

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

Financial Statements and  
Management's Discussion and Analysis

For The Years Ended June 30, 2011 and 2010

(With Independent Auditor's Report Thereon)



**SUPLEE, CLOONEY & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

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

For the Years Ended June 30, 2011 and 2010

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# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@senco.com](mailto:info@senco.com)

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members of the Board  
Brookdale Community College Foundation  
Lincroft, New Jersey 07738

We have audited the accompanying Statement of Net Assets of Brookdale Community College Foundation as of June 30, 2011, and the related Statements of Revenue, Expenses, and Changes in Net Assets and Statements of Cash Flows for the year then ended. 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 audit. The financial statements for the year ended June 30, 2010 were audited by other auditors whose report dated October 11, 2010 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 audit provides 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, 2011 and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management Discussion and Analysis, as listed in the foregoing table of contents, is not a required part of the basic financial statements but are supplementary information required by the U.S. generally accepted accounting principles. 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.

October 14, 2011

**BROOKDALE COMMUNITY COLLEGE FOUNDATION**

(A Component Unit of the County of Monmouth)

Management's Discussion and Analysis

June 30, 2011 and 2010

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, 2011 and June 30, 2010.

The mission of the Foundation is to help students achieve their dream of earning a college degree so they can build better futures for themselves, their families and our communities. The Foundation solicits private funding from individuals, businesses, organizations and private foundations to support and fund student scholarships, innovation grants to expand student access, and special programs that provide access and opportunity to students. The Holocaust, Genocide and Human Rights Center (HGHRC) operate under the auspices of the Foundation. Its mission is to educate the public about historical issues of the Holocaust and Genocide and eliminate all forms of prejudice through education.

**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 FY11, the Annual Fund campaign generated revenues of \$244,012, an increase of \$32,685 (15.5%) from FY10 total of \$211,327. Major donations to the annual campaign included gifts of \$50,000, \$25,000, 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 FY11 generated revenues of \$281,908, a \$16,929 (6.4%) increase from the FY10 total of \$264,979. The Education Open Golf Tournament in September 2010 exceeded its goal and the Scholarship Ball in April 2011 missed its goal by \$2,000.

Total unrestricted revenues in FY11 were \$902,919 resulting in an increase in fund balance of \$126,626 for the year. In FY10, total unrestricted revenues were \$792,371, resulting in an increase in fund balance for the year of \$14,565.

**Restricted and Endowed Revenue**

Contributions to new and existing Scholarship Funds, plus investment income from endowed scholarship funds represent restricted revenues in FY11.

In FY11, the Foundation received \$39,364 in restricted scholarship revenue versus a total of \$43,676 in FY10. This is a decrease of \$4,312 or 9.9%.

FY11 shows a small decrease in combined restricted and endowed revenues. In FY11, the Foundation received \$201,248 in investment earnings, while in FY10, the Foundation received \$232,932 in investment earnings. This pattern shows a slow and steady rebound of the market from the FY09 downturn.

**BROOKDALE COMMUNITY COLLEGE FOUNDATION**  
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Management's Discussion and Analysis

June 30, 2011 and 2010

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

					<b>FY10/FY11</b>
		<b>FY11</b>	<b>FY10</b>	<b>FY09</b>	<b>Change</b>
Special Events	\$	281,908	264,979	199,613	16,929
Membership Dues		28,259	40,725	—	(12,466)
Contributions		444,107	319,228	947,020	124,879
College Contribution		99,091	124,967	120,153	(25,876)
Interest		247,024	273,546	(159,427)	(26,522)
Transfer of HGHRC net assets		—	488,711	—	(488,711)
Other		43,142	45,535	(33,764)	(2,393)
<b>Total</b>	<b>\$</b>	<b>1,143,531</b>	<b>1,557,691</b>	<b>1,073,595</b>	<b>(414,160)</b>

**Total Expenses:**

Overall expenses were as follows for each of the past three fiscal years; FY11 \$840,122, FY10 \$829,144, and FY09 \$617,838. The increase of \$10,978 in FY11 is the net effect of an increase in scholarship and grant awards of \$103,951, a decrease in operating and other expenses of \$88,395 (primarily due to a reduction in staff) and a decrease in special events of \$4,578.

**Scholarships and Grants**

The Foundation Board of Trustees is committed to increasing scholarships and grants. Scholarships, grants and other programs supporting students totaled \$358,715 in FY11, \$254,764 in FY10 and \$289,646 in FY09. More than 500 students received scholarships during FY11. 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 FY11 were \$4,407,894 compared to \$4,014,485 in FY10 (7.4% increase). Net assets in FY11 increased \$303,409 over FY10 and FY10 net assets 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 nine years, net assets have increased from \$1,363,653 in FY02 to \$4,407,894 in FY11 (more than tripling total net assets), while simultaneously increasing scholarships and grants significantly 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

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Management's Discussion and Analysis

June 30, 2011 and 2010

existing funds to produce investment 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 FY11 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 5% 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 FY11 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 \$1,448,715 in scholarships and grants in the last six fiscal years.

In June 2011, the Foundation Board of Trustees Executive Committee met to review the FY11 goals and to establish goals for FY12 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.

There are plans to continue the annual campaign in FY12, as well as the Education Open Golf Outing in September 2011 at Eagle Oaks Golf Club and the Scholarship Ball in May, 2012. The Foundation will also work to generate additional scholarship funds through planned giving (bequests and trusts).

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

Statements of Net Assets

As of June 30, 2011 and 2010

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Current assets:		
Cash and cash equivalents	\$ 1,473,008	2,273,801
Accounts receivable and other assets	3,040	9,400
Investments (note 3)	1,051,211	956,477
Annual Campaign Receivable	64,000	62,782
Total current assets	2,591,259	3,302,460
Noncurrent assets:		
Contributions receivable (note 5)	291,808	248,666
Endowment investments (note 3)	1,595,098	692,769
Total noncurrent assets	1,886,906	941,435
Total assets	4,478,165	4,243,895
<b>Liabilities</b>		
Current liabilities:		
Due to Brookdale Community College (note 4)	62,756	130,211
Deposits held for others	7,515	9,199
Total current liabilities	70,271	139,410
<b>Net assets</b>		
Restricted for:		
Nonexpendable:		
Scholarships	1,130,927	1,124,880
Library	865,672	840,104
Expendable:		
Scholarships	891,380	746,212
Unrestricted	1,519,915	1,393,289
Total net assets	\$ 4,407,894	4,104,485

See accompanying notes to financial statements.

**BROOKDALE COMMUNITY COLLEGE FOUNDATION**  
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Statements of Revenues, Expenses, and Changes in Net Assets

For the Fiscal Years Ended June 30, 2011 and 2010

	<b>2011</b>	<b>2010</b>
Operating revenues:		
Special events	\$ 281,908	264,979
Contributions	444,107	319,228
Membership dues	28,259	40,725
Total operating revenues	754,274	624,932
Operating expenses:		
Special events	100,507	105,085
Scholarships	358,715	254,764
Salaries	195,634	254,006
Benefits	37,897	64,997
Rent and utilities	31,509	30,891
Supplies and other services	115,860	119,401
Total operating expenses	840,122	829,144
Operating loss	(85,848)	(204,212)
Nonoperating revenues:		
Investment income	247,024	273,546
College contribution (note 4)	99,091	124,967
Transfer of Holocaust net assets	—	488,711
Change in fair value of charitable remainder trust (note 5)	43,142	45,535
Total nonoperating revenues	389,257	932,759
Increase in net assets	303,409	728,547
Net assets as of beginning of year	4,104,485	3,375,938
Net assets as of end of year	\$ 4,407,894	4,104,485

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, 2011 and 2010

	<b>2011</b>	<b>2010</b>
Cash flows from operating activities:		
Special events receipts	\$ 288,268	268,899
Membership dues revenue	28,259	40,725
Contributions and pledges	442,889	261,566
Payments to suppliers	(315,331)	(235,510)
Payments to employees	(233,531)	(319,003)
Payments for scholarships and grants	(358,715)	(254,764)
Other operating disbursements	(1,684)	(489,535)
Net cash used in operating activities	(149,845)	(727,622)
 Cash flows from noncapital financing activities:		
College contribution	99,091	124,967
 Cash flows from investing activities:		
Interest and dividends on investments	20,743	7,878
Sales of investments	141,359	1,304,987
Purchases of investments	(912,141)	(36,484)
Net cash provided by (used in) investing activities	(750,039)	1,276,381
Net increase in cash and cash equivalents	(800,793)	673,726
Cash and cash equivalents as of beginning of year	2,273,801	1,600,075
Cash and cash equivalents as of end of year	\$ 1,473,008	2,273,801
Reconciliation of operating income to net cash used in operating activities:		
Operating loss	\$ (85,848)	(204,212)
Changes in assets and liabilities:		
Accounts receivable and other assets	6,360	3,920
Contributions receivable	(1,218)	(57,662)
Accounts payable	—	(1,125)
Deferred revenue	—	(2,200)
Due to (from) Brookdale Community College	(67,455)	23,192
Deposits held in custody for others	(1,684)	(489,535)
Net cash used in operating activities	\$ (149,845)	(727,622)

See accompanying notes to financial statements.

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Notes to Financial Statements

For the Fiscal Years Ended June 30, 2011 and 2010

**(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, 2011 and 2010

### ***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, 2011 and 2010

*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 \$223,356.20 at June 30, 2011 and \$922,582.36 at June 30, 2010. Of the \$922,582.36 uninsured balance at June 30, 2010, \$654,097.87 was invested in early July, 2010.

\$401,501 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.

**(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, 2011 and 2010 are stated at fair value and consist of the following:

	<u>2011</u>	<u>2010</u>
Certificates of deposit	\$989,864	1,016,812
Mutual funds	1,656,445	632,434
	<hr/> <u>\$2,646,309</u>	<hr/> <u>1,649,246</u>
Investment income	\$160,143	160,649
Net realized and unrealized gains	86,881	112,897
Total investment income	<hr/> <u>\$247,024</u>	<hr/> <u>273,546</u>

All of the certificates of deposit mature within one year as of June 30, 2011. The mutual funds are uncategorized.

**BROOKDALE COMMUNITY COLLEGE FOUNDATION**  
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Notes to Financial Statements

For the Fiscal Years Ended June 30, 2011 and 2010

**(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, 2011 and 2010. The fair value of this space and these services is estimated at \$99,091 and \$124,967, 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, 2011 and 2010, respectively.

During the fiscal years 2011 and 2010, 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, 2011 and 2010, the Foundation was indebted to the College in the amount of \$62,756 and \$130,211, 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, 2011 and 2010, the present value of the assets to be received, \$291,808 and \$248,666, 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 \$43,142 for the year ending June 30, 2011 and a gain of \$45,535 for the year ended June 30, 2010.

