 30, 2012 fiscal year end is planning to announce a capital campaign to the general public. In general, a capital campaign will greatly increase the number of donors and the payment terms of the pledges will extend over several years. This capital campaign will place an added burden on the Foundation to track the number of donors and monitor the collectability of the pledges. Due to the nature of this capital campaign the allowance for doubtful accounts should be evaluated and tracked on a different basis than other pledge receivables.

Recommendation

We recommend that management develop a process to estimate and track the collectability of future capital campaign pledge receivables.

Management's Response

We agree with the recommendation. A two tier evaluation process (current vs. new donors) will be developed and implemented for FY 2012 financial reporting.

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Addendum A

Disposition of Prior Year Comments

In our management letter for the year ended June 30, 2010, we made several comments and recommendations intended to improve the internal controls of the Foundation. During our current year audit, we reviewed these comments to determine if the recommendations were implemented.

Pledge Receivable

Observation

During our audit it came to our attention that the Foundation recorded as a pledge receivable the death benefit of an insurance policy where it was named the beneficiary. Since the Foundation was only the named beneficiary, it does not meet the criteria to be recorded as a pledge receivable.

Recommendation

We recommend that management thoroughly review all insurance policies to determine if the Foundation is the owner and record those policies.

Management's Response

We agree with the recommendation. All insurance policies will be classified regarding ownership and recorded as appropriate in the accounting records.

Temporary and Permanent Restricted Net Assets

Observation

The temporary and permanent restricted funds are an integral part of the finances of the Foundation. During our current audit, it became more evident of the importance of the proper accounting for these funds. The accounting department has had to account for more funds and additional time and effort was needed to properly record endowment fund transactions.

Recommendation

It is important that the accounting department continue to take this responsibility seriously and devote the appropriate amount of resources to maintain the accounting records.

Ramapo College Foundation

Addendum A

Management's Response

We agree with the recommendation. Documentation and reporting on restricted funds will be enhanced with the cooperation and assistance of Foundation staff and Ramapo College Information Technology Staff.

Investment Income

Observation

During our audit, it came to our attention that unrealized gains and losses are only allocated to each individual fund balance on an annual basis. This results in each individual fund balance being understated or overstated throughout the year.

Recommendation

We recommend that unrealized gains and losses be posted to each individual endowment fund on at least a semi-annual basis.

Management's Response

We agree with the recommendation. Unrealized gains or losses will be posted for each fund on a semi-annual basis beginning with the period ending December 31, 2010.

In Summary

The comments pertaining to the prior year have been adequately addressed.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of the Foundation during the course of our audit.