

Ramapo College Foundation

(A Component Unit of Ramapo College of New Jersey)

Financial Statements
Years Ended

June 30, 2017 and 2016



Independent Auditors' Report

Board of Governors 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, 2017 and 2016, 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 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

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Ramapo College Foundation

Statements of Financial Position

	2017	2016
Assets		
Cash and cash equivalents	\$ 2,036,144	\$ 3,117,565
Grants receivable	322,363	401,860
Accounts receivable	107,665	205,183
Unconditional promises to give, net (Note 3)	4,386,979	3,437,799
Investments (Note 4)	18,534,429	16,499,353
Prepaid expenses	23,987	17,908
	\$ 25,411,567	\$ 23,679,668
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 69,503	\$ 36,905

Ramapo College Foundation

Statements of Activities

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING SUPPORT AND REVENUE								
Donations	\$ 366,763	\$ 4,832,322	\$ 182,954	\$ 5,382,039	\$ 456,310	\$ 820,609	\$ 645,903	\$ 1,922,822
Contributed service revenue (Note 2)	1,499,620	-	-	1,499,620	1,192,354	-	-	1,192,354
Fundraising events, net (Note 8)	268,297	-	-	268,297	391,136	-	-	391,136
Grants	-	1,096,378	-	1,096,378	-	1,266,451	-	1,266,451
Program service	-	184,811	-	184,811	-	43,841	-	43,841
Other	207,209	-	-	207,209	272,629	-	-	272,629
Investment income (Note 4)	169,217	1,748,935	-	1,918,152	12,042	38,983	-	51,025
Allowance for doubtful promises (Note 3)	(1,273,000)	(727,000)	-	(2,000,000)	-	-	(1,000,000)	(1,000,000)
Net assets released from restrictions (Note 6)	3,512,368	(3,512,368)	-	-	3,498,006	(3,498,006)	-	-
Total Support and Revenue	4,750,474	3,623,078	182,954	8,556,506	5,822,477	(1,328,122)	(354,097)	4,140,258
EXPENSES								
Payment to College towards salaries	250,000	-	-	250,000	238,203	-	-	238,203
Contributed service expense (Note 2)	1,499,620	-	-	1,499,620	1,192,354	-	-	1,192,354
Capital and support payments to College (Note 6)	1,605,394	-	-	1,605,394	1,454,277	-	-	1,454,277
Foundation operations	209,253	-	-	209,253	186,540	-	-	186,540
Events, programs and fundraising	568,859	-	-	568,859	391,964	-	-	391,964
Scholarships and awards	645,296	-	-	645,296	603,808	-	-	603,808
Planned giving and capital campai								

See notes to financial statements

Ramapo College Foundation

Statements of Cash Flows

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,487,600	\$ (1,536,517)
Adjustments to reconcile change in net assets to net cash from operating activities		
Permanently restricted contributions	(182,954)	(645,903)
Realized and unrealized (gain)loss on investments	(1,558,472)	282,117
Allowance for doubtful accounts	2,000,000	1,000,000
Change in operating assets and liabilities		
Grants receivable	79,497	62,917
Accounts receivable	97,518	(78,287)
Unconditional promises to give	(2,949,180)	1,257,420
Prepaid expenses	(6,079)	12,675
Accounts payable	32,598	(34,951)
Annuities payable	(24,456)	16,131
Due to Ramapo College of New Jersey	(764,741)	667,488
Deferred income	22,940	(24,161)
Due to agency funds	(22,042)	(57,760)
Net Cash from Operating Activities	(787,771)	921,169
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	2,259,463	741,654
Purchase of investments	(2,736,067)	(1,426,984)
Net Cash from Investing Activities	(476,604)	(685,330)

See notes to financial statements

Ramapo College Foundation

Notes to Financial Statements
June 30, 2017 and 2016

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 re.2(ts an)4.7(d g)4.7(i)d u u 0(5in)-c.4(ke p

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Notes to Financial Statements

June 30, 2017 and 2016

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 equivalents approximate fair value because of their short-term maturities.

Allowance for Uncollectible Promises to Give

The allowance for doubtful promises is based on management's evaluation of current facts and circumstances concerning collectability 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. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable and are used to the extent that observable inputs do not exist.

The fair value by level of the Foundation's investments are included in Note 4 to the financial statements.

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

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Notes to Financial Statements
June 30, 2017 and 2016

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

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Notes to Financial Statements
June 30, 2017 and 2016

3. Unconditional Promises to Give Receivable (continued)

Unconditional promises to give receivable at June 30, 2016 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
2017	\$ 2,707,399	\$ -	\$ 2,707,399
2018	1,162,592	55,362	1,107,230
2019	123,284	11,462	111,822
2020	93,931	12,790	81,141
2021	27,980	4,961	23,019
Thereafter	<u>740,666</u>	<u>283,478</u>	<u>457,188</u>
	<u>\$ 4,855,852</u>	<u>\$ 368,053</u>	4,487,799
			Less allowance for doubtful promises <u>1,050,000</u>
			<u>\$ 3,437,799</u>

As of June 30, 2017 three individual donors represented approximately 41% of unconditional promises to give, net. As of June 30, 2016 four individual donors represented approximately 52% of unconditional promises to give, net.

4. Investments

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

	<u>2017</u>	<u>2016</u>
	Fair Value	Fair Value
Level 1 (Quoted prices in active markets)		
Money market funds	\$ 42,499	\$ 23,442
Marketable equity mutual funds	13,408,953	11,109,643
Marketable bond mutual funds	<u>5,082,977</u>	<u>5,366,267</u>
	<u>18,534,429</u>	<u>16,499,353</u>

Ramapo College Foundation

Notes to Financial Statements
June 30, 2017 and 2016

4. Investments (*continued*)

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

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Notes to Financial Statements
June 30, 2017 and 2016

6. Temporarily Restricted Net Assets (continued)

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

	<u>2017</u>	<u>2016</u>
Capital and support payments to the College	\$ 1,303,394	\$ 1,166,777
Restricted grants	1,044,187	1,337,684
Scholarships	628,577	571,543
Other	536,210	422,002
	<u>\$ 3,512,368</u>	<u>\$ 3,498,006</u>

Total support payments to the College also included unrestricted funds in the amount of \$658,629. Total scholarships and awards available were approximately \$735,000 and \$820,000 at June 30, 2017 and 2016, respectively.

7. 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>2017</u>	<u>2016</u>
Academics/student development	\$ 3,622,978	\$ 3,622,785
Scholarships	8,830,967	8,648,206
	<u>\$ 12,453,945</u>	<u>\$ 12,270,991</u>

8. 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>2017</u>	<u>2016</u>
Fundraising revenue	\$ 483,839	\$ 658,084
Direct fundraising expenses	215,542	266,948
	<u>\$ 268,297</u>	<u>\$ 391,136</u>

Ramapo College Foundation

Notes to Financial Statements
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9. Functional Expenses

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

	2017	2016
Programs	\$ 4,428,274	\$ 4,153,502
General & Administration	597,584	494,299
Fundraising	1,043,048	1,028,974
	6,068,906	

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Notes to Financial Statements
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10. Endowment Funds (continued)

	2016			Total
	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	
Balance, July 1, 2015	\$ 774,875	\$ 4,878,387	\$ 10,464,908	\$ 16,118,170
Contributions, pledge collections and designations	50,446	2,175	915,559	968,180
Appropriated for expenditure	(32,265)	(702,587)	-	(734,852)
Net investment gain	11,124	48,327	-	59,451
Balance, June 30, 2016	<u>\$ 804,180</u>	<u>\$ 4,226,302</u>	<u>\$ 11,380,467</u>	\$ 16,410,949
Comprised of the following:				
Donor restricted funds	\$ -	\$ 4,226,302	\$ 11,380,467	\$ 15,606,769
Board designated funds	804,180	-	-	804,180
	\$ 804,180	\$ 4,226,302	\$ 11,380,467	\$ 16,410,949