

Draft
Ramapo College Foundation
Management's Discussion and Analysis - Unaudited
June 30, 2014

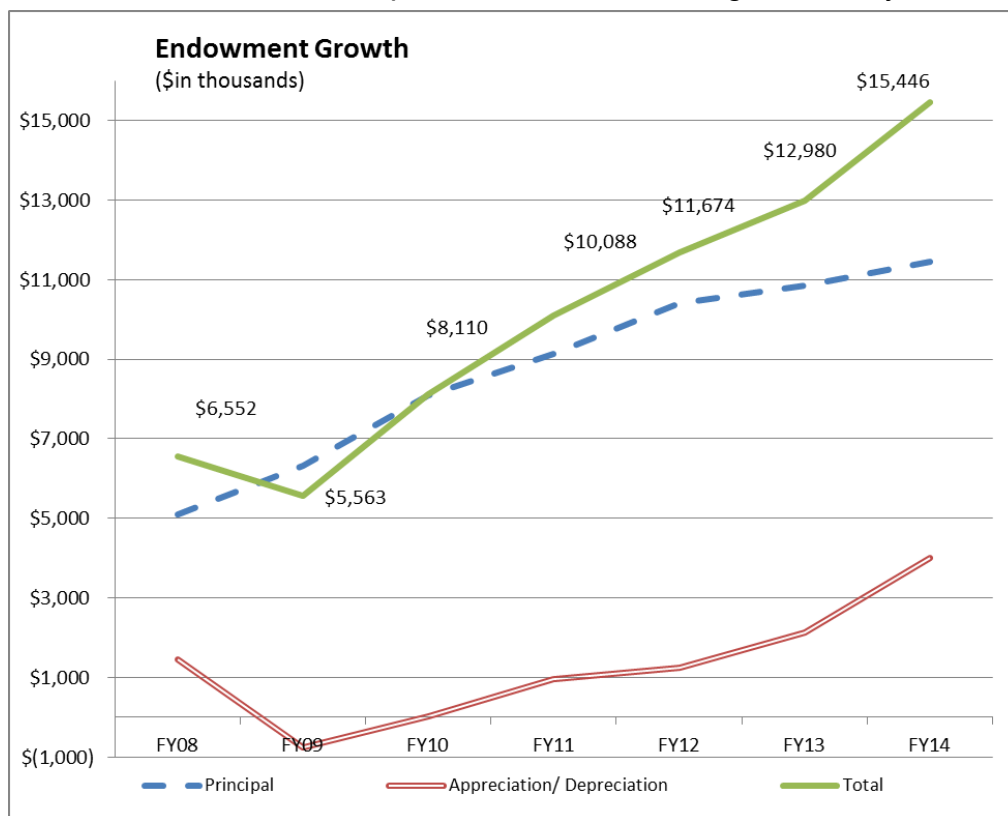
The mission of Ramapo College Foundation (the Foundation) “is to provide resources that make the difference in Ramapo College of New Jersey’s quest for educational excellence.” The Foundation, established in 1971 as a nonprofit corporation, is a 501(c)(3) charitable institution. Its purposes include 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 provides 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 2014 financial statements.

This MD&A provides an overview of the Foundation’s financial activities for its fiscal year ended June 30, 2014 with comparative information for prior periods and should be read in conjunction with the Foundation’s audited financial statements and footnotes.

Foundation Highlights

The Foundation’s financial position continues strong after two years of double-digit long-term



investment returns, ending its 2014 fiscal year with an 18% return. This has led to a 156% growth in its endowment since 2009, even considering its 5% average spend rate, as compared to the average of 4.1% for all public institutions (according to NACUBO* FY13 statistics). In addition, the Foundation has surpassed its Capital Campaign goal of \$50 million, by \$2 million, and although the Campaign will officially end in December 2014, hopes are that that number will continue to rise.

*Data from the NACUBO (National Association of College and University Business Officers) Commonfund Study of Endowments.

Fiscal 2014 was extremely successful in terms of outreach and alumni engagement. The Foundation enlisted a different approach and increased alumni participation from FY13's level of 1,321 to 1,662 in FY14. Included in these numbers is an increase in Senior class participation of 72% over last year's number of 367 to 633 in FY14; the reengagement of alumni who haven't given in the last several years, and the engagement of new alumni who have never given to the College; all of which constituted the 26 percent increase in alumni donors.

There has also been a significant increase in student scholarships issued, which includes both funding from the endowment as well as annual support from donors. This increase resulted in \$443 thousand or 9% more in scholarship support to students in FY14 as compared to \$403 thousand in FY13, and the number of awards increased from 308 in FY13 to 347 in FY14, reaching 11% more students with support.

Statements of Activities

The Statements of Activities reports information for the Foundation with focus on the annual operational support revenue raised and the expenses incurred to end in the change in net assets. The change in net assets is sometimes based upon the timing of cash payments into and out of the Foundation. 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.

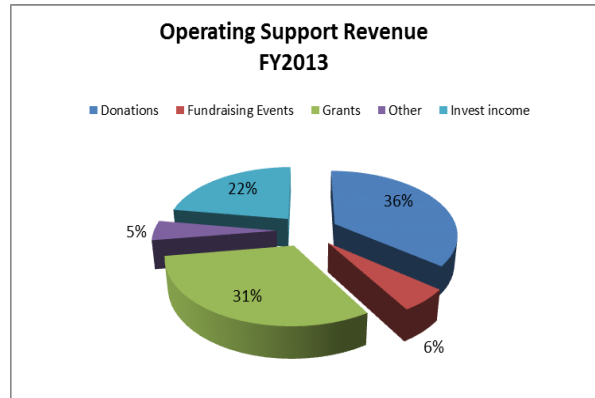
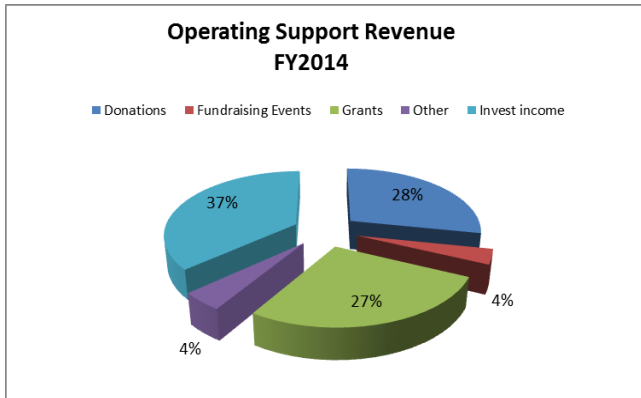
Condensed Statements of Activities

(in thousands)

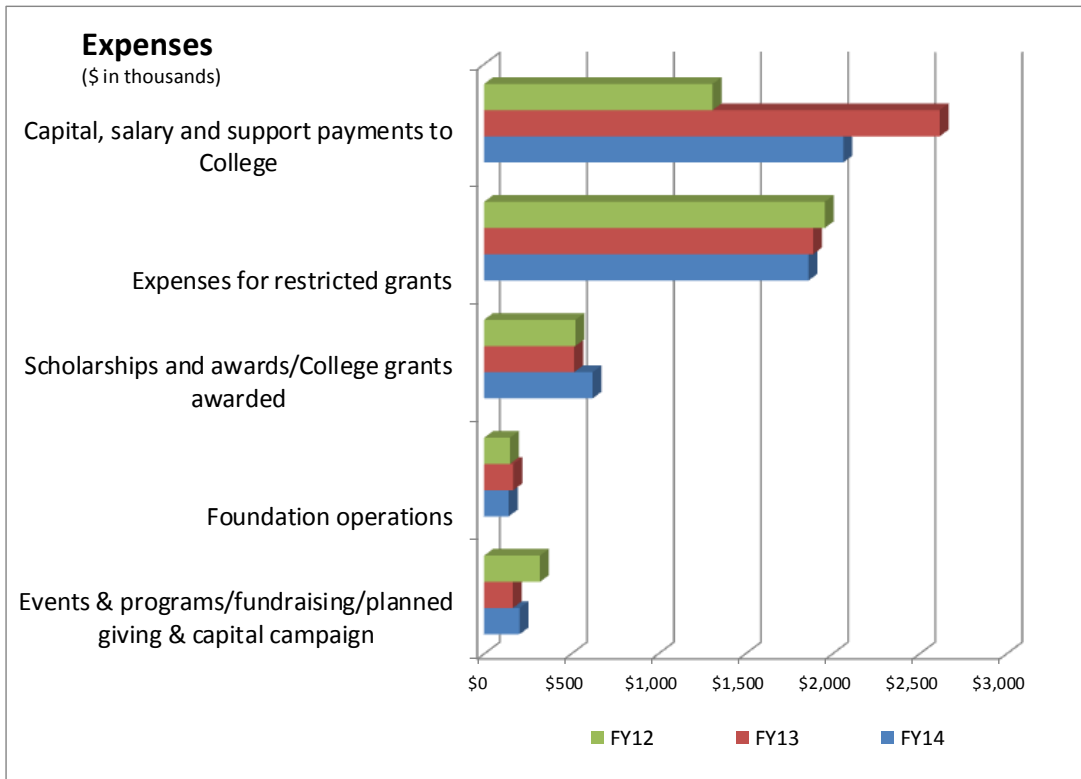
	For the year ended June 30,		
	2014	2013	2012
Operating Support Revenue			
Donations	\$ 1,860	\$ 2,252	\$ 4,766
Fund raising events, net	245	354	293
Grants	1,786	1,965	1,856
Special events/Membership/Program Services/Other	296	310	268
Investment income(loss)	2,418	1,414	(30)
Total Support and Revenue	6,605	6,295	7,153
Expenses			
Capital, salary and support payments to College	2,062	2,616	1,312
Foundation operations	141	168	148
Events & programs/Fundraising/Planned giving & capital campaign	203	164	320
Scholarships and awards/College grants awarded	623	517	524
Expenses for restricted grants	1,863	1,889	1,956
Total Expenses	4,892	5,354	4,260
Change in Net Assets	1,713	941	2,893
Net Assets			
Beginning of year	20,541	19,600	16,707
End of year	\$ 22,254	\$ 20,541	\$ 19,600

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. After the impact of the significant investment returns, the overall support and revenues were down in FY14, as compared to FY13, which was mainly driven by the timing of gifts received and the cut off of our fiscal year end. In addition, the events revenue was down as a result lower corporate sponsorships for various events.

Total support and revenue received in FY14 was up approximately \$0.3 million, as compared to FY13, as a result of higher investment returns. A detailed view of the sources of funds is noted below.



Pledge payments from the prior year commitments continue to come in, and these increased not only the endowment balance, but also the capital funding the Foundation provided to the College. As noted below, the support provided to the College was \$2.1 million in FY14, with the last four year average of \$1.8 million. This support will continue, as the Foundation has committed in its Strategic Plan to increase operational support by 25 percent by FY18. As a result of this planned increase, the Foundation will be looking for new and innovative ways to partner with the College, its donors and alumni, and other constituents.



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.

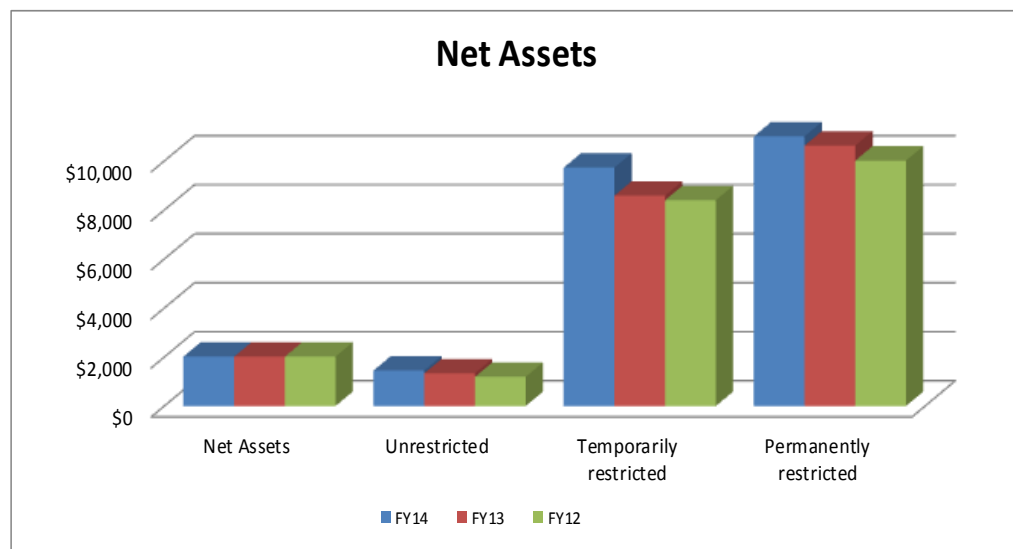
Trends should be reviewed over a number of years, to see the impact on the net assets, and the composition of the net assets year-over-year.

Condensed Statement of Financial Position

(in thousands)

	At June 30,		
	2014	2013	2012
Assets			
Cash and cash equivalents	\$ 1,179	\$ 1,089	\$ 1,570
Grants receivable/AR/ Prepaid expense	1,365	1,474	1,406
Unconditional promises to give, net	5,935	6,072	6,076
Investments	<u>15,892</u>	<u>13,537</u>	<u>12,400</u>
	<u>\$ 24,371</u>	<u>\$ 22,172</u>	<u>\$ 21,452</u>
Liabilities and Net Assets			
Liabilities			
AP/Due Ramapo College/Due to agency funds	1,773	1,289	1,524
Deferred income	107	102	86
Annuities payable	<u>237</u>	<u>240</u>	<u>242</u>
Total Liabilities	2,117	1,631	1,852
Net Assets			
Total Net Assets	<u>22,254</u>	<u>20,541</u>	<u>19,600</u>
	<u>\$ 24,371</u>	<u>\$ 22,172</u>	<u>\$ 21,452</u>

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 here and rounded to thousands of dollars at June 30:



Total net assets in all categories increased by \$1.7 million, or approximately 8% from \$20.5 million in FY13 to \$22.3 million in FY14, supported by the strong investment returns in FY14

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, 2014, 2013 and 2012. 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	Year ending June 30,		
	2014	2013	2012
(in thousands)			
Net cash (used in) provided by			
Operating activities	\$ (138)	\$ (1,090)	\$ (1,042)
Investing activities	(226)	(5)	(121)
Permanently restricted contributions	<u>454</u>	<u>613</u>	<u>2,418</u>
Net increase (decrease) in cash and cash equivalents	90	(481)	1,255
Cash and cash equivalents beginning of year	<u>1,089</u>	<u>1,570</u>	<u>315</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,179</u>	<u>\$ 1,089</u>	<u>\$ 1,570</u>

As noted above, the Foundation received cash inflow from pledges and had significant investment gains on its long term investments during FY14. There was also an increase in its payable to the College, as a result of timing of payments, but the cash position of the Foundation remains strong, as noted by the trending above.

New Accounting Pronouncement

The FASB issued Accounting Standard Update 2013-06 within Not-for-Profit Entities (Topic 958), Service Received from Personnel of an Affiliate, effective for fiscal years beginning after June 15, 2014. This update will be in effect for next year's statements and will require the Foundation to value the services of College personnel and record them as donated income and expense.

Future Matters

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 has finalized its five year Strategic Plan (2014-2018) aligning with 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 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's Capital Campaign will come to an official end in December 2014. This will mark a significant achievement for the Foundation and all the supporters of the College and students alike.

The Foundation's most significant grant, under which it coordinates and provides the Meadowlands Environmental Commission's educational outreach programs, is being reviewed and the Foundation is making changes to how it will run these programs starting in FY15. Although the revenue earned under this grant is spent as grant expense, and does not significantly contribute to unrestricted revenues earned by the Foundation, the Foundation expects there to be a significant decrease in the grant revenue in the future and is taking steps to mitigate the impact.