

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

Financial Statements

As of and for the years ending
June 30, 2012 and 2011

Independent Auditors' Report**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, 2012 and 2011, 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, 2012 and 2011, 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, LLP

Paramus, New Jersey
October 16, 2012

Ramapo College Foundation

Statements of Financial Position

	June 30,	
	2012	2011
ASSETS		
Cash and cash equivalents	\$ 1,569,871	\$ 314,984
Grants receivable	1,326,337	1,489,406
Accounts receivable	43,688	74,188
Unconditional promises to give, net (Note 3)	6,075,665	3,387,820
Investments (Note 4)	12,399,679	12,566,947
Prepaid expenses	36,036	27,021
	\$21,451,276	\$17,860,366
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 48,692	\$ 55,358
Due to Ramapo College of New Jersey (Note 10)	1,388,129	800,993
Deferred income	85,527	75,298
Due to agency funds	87,515	81,679
Annuities payable (Note 2)	241,578	139,686
Total Liabilities	1,851,441	1,153,014
Net Assets		
Unrestricted		
Undesignated	705,826	430,736
Board Designated (Note 2)	511,674	551,238
Total Unrestricted Net Assets	1,217,500	981,974
Temporarily restricted (Note 5)	8,368,330	8,129,102
Permanently restricted (Note 6)	10,014,005	7,596,276
Total Net Assets	19,599,835	16,707,352
	\$21,451,276	\$17,860,366

See notes to financial statements

Ramapo College Foundation

Statements of Activities

	Year Ended June 30, 2012				Year Ended June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING SUPPORT AND REVENUE								
Donations	\$ 338,936	\$ 2,043,127	\$ 2,417,729	\$ 4,799,792	\$ 437,883	\$ 2,496,339	\$ 782,527	\$ 3,716,749
Fund raising events, net (Note 7)	282,973	10,037	-	293,010	269,367	35,446	-	304,813
Grants (Note 12)	-	1,855,925	-	1,855,925	-	1,881,745	-	1,881,745
Special events	1,130	-	-	1,130	3,340	-	-	3,340
Memberships	14,415	-	-	14,415	6,585	-	-	6,585
Program service	52,325	27,350	-	79,675	49,755	22,025	-	71,780
Other	173,119	-	-	173,119	153,773	-	-	153,773
Investment income (Note 4)	(1,903)	(28,402)	-	(30,305)	198,875	1,795,848	-	1,994,723
Net assets released from restrictions (Note 5)	<u>3,668,809</u>	<u>(3,668,809)</u>	<u>-</u>	<u>-</u>	<u>3,531,386</u>	<u>(3,531,386)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>4,529,804</u>	<u>239,228</u>	<u>2,417,729</u>	<u>7,186,761</u>	<u>4,650,964</u>	<u>2,700,017</u>	<u>782,527</u>	<u>8,133,508</u>
EXPENSES								
Payment to College towards salaries	200,000	-	-	200,000	200,000	-	-	200,000
Capital payments to College (Note 5)	932,014	-	-	932,014	947,917	-	-	947,917
Foundation operations	327,731	-	-	327,731	358,809	-	-	358,809
Events, programs and fundraising	96,442	-	-	96,442	162,439	-	-	162,439
Scholarships and awards	464,713	-	-	464,713	389,964	-	-	389,964
Planned giving and capital campaign	257,682	-	-	257,682	237,283	-	-	237,283
College grants awarded	59,754	-	-	59,754	54,995	-	-	54,995
Expenses for restricted grants (Note 12)	<u>1,955,942</u>	<u>-</u>	<u>-</u>	<u>1,955,942</u>	<u>2,030,660</u>	<u>-</u>	<u>-</u>	<u>2,030,660</u>
Total Expenses	<u>4,294,278</u>	<u>-</u>	<u>-</u>	<u>4,294,278</u>	<u>4,382,067</u>	<u>-</u>	<u>-</u>	<u>4,382,067</u>
Change in Net Assets	235,526	239,228	2,417,729	2,892,483	268,897	2,700,017	782,527	3,751,441
NET ASSETS								
Beginning of year	<u>981,974</u>	<u>8,129,102</u>	<u>7,596,276</u>	<u>16,707,352</u>	<u>713,077</u>	<u>5,429,085</u>	<u>6,813,749</u>	<u>12,955,911</u>
End of year	<u>\$ 1,217,500</u>	<u>\$ 8,368,330</u>	<u>\$ 10,014,005</u>	<u>\$ 19,599,835</u>	<u>\$ 981,974</u>	<u>\$ 8,129,102</u>	<u>\$ 7,596,276</u>	<u>\$ 16,707,352</u>

Ramapo College Foundation

Statements of Cash Flows

	Year Ended June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,892,483	\$ 3,751,441
Adjustments to reconcile change in net assets to net cash from operating activities		
Permanently restricted contributions	(2,417,729)	(782,527)
Realized and unrealized loss/(gain) on investments	288,407	(1,743,620)
Change in operating assets and liabilities		
Grants receivable	163,069	87,537
Accounts receivable	30,500	(26,389)
Unconditional promises to give	(2,687,845)	(558,390)
Prepaid expenses	(9,015)	(12,220)
Accounts payable	(6,666)	(5,299)
Annuities payable	101,892	1,880
Due to Ramapo College of New Jersey	587,136	(64,125)
Deferred income	10,229	6,806
Due to agency funds	5,836	33,024
	(1,041,703)	688,118
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	1,195,971	346,864
Purchase of investments	(1,317,110)	(1,847,117)
	(121,139)	(1,500,253)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from permanently restricted contributions	2,417,729	782,527
	1,254,887	(29,608)
CASH AND CASH EQUIVALENTS		
Beginning of year	314,984	344,592
End of year	\$ 1,569,871	\$ 314,984

See notes to financial statements

Ramapo College Foundation

Notes to Financial Statements
June 30, 2012

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

Use of Estimates

The presentation of financial statements in conformity with accounting principles in the United States of America 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.

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.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2012

2. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

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.

Reclassification

Certain reclassifications have been made to prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

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.

Contributions

All contributions including unconditional promises to give (pledges) are reported as revenues in the period received or when there is verifiable documentation that the pledge is promised. Contributions and grants that are designated for future periods or restricted by the donor or grant 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 and the discount is amortized as additional contribution revenue over the expected life of the pledge. The Foundation often receives significant donations from single donors. As such, there is a concentration of donations received from single sources. For the years ended June 30, 2012 and 2011, 79% and 62% of the donations reported on the Statement of Activities represented gifts from two donors, respectively.

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 \$2,590,000 and \$2,565,000 at June 30, 2012 and 2011.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2012

2. Summary of Significant Accounting Policies (continued)

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 equivalents approximate fair value because of their short-term maturities.

Allowance for Uncollectible Promises to Give, Accounts Receivable and Grants

The allowance for doubtful accounts is based on management's evaluation of outstanding promises to give at the end of each year. At June 30, 2012 and 2011 management has determined that no allowance for grants and accounts receivable is required.

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. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets.

Investments

Investments in marketable equity and bond mutual funds are valued at fair value in the statement of financial position. 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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2012

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 to be sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to 2009.

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 October 16, 2012.

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 risk adjusted discount rate of 5.00% for the years ending June 30, 2012 and 2011.

Unconditional promises to give receivable at June 30, 2012 discounted to fair value are summarized as follows:

Scheduled Collection in Year Ended June 30	Future Value of Promise	Present Value Discount	Present Value of Promise
2013	\$ 2,195,506	\$ -	\$ 2,195,506
2014	1,134,742	54,036	1,080,706
2015	1,106,617	102,883	1,003,734
2016	1,103,619	150,269	953,350
2017	410,486	72,778	337,708
Thereafter	1,037,486	482,825	554,661
	\$ 6,988,456	\$ 862,791	6,125,665
Less allowance for doubtful promises			50,000
			\$ 6,075,665

Ramapo College Foundation

Notes to Financial Statements
June 30, 2012

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

Unconditional promises to give receivable at June 30, 2011 discounted to fair value are summarized as follows:

Scheduled Collection in Year Ended June 30	Future Value of Promise	Present Value Discount	Present Value of Promise
2012	\$ 1,197,553	\$ -	\$ 1,197,553
2013	602,325	28,682	573,643
2014	460,779	42,839	417,940
2015	424,825	57,845	366,980
2016	412,825	73,193	339,632
Thereafter	1,022,539	480,467	542,072
	\$ 4,120,846	\$ 683,026	3,437,820
Less allowance for doubtful promises			50,000
			\$ 3,387,820

As of June 30, 2012 three individual donors represented approximately 81% of unconditional promises to give. As of June 30, 2011 two individual donors represented approximately 79% of unconditional promises to give.

4. Investments

Investments categorized by the fair value hierarchy for those investments measured at fair value are summarized as follows at June 30:

	2012 Fair Value	2011 Fair Value
Level 1 (Quoted prices in active markets)		
Money market funds	\$ 11,107	\$ 41,199
Marketable equity mutual funds	8,389,296	8,531,962
Marketable bond mutual funds	3,515,264	3,242,642
	11,915,667	11,815,803
Certificates of deposits	484,012	751,144
	\$12,399,679	\$12,566,947

Ramapo College Foundation

Notes to Financial Statements
June 30, 2012

4. Investments (continued)

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

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 46,546	\$ 211,556	\$ 258,102	\$ 34,914	\$ 216,189	\$ 251,103
Realized and unrealized gains	(48,449)	(239,958)	(288,407)	163,961	1,579,659	1,743,620
	<u>\$ (1,903)</u>	<u>\$ (28,402)</u>	<u>\$ (30,305)</u>	<u>\$ 198,875</u>	<u>\$ 1,795,848</u>	<u>\$ 1,994,723</u>

5. Temporarily Restricted Net Assets

Investment income derived from permanently restricted net assets is included as temporarily restricted net assets.

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

Restricted as to purpose:

Scholarships/academic enrichment	\$ 2,630,908	\$3,300,957
Environmental education outreach (Meadowlands)	793,513	858,580
Bill Bradley Sports and Recreation Center	136,186	139,592
Salameno Spiritual Center	102,486	129,669
Anisfield School of Business	755,932	1,643,008
Sharp Sustainability Center	93,810	140,295
Adler Center for Nursing Excellence	1,818,855	1,818,885
Salameno School of American and International Studies	1,877,000	-
Other Capital Projects	<u>159,640</u>	<u>98,116</u>
	<u>\$ 8,368,330</u>	<u>\$8,129,102</u>

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

	2012	2011
Restricted grants	\$ 1,955,941	\$ 2,030,660
Capital payments to College	932,014	947,917
Scholarships	424,869	337,373
Other	<u>355,985</u>	<u>215,436</u>
	<u>\$ 3,668,809</u>	<u>\$ 3,531,386</u>

Total scholarships and awards available were approximately \$560,000 and \$595,000 at June 30, 2012 and 2011.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2012

6. Permanently Restricted Net Assets

Permanently restricted net assets at June 30 represent gifts, the income from which is expendable to support activities as follows:

	<u>2012</u>	<u>2011</u>
Academics/student development	\$ 2,836,471	\$ 2,328,921
Scholarships	<u>7,177,534</u>	<u>5,267,355</u>
	<u>\$10,014,005</u>	<u>\$ 7,596,276</u>

7. Fundraising Revenue

The Foundation has presented its fundraising revenue net of its direct costs, as shown below:

	<u>2012</u>	<u>2011</u>
Fundraising revenue	\$ 496,531	\$ 478,054
Direct fundraising expenses	<u>213,558</u>	<u>208,687</u>
	<u>\$ 282,973</u>	<u>\$ 269,367</u>

8. Functional Expenses

The functional expense breakdown is as follows for the years ended June 30,

	<u>2012</u>	<u>2011</u>
Programs	\$ 3,707,864	\$ 3,781,750
General & Administration	177,731	208,809
Fundraising	<u>408,683</u>	<u>391,508</u>
	<u>\$ 4,294,278</u>	<u>\$ 4,382,067</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.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2012

9. Endowment Funds *(continued)*

For the years ended June 30, 2012 and 2011 the Foundation utilized a spending rate of 5% of the fair market value of each endowment. The spending rate is set each year by the Board.

The following is a reconciliation of the activity in the Endowment funds for the years ended June 30:

	2012			
	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2011	\$ 543,479	\$ 3,088,031	\$ 7,200,350	\$ 10,831,860
Contributions, pledge collections and designations	5,443	-	1,455,414	1,460,857
Appropriated for expenditure	(39,150)	(538,300)	-	(577,450)
Net investment gain (loss)	1,902	(43,184)	-	(41,282)
Balance, June 30, 2012	<u>\$ 511,674</u>	<u>\$ 2,506,547</u>	<u>\$ 8,655,764</u>	<u>\$ 11,673,985</u>
Comprised of the following:				
Donor restricted funds	\$ -	\$ 2,506,547	\$ 8,655,764	\$ 11,162,311
Board designated funds	<u>511,674</u>	<u>-</u>	<u>-</u>	<u>511,674</u>
	<u>\$ 511,674</u>	<u>\$ 2,506,547</u>	<u>\$ 8,655,764</u>	<u>\$ 11,673,985</u>
	2011			
	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2010	\$ 359,192	\$ 1,531,860	\$ 6,219,157	\$ 8,110,209
Contributions, pledge collections and designations	44,119	-	981,193	1,025,312
Appropriated for expenditure	(12,025)	(213,561)	-	(225,586)
Net investment gain	152,193	1,769,732	-	1,921,925
Balance, June 30, 2011	<u>\$ 543,479</u>	<u>\$ 3,088,031</u>	<u>\$ 7,200,350</u>	<u>\$ 10,831,860</u>
Comprised of the following:				
Donor restricted funds	\$ -	\$ 3,088,031	\$ 7,200,350	\$ 10,288,381
Board designated funds	<u>543,479</u>	<u>-</u>	<u>-</u>	<u>543,479</u>
	<u>\$ 543,479</u>	<u>\$ 3,088,031</u>	<u>\$ 7,200,350</u>	<u>\$ 10,831,860</u>

Ramapo College Foundation

Notes to Financial Statements

June 30, 2012

10. Transactions with the College

The Foundation makes payments to the College for gifts and reimbursement of certain expenditures including salaries and fringe benefits. These gifts and expenditures were \$4,079,583 and \$4,366,222 for the years ended June 30, 2012 and 2011, respectively. Of these amounts, the amounts due to the College as of June 30, 2012 and 2011 were \$1,388,129 and \$800,993, respectively.

11. Risk Concentration

The Foundation maintains its bank accounts and certificate of deposits at several 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 2012 and 2011, 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 \$1,715,061 and \$1,863,789 in 2012 and 2011.

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