

BROOKDALE COMMUNITY COLLEGE FOUNDATION
(A Component Unit of Brookdale Community College)

Financial Statements and
Management's Discussion and Analysis

For the Years Ended June 30, 2007 and 2006

(With Independent Auditors' Report Thereon)

The logo for Bowman & Company LLP features the name "Bowman & Company" in a serif font, with "LLP" in a smaller font below it. The text is white and set against a dark rectangular background that has a horizontal bar at the top and bottom.

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BROOKDALE COMMUNITY COLLEGE FOUNDATION
(A Component Unit of Brookdale Community College)
For the Years Ended June 30, 2007 and 2006

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Independent Auditors' Report

The Board of Trustees
Brookdale Community College Foundation
Lincroft, New Jersey 07738

We have audited the accompanying basic financial statements of Brookdale Community College Foundation (the Foundation), a component unit of Brookdale Community College, as of and for the years ended June 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brookdale Community College Foundation as of June 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
September 7, 2007

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of the County of Monmouth)

Management's Discussion and Analysis

June 30, 2007 and 2006

The Management's Discussion and Analysis (MD&A) represents Brookdale Community College Foundation's (the Foundation) financial performance during the fiscal years ended June 30, 2007 and June 30, 2006.

The mission of the Foundation is to help students achieve their dream of earning a community college degree. The Foundation solicits private funding from individuals, businesses and organizations to support and fund student scholarships, grants for faculty, students and staff, and special programs that provide access and opportunity to students.

General Financial Information

Unrestricted Revenue

The Brookdale Annual Campaign "I Came With A Dream and Left With a Plan" and two special events, the Education Open Golf Tournament and the 40th Anniversary Celebration, generated unrestricted revenues.

In FY07, the annual campaign generated revenues of \$208,640, a decrease of \$50,167 (19.4%) from FY06 total of \$258,807. This decrease is the result of a \$50,000 proposal to a private foundation not being renewed in FY07. Major donations to the annual campaign included gifts of \$30,000, \$25,000, \$15,000, and \$10,000; several \$5,000 donations, as well as other gifts of smaller denominations were also received from individuals, businesses, organizations and employees. The FY08 goal for the Annual Campaign is \$300,000.

Special events in FY07 generated revenues of \$238,173, a \$104,412 (78.1%) increase over the FY06 total of \$133,761. This increase in special event revenue is the net effect of a reduction in expenses and additional revenue from two successful events – the Education Open Golf Tournament in September 2006 and a 40th Anniversary Celebration fund raiser in June 2007.

Total unrestricted revenues in FY07 were \$568,511, resulting in an increase in fund balance of \$119,536 for the year. In FY06, total unrestricted revenues were \$497,790, resulting in an increase in fund balance for the year of \$98,971.

Restricted Revenue

Contributions to new and existing Scholarship Funds and the Library Endowment Fund, plus interest income from endowed funds established over the past four years represent restricted revenues in FY07. Although the Foundation continued to strategically focus its efforts on generating more unrestricted funds in FY07, restricted revenues totaled \$442,023, an increase of \$147,671 (50.2%) from the FY06 total of \$294,352. The Foundation received donations of nearly \$114,000 to new endowed scholarship funds, more than \$67,000 to existing endowed scholarship funds and \$55,000 to the Library Endowment fund. Favorable market rates in FY07 resulted in restricted interest income of \$205,814, compared to \$86,394 in FY06.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
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Management's Discussion and Analysis

June 30, 2007 and 2006

A summary of revenues for the periods ending June 30th were as follows:

	FY07	FY06	FY05	FY04	FY06/FY07 Change
Special Events	\$ 238,173	133,761	183,003	244,833	104,412
Contributions	427,726	458,698	325,893	374,727	(30,972)
College Contribution	101,819	95,916	93,768	102,525	5,903
Interest	219,711	92,519	85,565	69,726	127,192
Other	23,105	11,248	27,015	11,682	11,857
Total	\$1,010,534	792,142	715,244	803,493	218,392

Total Expenses:

Overall expenses were as follows for each of the past three fiscal years ending; FY07 \$541,024, FY06 \$473,854 and FY05 \$433,202. The increase of \$67,170 or 14.2% from FY06 to FY07 was primarily due to an increase in scholarships of \$67,009. The increase of \$40,652 or 9.2% from FY05 to FY06 was primarily due to an increase in scholarships of \$56,799 and a decrease in supplies and other services of (\$13,185).

Scholarships and Grants

Scholarships, grants and other programs supporting students totaled \$259,897 in FY07, \$192,888 in FY06 and \$136,089 in FY05, an increase of \$123,808 or 91% from FY05 to FY07. This increase was due to additional scholarships being made available by the annual campaign fundraising effort, allowing more than 350 students to receive scholarships during FY07. Scholarships are awarded to students having financial need (the majority do not qualify for Federal or State grants) and meeting other established criteria. Grants are provided to faculty and departments for projects that enhance educational services for students.

Net Assets

Total net assets in FY07 were \$2,968,499, compared to \$2,498,989 in FY06 (18.8% increase). Net assets in FY07 increased \$469,510 over FY06, and increased \$318,288 in FY06 over FY05. In the last seven years, net assets have increased from \$928,423 in FY00 to \$2,968,499 in FY07. This growth trend is directly attributed to generating more than \$1.6 million in new endowment funds, managing asset allocation of these new funds and existing funds to produce interest income to meet annual scholarship and grant expenditures, and generating more unrestricted dollars.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
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Management's Discussion and Analysis

June 30, 2007 and 2006

This growth can be tied to the Foundation Board of Trustees strategic planning and goal setting for FY07 and beyond. These goals included the following:

- ✓ Increase total number of external Brookdale volunteers (Board and Fundraising Committees) to sustain and expand volunteer interest, involvement and investment.
- ✓ Determine number, type, timing and annual fundraising goals for Foundation Special Events to raise additional unrestricted revenue.
- ✓ Increase total scholarship funds annually by 15% for distribution to Brookdale students.
- ✓ Double Foundation assets from \$2.5 million in FY06 to \$5 million by FY11 to provide financial stability and sustainability.

The Board of Trustees became more engaged in the mission of the Foundation and the results in FY07 demonstrate their increased interest, involvement, commitment and investment in that mission.

Other Information

In FY07, the Foundation generated nearly 80% more revenue than the previous year. The annual campaign, cornerstone of sustained giving to the Brookdale Foundation, as well as the special events, enabled the Foundation to dramatically increase scholarships for academic year 2007-2008.

The Foundation has plans to increase the unrestricted endowment fund by transferring funds from the general money market account, earmarking a percentage of unrestricted funds from FY07 and reclassifying funds from Morgan Stanley not restricted for specific scholarships.

In June 2007, the Foundation Board of Trustees again committed to goals for FY08 and beyond. In addition to increasing the number of volunteers, unrestricted revenue, and total scholarship funds, the Board hopes to increase assets from \$2.9 million in FY07 to \$6.0 million by FY12.

There are plans to continue the annual campaign in FY08, as well as the Education Open Golf Outing in September 2007 at Eagle Oaks Golf Club and a Spring Scholarship Celebration in June, 2008.

In an effort to expand operations, the Foundation is also in the process of hiring an annual fund manager to provide support for activities related to fundraising, alumni relations, and donor relations. In coordination with the Foundation's Executive Director and Development Coordinator, this individual will oversee management and coordination of the "I Came With a Dream and Left With a Plan" Annual Campaign. Primary focus will be on donor contact, donor growth and donor commitment among individuals, corporations, foundations and organizations, increasing annual giving participation rates and helping to achieve annual revenue goals.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
(A Component Unit of Brookdale Community College)

Statements of Net Assets

As of June 30, 2007 and 2006

Assets	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and cash equivalents	\$ 1,414,997	912,186
Accounts receivable and other assets	11,435	20,000
Investments (note 3)	1,562,983	1,606,230
Contributions receivable (note 5)	55,528	3,083
Total current assets	<u>3,044,943</u>	<u>2,541,499</u>
Noncurrent assets:		
Contributions receivable (note 5)	240,580	217,575
Endowment investments (note 3)	318,796	318,796
Total noncurrent assets	<u>559,376</u>	<u>536,371</u>
Total assets	<u>3,604,319</u>	<u>3,077,870</u>
Liabilities		
Current liabilities:		
Accounts payable	11,876	3,000
Due to Brookdale Community College (note 4)	54,770	59,743
Deferred revenue	2,200	27,850
Deposits held for others	566,974	488,297
Total current liabilities	<u>635,820</u>	<u>578,890</u>
Net assets		
Restricted for:		
Nonexpendable:		
Scholarships	161,727	161,727
Library	157,069	157,069
Expendable:		
Scholarships	1,986,476	1,636,502
Unrestricted	<u>663,227</u>	<u>543,691</u>
Total net assets	<u>\$ 2,968,499</u>	<u>2,498,989</u>

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
(A Component Unit of Brookdale Community College)

Statements of Revenues, Expenses, and Changes in Net Assets

For the years ended June 30, 2007 and 2006

	2007	2006
Operating revenues:		
Special events	\$ 238,173	133,761
Contributions	427,726	458,698
Other operating revenues	100	70
Total operating revenues	665,999	592,529
Operating expenses:		
Special events	92,827	95,905
Scholarships	259,897	192,888
Salaries	94,453	80,731
Benefits	26,089	22,240
Rent and utilities	28,826	27,987
Supplies and other services	38,932	54,103
Total operating expenses	541,024	473,854
Operating income	124,975	118,675
Nonoperating revenues:		
Investment income	219,711	92,519
College contribution (note 3)	101,819	95,916
Change in fair value of charitable remainder trust (note 4)	23,005	11,178
Total nonoperating revenues	344,535	199,613
Increase in net assets	469,510	318,288
Net assets as of beginning of year	2,498,989	2,180,701
Net assets as of end of year	\$ 2,968,499	2,498,989

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
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Statements of Cash Flows

For the years ended June 30, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Special events receipts	\$ 246,738	136,986
Contributions and pledges	375,281	518,268
Payments to suppliers	(182,332)	(204,405)
Payments to employees	(120,542)	(102,971)
Payments for scholarships and grants	(259,897)	(192,888)
Other operating receipts (disbursements)	78,777	16,154
Net cash provided by operating activities	138,025	171,144
Cash flows from noncapital financing activities:		
College contribution	101,819	95,916
Cash flows from investing activities:		
Interest and dividends on investments	219,711	92,519
Sales of investments	(515,476)	(405,106)
Purchases of investments	558,732	111,102
Net cash (used) provided by investing activities	262,967	(201,485)
Net increase in cash and cash equivalents	502,811	65,575
Cash and cash equivalents as of beginning of year	912,186	846,611
Cash and cash equivalents as of end of year	\$ 1,414,997	912,186
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 124,975	118,675
Changes in assets and liabilities:		
Accounts receivable and other assets	8,565	3,225
Contributions receivable	(52,445)	59,570
Accounts payable	8,876	(27,865)
Deferred revenue	(25,650)	27,850
Due to Brookdale Community College	(4,973)	(26,395)
Deposits held in custody for others	78,677	16,084
Net cash provided by operating activities	\$ 138,025	171,144

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the years ended June 30, 2007 and 2006

(1) Organization and Summary of Significant Accounting Policies

Organization

Brookdale Community College Foundation (the Foundation) is a not-for-profit organization created in 1973 under the laws of the State of New Jersey. The purposes of the Foundation are to receive, hold, invest, administer, encourage, and solicit contributions from the general public for the benefit of Brookdale Community College (the College). The Foundation's efforts benefit the College in the development and construction of physical facilities on campus; in the undertaking of projects which foster and promote educational philosophy, mission and goals of the College; in providing funds for the development of curriculum and education media; and in the creation of scholarships. The Chairman of the board of trustees of the College, with the approval of the board of trustees of the College, appoints trustees to the Board of the Foundation. Although the Foundation is a legally separate, not-for-profit organization, because of the significance of its operational and financial relationships with the College it is considered a component unit of the College.

The Foundation is an organization described under Section 501(c)(3) of the Internal Revenue Code and therefore is exempt from Federal income taxes under Section 501(a) of the Code.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Foundation reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Foundation has not elected to apply FASB Statements and Interpretations issued after November 30, 1989. The significant accounting policies followed by the Foundation are as follows:

Accrual Basis

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. The Foundation reports as a business type activity, as defined by GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
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Notes to Financial Statements

For the years ended June 30, 2007 and 2006

Net Assets

The Foundation classifies its resources into the following net asset categories:

- *Restricted:*

- Nonexpendable* – Net assets subject to externally-imposed stipulations that must be maintained permanently by the Foundation.

- Expendable* – Net assets whose use by the Foundation is subject to externally-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to the stipulations or that expire by the passage of time.

- *Unrestricted:* Net assets that are not subject to externally-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management with approval by the board of trustees. Substantially all unrestricted net assets are designated for academic programs and initiatives and capital programs.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks.

Investments

Investments are recorded at fair value obtained from quoted market values.

Office Furnishings

Costs of office furnishings and equipment are consistently charged to expenses because the Foundation does not deem such amounts to be sufficiently material to warrant capitalization and depreciation.

Deposits Held for Others

Deposits held for others represent funds held by the Foundation on behalf of other organizations, primarily the Holocaust Center, Sy Siegler Teaching Fund, Disability Services, Big Band and the Rwanda Project.

Contributions

Contributions, including pledges other than endowment, and other revenues are recorded as additions when received and are primarily restricted by the donor. Any contributions received without a specified purpose are available for unrestricted use.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
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Notes to Financial Statements

For the years ended June 30, 2007 and 2006

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

(2) Cash and Cash Equivalents

The Foundation maintains cash balances in excess of \$100,000 in their banking institutions, which are insured by the Federal Deposit Insurance Corporation (F.D.I.C.) up to \$100,000 per institution. The Foundation's uninsured cash balance totaled \$1,036,224.19 at June 30, 2007 and \$616,157 at June 30, 2006.

In addition, the Foundation invests funds in Sovereign Trust's U.S. Treasury Cash Fund. These funds are not insured by F.D.I.C. The balances in this fund totaled \$81,920.88 at June 30, 2007 and \$46,259 at June 30, 2006.

(3) Investments

The Foundation has an investment policy which establishes guidelines for permissible investments, which include certificates of deposits and mutual funds.

Investments as of June 30, 2007 and 2006 are stated at fair value and consist of the following:

	<u>2007</u>	<u>2006</u>
Certificates of deposit	\$571,277	767,284
Mutual funds	1,310,502	1,157,751
	<hr/>	<hr/>
	\$1,881,779	1,925,035
	<hr/>	<hr/>
Investment income	\$134,588	62,366
Net realized and unrealized gains	85,123	30,153
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Total investment income	\$219,711	92,519
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All of the certificates of deposit mature within one year as of June 30, 2007. The mutual funds are uncategorized.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
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Notes to Financial Statements

For the years ended June 30, 2007 and 2006

(4) Related Party Transactions

The Foundation utilized office space and received certain administrative assistance from the College at no charge during the years ended June 30, 2007 and 2006. The fair value of this space and these services is estimated at \$101,819 and \$95,916, and is included as operating revenues and operating expenses in the statements of revenues, expenses, and changes in net assets for the years ended June 30, 2007 and 2006, respectively.

During the years 2007 and 2006, certain services and expenses are received and paid between the Foundation and the College. All such expenses are put on account and settled periodically between the two parties. As of June 30, 2007 and 2006, the Foundation was indebted to the College in the amount of \$54,770 and \$59,743, respectively, representing operating expenses paid by the College on behalf of the Foundation. This amount is noninterest bearing and is currently payable.

(5) Contributions Receivable

The Foundation is the beneficiary of a charitable remainder trust agreement which consists of an estimated value of trust assets of \$300,000, to be received by the Foundation in 2013, at the conclusion of the fifteen year trust term. The estimated value of the trust has been discounted at 6.0%. As of June 30, 2007 and 2006, the present value of the assets to be received, \$240,580 and \$217,575, respectively, has been included in contributions receivable in the accompanying statements of net assets. Annually, any change in the value is recorded as part of operating revenues and amounted to a gain of \$23,005 and \$11,178 for the years ended June 30, 2007 and 2006, respectively.

In addition as of June 30, 2007, the Foundation has contributions receivable of \$55,528 which are expected to be received within one year.