

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Financial Statements

For the Fiscal Years Ended June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**
For the years ended June 30, 2010 and 2009

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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, 2010 and 2009, 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, 2010 and 2009, 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
October 11, 2010

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Financial Position

As of June 30, 2010 and 2009

Assets	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 86,110	87,653
Investments, at fair value (note 2)	<u>107,855</u>	<u>100,880</u>
Total assets	<u>\$ 193,965</u>	<u>188,533</u>
 Liabilities and Net Assets		
Liabilities:		
Due to Brookdale Community College	\$ <u>11,189</u>	<u>2,530</u>
Net assets:		
Unrestricted	80,493	99,877
Temporarily restricted	<u>102,283</u>	<u>86,126</u>
Total net assets	<u>182,776</u>	<u>186,003</u>
Total liabilities and net assets	<u>\$ 193,965</u>	<u>188,533</u>

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Activities

For the years ended June 30, 2010 and 2009

	2010		2009	
	Unrestricted	Temporarily restricted	Unrestricted	Temporarily restricted
Revenues, gains/losses and other support:				
Contributions	\$ 53,176		50,559	50,559
Alumni sponsored events	8,300		8,090	8,090
Interest and dividends	482	2,416	1,279	3,375
Net unrealized gain/(loss) on investments	964	3,601	(5,000)	(13,010)
Membership dues	1,510		6,265	6,265
Net assets released from restrictions for scholarships	(10,180)	10,180	3,800	(3,800)
Total revenues, gains/losses and other support	<u>54,252</u>	<u>16,197</u>	<u>64,993</u>	<u>(13,435)</u>
Expenses:				
Program:				
Scholarships	5,800		3,800	3,800
Alumni sponsored events	4,157		16,314	16,314
Management and general	63,679	40	54,581	54,581
Total expenses	<u>73,636</u>	<u>40</u>	<u>74,695</u>	<u>74,695</u>
Increase (decrease) in net assets	(19,384)	16,157	(9,702)	(13,435)
Net assets as of beginning of year	99,877	86,126	109,579	99,561
Net assets as of end of year	<u>\$ 80,493</u>	<u>102,283</u>	<u>99,877</u>	<u>86,126</u>
				<u>186,003</u>

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Cash Flows

For the years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Decrease in net assets	\$ (3,227)	(23,137)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Net unrealized gain/(loss) on investments	4,565	(18,010)
Increase in total liabilities	8,659	(97)
Net cash provided by (used in) operating activities	9,997	(41,244)
Cash flows from investing activities:		
Proceeds from sale of investments	(11,540)	34,152
Net cash Provided by (used in) investing activities	(11,540)	34,152
Net decrease in cash and cash equivalents	(1,543)	(7,092)
Cash and cash equivalents as of beginning of year	87,653	94,745
Cash and cash equivalents as of end of year	\$ 86,110	87,653
Supplemental disclosure of cash flow information:		
In-kind support	\$ 51,986	50,354

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2010 and 2009

(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.

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.

Temporarily Restricted Net Assets

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

**THE ALUMNI ASSOCIATION OF
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Notes to Financial Statements

For the Fiscal Years Ended June 30, 2010 and 2009

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 2010, in-kind support of \$51,986 has been reflected as unrestricted contributions and management and general expense in the accompanying financial statements. For 2009, in-kind support of \$50,354 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.

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly does not record a provision for income taxes on its earnings. The Association is eligible to receive a charitable contribution deduction under Section 170(b)(1)(A) and is classified as an organization other than a private foundation under Section 509(a)(2).

In June 2006, an accounting interpretation was issued 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. The Association adopted the interpretation beginning July 1, 2009.

The 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 Association believes that in the event of an examination by taxing authorities, the organization's positions would prevail based upon the technical merits of such positions. Therefore, the Association has concluded that no tax benefits or liabilities are required to be recognized in accordance with the accounting interpretation.

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

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For the Fiscal Years Ended June 30, 2010 and 2009

New Accounting Pronouncements

Fair Value Measurement

In September 2006, an accounting standard was issued which defined fair value, established a framework for measuring fair value in generally accepted accounting principles, and expanded disclosures about fair value measurements. The Association adopted the standard and related amendments for financial assets and liabilities as of July 1, 2008. The standard became effective for non-financial assets and liabilities beginning January 1, 2009. The Association has evaluated the non-financial assets and liabilities portion of the standard and determined that it does not have an impact on its financial condition, results of operations, or cash flows.

Subsequent Events

In May 2009, a new accounting standard was issued which established 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 Association has evaluated subsequent events through October 11, 2010, the date the financial statements were available to be issued.

(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, 2010 and 2009, there were no significant uninsured cash balances.

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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Money market funds	\$ 4,117	11,065
Taxable fixed income	90,987	78,028
Mutual funds	12,751	11,787
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	107,855	100,880
Cost	103,290	118,890
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Net unrealized gain/(loss)	\$4,565	(18,010)

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(3) Fair Value Measurements

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.

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, 2010, 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.

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For the Fiscal Years Ended June 30, 2010 and 2009

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2010 and 2009:

Level 1	<u>2010</u>	<u>2009</u>
Money market funds	\$ 4,117	11,065
Taxable fixed income	90,987	78,028
Mutual funds	12,751	11,787
	<u>\$107,855</u>	<u>100,880</u>