

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, 2010 and 2009

(With Independent Auditors' Report Thereon)

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

For the Years Ended June 30, 2010 and 2009

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

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of the County of Monmouth)

Management's Discussion and Analysis

June 30, 2010 and 2009

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, 2010 and June 30, 2009.

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 FY10, the Annual Fund campaign generated revenues of \$211,327, a decrease of \$37,041 (14.9%) from FY09 total of \$248,368. 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 FY10 generated revenues of \$264,979, a \$65,366 (32.7%) increase from the FY09 total of \$199,613. Both the Education Open Golf Tournament in September 2009 and the Presidents Scholarship Ball in May 2010 exceeded their budgeted goals.

Total unrestricted revenues in FY10 were \$792,371 resulting in an increase in fund balance of \$14,565 for the year. In FY09, total unrestricted revenues were \$797,364, (including a large bequest), resulting in an increase in fund balance for the year of \$264,949.

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 FY10.

In FY10, the Foundation received \$100 for existing endowed scholarship funds and \$43,576 in new and existing restricted scholarship funds for a total of \$43,676 versus a total of \$443,894 in FY09 (decrease of \$400,218). The decrease is primarily due to one gift of \$383,658 received in FY09 for a new endowed scholarship fund as part of the Bankier bequest.

FY10 shows an increase in combined restricted and endowed revenues, primarily due to a rebound of the financial market. In FY10, the Foundation received \$232,932 in investment earnings, versus a loss of \$167,664 in FY09.

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

Management's Discussion and Analysis

June 30, 2010 and 2009

A summary of operating and non-operating revenues for the periods ending June 30th are as follows:

		FY10	FY09	FY08	FY09/FY10 Change
Special Events	\$	264,979	199,613	212,854	65,366
Membership Dues		40,725	—	—	40,725
Contributions		319,228	947,020	317,950	(627,792)
College Contribution		124,967	120,153	117,210	4,814
Interest		273,546	(159,427)	(23,890)	432,973
Transfer of Holocaust net assets		488,711	—	—	488,711
Other		45,535	(33,764)	(3,585)	79,299
		<hr/>	<hr/>	<hr/>	<hr/>
Total	\$	1,557,691	1,073,595	620,539	484,096

Total Expenses:

Overall expenses were as follows for each of the past three fiscal years; FY10 \$829,144, FY09 \$617,838 and FY08 \$668,857. The increase of \$211,306 from FY09 to FY10 was due to a \$34,882 decrease in scholarships, \$28,374 increase in special events expense, an increase of \$84,821 in supplies and other services, and an increase in payroll and benefit costs of \$132,388. The increases in supplies and other services as well as payroll and benefit costs are primarily due to the HGHR Education Center expenses being recorded as Foundation expenses in FY10.

Scholarships and Grants

The Foundation Board of Trustees committed to increasing scholarships and grants four years ago. Scholarships, grants and other programs supporting students totaled \$254,764 in FY10, \$289,646 in FY09 and \$322,569 in FY08. More than 500 students received scholarships during FY10. 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 FY10 were \$4,104,485 compared to \$3,375,938 in FY09 (21.6% increase). Net assets in FY10 increased \$728,547 over FY09. This increase is directly attributable to the Foundation recording additional net assets in FY10 of \$488,711 that was previously held in custody for the HGHR Education Center. Due to the increased financial growth of the HGHR Education Center, it was necessary to incorporate their net assets into the overall Foundation net assets. In the last ten years, net assets have increased from \$928,423 in FY00 to \$4,104,485 in FY10, 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 investment 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, 2010 and 2009

This growth can be tied to the Foundation Board of Trustees strategic planning and goal setting for FY10 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 FY10 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 \$1,090,000 in scholarships and grants in the last five fiscal years.

In June 2010, the Foundation Board of Trustees Executive Committee agreed to meet in July to review the FY10 goals and to establish goals for FY11 and beyond for Board approval. The goals are focused on increasing the number of volunteers, unrestricted revenue, and total scholarship funds and grants to support student success. The Board will review its goals 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 FY11, as well as the Education Open Golf Outing in September 2010 at Eagle Oaks Golf Club and the President's Scholarship Ball in April, 2011. 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, 2010 and 2009

Assets	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 2,273,801	1,600,075
Accounts receivable and other assets	9,400	13,320
Investments (note 3)	956,477	788,955
Annual Campaign Receivable	62,782	5,120
Total current assets	<u>3,302,460</u>	<u>2,407,470</u>
Noncurrent assets:		
Contributions receivable (note 5)	248,666	203,131
Endowment investments (note 3)	692,769	1,374,415
Total noncurrent assets	<u>941,435</u>	<u>1,577,546</u>
Total assets	<u>4,243,895</u>	<u>3,985,016</u>
Liabilities		
Current liabilities:		
Accounts payable	—	1,125
Due to Brookdale Community College (note 4)	130,211	107,019
Deferred revenue	—	2,200
Deposits held for others	9,199	498,734
Total current liabilities	<u>139,410</u>	<u>609,078</u>
Net assets		
Restricted for:		
Nonexpendable:		
Scholarships	1,124,880	1,109,954
Library	840,104	770,268
Expendable:		
Scholarships	746,212	605,703
Unrestricted	1,393,289	890,013
Total net assets	<u>\$ 4,104,485</u>	<u>3,375,938</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Special events	\$ 264,979	199,613
Contributions	319,228	947,020
Membership dues	40,725	
Total operating revenues	<u>624,932</u>	<u>1,146,633</u>
Operating expenses:		
Special events	105,085	76,711
Scholarships	254,764	289,646
Salaries	254,006	147,102
Benefits	64,997	39,513
Rent and utilities	30,891	30,286
Supplies and other services	119,401	34,580
Total operating expenses	<u>829,144</u>	<u>617,838</u>
Operating income (loss)	<u>(204,212)</u>	<u>528,795</u>
Non-operating revenues:		
Investment income (loss)	273,546	(159,427)
College contribution (note 4)	124,967	120,153
Transfer of Holocaust net assets	488,711	—
Change in fair value of charitable remainder trust (note 5)	45,535	(33,764)
Total non-operating revenues	<u>932,759</u>	<u>(73,038)</u>
Increase in net assets	728,547	455,757
Net assets as of beginning of year	<u>3,375,938</u>	<u>2,920,181</u>
Net assets as of end of year	<u>\$ 4,104,485</u>	<u>3,375,938</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, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Special events receipts	\$ 268,899	194,193
Membership dues revenue	40,725	—
Contributions and pledges	261,566	941,900
Payments to suppliers	(235,510)	(174,051)
Payments to employees	(319,003)	(186,615)
Payments for scholarships and grants	(254,764)	(289,646)
Other operating receipts (disbursements)	(489,535)	37,296
Net cash provided by (used in) operating activities	(727,622)	523,077
 Cash flows from noncapital financing activities:		
College contribution	124,967	120,153
 Cash flows from investing activities:		
Interest and dividends on investments	7,878	13,148
Sales of investments	1,304,987	52,137
Purchases of investments	(36,484)	(66,682)
Net cash provided by (used in) investing activities	1,276,381	(1,397)
Net increase in cash and cash equivalents	673,726	641,833
Cash and cash equivalents as of beginning of year	1,600,075	958,242
Cash and cash equivalents as of end of year	\$ 2,273,801	1,600,075
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (204,212)	528,795
Changes in assets and liabilities:		
Accounts receivable and other assets	3,920	(5,420)
Contributions receivable	(57,662)	(5,120)
Accounts payable	(1,125)	(8,569)
Deferred revenue	(2,200)	(3,300)
Due to (from) Brookdale Community College	23,192	(20,605)
Deposits held in custody for others	(489,535)	37,296
Net cash provided by (used in) operating activities	\$ (727,622)	523,077

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, 2010 and 2009

(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, 2010 and 2009

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 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, 2010 and 2009

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 \$922,582.36 at June 30, 2010 and \$263,700.75 at June 30, 2009. Of the \$922,582.36 uninsured balance at June 30, 2010, \$654,097.87 was invested in early July, 2010.

\$1,272,215 of Cash and Cash Equivalents is a part of the Endowment Funds which when combined with the Endowments Fund Investments represents the total of the Non-Expendable Net Assets.

In addition, the Foundation invests funds in Reliance Trust's U.S. Treasury Cash Fund. These funds are not insured by F.D.I.C. The balance in this fund totaled \$11,541.18 at June 30, 2009.

(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, 2010 and 2009 are stated at fair value and consist of the following:

	<u>2010</u>	<u>2009</u>
Certificates of deposit	\$1,016,812	860,486
Mutual funds	632,434	1,302,884
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	\$1,649,246	\$2,163,370
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Investment income (loss)	\$160,649	(21,628)
Net realized and unrealized gains (losses)	112,897	(137,799)
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Total investment income (loss)	\$273,546	(159,427)
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All of the certificates of deposit mature within one year as of June 30, 2010. The mutual funds are uncategorized.

BROOKDALE COMMUNITY COLLEGE FOUNDATION
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Notes to Financial Statements

For the Fiscal Years Ended June 30, 2010 and 2009

(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, 2010 and 2009. The fair value of this space and these services is estimated at \$124,967 and \$120,153, 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, 2010 and 2009, respectively.

During the fiscal years 2010 and 2009, 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, 2010 and 2009, the Foundation was indebted to the College in the amount of \$130,211 and \$107,019, 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, 2010 and 2009, the present value of the assets to be received, \$248,666 and \$203,131, 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 gain of \$45,535 for the year ending June 30, 2010 and a loss of \$33,764 for the year ended June 30, 2009.

(6) Reclassifications

Certain data for June 30, 2009 has been reclassified to be more comparable to that of June 30, 2010.