

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

Financial Statements

June 30, 2011



## 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, 2011 and 2010, 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, 2011 and 2010, 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  
October 5, 2011

## Ramapo College Foundation

### Statements of Financial Position

June 30,

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 314,984	\$ 344,592
Grants receivable	1,489,406	1,576,943
Accounts receivable	74,188	47,799
Unconditional promises to give, net of allowance for doubtful accounts of \$50,000 (Note 3)	3,387,820	2,829,430
Investments (Note 4)	12,566,947	9,323,074
Prepaid expenses	27,021	14,801
	<u>\$ 17,860,366</u>	<u>\$ 14,136,639</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 55,358	\$ 60,657
Due to Ramapo College of New Jersey	800,993	865,118
Deferred income	75,298	68,492
Due to agency funds	81,679	48,655
Annuities payable (Note 2)	139,686	137,806
Total Liabilities	<u>1,153,014</u>	<u>1,180,728</u>
Net Assets		
Unrestricted		
Undesignated	430,736	334,861
Board Designated (Note 2)	551,238	378,216
Total Unrestricted Net Assets	981,974	713,077
Temporarily restricted (Note 5)	8,129,102	5,429,085
Permanently restricted (Note 6)	7,596,276	6,813,749
Total Net Assets	<u>16,707,352</u>	<u>12,955,911</u>
	<u>\$ 17,860,366</u>	<u>\$ 14,136,639</u>

See notes to financial statements

## Ramapo College Foundation

### Statements of Activities

Years Ended June 30,

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total
<b>OPERATING SUPPORT AND REVENUE</b>								
Donations	\$ 437,883	\$ 2,496,339	\$ 782,527	\$ 3,716,749	\$ 417,560	\$ 436,432	\$ 786,459	\$ 1,640,451
Fund raising events	478,054	35,446	-	513,500	456,580	10,210	-	466,790
Grants (Note 12)	-	1,881,745	-	1,881,745	-	1,934,299	-	1,934,299
Special events	3,340	-	-	3,340	4,197	-	-	4,197
Memberships	6,585	-	-	6,585	6,870	-	-	6,870
Program service	49,755	22,025	-	71,780	49,163	66,826	-	115,989
Other	153,773	-	-	153,773	127,226	-	-	127,226
Investment income (Note 4)	198,875	1,795,848	-	1,994,723	184,765	368,511	-	553,276
Net assets released from restrictions (Note 7)	<u>3,531,386</u>	<u>(3,531,386)</u>	<u>-</u>	<u>-</u>	<u>3,468,295</u>	<u>(3,468,295)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>4,859,651</u>	<u>2,700,017</u>	<u>782,527</u>	<u>8,342,195</u>	<u>4,714,656</u>	<u>(652,017)</u>	<u>786,459</u>	<u>4,849,098</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)	947,917	-	-	947,917	820,659	-	-	820,659
Foundation operations	358,809	-	-	358,809	331,233	-	-	331,233
Events and programs	158,214	-	-	158,214	40,624	-	-	40,624
Scholarships and awards	389,964	-	-	389,964	399,122	-	-	399,122
Fund raising events	212,912	-	-	212,912	180,149	-	-	180,149
Planned giving and capital campaign	237,283	-	-	237,283	320,501	-	-	320,501
College grants awarded	54,995	-	-	54,995	61,493	-	-	61,493
Expenses for restricted grants (Note 12)	<u>2,030,660</u>	<u>-</u>	<u>-</u>	<u>2,030,660</u>	<u>2,175,472</u>	<u>-</u>	<u>-</u>	<u>2,175,472</u>
Total Expenses	<u>4,590,754</u>	<u>-</u>	<u>-</u>	<u>4,590,754</u>	<u>4,529,253</u>	<u>-</u>	<u>-</u>	<u>4,529,253</u>
Change in Net Assets	268,897	2,700,017	782,527	3,751,441	185,403	(652,017)	786,459	319,845
<b>NET ASSETS</b>								
Beginning 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>6,081,102</u>	<u>6,027,290</u>	<u>12,636,066</u>
End 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>

See notes to financial statements

## Ramapo College Foundation

### Statements of Cash Flows

Years Ended June 30,

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,751,441	\$ 319,845
Adjustments to reconcile change in net assets to net cash from operating activities		
Permanently restricted contributions	(782,527)	(786,459)
Realized and unrealized gain on investments	(1,743,620)	(303,404)
Change in operating assets and liabilities		
Grants receivable	87,537	(163,184)
Accounts receivable	(26,389)	(31,862)
Unconditional promises to give	(558,390)	2,098,665
Prepaid expenses	(12,220)	(9,289)
Accounts payable	(5,299)	43,420
Annuities payable	1,880	86,581
Due to Ramapo College of New Jersey	(64,125)	171,001
Deferred income	6,806	(5,291)
Due to agency funds	<u>33,024</u>	<u>(39,053)</u>
Net Cash from Operating Activities	<u>688,118</u>	<u>1,380,970</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	346,864	1,464,640
Purchase of investments	<u>(1,847,117)</u>	<u>(3,572,538)</u>
Net Cash from Investing Activities	<u>(1,500,253)</u>	<u>(2,107,898)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from permanently restricted contributions	<u>782,527</u>	<u>786,459</u>
Net Change in Cash and Cash Equivalents	(29,608)	59,531
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>344,592</u>	<u>285,061</u>
End of year	<u>\$ 314,984</u>	<u>\$ 344,592</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 \$2,565,000 at June 30, 2011.

##### ***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 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.

##### ***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. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. All of the Foundation’s investments are Level 1.

##### ***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.

##### ***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.



## Ramapo College Foundation

### Notes to Financial Statements

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

##### *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 5, 2011.

#### 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, 2011 and 2010.

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

<u>Scheduled Collection in Year Ended June 30</u>	<u>Future Value of Promise</u>	<u>Present Value Discount</u>	<u>Present Value of Promise</u>
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	<u>1,022,539</u>	<u>480,467</u>	<u>542,072</u>
	<u>\$ 4,120,846</u>	<u>\$ 683,026</u>	3,437,820
Less allowance for doubtful promises			<u>50,000</u>
			<u>\$ 3,387,820</u>

## Ramapo College Foundation

### Notes to Financial Statements

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

Unconditional promises to give receivable at June 30, 2010 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
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	981,637	466,296	515,341
	<u>\$ 3,476,233</u>	<u>\$ 596,803</u>	<u>2,879,430</u>
Less allowance for doubtful promises			<u>50,000</u>
			<u>\$ 2,829,430</u>

As of June 30, 2011 two individual donors represent approximately 79% of unconditional promises to give. As of June 30, 2010 one individual donor represents approximately 55% 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:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Level 1 (Quoted prices in active markets)				
Money market funds	\$ 41,287	\$ 41,199	\$ 43,908	\$ 43,908
Marketable equity mutual funds	6,303,094	8,531,962	5,132,826	4,949,600
Marketable bond mutual funds	3,547,480	3,242,642	2,960,810	3,378,466
	9,891,861	11,815,803	8,137,544	8,371,974
Certificates of deposits	758,610	751,144	958,566	951,100
	<u>\$ 10,650,471</u>	<u>\$ 12,566,947</u>	<u>\$ 9,096,110</u>	<u>\$ 9,323,074</u>

## 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:

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 34,914	\$ 216,189	\$ 251,103	\$ 21,550	\$ 228,322	\$ 249,872
Realized and unrealized gains	<u>163,961</u>	<u>1,579,659</u>	<u>1,743,620</u>	<u>163,215</u>	<u>140,189</u>	<u>303,404</u>
	<u>\$ 198,875</u>	<u>\$ 1,795,848</u>	<u>\$ 1,994,723</u>	<u>\$ 184,765</u>	<u>\$ 368,511</u>	<u>\$ 553,276</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:

	2011	2010
Restricted as to purpose:		
Scholarships/academic enrichment	\$ 3,300,957	\$ 2,292,617
Environmental education outreach (Meadowlands)	858,580	1,001,963
Berrie Center for Performance and Visual Arts	-	11,992
Bill Bradley Sports and Recreation Center	139,592	28,301
Salameno Spiritual Center	129,669	113,968
Anisfield School of Business	1,643,008	1,815,678
Sharp Sustainability Center	140,295	164,566
Adler Center for Nursing Excellence	1,818,885	-
Other Capital Projects	<u>98,116</u>	<u>-</u>
	<u>\$ 8,129,102</u>	<u>\$ 5,429,085</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:

	2011	2010
Academics/student development	\$ 2,328,921	\$ 2,173,011
Scholarships	<u>5,267,355</u>	<u>4,640,738</u>
	<u>\$ 7,596,276</u>	<u>\$ 6,813,749</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>2011</u>	<u>2010</u>
Restricted grants	\$ 2,030,660	\$ 2,175,472
Payment to College towards capital projects	947,917	820,659
Scholarships	337,373	149,946
Other	<u>215,436</u>	<u>322,218</u>
	<u>\$ 3,531,386</u>	<u>\$ 3,468,295</u>

Total scholarships and awards available were \$594,962 and \$340,000 for June 30, 2011 and 2010, respectively.

#### 8. Functional Expenses

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

	<u>2011</u>	<u>2010</u>
Programs	\$ 3,781,750	\$ 3,939,514
General & Administration	101,802	65,687
Fundraising	<u>707,202</u>	<u>524,052</u>
	<u>\$ 4,590,754</u>	<u>\$ 4,529,253</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, 2011 and 2010 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 for the years ended June 30:

	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
Investment income	19,024	216,716	-	235,740
Appropriated for expenditure	(12,025)	(213,561)	-	(225,586)
Net investment gain	<u>133,169</u>	<u>1,553,016</u>	<u>-</u>	<u>1,686,185</u>
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>
	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, pledge collections 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	<u>6,791</u>	<u>140,189</u>	<u>-</u>	<u>146,980</u>
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>

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, 2011 and 2010 amounted to \$0 and \$88,943.

## **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 \$3,565,229 and \$3,291,546 for the years ended June 30, 2011 and 2010, 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 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 \$1,863,789 and \$1,888,361 in 2011 and 2010, respectively.