

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

Financial Statements and
Management's Discussion and Analysis

For the Fiscal Years Ended June 30, 2008 and 2007

(With Independent Auditors' Report Thereon)

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

For the Years Ended June 30, 2008 and 2007

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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 fiscal years ended June 30, 2008 and 2007, 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, 2008 and 2007, and the changes in its financial position and its cash flows for the fiscal 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
October 13, 2008

BROOKDALE COMMUNITY COLLEGE FOUNDATION
(A Component Unit of the County of Monmouth)

Management's Discussion and Analysis

June 30, 2008 and 2007

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, 2008 and June 30, 2007.

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 Fund Campaign "Building Minds, Building Futures," and two special events, the Education Open Golf Tournament and the Spring Event, "Another Day in Paradise" generated unrestricted revenues.

In FY08, the Annual Fund Campaign generated revenues of \$222,724, an increase of \$14,084 (6.8%) from FY07 total of \$208,640. Major donations to the annual campaign included gifts of \$25,000, \$20,000, \$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.

Special events in FY08 generated revenues of \$212,854, a \$25,319 (10.6%) decrease over the FY07 total of \$238,173. While the Education Open Golf Tournament in September 2007 exceeded its budgeted goal, the decrease in total special event revenue is due to less gross and net revenue realized than budgeted for the Spring "Another Day in Paradise" event in June 2008. The downturn in the economy and rising costs to consumers and businesses negatively impacted sponsorships and attendance for this event.

Total unrestricted revenues in FY08 were \$547,584, resulting in an increase in fund balance of \$38,163 for the year. In FY07, total unrestricted revenues were \$568,511, resulting in an increase in fund balance for the year of \$119,536.

Restricted and Endowed Revenue

Contributions to new and existing Scholarship Funds, the final payment on a pledge to the Library Endowment Fund, plus interest income from endowed funds established over the past five years represent restricted revenues in FY08.

In FY08, the Foundation received \$66,733 for new and existing endowed scholarship funds and \$41,883 in new restricted scholarship funds for a total of \$108,616 versus a total of \$236,209 in FY07 (decrease of \$127,593). In FY07, the Foundation received one gift of \$103,919 for a new endowed scholarship fund and gifts of \$55,000 to the Library Endowment Fund, a campaign that has formally ended.

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Management's Discussion and Analysis

June 30, 2008 and 2007

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

	FY08	FY07	FY06	FY05	FY07/FY08 Change
Special Events	\$ 212,854	238,173	133,761	183,003	(\$25,319)
Contributions	317,950	427,726	458,698	325,893	(109,776)
College Contribution	117,210	101,819	95,916	93,768	15,391
Interest	(23,890)	219,711	92,519	85,565	(243,601)
Other	(3,585)	23,105	11,248	27,015	(26,690)
Total	\$620,539	1,010,534	792,142	715,244	(\$389,995)

Total Expenses:

Overall expenses were as follows for each of the past three fiscal years ending; FY08 \$668,857, FY07 \$541,024 and FY06 \$473,854. The increase of \$127,833 from FY07 to FY08 was due to a \$62,672 increase in scholarships, an additional \$10,000 grant for scholarships and programs from the Gordon Fund, as well as additional salaries and benefits of \$54,833, primarily for a new staff member hired in August 2008. The Annual Fund Manager provides support for activities related to fundraising, alumni relations, and donor relations. 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.

Scholarships and Grants

The Foundation Board of Trustees committed to increasing scholarships and grants two years ago. Scholarships, grants and other programs supporting students totaled \$322,569 in FY08, \$259,897 in FY07 and \$192,888 in FY06, an increase of \$129,681 from FY06 to FY08. This increase was due to additional scholarships being made available by the Annual Campaign fundraising effort, allowing nearly 500 students to receive scholarships during FY08. 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 and increase access for students.

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Management's Discussion and Analysis

June 30, 2008 and 2007

Net Assets

Total net assets in FY08 were \$2,920,181, compared to \$2,968,499 in FY07 (1.7% decrease). Net assets in FY08 decreased \$48,318 over FY07, and increased \$469,510 in FY07 over FY06. In the last seven years, net assets have increased from \$928,423 in FY00 to \$2,920,181 in FY08 (32% increase), while simultaneously increasing scholarships and grants each year. 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.

This growth can be tied to the Foundation Board of Trustees strategic planning and goal setting for FY08 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 FY07 to \$6 million by FY12 to provide financial stability and sustainability.

The Board of Trustees became more engaged in the mission of the Foundation and the results in FY08 demonstrate their increased interest, involvement, commitment and investment in that mission.

Other Information

The Foundation Board of Trustees has committed to steady increases in scholarships and grants benefiting students. FY08 represented a 24.1% increase over FY07, and FY07 represented a 34.7% increase over FY06. The Foundation has awarded a total of \$775,354 in scholarships and grants in the last three fiscal years.

The Foundation has plans to increase the unrestricted 21st Century Fund by reclassifying funds from Merrill Lynch and Commerce Bank not restricted for specific scholarships and is due to receive a sizeable bequest in 2008 earmarked for the 21st Century Fund and an endowed scholarship fund.

In June 2008, the Foundation Board of Trustees again committed to goals for FY09 and beyond. In addition to increasing the number of volunteers, unrestricted revenue, and total scholarship funds, the Board has reaffirmed its commitment to increase assets from \$2.9 million in FY08 to \$6.0 million by FY12.

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There are plans to continue the Annual Campaign in FY09, as well as the Education Open Golf Outing in September 2008 at Eagle Oaks Golf Club and a Spring Scholarship Celebration in June, 2009. The Foundation will also work to generate additional endowed scholarship funds through current and planned giving (bequests and trusts).

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

Statements of Net Assets
As of June 30, 2008 and 2007

Assets	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 958,242	989,314
Accounts receivable and other assets	7,900	11,435
Investments (note 3)	959,457	823,679
Contributions receivable (note 5)	—	55,528
Total current assets	<u>1,925,599</u>	<u>1,879,956</u>
Noncurrent assets:		
Contributions receivable (note 5)	236,895	240,580
Endowment investments (note 3)	1,361,943	1,483,783
Total noncurrent assets	<u>1,598,838</u>	<u>1,724,363</u>
Total assets	<u>3,524,437</u>	<u>3,604,319</u>
Liabilities		
Current liabilities:		
Accounts payable	9,694	11,876
Due to Brookdale Community College (note 4)	127,624	54,770
Deferred revenue	5,500	2,200
Deposits held for others	461,438	566,974
Total current liabilities	<u>604,256</u>	<u>635,820</u>
Net assets		
Restricted for:		
Nonexpendable:		
Scholarships	708,029	633,705
Library	840,104	835,104
Expendable:		
Scholarships	746,984	836,463
Unrestricted	625,064	663,227
Total net assets	<u>\$ 2,920,181</u>	<u>2,968,499</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 Fiscal Years Ended June 30, 2008 and 2007

	2008	2007
Operating revenues:		
Special events	\$ 212,854	238,173
Contributions	317,950	427,726
Other operating revenues	100	100
Total operating revenues	530,904	665,999
Operating expenses:		
Special events	87,416	92,827
Scholarships	322,569	259,897
Salaries	136,634	94,453
Benefits	38,741	26,089
Rent and utilities	29,692	28,826
Supplies and other services	53,805	38,932
Total operating expenses	668,857	541,024
Operating income (loss)	(137,953)	124,975
Nonoperating revenues:		
Investment income (loss)	(23,890)	219,711
College contribution (note 4)	117,210	101,819
Change in fair value of charitable remainder trust (note 5)	(3,685)	23,005
Total nonoperating revenues	89,635	344,535
Increase (decrease) in net assets	(48,318)	469,510
Net assets as of beginning of year	2,968,499	2,498,989
Net assets as of end of year	\$ 2,920,181	2,968,499

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
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Statements of Cash Flows

For the Fiscal Years Ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Special events receipts	\$ 216,389	246,738
Contributions and pledges	373,478	375,281
Payments to suppliers	(96,941)	(182,332)
Payments to employees	(175,375)	(120,542)
Payments for scholarships and grants	(322,569)	(259,897)
Other operating receipts (disbursements)	(105,436)	78,777
Net cash (used) provided by operating activities	(110,454)	138,025
 Cash flows from noncapital financing activities:		
College contribution	117,210	101,819
 Cash flows from investing activities:		
Interest and dividends on investments	(23,890)	219,711
Sales of investments	(765,903)	(515,476)
Purchases of investments	326,282	558,732
Net cash (used) provided by investing activities	(463,511)	262,967
Net increase (decrease) in cash and cash equivalents	(456,755)	502,811
Cash and cash equivalents as of beginning of year	1,414,997	912,186
Cash and cash equivalents as of end of year	\$ 958,242	1,414,997
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (137,953)	124,975
Changes in assets and liabilities:		
Accounts receivable and other assets	3,535	8,565
Contributions receivable	55,528	(52,445)
Accounts payable	(2,182)	8,876
Deferred revenue	3,300	(25,650)
Due to Brookdale Community College	72,854	(4,973)
Deposits held in custody for others	(105,536)	78,677
Net cash (used) provided by operating activities	\$ (110,454)	138,025

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
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Notes to Financial Statements

For the Fiscal Years Ended June 30, 2008 and 2007

(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 Fiscal Years Ended June 30, 2008 and 2007

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, and Big Band.

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 Fiscal Years Ended June 30, 2008 and 2007

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 \$482,165.97 at June 20, 2008 and \$1,130,930.07 at June 20, 2007.

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 \$23,160.75 at June 30, 2008 and \$81,920.88 at June 30, 2007.

(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, 2008 and 2007 are stated at fair value and consist of the following:

	<u>2008</u>	<u>2007</u>
Certificates of deposit	\$792,371	787,537
Mutual funds	1,529,029	1,519,925
	<hr/>	<hr/>
	\$2,321,400	2,307,462
	<hr/>	<hr/>
Investment income	\$47,036	134,588
Net realized and unrealized gains	(70,926)	85,123
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Total investment income	(\$23,890)	219,711
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All of the certificates of deposit mature within one year as of June 30, 2008. The mutual funds are uncategorized.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
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Notes to Financial Statements

For the Fiscal Years Ended June 30, 2008 and 2007

(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, 2008 and 2007. The fair value of this space and these services is estimated at \$117,210 and \$101,819, 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, 2008 and 2007, respectively.

During the fiscal years 2008 and 2007, 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, 2008 and 2007, the Foundation was indebted to the College in the amount of \$127,624 and \$54,770, 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, 2008 and 2007, the present value of the assets to be received, \$236,895 and \$240,580, 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 loss of \$3,685 for the year ending June 30, 2008 and a gain of \$23,005 for the year ended June 30, 2007.

(6) Reclassifications

Certain data for June 30, 2007 has been reclassified to be more comparable to that of June 30, 2008.