

Ramapo College Foundation

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

June 30, 2012

**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, 2012, 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, LLP

Paramus, New Jersey
October 16, 2012

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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 statement. 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

Management agrees with this recommendation, and will work with the current system to improve the internal and external reporting process. While working to develop a system generated report, the Foundation has already developed a process using the general ledger detail to accumulate the statements. This will eliminate the cumbersome process of manually printing and reclassifying data, and using this level of detail also ensures the completeness of the financial records. This will also allow management to verify that any internally developed report is pulling all data correctly and completely.

Gift Revenue

Observation

When the Foundation receives cash the funds are posted to revenue in the month received even though the funds collected relate to payments on promises to give or contributions. On a monthly basis the related revenue or receivable are both overstated.

Recommendation

We recommend that the receipt of cash be allocated between pledge payments and donations at the time received instead of annually, when the reconciliation had been performed. If this is not feasible a monthly adjustment should be made to update the receivable and revenue amounts. This will create more accurate financial reporting.

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Addendum A

Management's Response

The Foundation has already implemented a monthly process to update the pledge receivable rollforward, verify that all pledge payments are coded against the outstanding receivable, and the revenue is not overstated on a monthly basis.

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, announced a capital campaign to the general public which is expected to increase the number of donors making capital pledges. This is also expected to increase payment terms over several years, and these donors may not all have a history of giving with the College and Foundation. 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 receivable.

Recommendation

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

Management's Response

Management agrees that a more formal process is needed to address collectability issues and will work on a process which will consist of specific identification, as well as a review of the lower dollar pledges and determine the adequacy of the reserve as new pledges are received.