

Ramapo College Foundation

(A Component Unit of Ramapo College of New Jersey)

Financial Statements  
As of and for the years ended

June 30, 2016 and 2015



## 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, 2016 and 2015, 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 generally accepted accounting principles. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

We conducted our audits in accordance with the standards of the PCAOB. Our audits included the examination of the accounting records and other supporting documents, and the performance of other auditing procedures. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements, when taken as a whole, present fairly the financial position, results of operations, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

October 7, 2016

PKF O'CONNOR DAVIES, LLP

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Ramapo College Foundation

Statements of Financial Position

|   | June 30,             |                      |
|---|----------------------|----------------------|
|   | <u>2016</u>          | <u>2015</u>          |
| <b>Assets</b>                                 |                      |                      |
| Cash and cash equivalents                     | \$ 3,117,565         | \$ 2,235,823         |
| Grants receivable                             | 401,860              | 464,777              |
| Accounts receivable                           | 205,183              | 126,896              |
| Unconditional promises to give, net (Note 3)  | 3,437,799            | 5,695,219            |
| Investments (Note 4)                          | 16,499,353           | 16,096,140           |
| Prepaid expenses                              | 17,908               | 30,583               |
|   | <u>\$ 23,679,668</u> | <u>\$ 24,649,438</u> |
| <b>Liabilities and Net Assets</b>             |                      |                      |
| <b>Liabilities</b>                            |                      |                      |
| Accounts payable                              | \$ 36,905            | \$ 71,856            |
| Due to Ramapo College of New Jersey (Note 10) | 2,341,488            | 1,674,000            |
| Deferred income                               | 76,050               | 100,211              |
| Due to agency funds                           | 36,588               | 94,348               |
| Annuities payable                             | 254,686              | 238,555              |
|   | <u>2,745,717</u>     | <u>2,178,970</u>     |
| <b>Net Assets</b>                             |                      |                      |
| <b>Unrestricted</b>                           |                      |                      |
| Undesignated                                  | 900,026              | 783,614              |
| Board Designated                              | 804,164              | 774,874              |
|   | <u>1,704,190</u>     | <u>1,558,488</u>     |
| Total Unrestricted Net Assets                 | 1,704,190            | 1,558,488            |
| Temporarily restricted (Note 5)               | 6,958,770            | 8,286,892            |
| Permanently restricted (Note 6)               | 12,270,991           | 12,625,088           |
|   | <u>20,933,951</u>    | <u>22,470,468</u>    |
| Total Net Assets                              | <u>\$ 23,679,668</u> | <u>\$ 24,649,438</u> |

See notes to financial statements.

|                                      | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        |
|--------------------------------------|--------------|---------------------------|---------------------------|--------------|--------------|---------------------------|---------------------------|--------------|
| OPERATING SUPPORT AND REVENUE        |              |                           |                           |              |              |                           |                           |              |
| Donations                            | \$ 456,310   | \$ 820,609                | \$ 645,903                | \$ 1,922,822 | \$ 438,353   | \$ 919,966                | \$ 1,543,632              | \$ 2,901,951 |
| Contributed service revenue (Note 2) | 1,192,354    | -                         | -                         | 1,192,354    | 1,366,917    | -                         | -                         | 1,366,917    |
| Fundraising events, net (Note 7)     | 391,136      | -                         | -                         | 391,136      | 361,337      |                           |                           |              |

## Ramapo College Foundation

### Statements of Cash Flows

|  | Year Ended June 30, |              |
|--|---------------------|--------------|
|  | 2016                | 2015         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |              |
| Change in net assets   | \$ (1,536,517)      | \$ 216,390   |
| Adjustments to reconcile change in net assets to<br>net cash from operating activities |                     |              |
| Permanently restricted contributions   | (645,903)           | (1,543,632)  |
| Realized and unrealized loss on investments  | 282,117             | 75,914       |
| Allowance for doubtful accounts  | 1,000,000           | -            |
| Change in operating assets and liabilities   |                     |              |
| Grants receivable  | 62,917              | 794,741      |
| Accounts receivable  | (78,287)            | (74,530)     |
| Unconditional promises to give   | 1,257,420           | 240,020      |
| Prepaid expenses   | 12,675              | 22,810       |
| Accounts payable   | (34,951)            | 19,860       |
| Annuities payable  | 16,131              | 1,079        |
| Due to Ramapo College of New Jersey  | 667,488             | 16,433       |
| Deferred income  | (24,161)            | (6,375)      |
| Due to agency funds  | (57,760)            | 30,550       |
|  | 921,169             | (206,740)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |              |
| Sale of investments  | 741,654             | 1,749,226    |
| Purchase of investments  | (1,426,984)         | (2,029,453)  |
|  | (685,330)           | (280,227)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |              |
| Proceeds from permanently restricted contributions                                     | 645,903             | 1,543,632    |
|  | 881,742             | 1,056,665    |
| <b>CASH AND CASH EQUIVALENTS</b>   |                     |              |
| Beginning of year  | 2,235,823           | 1,179,158    |
| End of year  | \$ 3,117,565        | \$ 2,235,823 |

See notes to financial statements.

## Ramapo College Foundation

### Notes to Financial Statements June 30, 2016 and 2015

#### 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 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

#### ***Basis of Presentation and 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 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.

#### ***Net Asset 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 are classified as unrestricted.

#### ***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 are classified as temporarily unrestricted. 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, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

**Net Asset 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. Of the donation reported on the Statement of Activities, for the year ended June 30, 2016, 23% of the donations were provided by two donors and for the year ended June 30, 2015, 55% of the donations were provided by five donors.

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, 2016 and 2015, respectively.

Ramapo College Foundation

Notes to Financial Statements  
June 30, 2016 and 2015

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 and cash





Ramapo College Foundation

Notes to Financial Statements  
June 30, 2016 and 2015

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

Unconditional promises to give receivable at June 30, 2015 discounted to fair value are summarized as follows:

| <u>Scheduled Collection in<br/>Year Ended June 30</u> | <u>Future<br/>Value of<br/>Promise</u> | <u>Present<br/>Value<br/>Discount</u> | <u>Present<br/>Value of<br/>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>                        | <u>613,386</u>                          |
|   | <u>\$ 6,347,866</u>                    | <u>\$ 602,647</u>                     | 5,745,219                               |
| Less allowance for doubtful promises                  |  |                                       | <u>50,000</u>                           |
|   |  |                                       | <u>\$ 5,695,219</u>                     |

As of June 30, 2016 four individual donors (two of whom are reflected in the June 30, 2015

Ramapo College Foundation

Notes to Financial Statements  
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4. Investments *(continued)*

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

|                              | 2016             |                        |                  | 2015            |                        |                   |
|------------------------------|------------------|------------------------|------------------|-----------------|------------------------|-------------------|
|                              | Unrestricted     | Temporarily Restricted | Total            | Unrestricted    | Temporarily Restricted | Total             |
| Interest and dividends       | \$ 78,622        | \$ 254,520             | \$ 333,142       | \$ 8,256        | \$ 287,230             | \$ 295,486        |
| Realized and unrealized loss | (66,580)         | (215,537)              | (282,117)        | (2,121)         | (73,793)               | (75,914)          |
|                              | <u>\$ 12,042</u> | <u>\$ 38,983</u>       | <u>\$ 51,025</u> | <u>\$ 6,135</u> | <u>\$ 213,437</u>      | <u>\$ 219,572</u> |

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

|  | 2016                | 2015                |
|--|---------------------|---------------------|
| Restricted as to purpose:                    |                     |                     |
| Scholarships/academic enrichment             | \$ 5,193,914        | \$ 5,361,157        |
| Capital Projects                             | 1,440,640           | 2,542,707           |
| Environmental and science education outreach | 324,216             | 383,028             |
|  | <u>\$ 6,958,770</u> | <u>\$ 8,286,892</u> |

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

|   | 2016                | 2015                |
|---|---------------------|---------------------|
| Capital and support payments to the College | \$ 1,166,777        | \$ 1,559,019        |
| Restricted grants                           | 1,337,684           | 1,366,104           |
| Scholarships                                | 571,543             | 570,352             |
| Other                                       | 422,001             | 151,760             |
|   | <u>\$ 3,498,006</u> | <u>\$ 3,647,235</u> |

Total support payments to the College also included unrestricted funds in the amount of \$287,000. Total scholarships and awards available were approximately \$820,000 and \$775,000 at June 30, 2016 and 2015, respectively.

Ramapo College Foundation

Notes to Financial Statements  
June 30, 2016 and 2015

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>2016</u>          | <u>2015</u>          |
|-------------------------------|----------------------|----------------------|
| Academics/student development | \$ 3,622,785         | \$ 3,640,874         |
| Scholarships                  | <u>8,648,206</u>     | <u>8,984,214</u>     |
|                               | <u>\$ 12,270,991</u> | <u>\$ 12,625,088</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>2016</u>       | <u>2015</u>       |
|-----------------------------|-------------------|-------------------|
| Fundraising revenue         | \$ 658,084        | \$ 674,864        |
| Direct fundraising expenses | <u>266,948</u>    | <u>313,527</u>    |
| Fundraising revenue, net    | <u>\$ 391,136</u> | <u>\$ 361,337</u> |

8. Functional Expenses

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Ramapo College Foundation

Notes to Financial Statements  
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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

Ramapo College Foundation

Notes to Financial Statements  
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9. Endowment Funds *(continued)*

|   | 2015                             |                           |                           |                      |
|---|----------------------------------|---------------------------|---------------------------|----------------------|
|   | Board Designated<br>Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total                |
| Balance, July 1, 2014                                 | \$ 805,822                       | \$ 5,077,158              | \$ 9,562,767              | \$ 15,445,747        |
| Contributions, pledge collections<br>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> |

10. Transactions with College