

Ramapo College Foundation Management's Discussion and Analysis June 30, 2023

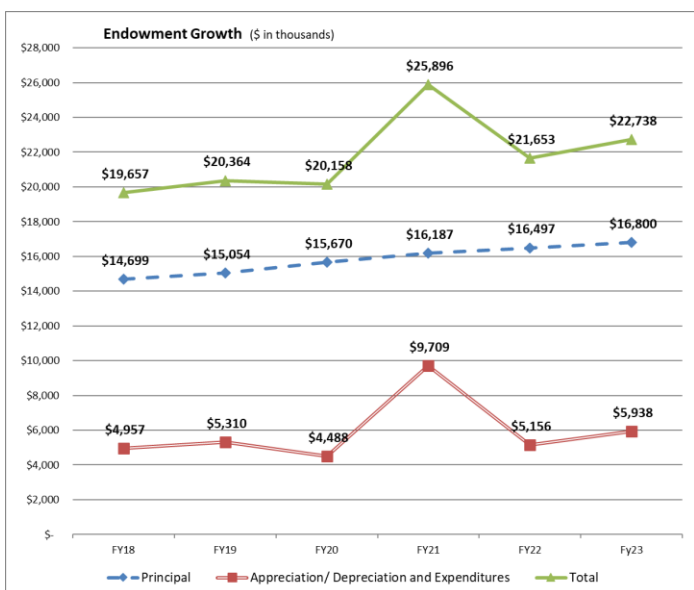
Foundation Overview

The mission of Ramapo College Foundation (the Foundation) “is to provide resources that make a difference in Ramapo College of New Jersey’s quest for educational excellence.” The Foundation, established in 1971 as a nonprofit corporation, is a 501(c) (3) charitable institution. Its purposes include providing funds to Ramapo College of New Jersey (the College) for student scholarships, educational programs, faculty development and research, community programs, construction projects, capital needs, and other College activities. The Foundation meets these goals through fundraising efforts, solicitation of annual fund donations, and securing capital and other restricted gifts, as well as grant contracts. The Foundation is a component unit of the College and operates within the College’s Strategic Enrollment, Outreach and Engagement Core and the Office of Development.

As an entity that follows accounting standards of the Financial Accounting Standards Board (FASB), the Foundation is not required to accompany its basic financial statements with a Management’s Discussion and Analysis (MD&A). However, Foundation management believes that some discussion and analysis provide useful information and context to help the users of the Foundation’s financial statements. Accordingly, it has prepared the following MD&A to accompany the Foundation’s financial statements and provide an overview of the financial activities for its fiscal year ended June 30, 2023, with comparative information for the prior two periods. This presentation includes highly summarized information and should be read in conjunction with the Foundation’s audited financial statements and footnotes.

Foundation Highlights

The Foundation financial position continues to be strong and experienced some recovery from the market declines of the prior year. As a result, the endowment balance increased \$1.1 million to \$22.7 million. The endowment corpus increased by over \$300,000. In Fiscal 2023, the rate of return on endowment investments was 8.7%. The Foundation also set aside \$1.1 million of endowed funds for scholarship and program support to the College.



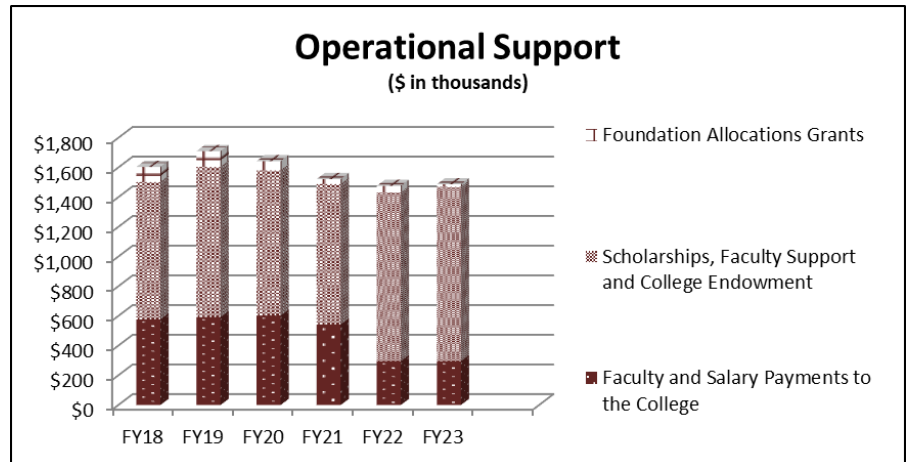
Over the last five years, there has been a 14% growth in principle and 16% growth in total value. The endowment spend rate was 5%. This remains above the national average of 4.9% for institutions with endowment pools of the same value (according to National Association of College and University Business Officers Fiscal 2023 statistics).

In Fiscal 2023, the Foundation awarded 575 student scholarships valued at approximately \$827,000, an increase of 3%. In 2022, there were approximately 550 scholarships awarded

amounting to \$800,000. This includes funding from the endowments as well as annual support from donors. The number of scholarships and the amounts awarded over the past 2 years are consistent with pre pandemic levels of activity.

Fiscal 2023 operational support provided to the College remained at \$1.5 million, the same as the prior year. In addition to providing scholarships, these funds are used to support faculty salaries, programs and various faculty grant allocations.

Capital support to the College in Fiscal Years 2023 and 2022 was \$368,000 and \$572,000 respectively. The decrease in capital support is a result of the completion of the Learning Commons Building and associated capital campaign. In Fiscal 2023, most pledges have been fulfilled and, as a result, there are less payments to be made. Total support to the College in Fiscal 2023 for capital and operations exceeded \$1.8 million.



Statements of Activities

The Statements of Activities report the Foundation’s income and expenses for a specific period of time, with focus on the annual revenue raised and the expenses incurred. As a result, this Statement also shows the Foundation’s changes to net assets. The Foundation’s net assets are equivalent to the net worth of the organization and are one way to measure the Foundation’s financial health. Trends are important to monitor, but in any given year a significant change in net assets may result from a unique event such as receipt of a significant gift or disbursement of a large capital payment to the College. Consideration should also be given to net asset trends and to non-

Condensed Statements of Activities (in thousands)	For the Year Ended June 30		
	2023	2022	2021
Operating Support Revenue			
Donations	\$ 1,478	\$ 1,125	\$ 1,576
Contributed service revenue	1,891	1,746	1,332
Fund raising events, net	270	232	208
Grants	1,520	1,485	1,447
Special events/Membership/Program Services/Other	174	149	233
Investment Income	1,957	(3,576)	6,259
Total Support and Revenue	7,290	1,161	11,055
Expenses			
Capital, salary and support payments to College	853	1,046	1,874
Contributed service expense	1,891	1,746	1,332
Foundation operations	175	137	129
Events & programs/Fundraising/Planned giving & capital campaign	478	186	243
Scholarships and awards/College grants awarded	1,002	1,001	813
Expenses for restricted grants	1,464	1,674	1,494
Total Expenses	5,863	5,790	5,885
Change in Net Assets	1,427	(4,629)	5,170
Net Assets			
Beginning of year	25,281	29,910	24,740
End of year	\$ 26,708	\$ 25,281	\$ 29,910

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financial factors that can reflect on the overall health of the Foundation and the College.

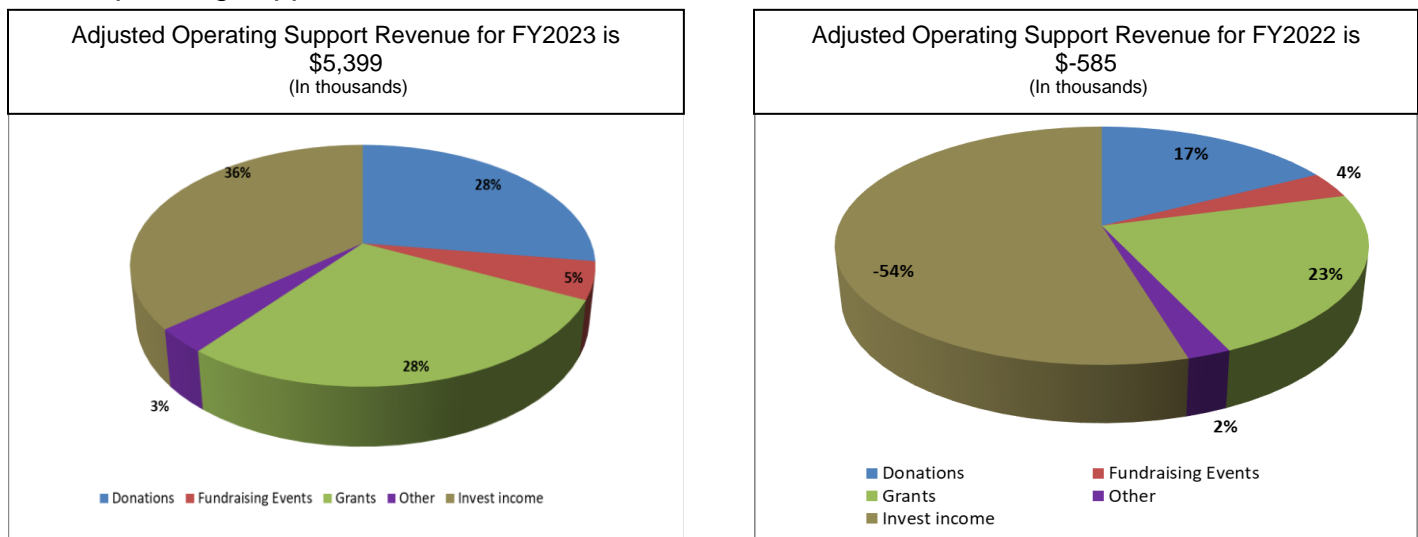
In Fiscal Year 2023, the net assets of the Foundation increased by \$1.4 million or 5%. This increase was a result of investment gains and increased restricted contributions. In Fiscal Year 2022, the net assets of the Foundation decreased by \$4.6 million or 15%. This decrease was due primarily to investment losses of \$3.6 million.

Total support and revenue for Fiscal Year 2023 was \$7.3 million, as compared to \$1.2 million in Fiscal Year 2022. The increase in the current year is a result primarily of the difference between the investment loss in 2022 of -\$3.6 million and the investment gain of \$2.0 million in Fiscal 2023. Also, there was a \$413,000 increase in restricted gifts, grants and other contributions.

Total Expenses for Fiscal Year 2023 were \$5.9 million and remain relatively flat when compared to total expenses in Fiscal 2022 of \$5.8 million. Program expenses increased by \$292,000 or 156% representing donations to the Investigative Genetic Genealogy Center remitted to the college for center startup and operating costs. Support to the College is lower as a result of lower Learning Commons pledge payments as noted above.

In Fiscal Years 2023 and 2022, the Foundation recorded donated service revenue and expense, relating to the affiliate support it receives from the College, of \$1.9 and \$1.7 million for each year. These amounts show a gross up in the Statement of Activities with no cumulative effect on the change in net assets or total assets. The Foundation has recognized in-kind revenue and a corresponding expense for this contribution associated with personnel who are paid directly by the College and are not subject to reimbursement by the Foundation. The increase vs the prior year of \$200,000 is attributed to salary and fringe for the director of the Gross Center for Holocaust and Genocide Studies. Under the director’s contract, salary and benefits will be paid by the college for a minimum of 3 years. After that time, the salary and benefits would be incurred by the Gross Center, consistent with past practice.

The Foundation receives support and revenue from a variety of sources. These sources include donations, fundraising, grants, special events, bequests and other planned giving instruments, pledges, investment income and gifts-in-kind. Excluding the contributed service, a breakdown of the operating support revenue sources is below:



The Foundation’s revenue, when removing the impact of the contributed service revenue and investment income, was up 15% in Fiscal 2023 when compared to Fiscal 2022 and down 14%

in Fiscal 2022 as compared to Fiscal 2021. The increase in the current year is attributed to higher restricted donations. It is important to note that all revenue categories showed increases in Fiscal 2023 vs 2022.

Statement of Financial Position

The Statement of Financial Position reports information on the Foundation at a single point in time. The comparison to the prior years will show changes in the assets and liabilities from one point in time versus another. Trends should be reviewed over a number of years to see the impact on the net assets and the composition of the net assets year-over-year.

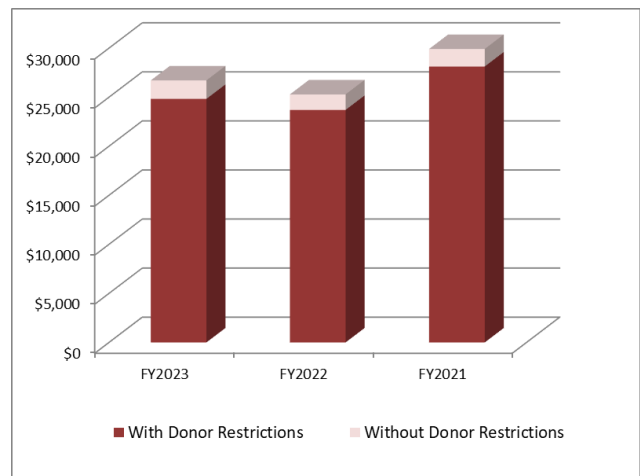
Condensed Statement of Financial Position			
(in thousands)			
	At June 30,		
	2023	2022	2021
Assets			
Cash and cash equivalents	\$ 768	\$ 372	\$ 911
Grants receivable/AR/ Prepaid expense	384	638	377
Unconditional promises to give, net	945	1,334	1,654
Investments	<u>25,092</u>	<u>23,378</u>	<u>27,509</u>
	<u>\$ 27,189</u>	<u>\$25,722</u>	<u>\$30,451</u>
Liabilities and Net Assets			
Liabilities			
AP/Due Ramapo College/Due to agency funds	285	244	360
Deferred income	28	22	3
Annuities payable	<u>169</u>	<u>175</u>	<u>178</u>
Total Liabilities	482	441	541
Net Assets			
Total Net Assets	<u>26,707</u>	<u>25,281</u>	<u>29,910</u>
	<u>\$ 27,189</u>	<u>\$25,722</u>	<u>\$30,451</u>

In Fiscal Year 2023, assets increased by \$1.5 million and liabilities increased by \$41,000. The change in assets was driven largely by market gains on endowed investments and higher donations. The increase in liabilities was due to higher accrued invoices payable at the end of the year. In Fiscal Year 2022, assets decreased by \$4.7 million and liabilities decreased by \$100,000. The change in assets was driven largely by the market loss on endowed investments. The decrease in liabilities was

due to higher accrued invoices payable at the end of the prior year (2021).

The Statement of Financial Position shows the residual interest in the Foundation’s assets after liabilities. These net assets are divided into two categories: With Donor Restrictions and Without Donor Restrictions as shown in the graph to the right as of June 30th.

In Fiscal 2023, total net assets of the Foundation increased by \$1.4 million which is attributed to market gains on endowed investments and increased donations. In Fiscal Year 2022, total net assets of the Foundation decreased by \$4.6 million as a result of market losses on the investment portfolio as discussed earlier.



Statement of Cash Flows

Another way to view financial health is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about cash receipts and cash payments of an entity during an accounting period. The financial data below is for the fiscal years ended June 30, 2023, 2022 and 2021. The Statement of Cash Flows helps users assess an entity's ability to generate cash and its ability to meet its obligations. It should be noted that there often is a timing difference between when cash is received by an organization and released. Therefore, several years should be reviewed to determine the pattern of cash flows.

The variance in cash is mainly attributable to the timing of payments to the College for support and capital and the release of funds for various restricted projects.

Comparison of Cash Flows	Year ending June 30,		
	2023	2022	2021
(in thousands)			
Net cash (used in) provided by			
Operating activities	\$ 463	\$ (649)	\$ (439)
Investing activities	(349)	(164)	423
Permanently restricted contributions	282	274	490
Net increase (decrease) in cash and cash equivalents	396	(539)	474
Cash and cash equivalents beginning of year	372	911	437
Cash and Cash Equivalents, end of year	\$ 768	\$ 372	\$ 911

Future Outlook

The Foundation employs what it believes to be sound fiscal management which contributes to the stability in its financial health. Continued emphasis will be placed on grant and scholarship growth, and planned giving legacy programs, securing significant capital and programmatic support to renovate facilities and launch new programs, and increasing annual fund participation levels. This will be achieved in part through alignment with the College's Priority Needs Proposals which are designed to build on institutional strengths, attract private resources and increase the reputation and visibility of the College. These are specific, targeted initiatives endorsed by the President and Senior Team to prioritize fundraising efforts. In addition, the College completed the writing of its new strategic plan for 2023-2029 titled Boldly Ascending. Once formally approved, the Foundation will complete a strategic plan to align with the College goals and objectives.