

Ramapo College Foundation

Independent Auditors' Report on Communication of
Internal Control Related Matters Identified in the Audit

June 30, 2012

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Ramapo College Foundation

Addendum A

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Management's Response

The Foundation has already implemented a monthly process to update the pledge receivable rollforward, verify that all pledge payments are coded against the outstanding receivable, and the revenue is not overstated on a monthly basis.

Allowance for Doubtful Accounts

Observation

Currently the Foundation reviews the pledge receivables on a periodic basis to determine the appropriateness of the allowance for doubtful accounts. This process has been reasonable for the nature and timing of the pledge receivables the Foundation has recorded on its books. The Foundation, in the June 30, 2012 fiscal year, announced a capital campaign to the general public which is expected to increase the number of donors making capital pledges. This is also expected to increase payment terms over several years, and these donors may not all have a history of giving with the College and Foundation. This capital campaign will place an added burden on the Foundation to track the number of donors and monitor the collectability of the pledges. Due to the nature of this capital campaign the allowance for doubtful accounts should be evaluated and tracked on a different basis than other pledge receivable.

Recommendation

We recommend that management develop a process to estimate and track the collectability of the future capital campaign pledge receivables.

Management's Response

Management agrees that a more formal process is needed to address collectability issues and will work on a process which will consist of specific identification, as well as a review of the lower dollar pledges and determine the adequacy of the reserve as new pledges are received.