

**ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

THE ALUMNI ASSOCIATION OF BROOKDALE COMMUNITY COLLEGE

Financial Statements

June 30, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Alumni Association of Brookdale Community College
Lincroft, New Jersey

Report on Financial Statements

We have audited the accompanying financial statements of the Alumni Association of Brookdale Community College (the "Association"), which comprise the statements of financial position as of June 30, 2018 and 2017, the related statements of activities and changes in net assets, 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 the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2018 and 2017, and the respective changes in net assets and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

O'Connor and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

November 30, 2018

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Financial Position
As of June 30, 2018 and 2017

Assets	2018	2017
Cash and equivalents	\$ 74,489	79,922
Investments, at fair value (note 2)	146,124	138,926
Total assets	\$ 220,613	218,848
 Liabilities and Net Assets 		
Liabilities:		
Due to Brookdale Community College	\$ 2,195	2,217
Total liabilities	2,195	2,217
Net assets:		
Unrestricted	92,924	96,643
Temporarily restricted	125,494	119,988
Total net assets	218,418	216,631
Total liabilities and net assets	\$ 220,613	218,848

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**
Statements of Activities and Changes in Net Assets
As of June 30, 2018 and 2017

	2018			2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support:						
Contributions	\$ 43,071	-	43,071	42,024	-	42,024
Alumni sponsored events	19,710	1,228	20,938	23,405	3,432	26,837
Incentive revenue	2,025	-	2,025	4,550	-	4,550
Interest and dividends	93	2,558	2,651	93	1,858	1,951
Unrealized gains on investments	2,920	1,720	4,640	5,094	3,229	8,323
Membership dues	1,884	-	1,884	1,812	-	1,812
Net assets released from restrictions for scholarships	-	-	-	2,000	(2,000)	-
Total revenues, gains and other support	<u>69,703</u>	<u>5,506</u>	<u>75,209</u>	<u>78,978</u>	<u>6,519</u>	<u>85,497</u>
Expenses:						
Program:						
Salaries and benefits	18,293	-	18,293	17,865	-	17,865
Alumni sponsored events	16,107	-	16,107	21,720	-	21,720
Scholarships	6,925	-	6,925	4,275	-	4,275
Management and general	32,097	-	32,097	29,297	-	29,297
Total expenses	<u>73,422</u>	<u>-</u>	<u>73,422</u>	<u>73,157</u>	<u>-</u>	<u>73,157</u>
Change in net assets	(3,719)	5,506	1,787	5,821	6,519	12,340
Net assets as of beginning of year	<u>96,643</u>	<u>119,988</u>	<u>216,631</u>	<u>90,822</u>	<u>113,469</u>	<u>204,291</u>
Net assets as of end of year	<u>\$ 92,924</u>	<u>125,494</u>	<u>218,418</u>	<u>96,643</u>	<u>119,988</u>	<u>216,631</u>

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Cash Flows
As of June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 1,787	12,340
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Unrealized gain on investments	(4,640)	(8,323)
Change in liabilities:		
Due to Brookdale Community College	(22)	3,525
Net cash provided by (applied to) operating activities	(2,875)	7,542
Cash flows from investing activities:		
Purchases of investments	(2,558)	(3,292)
Net increase (decrease) in cash and equivalents	(5,433)	4,250
Cash and equivalents as of beginning of year	79,922	75,672
Cash and equivalents as of end of year	\$ 74,489	79,922
Supplemental disclosure of cash flow information:		
In-kind support	\$ 43,071	42,024

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**
Notes to Financial Statements
For the fiscal years ended June 30, 2018 and 2017

(1) Organization and Summary of Significant Accounting Policies

Organization

The Alumni Association of Brookdale Community College (the “Association”) was founded in 1973. The Association is a not-for-profit organization governed by a Board of Directors comprised of graduates and attendees of Brookdale Community College (the “College”). The Association provides scholarships to students and alumni of the College and sponsors special events that benefit certain College programs and activities.

Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting, focus on the Association as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Unrestricted net assets - net assets not subject to any donor-imposed stipulations.
- Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met by actions of the Association and/or by the passage of time.
- Permanently restricted net assets – net assets subject to donor-imposed stipulations that must be maintained permanently. The Association currently has no permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets is reported as net assets released from restrictions. Temporarily restricted contributions, the requirements of which are met in the year of donation, are reported as unrestricted.

Contributions

Contributions are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution.

Alumni sponsored events

The Association recognizes event revenue for a particular event once that event has taken place.

Temporarily restricted net assets

Temporarily restricted net assets consist of contributions to be used for scholarships to students and alumni of the College.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**
Notes to Financial Statements
For the fiscal years ended June 30, 2018 and 2017

(1) Organization and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

Cash and equivalents

Cash equivalents are considered to be highly liquid investment instruments with original maturities of less than three months, including restricted cash meeting these terms. As of June 30, 2018 and 2017, restricted cash was \$11,779 and \$10,551, respectively, and was restricted for use for certain scholarships to student and alumni of the College.

Investments

The Association has an investment policy which establishes guidelines for permissible investments, which include equities, mutual funds and fixed income funds. Investments in marketable securities are reported at fair value in the accompanying statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets. Fair values for equities, mutual funds, and bonds are based on quoted market prices.

Investment risk

The Association invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the statements of financial position.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Functional expenses

Directly identifiable expenses are charged to program and support services. Expenses related to more than one function are allocated between program and support services based on management's estimate. Support services include those expenses that provide for the overall support and direction of the Association.

Income taxes

The Internal Revenue Service has classified the Association as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"). The Association is also eligible to receive a charitable contribution deduction under Section 170(b)(1)(A) of the Code, and is classified as an organization other than a private foundation under Section 509(a)(2) of the Code. As a not-for-profit entity exempt from income taxes, the Association may, however, be subject to tax on unrelated business income.

**THE ALUMNI ASSOCIATION OF
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Notes to Financial Statements
For the fiscal years ended June 30, 2018 and 2017

(1) Organization and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

Income taxes (Continued)

U.S. GAAP requires management to evaluate tax positions taken, and recognize a tax liability if the Association has taken an uncertain tax position that, more likely than not, would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Association and has concluded that as of June 30, 2018 and 2017, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Association recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of management and general expenses. There were no income tax related interest and penalties recorded for the years ended June 30, 2018 and 2017.

Reclassification

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation.

(2) Fair Value Measurements

FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants.

In determining fair value, the Association uses various valuation approaches, including market, income and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the topic are described below:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations with inputs that are observable or with significant value drivers that are observable.

Level 3 – Significant inputs to the valuation model are unobservable.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used as of June 30, 2018 and 2017.

Marketable Securities – Valued at the quoted market price at year-end.

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(2) Fair Value Measurements (Continued)

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The following table sets forth, by level, the Association's investments at fair value, within the fair value hierarchy, as of June 30, 2018 and 2017:

<u>Level 1</u>	<u>2018</u>	<u>2017</u>
Marketable securities:		
Money market funds	\$ 15,838	16,340
U.S. equities	22,983	19,923
International equities	7,095	6,130
Bonds:		
Corporate	54,697	55,022
Mutual funds:		
Large cap equity	32,409	29,488
Other	<u>13,102</u>	<u>12,023</u>
	<u>\$ 146,124</u>	<u>138,926</u>

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended June 30, 2018 and 2017, there were no transfers into or out of Levels 1, 2 or 3.

(3) Related Party Transactions

The Association utilizes management services provided by the College. In-kind support of \$43,071 and \$42,024 has been recorded as unrestricted contributions and management and general expense in the accompanying financial statements for the years ended June 30, 2018 and 2017, respectively. Amounts due to the College from the Association were \$2,195 and \$2,217 as of June 30, 2018 and 2017, respectively.

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(4) Subsequent Events

Management has evaluated subsequent events through November 30, 2018, the date for which the financial statements were available for issuance. Management accepted the financial statements and did not identify any events subsequent to June 30, 2018 requiring disclosure in these financial statements.