

**Ramapo College Foundation**  
(A Component Unit of Ramapo College of New Jersey)

Financial Statements

June 30, 2010



## Independent Auditors' Report

### To the Board of Governors of Ramapo College Foundation

We have audited the accompanying statements of financial position of Ramapo College Foundation, a component unit of Ramapo College of New Jersey, as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ramapo College Foundation as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*O'Connor Davies Munns & Dobbins, LLP*

Paramus, New Jersey  
August 30, 2010

## Ramapo College Foundation

### Statements of Financial Position

June 30,

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 344,592	\$ 285,061
Grants receivable	1,576,943	1,413,759
Accounts receivable	47,799	15,937
Unconditional promises to give, net of allowance for doubtful accounts of \$50,000 (Note 3)	2,829,430	4,928,095
Investments (Note 4)	9,323,074	6,911,772
Prepaid expenses	<u>14,801</u>	<u>5,512</u>
	<u>\$ 14,136,639</u>	<u>\$ 13,560,136</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 60,657	\$ 17,237
Annuities payable (Note 2)	137,806	51,225
Due to Ramapo College of New Jersey	865,118	694,117
Deferred income	68,492	73,783
Due to agency funds	<u>48,655</u>	<u>87,708</u>
Total Liabilities	<u>1,180,728</u>	<u>924,070</u>
Net Assets		
Unrestricted		
Undesignated	334,861	179,192
Board Designated (Note 2)	<u>378,216</u>	<u>348,482</u>
Total Unrestricted Net Assets	713,077	527,674
Temporarily restricted (Note 5)	5,429,085	6,566,131
Permanently restricted (Note 6)	<u>6,813,749</u>	<u>5,542,261</u>
Total Net Assets	<u>12,955,911</u>	<u>12,636,066</u>
	<u>\$ 14,136,639</u>	<u>\$ 13,560,136</u>

See notes to financial statements

**Ramapo College Foundation**

Statements of Activities

Years Ended June 30,

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total
<b>OPERATING SUPPORT AND REVENUE</b>								
Donations	\$ 417,560	\$ 436,432	\$ 786,459	\$ 1,640,451	\$ 309,404	\$ 371,170	\$ 318,877	\$ 999,451
Fund raising	456,580	10,210	-	466,790	553,387	15,787	-	569,174
Grants (Note 12)	-	1,934,299	-	1,934,299	298	2,075,807	-	2,076,105
Special events	4,197	-	-	4,197	6,348	550	-	6,898
Memberships	6,870	-	-	6,870	8,380	-	-	8,380
Program service	49,163	66,826	-	115,989	43,956	12,018	-	55,974
Other	127,226	-	-	127,226	141,556	519	-	142,075
Investment income (Note 4)	184,765	368,511	-	553,276	(561,881)	(446,928)	-	(1,008,809)
Net assets released from restrictions (Note 7)	<u>3,468,295</u>	<u>(3,468,295)</u>	<u>-</u>	<u>-</u>	<u>3,242,122</u>	<u>(3,242,122)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>4,714,656</u>	<u>(652,017)</u>	<u>786,459</u>	<u>4,849,098</u>	<u>3,743,570</u>	<u>(1,213,199)</u>	<u>318,877</u>	<u>2,849,248</u>
<b>EXPENSES</b>								
Payment to College towards salaries	200,000	-	-	200,000	200,000	-	-	200,000
Payment to College towards capital projects (Note 7)	820,659	-	-	820,659	855,100	-	-	855,100
Foundation operations	331,233	-	-	331,233	392,841	-	-	392,841
Events and programs	40,624	-	-	40,624	30,014	-	-	30,014
Scholarships and awards	399,122	-	-	399,122	485,824	-	-	485,824
Fund raising	180,149	-	-	180,149	210,165	-	-	210,165
Planned giving and capital campaign	320,501	-	-	320,501	163,418	-	-	163,418
College grants awarded	61,493	-	-	61,493	61,852	-	-	61,852
Expenses for restricted grants (Note 12)	<u>2,175,472</u>	<u>-</u>	<u>-</u>	<u>2,175,472</u>	<u>2,150,346</u>	<u>-</u>	<u>-</u>	<u>2,150,346</u>
Total Expenses	<u>4,529,253</u>	<u>-</u>	<u>-</u>	<u>4,529,253</u>	<u>4,549,560</u>	<u>-</u>	<u>-</u>	<u>4,549,560</u>
Change in Net Assets	185,403	(652,017)	786,459	319,845	(805,990)	(1,213,199)	318,877	(1,700,312)
Reclassifications (Note 13)		(485,029)	485,029					
<b>NET ASSETS</b>								
Beginning of year	<u>527,674</u>	<u>6,566,131</u>	<u>5,542,261</u>	<u>12,636,066</u>	<u>1,333,664</u>	<u>7,779,330</u>	<u>5,223,384</u>	<u>14,336,378</u>
End of year	<u>\$ 713,077</u>	<u>\$ 5,429,085</u>	<u>\$ 6,813,749</u>	<u>\$12,955,911</u>	<u>\$ 527,674</u>	<u>\$ 6,566,131</u>	<u>\$ 5,542,261</u>	<u>\$12,636,066</u>

See notes to financial statements

## Ramapo College Foundation

### Statements of Cash Flows

Years Ended June 30,

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 319,845	\$ (1,700,312)
Adjustments to reconcile change in net assets to net cash from operating activities		
Permanently restricted contributions	(786,459)	(318,877)
Realized and unrealized loss (gain) on investments	(303,404)	1,216,509
Change in operating assets and liabilities		
Grants receivable	(163,184)	(56,446)
Accounts receivable	(31,862)	43,039
Unconditional promises to give	2,098,665	1,009,065
Interest receivable	-	-
Prepaid expenses	(9,289)	1,534
Accounts payable	43,420	(58,449)
Annuities payable	86,581	21,168
Due to Ramapo College of New Jersey	171,001	291,063
Deferred income	(5,291)	(1,231)
Due to agency funds	<u>(39,053)</u>	<u>2,287</u>
Net Cash from Operating Activities	<u>1,380,970</u>	<u>449,350</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	1,464,640	4,772,566
Purchase of investments	<u>(3,572,538)</u>	<u>(5,421,993)</u>
Net Cash from Investing Activities	<u>(2,107,898)</u>	<u>(649,427)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from permanently restricted contributions	<u>786,459</u>	<u>318,877</u>
Net Change in Cash and Cash Equivalents	59,531	118,800
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>285,061</u>	<u>166,261</u>
End of year	<u>\$ 344,592</u>	<u>\$ 285,061</u>

See notes to financial statements

# Ramapo College Foundation

## Notes to Financial Statements

### 1. Organization

The mission of Ramapo College Foundation (“the Foundation”) is to provide the resources that make the difference in Ramapo College’s quest for educational excellence. The purpose of the Foundation is to stimulate, solicit, receive and promote the receipt of resources from grants, bequests and gifts offered by individuals, corporations and foundations and to use such resources to enhance, support and complement the total mission of Ramapo College of New Jersey (the "College"). The Foundation also includes the accounts and activities of the Alumni Association of Ramapo College and the Friends of Ramapo.

#### *Income Taxes*

The Foundation is exempt from income tax under the Internal Revenue Code Section 501(c)(3).

### 2. Summary of Significant Accounting Policies

#### *Financial Statement Presentation*

The Foundation reports information regarding its financial position and activities according to three classes of net assets based on donor imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### *Unrestricted*

The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

#### *Temporarily Restricted*

Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### *Permanently Restricted*

Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

## **Ramapo College Foundation**

### Notes to Financial Statements

#### **2. Summary of Significant Accounting Policies *(continued)***

##### ***Contributions***

All contributions including unconditional promises to give (pledges) are reported as revenues in the period received or pledged. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions due in more than one year are reflected at the present value of estimated future cash flows using a risk adjusted discount rate of 5%. Amortization of the discount is recorded as additional contribution revenue over the expected life of the pledge.

Conditional contributions are not recorded by the Foundation until they become unconditional, that is, when the conditions on which they depend are substantially met. The Foundation has been named beneficiary in several estates. These amounts are deemed conditional and are not recorded as revenue by the Foundation until the wills have been probated. The Foundation had conditional gifts of approximately \$2,500,000 at June 30, 2010.

##### ***Board Designated Net Assets***

Board designated net assets are unrestricted funds which the Board of Governors has identified to be used for specific purposes. Because these funds have not been restricted by donors, they are classified as unrestricted.

##### ***Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Cash and Cash Equivalents***

Cash and cash equivalents include highly liquid short-term investments with a maturity of three months or less at the time of purchase. The carrying amounts of cash and cash equivalents approximate fair value because of their short-term maturities.

## **Ramapo College Foundation**

### Notes to Financial Statements

#### **2. Summary of Significant Accounting Policies *(continued)***

##### ***Fair Value of Financial Instruments***

The Foundation follows Financial Accounting Standards Board (“FASB”) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets and liabilities. At year end the Foundation only had Level 1 investments. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets.

##### ***Investments***

Investments in marketable and debt securities are valued at fair value in the statement of financial position based upon reference to quoted market prices. Certificates of deposit are valued at cost plus accrued interest which approximates fair value due to their short-term to maturity. Unrealized gains and losses are included in the change in net assets. Investment income or loss is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donors.

The Foundation seeks to achieve current income and capital appreciation while attempting to limit risk through the use of a diversified investment policy that minimizes the concentration of risk.

##### ***Annuities Payable***

Included in the investments held by the Foundation and temporarily restricted net assets are investments in annuity income funds arising from contributions which are subject to agreements to pay donors a fixed annuity over the remainder of their lives. The net present value of the actuarially expected annuity payments is recorded as a liability and adjusted annually for changes in the estimates of future benefits.



## Ramapo College Foundation

### Notes to Financial Statements

#### 2. Summary of Significant Accounting Policies *(continued)*

##### *Accounting for Uncertainty in Income Taxes*

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition. The Foundation is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to 2007.

##### *Subsequent Events Evaluation by Management*

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is August 30, 2010.

#### 3. Unconditional Promises to Give Receivable

Contributions due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 5.00% for the years ending June 30, 2010 and 2009.

Unconditional promises to give receivable at June 30, 2010 discounted to fair value are summarized as follows:

<u>Scheduled Collection in Year Ended June 30</u>	<u>Future Value of Promise</u>	<u>Discount</u>	<u>Present Value of Promise</u>
2011	\$ 818,929	\$ -	\$ 818,929
2012	761,638	36,268	725,370
2013	721,357	67,065	654,292
2014	169,847	23,127	146,720
2015	22,825	4,047	18,778
Thereafter	<u>981,637</u>	<u>466,296</u>	<u>515,341</u>
	<u>\$ 3,476,233</u>	<u>\$ 596,803</u>	2,879,430
Less allowance for doubtful promises			<u>50,000</u>
			<u>\$ 2,829,430</u>

## Ramapo College Foundation

### Notes to Financial Statements

#### 3. Unconditional Promises to Give Receivable *(continued)*

Unconditional promises to give receivable at June 30, 2009 discounted to fair value are summarized as follows:

Scheduled Collection in Year Ended June 30	Future Value of Promise	Discount	Present Value of Promise
2010	\$ 2,321,056	\$ -	\$ 2,321,056
2011	796,820	37,944	758,876
2012	759,314	70,594	688,720
2013	708,704	96,499	612,205
2014	195,950	34,741	161,209
Thereafter	826,229	390,200	436,029
	\$ 5,608,073	\$ 629,978	4,978,095
Less allowance for doubtful promises			50,000
			\$ 4,928,095

As of June 30, 2010 and 2009 one individual donor represents approximately 55% and 45% of unconditional promises to give, respectively.

#### 4. Investments

Investments categorized by the fair value hierarchy are summarized as follows at June 30:

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Level 1 (Quoted prices in active markets)				
Money market funds	\$ 43,908	\$ 43,908	\$ 79,084	\$ 79,084
Marketable equity mutual funds	5,132,826	4,949,600	3,259,412	2,877,570
Marketable bond mutual funds	2,960,810	3,378,466	2,429,351	2,744,318
	8,137,544	8,371,974	5,767,847	5,700,972
Certificates of deposits	958,566	951,100	1,213,892	1,210,800
	\$ 9,096,110	\$ 9,323,074	\$ 6,981,739	\$ 6,911,772

## Ramapo College Foundation

### Notes to Financial Statements

#### 4. Investments *(continued)*

The following schedule summarizes investment returns and their classifications in the statements of activities at June 30:

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 21,550	\$ 228,322	\$ 249,872	\$ 47,220	\$ 160,480	\$ 207,700
Realized and unrealized gains	<u>163,215</u>	<u>140,189</u>	<u>303,404</u>	<u>(609,101)</u>	<u>(607,408)</u>	<u>(1,216,509)</u>
	<u>\$ 184,765</u>	<u>\$ 368,511</u>	<u>\$ 553,276</u>	<u>\$ (561,881)</u>	<u>\$ (446,928)</u>	<u>\$ (1,008,809)</u>

#### 5. Temporarily Restricted Net Assets

Investment income derived from permanently restricted net assets which is restricted by the donor for a specific purpose is included as temporarily restricted net assets.

Temporarily restricted net assets at June 30 are available for the following purposes:

	2010	2009
Restricted as to purpose:		
Scholarships/academic enrichment	\$ 2,292,617	\$3,008,248
Environmental education outreach (Meadowlands)	1,001,963	824,554
Berrie Center for Performance and Visual Arts	11,992	2,403
Bill Bradley Sports and Recreation Center	28,301	62,982
Salameno Spiritual Center	113,968	154,324
Anisfield School of Business	1,815,678	2,286,320
Sharp Sustainability Center	<u>164,566</u>	<u>227,300</u>
	<u>\$ 5,429,085</u>	<u>\$6,566,131</u>

#### 6. Permanently Restricted Net Assets

Permanently restricted net assets at June 30 represent gifts, which have been restricted by the donor in perpetuity, the income from which is expendable to support activities as follows:

	2010	2009
Academics/student development	\$ 2,173,011	\$ 1,027,384
Scholarships	<u>4,640,738</u>	<u>4,514,877</u>
	<u>\$ 6,813,749</u>	<u>\$ 5,542,261</u>

## Ramapo College Foundation

### Notes to Financial Statements

#### 7. Net Assets Released from Restrictions

Net assets were released from restrictions during the year ended June 30 as follows:

	<u>2010</u>	<u>2009</u>
Restricted grants	\$ 2,175,472	\$ 2,150,346
Payment to College towards capital projects	820,659	855,100
Scholarships	149,946	139,800
Other	<u>322,218</u>	<u>96,876</u>
	<u>\$ 3,468,295</u>	<u>\$ 3,242,122</u>

Total scholarships and awards available were \$340,000 and \$320,000 for June 30, 2010 and 2009, respectively.

#### 8. Functional Expenses

The functional expense breakdown is as follows for June 30,

	<u>2010</u>	<u>2009</u>
Programs	\$ 3,697,370	\$ 3,783,136
General & Administration	651,734	556,259
Fundraising	<u>180,149</u>	<u>210,165</u>
	<u>\$ 4,529,253</u>	<u>\$ 4,549,560</u>

#### 9. Endowment Funds

The Foundation maintains various donor-restricted and board-designated endowment funds whose purposes are to provide long term support for the programs of Ramapo College of New Jersey. In classifying such funds for financial statement purposes as either permanently restricted, temporarily restricted or unrestricted net assets, the Board of Governors looks to the explicit directions of the donor or the Foundation's Board where applicable and the provisions of the laws of the State of New Jersey. The Board has determined that, absent donor stipulations to the contrary, the provisions of State law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from an original gift.

For the years ended June 30, 2010 and 2009 the Foundation utilized a spending rate of 5% of the fair market value of each endowment. The amounts of expenditures and the spending rate can vary each year as determined by the Board.

## Ramapo College Foundation

### Notes to Financial Statements

#### 9. Endowment Funds *(continued)*

The following is a reconciliation of the activity in the Endowment funds:

	2010			
	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2009	\$ 339,061	\$ 1,235,000	\$ 4,460,849	\$ 6,034,910
Contributions and designations	734	-	1,758,308	1,759,042
Investment income	12,806	217,056	-	229,862
Appropriated for expenditure	(200)	(60,385)	-	(60,585)
Net investment gain	6,791	140,189	-	146,980
Balance, June 30, 2010	<u>\$ 359,192</u>	<u>\$ 1,531,860</u>	<u>\$ 6,219,157</u>	<u>\$ 8,110,209</u>
Comprised of the following:				
Donor restricted funds	\$ -	\$ 1,531,860	\$ 6,219,157	\$ 7,751,017
Board designated funds	<u>359,192</u>	<u>-</u>	<u>-</u>	<u>359,192</u>
	<u>\$ 359,192</u>	<u>\$ 1,531,860</u>	<u>\$ 6,219,157</u>	<u>\$ 8,110,209</u>
	2009			
	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2008	\$ 604,153	\$ 1,933,496	\$ 4,141,972	\$ 6,679,621
Contributions and designations	25,262	3,221	318,877	347,360
Investment income	6,887	160,480	-	167,367
Appropriated for expenditure	-	(199,248)	-	(199,248)
Net Investment loss	(297,241)	(662,949)	-	(960,190)
Balance, June 30, 2009	<u>\$ 339,061</u>	<u>\$ 1,235,000</u>	<u>\$ 4,460,849</u>	<u>\$ 6,034,910</u>
Comprised of the following:				
Donor restricted funds	\$ -	\$ 1,235,000	\$ 4,460,849	\$ 5,695,849
Board designated funds	<u>339,061</u>	<u>-</u>	<u>-</u>	<u>339,061</u>
	<u>\$ 339,061</u>	<u>\$ 1,235,000</u>	<u>\$ 4,460,849</u>	<u>\$ 6,034,910</u>

Certain of the Foundation's donor restricted endowments have experienced losses due to market fluctuations. Generally accepted accounting principles require that such excess losses be absorbed by the unrestricted net assets of the Foundation and that future gains be allocated to unrestricted net assets until such losses have been restored. Aggregate, cumulative losses absorbed by the unrestricted net assets at June 30, 2010 and 2009 amounted to \$88,943 and \$261,671.

## **Ramapo College Foundation**

### Notes to Financial Statements

#### **10. Transactions with College**

The Foundation makes payments to the College for gifts and reimbursement of certain expenditures including salaries and fringe benefits. These payments by the Foundation to the College were \$3,291,546 and \$3,318,260 for the years ended June 30, 2010 and 2009, respectively.

#### **11. Risk Concentration**

The Foundation maintains its bank accounts and certificate of deposits at several high quality financial institutions which at times may be in excess of Federal Deposit Insurance Corporation limits.

#### **12. Expenses for Restricted Grants**

The Foundation receives funding for specific College projects. The expenses incurred are in connection with the completion of these grants. During fiscal 2010 and 2009, the projects included Environmental Outreach at the Meadowlands, faculty research and student support. A major portion of this funding is from a grant from New Jersey Meadowlands Commission. Revenue from this grant was approximately \$1,888,361 and \$1,834,682 in 2010 and 2009, respectively.

#### **13. Reclassification of Net Assets**

The reclassification of net assets as of June 30, 2010 from temporarily restricted net assets to permanently restricted net assets relates to two transactions that net to the amount of \$485,029. The total net assets of \$12,955,911 as of June 30, 2010 and \$12,636,066 as of June 30, 2009 were not affected by this reclassification.