

Ramapo College Foundation Management’s Discussion and Analysis June 30, 2021

Foundation Overview

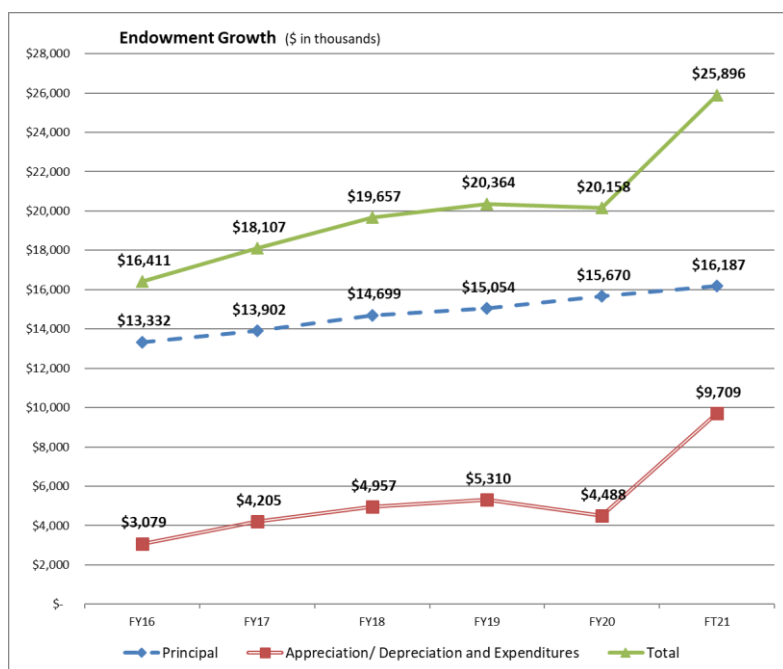
The mission of Ramapo College Foundation (the Foundation) “is to provide resources that make a difference in Ramapo College of New Jersey’s quest for educational excellence.” The Foundation, established in 1971 as a nonprofit corporation, is a 501(c) (3) charitable institution. Its purposes include providing 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. The Foundation meets these goals through fundraising efforts, solicitation of annual fund donations, and securing capital and other restricted gifts, as well as grant contracts. The Foundation is a component unit of the College and operates within the College’s Institutional Advancement Division.

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 provide useful information and helps the users of the Foundation’s financial statements. Accordingly, it has prepared the following MD&A to accompany the Foundation’s financial statements and provide an overview of the financial activities for its fiscal year ended June 30, 2021, with comparative information for the prior two periods. This presentation includes highly summarized information and should be read in conjunction with the Foundation’s audited financial statements and footnotes.

Foundation Highlights

The Foundation financial position continues to be strong. The endowment balance grew to \$25.9 million by the end of fiscal 2021. This increase is a result of \$5.2 million in market gains. Over the last five years, there has been a 21% growth in principle and 58% growth in total value. In Fiscal 2021, the rate of return on endowment investments was 28.5%. In addition, \$873,476

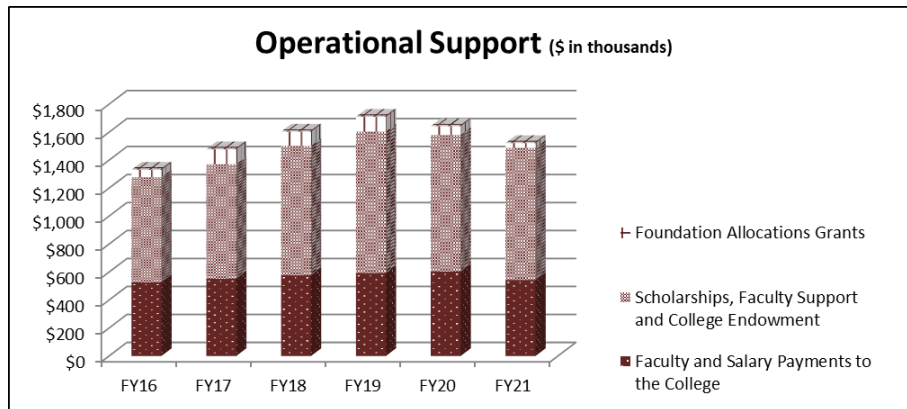
of endowed funds were available to the College for scholarship and program support.



The growth in the endowment surpassed the College’s strategic plan goal which was to increase endowment corpus to \$15 million by 2021. As a result of the market uncertainty due to the pandemic, the endowment spending rate was reduced to 4.5% vs 5% in prior year. This remains above the national average of 4.1% for institutions with endowment pools of the same value (according to National Association of College and University Business Officers Fiscal 2020 statistics).

In Fiscal 2021, the Foundation awarded 463 scholarships valued at approximately \$659,000. This includes funding from the endowments as well as annual support from donors. In Fiscal 2020 there were 526 awards, valued at over \$682,000. The decrease in the dollar value and number of the awards is directly related to the pandemic which resulted in fewer applications. Also, some scholarships could not be awarded because the programs were not offered, for example, scholarships related to Study Abroad programs.

Fiscal 2021 operational support provided to the College was \$1.5 million vs \$1.6 million in Fiscal 2020.



\$1.6 million in Fiscal 2020. This decrease of 7% from the prior year is related to COVID 19 restrictions. Travel restrictions, resulted in fewer allocation grants being awarded. Also, there were fewer programs offered and as noted above, the endowment spending rate was reduced to 4.5%. In addition to providing scholarships, these funds are

used to support faculty and staff salaries, programs and various faculty grant allocations.

Capital support to the College in Fiscal Years 2021 and 2020 was \$1.2 million and \$4.9 million, respectively. Total support to the College in Fiscal 2021 for capital and operations exceeded \$2.6 million.

Statements of Activities

Condensed Statements of Activities (in thousands)	For the year ended June 30,		
	2021	2020	2019
Operating Support Revenue			
Donations	\$ 1,576	\$ 4,486	\$ 3,265
Contributed service revenue	1,332	1,438	1,363
Fund raising events, net	208	411	303
Grants	1,447	1,163	1,559
Special events/Membership/Program Services/Other	233	468	427
Investment Income	6,259	125	1,316
Allowance for Doubtful Promise	-	-	(2,250)
Total Support and Revenue	11,055	8,091	5,983
Expenses			
Capital, salary and support payments to College	1,874	5,707	2,199
Contributed service expense	1,332	1,438	1,363
Foundation operations	129	180	171
Events & programs/Fundraising/Planned giving & capital campaign	243	614	765
Scholarships and awards/College grants awarded	813	860	943
Expenses for restricted grants	1,494	1,110	1,321
Total Expenses	5,885	9,909	6,762
Change in Net Assets	5,170	(1,818)	(779)
Net Assets			
Beginning of year	24,740	26,558	27,337
End of year	\$ 29,910	\$ 24,740	\$ 26,558

The Statements of Activities report the Foundation's income and expenses for a specific period of time, with focus on the annual revenue raised and the expenses incurred. As a result, this Statement also shows the Foundation's changes to net assets. The Foundation's net assets are equivalent to the net worth of the organization and are one way to measure the Foundation's financial health. 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 gift or disbursement of a large capital payment to the College. Consideration should also be

given to net asset trends and to non-financial factors that can reflect on the overall health of the Foundation and the College.

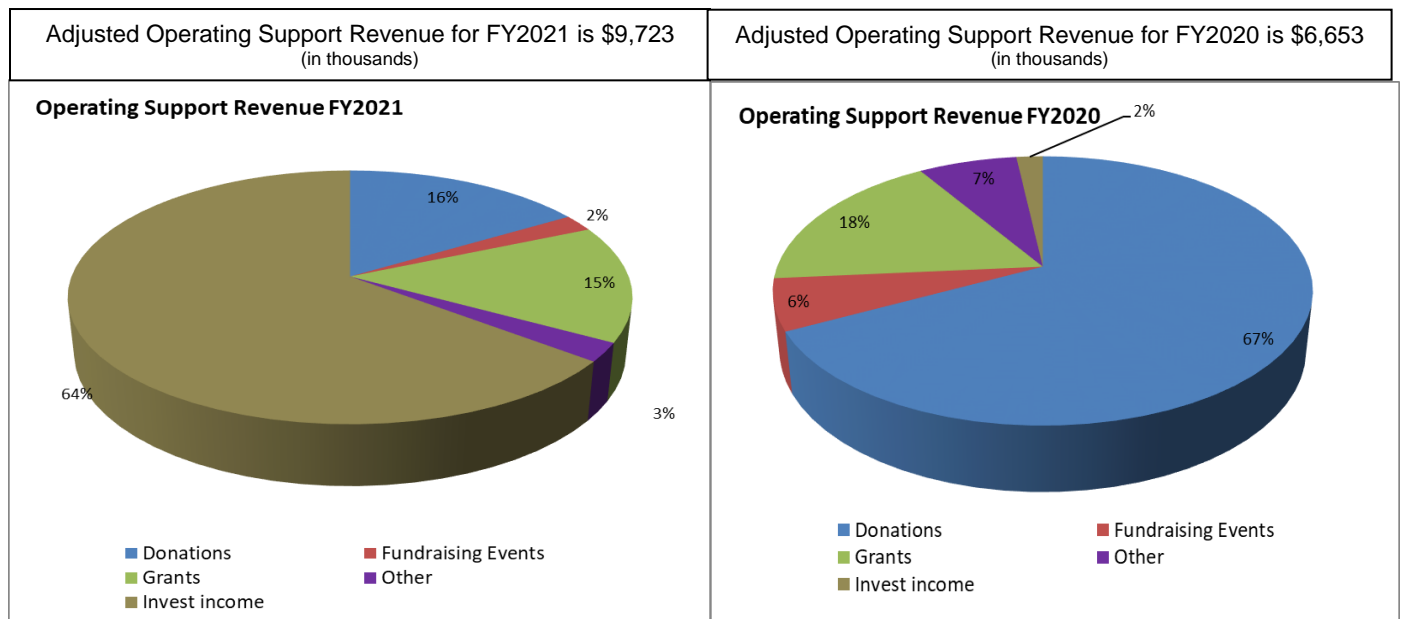
In Fiscal Year 2021, the net assets of the Foundation increased by \$5.2 million or 21%. This increase was due primarily to an increase of \$6 million in investment income.

Total support and revenue for Fiscal Year 2021 was \$11 million, as compared to \$8.1 million in Fiscal Year 2020. As noted above, the increase is attributed to market gains on the endowment investments which are offset by lower donations and revenue from fundraising events. Donations were \$1.6 million in 2021 vs \$4.5 million in 2020. In 2020, there was a capital gift of \$2.6 million from a single donor which contributed to the higher donations in 2020.

Total Expenses for Fiscal Year 2021 were \$5.9 million, as compared to Fiscal Year 2020 of \$9.9 million. Expenses were less in Fiscal 2021 due to reduced or cancelled events and programs. Also, in Fiscal 2020, capital payments to the college from donor gifts and pledges for the Learning Commons were higher therefore in Fiscal 2021, these were lower.

In Fiscal Years 2021 and 2020, the Foundation recorded donated service revenue and expense, relating to the affiliate support it receives from the College, of \$1.3 and \$1.4 million for each year. These amounts show a gross up in the Statement of Activities with no cumulative effect on the change in net assets or total assets. The Foundation has recognized in-kind revenue and a corresponding expense for this contribution associated with personnel who are paid directly by the College and are not subject to reimbursement by the Foundation. The decrease in these amounts vs the prior year is a result of staff eliminations and furlough during the pandemic.

The Foundation receives support and revenue from a variety of sources. These sources include donations, fundraising, grants, special events, bequests and other planned giving instruments, pledges, investment income and gifts-in-kind. Excluding the contributed service, a breakdown of the operating support revenue sources is below:



The Foundation’s revenue, when removing the impact of the contributed service revenue, the allowance for doubtful promise (2020) and investment income, was down 47% in Fiscal 2021 as compared to Fiscal 2020, and up 18% in Fiscal 2020, as compared to Fiscal 2019. The decrease in revenue is attributed to fewer donations and fewer fundraising events as a result of the impact of COVID 19. This decline is offset by a decrease in related expenses.

The two year increase of 42% vs Fiscal Year 2019 is primarily the result of increased investment income.

Statement of Financial Position

The Statement of Financial Position reports information on the Foundation at a single point in time. This is the report that shows the accumulated results of all the individual years of the

Foundations operations. The comparison to the prior years will show changes in the assets and liabilities from one point in time versus another. 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.

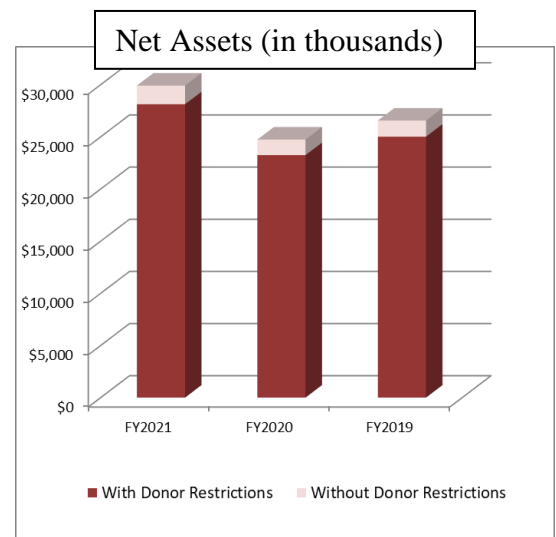
In Fiscal Year 2021, assets increased by over \$5 million and liabilities decreased by \$24,396 from 2020. The change in assets was driven by the market appreciation of the endowment investments. In fiscal year 2020, assets decreased by \$2 million and liabilities decreased by

Condensed Statement of Financial Position			
(in thousands)			
	At June 30,		
	2021	2020	2019
Assets			
Cash and cash equivalents	\$ 911	\$ 437	\$ 589
Grants receivable/AR/ Prepaid expense	377	467	650
Unconditional promises to give, net	1,654	2,273	3,925
Investments	<u>27,509</u>	<u>22,128</u>	<u>22,130</u>
	<u>\$ 30,451</u>	<u>\$25,305</u>	<u>\$27,294</u>
Liabilities and Net Assets			
Liabilities			
AP/Due Ramapo College/Due to agency funds	360	312	448
Deferred income	3	68	80
Annuities payable	<u>178</u>	<u>185</u>	<u>208</u>
Total Liabilities	541	565	736
Net Assets			
Total Net Assets	<u>29,910</u>	<u>24,740</u>	<u>26,558</u>
	<u>\$ 30,451</u>	<u>\$25,305</u>	<u>\$27,294</u>

\$171,000 from 2019. This decrease in assets was predominantly caused by the decrease in unconditional promises to give (pledges). As the Learning Commons capital campaign draws to a close there are fewer new pledges and older pledges are being paid in full. This is true for both Fiscal Years 2021 and 2020.

The Statement of Financial Position shows the residual interest in the Foundation’s assets after liabilities. These net assets are divided into two categories: With Donor Restrictions and Without Donor Restrictions as shown in the graph to the right as of June 30th.

In Fiscal Year 2021, total net assets of the Foundation increased by \$5 million. This is predominately attributed to the market gains in the investment portfolio as noted earlier. In Fiscal Year 2020, total net assets of the



Foundation decreased by \$1.8 million. This decrease was the result of an increase in capital payments to Ramapo College of New Jersey. Donations increased \$1.2 million which were offset by a decrease in investment and grant income.

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, 2021, 2020 and 2019. The Statement of Cash Flows helps users assess an entity's ability to generate cash and its ability to meet its obligations. It should be noted that there often is a timing difference between when cash is received by an organization and released. Therefore, several years should be reviewed to determine the pattern of cash flows.

The variance in cash is mainly attributable to the timing of payments to the College for support and capital and the release of funds for various restricted projects.

Comparison of Cash Flows	Year ending June 30,		
	2021	2020	2019
(in thousands)			
Net cash (used in) provided by			
Operating activities	\$ (439)	\$ (277)	\$ (1,220)
Investing activities	423	(284)	302
Permanently restricted contributions	490	409	787
Net increase (decrease) in cash and cash equivalents	474	(152)	(131)
Cash and cash equivalents beginning of year	437	589	720
Cash and Cash Equivalents, end of year	\$ 911	\$ 437	\$ 589

Future Outlook

Ramapo College continues to expand and renovate on-campus facilities. In Fiscal Year 2016, the College received a \$15 million bond from the State of New Jersey to support the transformation of Potter Library into a 21st century Learning Commons. As a result, the Foundation launched a single purpose capital campaign for private funding to provide additional capital support; approximately \$13 million in gifts, pledges and other promises to give were secured to date for this project. The Learning Commons is scheduled to open in the fall of 2021.

The Foundation employs what it believes to be sound fiscal management which contributes to the stability in its financial health. Continued emphasis will be placed on grant growth, and planned giving legacy programs, securing significant capital and programmatic support to renovate facilities, and increasing annual fund participation levels. The Foundation will work to complete final goals for the current Strategic Plan 2018-2022: Fulfilling Our Promise.