



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

**FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2012 AND 2011

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

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INDEPENDENT AUDITORS' REPORT

To the Honorable President and Members of the Board of Trustees of
Brookdale Community College Foundation

We have audited the accompanying statement of net assets of Brookdale Community College Foundation ("Foundation") as of June 30, 2012, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. The 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 of Brookdale Community College Foundation for the year ended June 30, 2011 were audited by other auditors whose report dated October 14, 2011 expressed an unqualified opinion on those statements.

We conducted our audit 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 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 Foundation'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 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, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.



Jenkintown, Pennsylvania
November 26, 2012

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Management's Discussion and Analysis

For the fiscal years ended June 30, 2012 and 2011

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, 2012 and 2011.

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 Center for Holocaust, Human Rights and Genocide Education operates 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," special events, a donation for the Brookdale Innovation Grants ("BIG") program, and a capital campaign organized and implemented by the Center for Holocaust, Human Rights and Genocide Education ("Chchange") generated unrestricted revenues in FY12.

In FY12, the Annual Fund campaign generated revenues of \$279,830, an increase of \$35,818 (14.7%) from the FY11 total of \$244,012. Major donations to the annual campaign included gifts of a \$100,000 bequest, \$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.

The Foundation also secured a \$100,000 donation to support the BIG program which provides "seed" funding to faculty and staff projects that expand access and opportunity for students.

Special events in FY12 comprised of the Education Open Golf Tournament, the Scholarship Ball, the Wilbur Ray Scholarship Dinner and the Chchange gala generated revenues of \$343,827, a \$61,919 increase over the FY11 total of \$281,908. The increase is primarily the result of the Chchange gala success.

The Center for Holocaust, Human Rights and Genocide Education generated revenues of \$152,988 to support the capital campaign. Chchange began operations in its new facility in late August 2012. It is located in the mega structure building, next to the Bankier Library. The facility is 3,800 square feet, more than twice the size of Chchange's previous facility, and houses a "smart" classroom, library, archives, research area, administrative offices and, opening in the spring of 2014, a permanent exhibit.

Total unrestricted revenues in FY12 were \$1,263,679 resulting in an increase in the unrestricted fund balance of \$424,571 for the year. In FY11, total unrestricted revenues were \$902,919, resulting in an increase in the unrestricted fund balance for the year of \$126,626.

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BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Management's Discussion and Analysis

For the fiscal years ended June 30, 2012 and 2011

Restricted and Endowed Revenue

Contributions to new and existing Scholarship Funds, plus investment income from endowed scholarship funds represent restricted revenues in FY12.

In FY12, the Foundation received \$48,269 in restricted scholarship revenue versus a total of \$39,364 in FY11 for an increase of \$8,905 or 22.6%.

FY12 shows a decrease in combined restricted and endowed revenues due to a decrease in investment earnings of \$144,670. In FY12, the Foundation received \$56,578 in investment earnings, while in FY11 the Foundation received \$201,248 in investment earnings.

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

	<u>FY12</u>	<u>FY11</u>	<u>FY10</u>	<u>FY11/FY12 Change</u>
Special events	\$ 343,827	281,908	264,979	61,919
Membership dues	31,151	28,259	40,725	2,892
Contributions	815,011	444,107	319,228	370,904
College contributions	101,707	99,091	124,967	2,616
Interest	68,436	247,024	273,546	(178,588)
Trans Holoc net assets	—	—	488,711	—
Other	8,394	43,142	45,535	(34,748)
	<u>\$ 1,368,526</u>	<u>1,143,531</u>	<u>1,557,691</u>	<u>224,995</u>

Total Expenses

Overall expenses were as follows for each of the past three fiscal years: FY12, \$881,906; FY11, \$840,122; and, FY10, \$829,144. The increase of \$41,784 in FY12 is the net effect of an increase in operating and other expenses of \$71,380 (primarily due to staffing and benefits at the Center for Holocaust, Human Rights and Genocide Education), an increase in special events of \$1,263, and a decrease in scholarship and grant awards of \$30,859.

Scholarships and Grants

The Foundation's Board of Trustees is committed to increasing scholarships and grants. Scholarships, grants and other programs supporting students totaled \$327,856 in FY12, \$358,715 in FY11, and \$254,764 in FY10. More than 450 students received scholarships during FY12. 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.

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BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Management's Discussion and Analysis

For the fiscal years ended June 30, 2012 and 2011

Net Assets

Total net assets in FY12 were \$4,894,514 compared to \$4,407,894 in FY11 (11.0% increase). Net assets in FY12 increased \$486,620 over FY11 and FY11 net assets increased \$303,409 over FY10. This increase is directly attributable to the Center for Holocaust, Human Rights and Genocide Education's capital campaign. In the last ten years, net assets have increased from \$1,363,653 in FY02 to \$4,894,514 in FY12 (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 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.

This growth can be tied to the Foundation's Board of Trustees' strategic planning and goal setting for FY12 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 of 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 FY13 to provide financial stability and sustainability.

The Board of Trustees continued its commitment to be more engaged in the mission of the Foundation and the results in FY12 demonstrate its increased interest, involvement, commitment and investment in that mission.

Other Information

The Foundation's Board of Trustees has committed to steady increases in scholarships and grants benefiting students. The Foundation has awarded a total of \$1,776,571 in scholarships and grants in the last seven fiscal years.

In June 2012, the Foundation's Board of Trustees reviewed the FY12 goal outcomes and the goals for FY13 and beyond. 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 FY13, as well as the Education Open Golf Tournament in September 2012 at Eagle Oaks Golf Club and the Scholarship Ball in May 2013. 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, 2012 and 2011

Assets	2012	2011
Current assets:		
Cash and cash equivalents	\$ 1,818,225	1,473,008
Accounts receivable and other assets	10,500	3,040
Investments (note 3)	1,149,594	1,051,211
Annual Campaign Receivable	152,505	64,000
Total current assets	<u>3,130,824</u>	<u>2,591,259</u>
Noncurrent assets:		
Contributions receivable (note 5)	300,202	291,808
Endowment investments (note 3)	1,580,693	1,595,098
Total noncurrent assets	<u>1,880,895</u>	<u>1,886,906</u>
Total assets	<u>5,011,719</u>	<u>4,478,165</u>
Liabilities		
Current liabilities:		
Due to Brookdale Community College (note 4)	112,600	62,756
Deposits held for others	4,605	7,515
Total current liabilities	<u>117,205</u>	<u>70,271</u>
Net assets		
Restricted for:		
Nonexpendable:		
Scholarships	1,132,579	1,130,927
Library	872,649	865,672
Expendable:		
Scholarships	944,800	891,380
Unrestricted	1,944,486	1,519,915
Total net assets	<u>\$ 4,894,514</u>	<u>4,407,894</u>

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Special events	\$ 343,827	281,908
Contributions	815,011	444,107
Membership dues	31,151	28,259
Total operating revenues	<u>1,189,989</u>	<u>754,274</u>
Operating expenses:		
Special events	101,770	100,507
Scholarships	327,856	358,715
Salaries	233,565	195,634
Benefits	46,566	37,897
Rent and utilities	32,139	31,509
Supplies and other services	140,010	115,860
Total operating expenses	<u>881,906</u>	<u>840,122</u>
Operating income (loss)	<u>308,083</u>	<u>(85,848)</u>
Nonoperating revenues:		
Investment income	68,436	247,024
College contribution (note 4)	101,707	99,091
Change in fair value of charitable remainder trust (note 5)	8,394	43,142
Total nonoperating revenues	<u>178,537</u>	<u>389,257</u>
Increase in net assets	486,620	303,409
Net assets as of beginning of year	<u>4,407,894</u>	<u>4,104,485</u>
Net assets as of end of year	<u>\$ 4,894,514</u>	<u>4,407,894</u>

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Special events receipts	\$ 336,367	288,268
Membership dues revenue	31,151	28,259
Contributions and pledges	726,506	442,889
Payments to suppliers	(224,075)	(315,331)
Payments to employees	(280,131)	(233,531)
Payments for scholarships and grants	(327,856)	(358,715)
Other operating disbursements	(2,910)	(1,684)
Net cash provided by (used in) operating activities	<u>259,052</u>	<u>(149,845)</u>
Cash flows from noncapital financing activities:		
College contribution	<u>101,707</u>	<u>99,091</u>
Cash flows from investing activities:		
Interest and dividends on investments	60,133	20,743
Sales of investments	80,937	141,359
Purchases of investments	(156,612)	(912,141)
Net cash used in investing activities	<u>(15,542)</u>	<u>(750,039)</u>
Net increase (decrease) in cash and cash equivalents	345,217	(800,793)
Cash and cash equivalents at beginning of year	<u>1,473,008</u>	<u>2,273,801</u>
Cash and cash equivalents at end of year	<u>\$ 1,818,225</u>	<u>1,473,008</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 308,083	(85,848)
Changes in assets and liabilities:		
Accounts receivable and other assets	(7,460)	6,360
Contributions receivable	(88,505)	(1,218)
Due to (from) Brookdale Community College	49,844	(67,455)
Deposits held in custody for others	(2,910)	(1,684)
Net cash provided by (used in) operating activities	<u>\$ 259,052</u>	<u>(149,845)</u>

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, 2012 and 2011

(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 ("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.

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BROOKDALE COMMUNITY COLLEGE FOUNDATION

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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)

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 and money market funds with original maturities of three months or less.

Investments

Investments are recorded at fair value, which is based upon quoted market prices, and consist of certificates of deposit and mutual funds.

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 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.

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BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit 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)

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 its banking institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. The Foundation's uninsured cash balance totaled \$309,213 as of June 30, 2012 and \$223,356 as of June 30, 2011.

\$424,535 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 Nonexpendable Net Assets.

(3) Investments

The Foundation's investment policy establishes guidelines for permissible investments, which include certificates of deposits and mutual funds.

Investments as of June 30, 2012 and 2011 are stated at fair value and consist of the following:

	<u>2012</u>	<u>2011</u>
Certificates of deposit	\$ 859,663	989,864
Mutual funds	<u>1,870,624</u>	<u>1,656,445</u>
	<u>\$ 2,730,287</u>	<u>2,646,309</u>
Investment income	\$ 60,133	160,143
Net realized and unrealized gains	<u>8,303</u>	<u>86,881</u>
Total investment income	<u>\$ 68,436</u>	<u>247,024</u>

All of the certificates of deposit mature within one year as of June 30, 2012.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Notes to Financial Statements

For the fiscal years ended June 30, 2012 and 2011

(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, 2012 and 2011. The fair value of this space and these services is estimated at \$101,707 and \$99,091 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, 2012 and 2011, respectively.

During the fiscal years 2012 and 2011, 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, 2012 and 2011, the Foundation was indebted to the College in the amount of \$112,600 and \$62,756, 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 15-year trust term. The estimated value of the trust has been discounted at 6.0%. As of June 30, 2012 and 2011, the present value of the assets to be received, \$300,202 and \$291,808, 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 \$8,394 for the year ended June 30, 2012 and a gain of \$43,142 for the year ended June 30, 2011.