



**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

# THE ALUMNI ASSOCIATION OF BROOKDALE COMMUNITY COLLEGE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Alumni Association of Brookdale Community College

We have audited the accompanying statements of financial position of The Alumni Association of Brookdale Community College ("Association") as of June 30, 2012 and 2011, and the related statements of activities, and cash flows for each of the years then ended. The financial statements are the responsibility of the Association'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 and provisions require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and 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, 2012 and 2011, and the changes in its net assets and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Jenkintown, Pennsylvania  
November 20, 2012

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Statements of Financial Position  
As of June 30, 2012 and 2011

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Cash and cash equivalents	\$ 70,450	74,975
Investments, at fair value (note 2)	<u>114,181</u>	<u>117,368</u>
Total assets	<u>\$ 184,631</u>	<u>192,343</u>
 <b>Liabilities and Net Assets</b> 		
Liabilities:		
Due to Brookdale Community College	\$ <u>3,190</u>	<u>4,848</u>
Net assets:		
Unrestricted	75,745	80,042
Temporarily restricted	<u>105,696</u>	<u>107,453</u>
Total net assets	<u>181,441</u>	<u>187,495</u>
Total liabilities and net assets	<u>\$ 184,631</u>	<u>192,343</u>

See accompanying notes to financial statements

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Statements of Activities

For the fiscal years ended June 30, 2012 and 2011

	<b>2012</b>			<b>2011</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenues, gains (losses) and other support:						
Contributions	\$ 55,116	—	55,116	53,411	—	53,411
Alumni sponsored events	6,038	—	6,038	10,910	—	10,910
Interest and dividends	197	2,990	3,187	346	1,807	2,153
Net realized and unrealized gain on investments	(1,446)	(2,729)	(4,175)	4,326	5,387	9,713
Membership dues	4,820	—	4,820	440	—	440
Net assets released from restrictions for: scholarships	2,018	(2,018)	—	2,024	(2,024)	—
Total revenues, gains (losses) and other support	<u>66,743</u>	<u>(1,757)</u>	<u>64,986</u>	<u>71,457</u>	<u>5,170</u>	<u>76,627</u>
Expenses:						
Program:						
Scholarships	5,500	—	5,500	6,500	—	6,500
Alumni sponsored events	6,133	—	6,133	5,805	—	5,805
Management and general	59,407	—	59,407	59,603	—	59,603
Total expenses	<u>71,040</u>	<u>—</u>	<u>71,040</u>	<u>71,908</u>	<u>—</u>	<u>71,908</u>
Changes in net assets	(4,297)	(1,757)	(6,054)	(451)	5,170	4,719
Net assets as of beginning of year	<u>80,042</u>	<u>107,453</u>	<u>187,495</u>	<u>80,493</u>	<u>102,283</u>	<u>182,776</u>
Net assets as of end of year	<u>\$ 75,745</u>	<u>105,696</u>	<u>181,441</u>	<u>80,042</u>	<u>107,453</u>	<u>187,495</u>

See accompanying notes to financial statements

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**  
Statements of Cash Flows  
For the fiscal years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Changes in net assets	\$ (6,054)	4,719
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Net realized and unrealized (gain) loss on investments	4,175	(9,713)
Decrease in total liabilities	<u>(1,658)</u>	<u>(6,341)</u>
Net cash used in operating activities	<u>(3,537)</u>	<u>(11,335)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	2,000	2,000
Purchases of investments	<u>(2,988)</u>	<u>(1,800)</u>
Net cash provided by (used in) investing activities	<u>(988)</u>	<u>200</u>
Net decrease in cash and cash equivalents	(4,525)	(11,135)
Cash and cash equivalents as of beginning of year	<u>74,975</u>	<u>86,110</u>
Cash and cash equivalents as of end of year	<u>\$ 70,450</u>	<u>74,975</u>
Supplemental disclosure of cash flow information:		
In-kind support	<u>\$ 54,876</u>	<u>53,411</u>

See accompanying notes to financial statements

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**  
Notes to Financial Statements  
For the fiscal years ended June 30, 2012 and 2011

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

***Organization***

The Alumni Association of Brookdale Community College (the “Association”) was founded in 1973. The Association is a not-for-profit organization governed by a sixteen member Board of Directors comprised of graduates and attendees of Brookdale Community College (the “College”). The 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, 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 is reported as net assets released from restrictions.

***Contributions***

Contributions 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.

***Temporarily Restricted Net Assets***

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

***Cash and Cash Equivalents***

Cash equivalents are considered to be 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.

(Continued)

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**  
Notes to Financial Statements  
For the fiscal years ended June 30, 2012 and 2011

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

*Summary of Significant Accounting Policies (continued)*

*Investments*

Investments in marketable securities are reported at market value in the accompanying statements of financial position. Unrealized gains and losses are included in the changes in net assets in the accompanying statements of activities. Fair values for stocks, mutual funds, and corporate bonds are based on quoted market prices.

*Contributed Services*

The Association utilizes management services provided by the Brookdale Community College. For 2012, in-kind support of \$54,876 has been recorded as unrestricted contributions and management and general expense in the accompanying financial statements. For 2011, in-kind support of \$53,411 has been recorded 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 Internal Revenue Service has classified the Association as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“Code”) and, accordingly, the Association 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) of the Code, and is classified as an organization other than a private foundation under Section 509(a)(2) of the Code.

*Accounting for Uncertainty in Income Taxes* clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. Management has analyzed the tax positions taken by the Association and has concluded that as of June 30, 2012 and 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association recognizes accrued interest and penalties associated with uncertain tax positions, if any.

There was no income tax-related interest or penalties recorded for the year ended June 30, 2012 and 2011. The income tax returns of the Organization for June 30, 2009, 2010 and 2011 are subject to examination by the IRS and other taxing authorities, generally for three years after they were filed.

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**THE ALUMNI ASSOCIATION OF  
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Notes to Financial Statements  
For the fiscal years ended June 30, 2012 and 2011

**(2) Cash and Investments**

***Investments***

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

Investments are recorded at fair value. A summary of the cost and fair value by type as of June 30, 2012 and 2011 is as follows:

	<b>2012</b>	<b>2011</b>
Money market funds	\$ 29,921	7,098
Taxable fixed income	68,629	93,194
Mutual funds	15,631	17,076
	114,181	117,368
Cost	118,356	107,655
Net unrealized gain (loss)	\$ (4,175)	9,713

**(3) Fair Value Measurements**

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants.

In determining fair value, the Association uses various valuation approaches, including market, income and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the topic are described below:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices of similar instruments in active markets; quoted prices of identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Significant inputs to the valuation model are unobservable.

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**THE ALUMNI ASSOCIATION OF  
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Notes to Financial Statements  
For the fiscal years ended June 30, 2012 and 2011

**(3) Fair Value Measurements (continued)**

Management's estimate to value the Association's Level 1 investments is based on investment valuation statements and other observable inputs. The Association does not have any investments to value that would be considered Level 2 or 3.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used as of June 30, 2012 and 2011.

*Marketable Securities* – Valued at the net asset value of the shares held by the Association at year-end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2012 and 2011:

<b>Level 1</b>	<u><b>2012</b></u>	<u><b>2011</b></u>
Money market funds	\$ 29,921	7,098
Taxable fixed income	68,629	93,194
Mutual funds	<u>15,631</u>	<u>17,076</u>
	<u>\$ 114,181</u>	<u>117,368</u>

***Changes in fair value levels:***

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets. For the year ended June 30, 2012, there were no significant transfers in or out of Levels 1, 2 or 3.

**(4) Subsequent Events**

The Association has evaluated subsequent events through November 20, 2012, which is the date the financial statements were available to be issued.