

**ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

FINANCIAL STATEMENTS

JUNE 30, 2019

THE ALUMNI ASSOCIATION OF BROOKDALE COMMUNITY COLLEGE

Financial Statements

June 30, 2019 and 2018

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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, 2019 and 2018, the related statements of activities and changes in net assets, functional expenses, 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 auditors consider 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Association adopted Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our Opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "O'Connor + Drew, P.C.".

**Certified Public Accountants
Braintree, Massachusetts**

December 9, 2019

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Financial Position
As of June 30,

Assets	2019	2018
Cash and equivalents	\$ 72,373	74,489
Investments, at fair value (note 2)	<u>150,445</u>	<u>146,124</u>
Total Assets	\$ <u>222,818</u>	<u>220,613</u>
Liabilities and Net Assets		
Liabilities:		
Due to Brookdale Community College	\$ <u>2,212</u>	<u>2,195</u>
Total Liabilities	<u>2,212</u>	<u>2,195</u>
Net assets:		
Without restrictions	<u>90,102</u>	92,924
With donor restrictions	<u>130,504</u>	<u>125,494</u>
Total Net Assets	<u>220,606</u>	<u>218,418</u>
Total Liabilities and Net assets	\$ <u>222,818</u>	<u>220,613</u>

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**
Statements of Activities and Changes in Net Assets
For the Years Ended June 30,

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues:						
Contributions	\$ 830	-	830	216	-	216
Contributed services	42,791	-	42,791	42,855	-	42,855
Alumni sponsored events	7,806	2,989	10,795	19,710	1,228	20,938
Incentive revenue	-	-	-	2,025	-	2,025
Membership dues	454	-	454	1,884	-	1,884
Net assets released from restrictions for scholarships	4,000	(4,000)	-	-	-	-
Total Operating Revenues:	55,881	(1,011)	54,870	66,690	1,228	67,918
Expenses:						
Program	22,492	-	22,492	25,218	-	25,218
Fundraising	9,913	-	9,913	16,107	-	16,107
Management and general	28,691	-	28,691	32,097	-	32,097
Total Expenses	61,096	-	61,096	73,422	-	73,422
Change in net assets	(5,215)	(1,011)	(6,226)	(6,732)	1,228	(5,504)
Non-Operating Activities:						
Investments, net	2,393	6,021	8,414	3,013	4,278	7,291
Changes in Net Assets from Operating Revenues	(2,822)	5,010	2,188	(3,719)	5,506	1,787
Net Assets, Beginning of Year	92,924	125,494	218,418	96,643	119,988	216,631
Net Assets, End of Year	\$ 90,102	130,504	220,606	92,924	125,494	218,418

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Functional Expenses
For the Years Ended June 30,

	2019			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 18,733	28,691	-	47,424
Alumni sponsored events	-	-	9,913	9,913
Scholarships	3,759	-	-	3,759
Total Expenses	\$ 22,492	28,691	9,913	61,096
	2018			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 18,293	32,097	-	50,390
Alumni sponsored events	-	-	16,107	16,107
Scholarships	6,925	-	-	6,925
Total Expenses	\$ 25,218	32,097	16,107	73,422

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Cash Flows
For the Years Ended June 30,

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 2,188	1,787
Adjustments to reconcile change in net assets to net cash applied to operating activities:		
Unrealized gain on investments	(5,205)	(4,640)
Change in liabilities:		
Due From (Due to) Brookdale Community College	17	(22)
Net cash applied to operating activities	(3,000)	(2,875)
Cash flows from investing activities:		
Proceeds from sale of investments	4,000	-
Purchases of investments	(3,116)	(2,558)
Net cash flows from investing activities	884	(2,558)
Net decrease in cash and equivalents	(2,116)	(5,433)
Cash and equivalents as of beginning of year	74,489	79,922
Cash and equivalents as of end of year	\$ 72,373	74,489
Supplemental disclosure of cash flow information:		
In-kind support	\$ 42,791	42,855

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements
June 30, 2019 and 2018

(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, in accordance with generally accepted accounting principles in the United States of America which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the objectives of the Association. These net assets may be used at the discretion of the Association's management and board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without restrictions in the statement of activities. Restricted contributions in which the restrictions are met in the same year are reported as without donor restrictions revenue.

Measure of operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consists of those items attributable to the Association's ongoing purpose and the return earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Alumni sponsored events

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

Net assets with donor restrictions

Net assets with donor restrictions consists 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
June 30, 2019 and 2018

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements.

Cash and Equivalents

Cash equivalents are considered to be highly liquid investment instruments with original maturities of less than three months or less.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

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.

Fair Value Measurements

Promulgations of the Financial Accounting Standards Board have established a framework for measuring fair value, which provides a hierarchy that prioritizes the input to valuation techniques used to measure fair value. 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 ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements
June 30, 2019 and 2018

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

The three levels of the fair value hierarchy under are described as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability; and• Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Income Taxes

The Association has been notified by the Internal Revenue Service that it meets the qualifications to be classified as a tax-exempt entity under Section 501 (c)(3) of the Internal Revenue Code. As a not-for-profit entity exempt from income taxes, the Association may, however, be subject to tax on unrelated business income.

Accounting principles generally accepted in the United States of America require an entity to assess the probability that a tax position has a "more likely than not" sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances, the statute of limitations may remain open indefinitely.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements
June 30, 2019 and 2018

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

In-kind donations

The Association received donated professional services of \$42,791 and \$42,855 for the years ended June 30, 2019 and 2018, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses.

Functional Allocations of Expenses

Expenses are categorized by program services, management and general, or fundraising on a direct identification basis, where practical, and on a percentage allocation basis based on management's judgement. A variety of cost allocation techniques are used such as time and effort and square footage.

Adoption of New Accounting Pronouncement

Not-for-Profit Entities - Presentation of Financial Statements for Not-for-Profit Entities – The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14. The adoption of this pronouncement had a material effect on the presentation of the financial statements but did not necessitate an adjustment to total net assets of prior periods or operations of the current period. The pronouncement changes the net asset classification and investment return and enhances the disclosures for information about liquidity and availability of resources and expenses. The ASU has been applied retrospectively to all periods presented.

New Accounting Pronouncements

Leases - FASB issued ASU 2016-02 effective for non-public and most not-for-profit entities for fiscal years beginning after December 15, 2020. The purpose of this pronouncement will require lessees to recognize on their statement of financial position the rights and obligations resulting from leases categorized as operating leases as assets and liabilities. It provides for an election on leases with terms of less than twelve months to be excluded. Management is in the process of evaluating this pronouncement and has not yet determined its impact on the financial statements.

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, an amendment to Topic 958 - Not-for-Profit Entities - FASB issued ASU 2018-08. The purpose of this pronouncement is to provide guidance in determining whether resource providers and resource recipients are participating in an exchange transaction, or if the transfer of funds is a contribution, by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. For non-public resource recipients, the amendment is effective for periods beginning after December 15, 2018. For non-public resource providers, the amendment is effective for periods beginning after December 15, 2019. Management is in the process of evaluating this pronouncement and has not yet determined its impact on the financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements
June 30, 2019 and 2018

(1) *Organization and Summary of Significant Accounting Policies (continued)*

Reclassification

Certain amounts on the 2018 financial statements have been reclassified to conform to the 2019 presentation.

(2) *Investments*

The following is a summary of investments at June 30,:

	2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 9,708	\$ -	\$ -	\$ 9,708
U.S. equities	28,036	-	-	28,036
International equities	7,269	-	-	7,269
Corporate bonds	-	56,235	-	56,235
Mutual funds - large cap equity	34,708	-	-	34,708
Mutual funds - other	14,489	-	-	14,489
Total Assets subject to fair value	\$ 94,210	\$ 56,235	\$ -	\$ 150,445
	2018			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 15,838	\$ -	\$ -	\$ 15,838
U.S. equities	22,983	-	-	22,983
International equities	7,095	-	-	7,095
Corporate bonds	-	54,697	-	54,697
Mutual funds - large cap equity	32,409	-	-	32,409
Mutual funds - other	13,102	-	-	13,102
Total Assets subject to fair value	\$ 91,427	\$ 54,697	\$ -	\$ 146,124

(3) *Related Party Transactions*

The Association utilizes management services provided by the College. In-kind support of \$42,791 and \$42,855 has been recorded as unrestricted contributions and management and general expense in the accompanying financial statements for the years ended June 30, 2019 and 2018, respectively. Amounts due to the College from the Association were \$2,212 and \$2,195 as of June 30, 2019 and 2018, respectively.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements
June 30, 2019 and 2018

(4) Availability and Liquidity

The following represents the Association's financial assets available to meet general expenditures within one year at June 30,:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and equivalents	\$ 72,373	\$ 74,489
Investments, short-term	<u>150,445</u>	<u>146,124</u>
 Total financial assets	 222,818	 220,613
 Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(130,504)</u>	<u>(125,494)</u>
 Financial Assets available to meet general expenditures within one year:	 \$ <u>92,314</u>	 \$ <u>95,119</u>

The Association reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. If funds are needed for expenses, management can liquidate its short-term investments. At June 30, 2019 and 2018, management believes that the Association has no liquidity issues.

(5) Subsequent Events

Management has evaluated subsequent events through December 9, 2019, 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, 2019, requiring disclosure in these financial statements.