

Ramapo College Foundation
(A Component of
Ramapo College of New Jersey)
Financial Statements
As of and for the year ended
June 30, 2014 and 2013

Independent Auditors' Report

To the Board of Governors of Ramapo College Foundation

We have audited the accompanying financial statements of Ramapo College Foundation, a component unit of Ramapo College of New Jersey, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal

Ramapo College Foundation

Statements of Financial Position

	June 30,	
	2014	2013
Assets		
Cash and cash equivalents	1,179,158	\$ 1,088,531
Grants receivable	1,259,518	1,400,409
Accounts receivable	52,366	37,840
Undistributed net assets (Note 3)	5,935,239	6,071,884
Investments (Note 4)	15,891,827	13,537,468
Prepaid expenses	53,393	35,625
	<u>\$24,371,501</u>	<u>\$22,171,757</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 51,996	\$ 20,841
Due to Ramapo College of New Jersey (Note 10)	1,657,567	1,163,373
Deferred income	106,586	102,417
Due to agency funds	63,798	103,757
Accounts payable (Note 2)	<u>237,476</u>	<u>240,151</u>
Total Liabilities	<u>2,117,423</u>	<u>1,630,539</u>
Net Assets		
Unrestricted		
Undesignated	640,735	809,294
Board Designated (Note 2)	<u>805,822</u>	<u>522,983</u>
Total Unrestricted Net Assets	1,446,557	1,332,277
Temporarily restricted (Note 5)	9,726,065	8,581,579
Permanently restricted (Note 6)	<u>11,081,456</u>	<u>10,627,362</u>
Total Net Assets	<u>22,254,078</u>	<u>20,541,218</u>
	<u>\$24,371,501</u>	<u>\$22,171,757</u>

See notes to financial statements.

	Unestr icted	Tempoary Restr icted	Per anety Restr icted	Ttal	Unestr icted	Tempoary Restr icted	Per anety Restr icted	Ttal
OPERATING SUPPORT AND REVENUE								
Data	333,293							

2014

2013

Ramapo College Foundation

Notes to Financial Statements
June 30, 2014 and 2013

1. Organization

The Ramapo College Foundation (the Foundation) is to provide the resources

Ramapo College Foundation

Notes to Financial Statements
June 30, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Permanently Restricted

Net assets resulting from contributions and other gifts whose use is restricted by donor stipulations that either expire by passage of time or are restricted 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 pledges are reported as revenues in the period received or, if there is a probable donation, 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 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 or the expected fee of the pledge.

The Foundation receives significant gifts from individuals. As such, there is a concentration of gifts received from single sources. For the years ended June 30, 2014 and 2013, 55% and 46% of the gifts reported on the Statement of Activities represented gifts from three and four donors, respectively.

Cultural contributions are recorded by the Foundation if they become unconditional, that is, whether the conditions which they depend on are substantially met. The Foundation has been named beneficiary in several estates. These assets are deemed cultural and are recorded as received by the Foundation if they have been probated. The Foundation had cultural gifts of approximately \$2,708,000 and \$2,608,000 at June 30, 2014 and 2013, respectively.

Ramapo College Foundation

Notes to Financial Statements
June 30, 2014 and 2013

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 amount of cash and cash equivalents approximates 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 inputs used in pricing assets and liabilities. Level 1 inputs have the highest reliability and are related to assets and liabilities measured at quoted prices in active markets.

Investments

Investments in real estate 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 maturity. Unrealized gains and losses are included in the change in net assets. Investment income is included in the statement of activities as increases or decreases in unrestricted net assets unless the investment is restricted by donor.

The Foundation seeks to achieve current and long-term capital appreciation while attempting to minimize risk through the use of a diversified investment policy that includes the counterparty risk.

Annuities Payable

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

Ramapo College Foundation

Notes to Financial Statements
 June 30, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

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 uncertain tax positions 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 subject to taxation by the applicable taxing jurisdictions for the periods prior to 2010.

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 3, 2014.

3. Unconditional Promises to Give Receivable

Contractual promises to give receivables 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, 2014 and 2013.

Unconditional promises to give receivable at June 30, 2014 disclosed to fair value are summarized as follows:

Scheduled Contract Year Ended June 30	Future Value Present	Present Value Discount	Present Value Present
2015	\$ 1,862,520	\$ -	\$ 1,862,520
2016	1,430,895	68,138	1,362,757
2017	1,407,717	131,558	1,276,159
2018	957,077	193,773	763,304
2019	20,961	3,716	17,245
Thereafter	991,186	287,932	703,254
	\$ 6,670,356	\$ 685,117	5,985,239
Less allowance for doubtful receivables			50,000
			\$ 5,935,239

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Notes to Financial Statements
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3. Unconditional Promises to Give Receivable (continued)

Unconditional promises to give receivable at June 30, 2013 disclosed to fair value are summarized as follows:

Scheduled Maturity Year Ended June 30	Future Value Present	Present Value Discount	Present Value Present
2014	\$ 1,766,681	\$ -	\$ 1,766,681
2015	1,301,295	61,966	1,239,329
2016	1,287,617	119,710	1,167,907
2017	1,258,727	171,391	1,087,336
2018	154,311	27,359	126,952
Thereafter	1,117,086	383,407	733,679
	<u>\$ 6,885,717</u>	<u>\$ 763,833</u>	<u>6,121,884</u>
Less allowance for doubtful promises			<u>50,000</u>
			<u>\$ 6,071,884</u>

As of June 30, 2014 three conditional promises (total value reflected in the June 30, 2013 balance) represented approximately 70% of unconditional promises to give. As of June 30, 2013 three conditional promises represented approximately 74% of unconditional promises to give.

4. Investments

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

	2014 Fair Value	2013 Fair Value
Level 1 (Quoted prices in active markets)		
Money market funds	\$ 1,195	\$ 29,648
Marketable equity funds	11,016,542	9,529,779
Marketable bond funds	4,514,690	3,486,910
	<u>15,547,427</u>	<u>13,046,337</u>
Certificates of deposits	<u>344,400</u>	<u>491,131</u>
	<u>\$15,891,827</u>	<u>\$13,537,468</u>

Ramapo College Foundation

Notes to Financial Statements
 June 30, 2014 and 2013

5. Temporarily Restricted Net Assets *(continued)*

Total scholarships and awards available were approximately \$665,000 and \$650,000 at June 30, 2014 and 2013, respectively.

6. Permanently Restricted Net Assets

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

	<u>2014</u>	<u>2013</u>
Academics/student development	2,885,490	\$ 2,481,201
Scholarships	<u>8,195,966</u>	<u>8,146,161</u>
	<u>\$ 11,081,456</u>	<u>\$ 10,627,362</u>

7. Fundraising Revenue

The Foundation has presented its unrestricted fundraising revenues net of its direct costs for the years ended June 30, as shown below:

	<u>2014</u>	<u>2013</u>
Fundraising revenue	\$462,998	\$ 594,688
Direct fundraising expenses	<u>217,637</u>	<u>246,028</u>
Fundraising revenue, net	<u>\$45,361</u>	<u>\$ 348,660</u>

8. Functional Expenses

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

	2014	2013
Program	\$ 4,470,076	\$ 4,951,184
General & Administrative	141,139	167,583

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9. Endowment Funds

The Foundation has no restricted and board-designated endowment funds whose purposes are to provide support for the programs of Ramapo

