

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, 2009 and 2008

(With Independent Auditors' Report Thereon)

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

For the Years Ended June 30, 2009 and 2008

Table of Contents

Independent Auditors' Report	1
Management's Discussion and Analysis	2
Financial Statements:	
Statements of Net Assets	5
Statements of Revenues, Expenses, and Changes in Net Assets	6
Statements of Cash Flows	7
Notes to Financial Statements	8

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, 2009 and 2008, 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, 2009 and 2008, 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
September 28, 2009

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

Management's Discussion and Analysis

June 30, 2009 and 2008

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, 2009 and June 30, 2008.

The mission of the Foundation is to help students achieve their dream of earning a college degree. The Foundation solicits private funding from individuals, businesses, organizations and private foundations 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 President's Scholarship Ball generated unrestricted revenues.

In FY09, the Foundation generated revenue of \$287,893 from the proceeds of the Rose Bankier bequest. This money has been allocated toward the 21st Century Fund; an unrestricted fund intended for the award of scholarships.

In FY09, the Annual Fund campaign generated revenues of \$248,368, an increase of \$25,644 (11.5%) from FY08 total of \$222,724. Major donations to the annual campaign included gifts of \$50,000, \$25,000, \$20,000, and \$10,000; several \$5,000 donations, as well as other gifts of smaller denominations were also received from individuals, businesses, organizations, private foundations and employees.

Special events in FY09 generated revenues of \$199,613, a \$13,241 (6.2%) decrease from the FY08 total of \$212,854. While the Education Open Golf Tournament in September 2008 exceeded its budgeted goal, the decrease in total special event revenue is due to less gross and net revenue realized than budgeted for the President's Scholarship Ball in May 2009. The downturn in the economy and rising costs to consumers and businesses negatively impacted sponsorships and attendance for this event.

Total unrestricted revenues in FY09 were \$797,364 resulting in an increase in fund balance of \$264,949 for the year. In FY08, total unrestricted revenues were \$547,584, resulting in a decrease in fund balance for the year of \$38,163.

Restricted and Endowed Revenue

Contributions to new and existing Scholarship Funds, plus interest income from endowed scholarship funds established over the past five years represent restricted revenues in FY09.

In FY09, the Foundation received \$410,333 for new and existing endowed scholarship funds and \$33,561 in new restricted scholarship funds for a total of \$443,894 versus a total of \$108,616 in FY08 (increase of \$335,278). In FY09, the Foundation received one gift of \$383,658 for a new endowed scholarship fund as part of the Bankier bequest.

Although FY09 shows an increase in combined restricted and endowed revenues, the Foundation suffered investment losses due to the volatility of the market, primarily in the Library Endowment Fund, resulting in a loss of restricted interest income of \$167,664 in FY09 versus a loss of \$44,427 in FY08.

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

Management's Discussion and Analysis

June 30, 2009 and 2008

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

	FY09	FY08	FY07	FY08/FY09 Change
Special Events	\$ 199,613	212,854	238,173	(13,241)
Contributions	947,020	317,950	427,726	629,070
College Contribution	120,153	117,210	101,819	2,943
Interest	(159,427)	(23,890)	219,711	(135,537)
Other	(33,764)	(3,585)	23,105	(30,179)
	<u>\$ 1,073,595</u>	<u>620,539</u>	<u>1,010,534</u>	<u>453,056</u>

Total Expenses:

Overall expenses were as follows for each of the past three fiscal years; FY09 \$617,838, FY08 \$668,857, and FY07 \$541,024. The decrease of \$51,019 from FY08 to FY09 was due to a \$32,923 decrease in scholarships, \$10,705 decrease in special events expense, a decrease of \$19,225 in supplies and other services, which was offset by slight increases in payroll and benefit costs.

Scholarships and Grants

The Foundation Board of Trustees committed to increasing scholarships and grants three years ago. Scholarships, grants and other programs supporting students totaled \$289,646 in FY09, \$322,569 in FY08, and \$259,897 in FY07. More than 500 students received scholarships during FY09. 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.

Net Assets

Total net assets in FY09 were \$3,375,938 compared to \$2,920,181 in FY08 (15.6% increase). Net assets in FY09 increased \$455,757 over FY08. This increase in net assets is directly attributable to the contributions received from the Bankier bequest. In the last eight years, net assets have increased from \$928,423 in FY00 to \$3,375,938 in FY09, while simultaneously increasing scholarships and grants each year. This growth trend is directly attributed to generating more than \$2.2 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
(A Component Unit of the County of Monmouth)

Management's Discussion and Analysis

June 30, 2009 and 2008

This growth can be tied to the Foundation Board of Trustees strategic planning and goal setting for FY09 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.
- ✓ Increase Foundation assets from \$2.5 million in FY07 to \$6 million by FY12 to provide financial stability and sustainability.

The Board of Trustees continued their commitment to be more engaged in the mission of the Foundation and the results in FY09 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. The Foundation has awarded a total of \$1,065,000 in scholarships and grants in the last four fiscal years.

In June 2009, the Foundation Board of Trustees agreed to meet in July to review the FY09 goals and to establish goals for FY10 and beyond. The goals are focused on increasing the number of volunteers, unrestricted revenue, and total scholarship funds. The Board will review its goal to increase assets from \$3.4 million in FY09 to \$6.0 million by FY12 in light of the downturn in the investment market and the economy.

There are plans to continue the annual campaign in FY10, as well as the Education Open Golf Outing in September 2009 at Eagle Oaks Golf Club and the President's Scholarship Ball in May, 2010. 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, 2009 and 2008

Assets	2009	2008
Current assets:		
Cash and cash equivalents	\$ 1,600,075	958,242
Accounts receivable and other assets	13,320	7,900
Investments (note 3)	788,955	959,457
Contributions receivable (note 5)	5,120	—
Total current assets	<u>2,407,470</u>	<u>1,925,599</u>
Noncurrent assets:		
Contributions receivable (note 5)	203,131	236,895
Endowment investments (note 3)	1,374,415	1,361,943
Total noncurrent assets	<u>1,577,546</u>	<u>1,598,838</u>
Total assets	<u>3,985,016</u>	<u>3,524,437</u>
Liabilities		
Current liabilities:		
Accounts payable	1,125	9,694
Due to Brookdale Community College (note 4)	107,019	127,624
Deferred revenue	2,200	5,500
Deposits held for others	498,734	461,438
Total current liabilities	<u>609,078</u>	<u>604,256</u>
Net assets		
Restricted for:		
Nonexpendable:		
Scholarships	1,109,954	708,029
Library	770,268	840,104
Expendable:		
Scholarships	605,703	746,984
Unrestricted	890,013	625,064
Total net assets	<u>\$ 3,375,938</u>	<u>2,920,181</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Special events	\$ 199,613	212,854
Contributions	947,020	317,950
Other operating revenues	—	100
Total operating revenues	<u>1,146,633</u>	<u>530,904</u>
Operating expenses:		
Special events	76,711	87,416
Scholarships	289,646	322,569
Salaries	147,102	136,634
Benefits	39,513	38,741
Rent and utilities	30,286	29,692
Supplies and other services	34,580	53,805
Total operating expenses	<u>617,838</u>	<u>668,857</u>
Operating income (loss)	<u>528,795</u>	<u>(137,953)</u>
Nonoperating revenues:		
Investment (loss)	(159,427)	(23,890)
College contribution (note 4)	120,153	117,210
Change in fair value of charitable remainder trust (note 5)	(33,764)	(3,685)
Total nonoperating revenues	<u>(73,038)</u>	<u>89,635</u>
Increase (decrease) in net assets	455,757	(48,318)
Net assets as of beginning of year	<u>2,920,181</u>	<u>2,968,499</u>
Net assets as of end of year	<u>\$ 3,375,938</u>	<u>2,920,181</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Special events receipts	\$ 194,193	216,389
Contributions and pledges	941,900	373,478
Payments to suppliers	(174,051)	(96,941)
Payments to employees	(186,615)	(175,375)
Payments for scholarships and grants	(289,646)	(322,569)
Other operating receipts (disbursements)	37,296	(105,436)
	523,077	(110,454)
Net cash (used) provided by operating activities		
Cash flows from noncapital financing activities:		
College contribution	120,153	117,210
Cash flows from investing activities:		
Interest and dividends on investments	13,148	12,687
Sales of investments	52,137	233,518
Purchases of investments	(66,682)	(709,716)
	(1,397)	(463,511)
Net cash used by investing activities		
Net increase (decrease) in cash and cash equivalents	641,833	(456,755)
Cash and cash equivalents as of beginning of year	958,242	1,414,997
Cash and cash equivalents as of end of year	\$ 1,600,075	958,242
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 528,795	(137,953)
Changes in assets and liabilities:		
Accounts receivable and other assets	(5,420)	3,535
Contributions receivable	(5,120)	55,528
Accounts payable	(8,569)	(2,182)
Deferred revenue	(3,300)	3,300
Due to (from) Brookdale Community College	(20,605)	72,854
Deposits held in custody for others	37,296	(105,536)
	523,077	(110,454)
Net cash (used) provided by operating activities	\$ 523,077	(110,454)

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
(A Component Unit 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

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
(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2009 and 2008

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
(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2009 and 2008

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 \$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. The Foundation's uninsured cash balance totaled \$263,700.75 at June 30, 2009 and \$482,165.97 at June 30, 2008.

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 \$11,541.18 at June 30, 2009 and \$23,160.75 at June 30, 2008.

(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, 2009 and 2008 are stated at fair value and consist of the following:

	<u>2009</u>	<u>2008</u>
Certificates of deposit	\$860,486	792,371
Mutual funds	1,302,884	1,529,029
	<hr/>	<hr/>
	\$2,163,370	2,321,400
	<hr/>	<hr/>
Investment income (loss)	(\$21,628)	47,036
Net realized and unrealized gains (losses)	(137,799)	(70,926)
	<hr/>	<hr/>
Total investment income (loss)	(\$159,427)	(23,890)

All of the certificates of deposit mature within one year as of June 30, 2009. The mutual funds are uncategorized.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2009 and 2008

(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, 2009 and 2008. The fair value of this space and these services is estimated at \$120,153 and \$117,210, 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, 2009 and 2008, respectively.

During the fiscal years 2009 and 2008, 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, 2009 and 2008, the Foundation was indebted to the College in the amount of \$107,019 and \$127,624, 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, 2009 and 2008, the present value of the assets to be received, \$203,131 and \$236,895, respectively, have 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 \$33,764 for the year ending June 30, 2009 and a loss of \$3,685 for the year ended June 30, 2008.

(6) Reclassifications

Certain data for June 30, 2008 has been reclassified to be more comparable to that of June 30, 2009.