

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 accounting principles generally accepted in the United States of America.

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 auditing standards generally accepted in the United States of America. Our audits included the examination on test basis of evidence supporting the amounts and disclosures in the financial statements, the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, and the performance of such other auditing procedures as we considered necessary in the circumstances. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion, the financial statements present fairly, in all material aspects, the financial position, results of activities, 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>
Assets		
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>
Liabilities and Net Assets		
Liabilities		
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>
Net Assets		
Unrestricted		
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 Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently 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
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,536,517)	\$ 216,390
Adjustments to reconcile change in net assets to 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)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	741,654	1,749,226
Purchase of investments	(1,426,984)	(2,029,453)
	(685,330)	(280,227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from permanently restricted contributions	645,903	1,543,632
	881,742	1,056,665
CASH AND CASH EQUIVALENTS		
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 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>	<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
June 30, 2016 and 2015

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

\$

Ramapo College Foundation

Notes to Financial Statements
June 30, 2016 and 2015

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
June 30, 2016 and 2015

9. Endowment Funds *(continued)*

	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>

10. Transactions with College