

Ramapo College Foundation

(A Component Unit of Ramapo College of New Jersey)

Financial Statements  
As of and for the years ended

June 30, 2015 and 2014

O'CONNOR DAVIES, LLP  
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	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 2,235,823	\$ 1,179,158
Grants receivable	464,777	1,259,518
Accounts receivable	126,896	52,366
Unconditional promises to give, net (Note 3)	5,695,219	5,935,239
Investments (Note 4)	16,096,140	15,891,827
Prepaid expenses	30,583	53,393
	\$24,649,438	\$24,371,501
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 71,856	\$ 51,996
Due to Ramapo College of New Jersey (Note 10)	1,674,000	1,657,567
Deferred income	100,211	106,586
Due to agency funds	94,348	63,798
Annuities payable (Note 2)	238,555	237,476
Total Liabilities	2,178,970	2,117,423
<b>Net Assets</b>		
<b>Unrestricted</b>		
Undesignated	783,614	640,735
Board Designated (Note 2)	774,874	805,822
Total Unrestricted Net Assets	1,558,488	1,446,557
Temporarily restricted (Note 5)	8,286,892	9,726,065
Permanently restricted (Note 6)	12,625,088	11,081,456
Total Net Assets	22,470,468	22,254,078
	\$24,649,438	\$24,371,501

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING SUPPORT AND REVENUE								
Donations	\$ 438,353	\$ 919,966	\$ 1,543,632	\$ 2,901,951	\$ 377,684	\$ 1,072,088	\$ 454,094	\$ 1,903,866
Contributed service revenue (Note 2)	1,366,917	-	-	1,366,917	1,323,930	-	-	1,323,930
Fundraising events, net (Note 7)	361,337	10,708	-	372,045	245,361	25	-	245,386
Grants (Note 12)	-	1,043,992	-	1,043,992	-	1,785,933	-	1,785,933
Special events	4,175	-	-	4,175	3,915	-	-	3,915
Memberships	19,640	-	-	19,640	19,325	-	-	19,325
Program servid								

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 216,390	\$1,712,860
Adjustments to reconcile change in net assets to net cash from operating activities		
Permanently restricted contribues		

#### Ramapo College Foundation

purpose of the Foundation is to stimulate, solicit, receive and promote the resources from grants, bequests and gifts and to use such resources to enhance 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 financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) which requires management to use estimates.

Ramapo College Foundation

Notes to Financial Statements  
June 30, 2015 and 2014

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 are classified as permanently restricted.

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 received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted. 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, 2015 and 2014, 55% of the donations reported on the Statement of Activities represented gifts from five and three 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 \$2,708,000 at June 30, 2015 and 2014, respectively.

Ramapo College Foundation

Notes to Financial Statements  
June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Contributed Services

In April 2013 the Financial Accounting Standards Board issued a new Accounting Standards Update Number 2013-06 that is effective for fiscal years beginning after June 2014. The new standard specifies guidance for recognizing and measuring services received from personnel of an affiliate that directly benefit a recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. Under this provision the Foundation has elected to apply the retrospective approach. As a result, the prior year's balances have been adjusted to conform to this new presentation and there is 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.

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.

Allowance for Uncollectible Promises to Give

The allowance for doubtful accounts is based on management's evaluation of outstanding promises to give at the end of each year.

Fair Value of Financial Instruments

The Foundation follows US GAAP 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 aelatnd 53 TD9( )JT-Tuell(pri)-6(2(ue 5(l)-6(2(e)-5.3( a)-5.3 )5.5(thl)-6



## Ramapo College Foundation

### Notes to Financial Statements June 30, 2015 and 2014

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

##### Investments (continued)

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.

##### 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. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to 2011.

##### Reclassification

Certain reclassifications have been made to prior-year amounts in order to conform to current year presentation.

##### 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 September 11, 2015.

Ramapo College Foundation

Notes to Financial Statements  
June 30, 2015 and 2014

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, 2015 and 2014.

Unconditional promises to give receivable at June 30, 2015 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>
2016	\$ 2,064,235	\$ -	\$ 2,064,235
2017	1,970,039	93,811	1,876,228
2018	1,210,880	112,576	1,098,304
2019	91,915	12,515	79,400
2020	16,611	2,945	13,666
Thereafter	<u>994,186</u>	<u>380,800</u>	613,386
	<u>\$ 6,347,866</u>	\$ 602,647	5,745,219
Less allowance for doubtful promises			50,000
			\$ 5,695,219

Ramapo College Foundation

Notes to Financial Statements  
June 30, 2015 and 2014

3. Unconditional Promises to Give Receivable (continued)

As of June 30, 2015 three individual donors (two of whom are reflected in the June 30, 2014 balance) represented approximately 68% of unconditional promises to give. As of June 30, 2014 three individual donors represented approximately 70% 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:

	<u>2015</u>	<u>2014</u>
	Fair	Fair
	Value	Value
	<u>                    </u>	<u>                    </u>
Level 1 (Quoted prices in active markets)		
Money market funds	\$      820	\$   16,195
Marketable equity mutual funds	11,151,233	11,016,542
Marketable bond mutual funds	4,805,950	4,514,690
	<u>15,958,003</u>	<u>15,547,427</u>
Certificates of deposits	<u>138,137</u>	<u>344,400</u>
	<u>\$16,096,140</u>	<u>\$15,891,827</u>

Ramapo College Foundation

Notes to Financial Statements  
June 30, 2015 and 2014

5. Temporarily Restricted Net Assets

Investment income derived from permanently restricted net assets is included as temporarily restricted net assets until they are expended for donor restricted purposes. Temporarily



Ramapo College Foundation

Notes to Financial Statements  
June 30, 2015 and 2014

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, 2015 and 2014 the Foundation utilized a spending rate of 5% of the three year rolling average of the fair market value of each endowment. The spending rate is set each year by the Board and is subject to the terms of each endowment agreement.

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

	2015			
	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2014	\$ 805,822	\$ 5,077,158	\$ 9,562,767	\$ 15,445,747
Contributions, pledge collections and designations	4,144	237,974	902,141	1,144,259
Appropriated for expenditure	(29,780)	(650,727)	-	(680,507)
Net investment (loss)/gain	(5,311)	213,982	-	208,671
Balance, June 30, 2015	<u>\$ 774,875</u>	<u>\$ 4,878,387</u>	<u>\$ 10,464,908</u>	<u>\$ 16,118,170</u>
Comprised of the following:				
Donor restricted funds	\$ -	\$ 4,878,387	\$ 10,464,908	\$ 15,343,295
Board designated funds	<u>774,875</u>	<u>-</u>	<u>-</u>	<u>774,875</u>
	<u>\$ 774,875</u>	<u>\$ 4,878,387</u>	<u>\$ 10,464,908</u>	<u>\$ 16,118,170</u>

Ramapo College Foundation

Notes to Financial Statements  
June 30, 2015 and 2014

9. Endowment Funds (continued)

	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2013	\$ 522,983	\$ 3,365,560	\$ 9,097,633	\$ 12,986,176
Contributions, pledge collections and designations	241,633	33,083	465,134	739,850
Appropriated for expenditure	(20,061)	(601,811)	-	(621,872)
Net investment gain	61,267	2,280,326	-	2,341,593
Balance, June 30, 2014	\$ 805,822	\$ 5,077,158	\$ 9,562,767	\$ 15,445,747
Comprised of the following:				
Donor restricted funds	\$ -	\$ 5,077,158	\$ 9,562,767	\$ 14,639,925