

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

**Financial Statements**

**For the Fiscal Years Ended June 30, 2009 and 2008**

**(With Independent Auditors' Report Thereon)**

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**  
For the years ended June 30, 2009 and 2008

**Table of Contents**

	<b>Page</b>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5

## Independent Auditors' Report

The Board of Directors  
The Alumni Association of Brookdale Community College  
Lincroft, New Jersey 07738

We have audited the accompanying statements of financial position of the Alumni Association of Brookdale Community College (the Alumni Association) (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the fiscal years then ended. These financial statements are the responsibility of the Alumni Association. 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 the Alumni Association of Brookdale Community College as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
September 11, 2009

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Statements of Financial Position

As of June 30, 2009 and 2008

<b>Assets</b>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 87,653	94,745
Investments, at fair value (note 2)	<u>100,880</u>	<u>117,022</u>
Total assets	<u>\$ 188,533</u>	<u>211,767</u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Due to Brookdale Community College	\$ <u>2,530</u>	<u>2,627</u>
Net assets:		
Unrestricted	99,877	109,579
Temporarily restricted	<u>86,126</u>	<u>99,561</u>
Total net assets	<u>186,003</u>	<u>209,140</u>
Total liabilities and net assets	<u>\$ 188,533</u>	<u>211,767</u>

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Statements of Activities

For the years ended June 30, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Revenues, gains/losses and other support:						
Contributions	\$ 50,559		50,559	49,364	370	49,734
Alumni sponsored events	8,090		8,090	17,551	—	17,551
Interest and dividends	1,279	3,375	4,654	2,585	7,650	10,235
Net unrealized loss on investments	(5,000)	(13,010)	(18,010)	(3,036)	(8,333)	(11,369)
Membership dues	6,265		6,265	4,720	—	4,720
Net assets released from restrictions for scholarships	3,800	(3,800)	—	6,300	(6,300)	—
Total revenues, gains/losses and other support	64,993	(13,435)	51,558	77,484	(6,613)	70,871
Expenses:						
Program:						
Scholarships	3,800		3,800	6,300	—	6,300
Alumni sponsored events	16,314		16,314	13,964	—	13,964
Management and general	54,581		54,581	51,932	—	51,932
Total expenses	74,695	—	74,695	72,196	—	72,196
Increase (decrease) in net assets	(9,702)	(13,435)	(23,137)	5,288	(6,613)	(1,325)
Net assets as of beginning of year	109,579	99,561	209,140	104,291	106,174	210,465
Net assets as of end of year	\$ 99,877	86,126	186,003	109,579	99,561	209,140

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Statements of Cash Flows

For the years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Decrease in net assets	\$ (23,137)	(1,325)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Net unrealized loss on investments	(18,010)	(11,369)
Decrease in total liabilities	(97)	(1,875)
<b>Net cash used in operating activities</b>	<b>(41,244)</b>	<b>(14,569)</b>
Cash flows from investing activities:		
Maturity of investments	34,152	15,094
<b>Net cash provided by investing activities</b>	<b>34,152</b>	<b>15,094</b>
Net increase/(decrease) in cash and cash equivalents	(7,092)	525
Cash and cash equivalents as of beginning of year	94,745	94,220
Cash and cash equivalents as of end of year	\$ 87,653	94,745
Supplemental disclosure of cash flow information:		
In-kind support	\$ 50,354	48,779

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2009 and 2008

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

***Organization***

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

The Association 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 on the accrual basis of accounting and 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.

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 are reported as net assets released from restrictions.

***Contributions***

Contributions, including unconditional promises to give, 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.

***Functional Allocation of Expenses***

The costs of providing program, fundraising and management and general services of the Association have been summarized on a functional basis in the statements of activities.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2009 and 2008

***Temporarily Restricted Net Assets***

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

***Cash Equivalents***

Cash equivalents are considered to be cash and are highly liquid investment instruments with original maturities of less than three months, with the exception of cash and cash equivalents that are held by the Association's investment custodian as part of its long-term investment portfolio.

***Investments***

Investments are recorded at fair value.

***Contributed Services***

The Association utilizes management services provided by the College. For 2009, in-kind support of \$50,354 has been reflected as unrestricted contributions and management and general expense in the accompanying financial statements. For 2008, in-kind support of \$48,779 has been reflected as unrestricted contributions and management and general expense in the accompanying financial statements.

***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.

***New Accounting Pronouncements***

***Fair Value Measurement***

In September 2006 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. SFAS No. 157 also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under SFAS No. 157, fair value measurements are disclosed by level within the hierarchy. In February 2008, the FASB issued FASB Staff Position No. 157-2, *Effective Date of FASB Statement No. 157*, which permits a one-year deferral for the implementation of SFAS No. 157 with regard to nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis.



**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2009 and 2008

***Accounting for Uncertainty in Income Taxes***

In June 2006, the FASB issued FIN 48, *Accounting for Uncertainty in Income Taxes*, which prescribes how an entity should measure, recognize, present, and disclose in its financial statements tax positions that a company has taken or expects to take on its tax or information returns. FIN 48 is effective for years beginning after December 15, 2006, with certain nonpublic entities allowed to defer implementation until years beginning after December 15, 2008. The Alumni Association has elected to defer implementation of the standard as permitted.

The Alumni Association regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. The Alumni Association believes that in the event of an examination by taxing authorities, the Alumni Association's positions would prevail based upon the technical merits of such positions. Therefore, the Alumni Association has concluded that no tax benefits or liabilities are required to be recognized in accordance with FIN 48.

The Alumni Association's federal information returns are generally subject to examination by the Internal Revenue Service for three years, including the fiscal years ended June 30, 2009, 2008 and 2007.

***Subsequent Events***

In May 2009, FASB issued statement of Financial Accounting Standards No. 165, *Subsequent Events*. This new standard applies to interim and annual financial periods ending after June 15, 2009. This statement establishes principles setting forth the period after the balance sheet date during which management shall evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. For the purposes of this accounting standard, the Alumni Association has evaluated subsequent events through September 11, 2009.

**(2) Cash and Investments**

**Cash**

During the year, the Alumni Association could have cash balances in excess of \$250,000 in their banking institutions, which are insured by the Federal Deposit Insurance Corporation (F.D.I.C.) up to \$250,000 per institution. At June 30, 2009 and 2008, there were no significant uninsured cash balances.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2009 and 2008

**Investments**

The Alumni Association has an investment policy which establishes guidelines for permissible investments, which include certificates of deposit, mutual funds and taxable fixed income funds.

The fair values by investment type are as follows for June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Money market funds	\$ 11,065	20,640
Taxable fixed income	78,028	79,594
Mutual funds	11,787	16,788
	<hr/>	<hr/>
	100,880	117,022
Cost	<hr/>	<hr/>
	118,890	128,391
Net unrealized loss on investments	<u>(\$18,010)</u>	<u>(11,369)</u>

**(3) Fair Value Measurements**

Effective April 1, 2008, the Alumni Association adopted SFAS No. 157, which provides a framework for measuring fair value under generally accepted accounting principles. SFAS No. 157 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in SFAS No. 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Alumni Association uses various methods including market, income and cost approaches. Based on these approaches, the Alumni Association often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Alumni Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used on the valuation techniques, the Alumni Association is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1. Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2009 and 2008

Level 2. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal year ended June 30, 2009, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments at fair value.

**Marketable Securities**

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

**Fair Value on a Recurring Basis**

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis:

	June 30, 2009
	<u>Level 1</u>
Money market	\$ 11,065
Taxable fixed income	78,028
Mutual funds	<u>11,787</u>
	<u>\$ 100,880</u>