



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

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

JUNE 30, 2013 AND 2012

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

Report on the Financial Statements

We have audited the accompanying financial statements of Brookdale Community College Foundation, which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position, and cash flows for each of the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Brookdale Community College Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Brookdale Community College Foundation as of June 30, 2013 and 2012, and the results of its operations, changes in its net position, and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Management's Discussion and Analysis is presented for purposes of additional analysis as required by *Governmental Accounting Standards Board*, and is not a required part of the financial statements. 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, such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The image shows a handwritten signature in black ink that reads "EisnerAmper LLP". The signature is written in a cursive, flowing style.

Jenkintown, Pennsylvania
November 14, 2013

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Management's Discussion and Analysis

June 30, 2013 and 2012

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, 2013 and 2012.

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 ("Chhange") 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" and special events generated unrestricted revenues in FY13.

In FY13, the Annual Fund campaign generated revenues of \$252,218, a decrease of \$27,612 (9.9%) from the FY12 total of \$279,830. Major donations to the annual campaign included gifts of a \$100,000 bequest, \$50,000 and \$5,000; other gifts of smaller denominations were also received from individuals, businesses, organizations, private foundations and employees.

Special events in FY13, including the Education Open Golf Tournament, the Scholarship Ball, and the Wilbur Ray Scholarship Dinner, generated revenues of \$226,636, a decrease of \$117,191 (34.1%) from the FY12 total of \$343,827. This decrease is directly attributed to the Center for Holocaust, Human Rights and Genocide Education not having a gala in FY13.

Total unrestricted revenues in FY13 and FY12 were \$833,456 and \$1,263,679, respectively.

Restricted and Endowed Revenue

Contributions to new and existing Scholarship Funds, plus investment income from endowed scholarship funds and other donor-restricted contributions represent restricted revenues.

In FY13, the Foundation received \$41,439 in restricted scholarship revenue, a \$10,000 bequest for the Bankier Library Endowed Fund, and a \$25,000 donation to an existing scholarship endowment fund. In addition, the Foundation secured a \$125,000 grant from the Robin Hood Relief Fund and nearly \$20,000 in donations from employees, alumni and individuals for a total of almost \$145,000 to provide direct aid to Brookdale students impacted by Superstorm Sandy. Chhange generated revenues of \$108,326 to support a capital campaign, along with an anonymous \$500,000 gift, with \$200,000 being designated to the operating fund and \$300,000 to the capital fund. Total restricted and endowed revenues for FY13, excluding investment earnings, totaled \$829,523, an increase of \$781,254 over the FY12 total of \$48,269.

The Foundation received \$178,732 in restricted investment earnings, an increase of \$122,154 over the FY12 total.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Management's Discussion and Analysis

June 30, 2013 and 2012

Total Revenues

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

	<u>FY13</u>	<u>FY12</u>	<u>FY11</u>	<u>FY12/FY13</u> <u>Change</u>
Special events	\$ 226,636	343,827	281,908	(117,191)
Membership dues	30,207	31,151	28,259	(944)
Contributions	1,244,799	815,011	444,107	429,788
College contributions	149,885	101,707	99,091	48,178
Investment income	213,025	68,436	247,024	144,589
Other	(22,841)	8,394	43,142	(31,235)
	<u>\$ 1,841,711</u>	<u>1,368,526</u>	<u>1,143,531</u>	<u>473,185</u>

Total Expenses

Operating expenses in FY13 and FY12 were \$1,075,606 and \$881,906, respectively. The FY13 increase of \$193,700 can be attributed to staffing and benefits costs, building relocation expenses for Chhange, an increase in scholarship and grant awards of \$54,652 and a decrease in special events of \$26,024.

Scholarships and Grants

The Foundation Board of Trustees is committed to increasing scholarships and grants. Scholarships, grants and other programs supporting students totaled \$382,508 in FY13 and \$327,856 in FY12. Nearly 500 students received scholarships and grants during FY13. Scholarships are awarded to students having financial need (the majority do not qualify for Federal or State grants) and meeting other established criteria. Hurricane Sandy Relief funds were provided to students impacted by Superstorm Sandy and who were enrolled in fall 2012 and spring 2013. Other grants are provided to faculty and staff, as well as departments for projects that enhance educational services and increase access for students.

Net Position

Total net position in FY13 was \$5,660,619 compared to \$4,894,514 in FY12, a 15.7% increase. Net position in FY13 increased \$766,105 over FY12, and FY12 net position increased \$486,620 over FY11. This increase is directly attributable to the Center for Holocaust, Human Rights and Genocide Education receiving a \$500,000 donation; a \$125,000 grant from the Robin Hood Relief Fund to the Foundation, and a \$25,000 additional gift to the Foundation for the Arthur Ross Endowed Memorial Scholarship. In the last 11 years, net position has increased from \$1,363,653 in FY02 to \$5,660,619 in FY13 (more than quadrupling total net position), while simultaneously increasing scholarships and grants significantly. This growth trend is tied to the generation of over \$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

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Management's Discussion and Analysis

June 30, 2013 and 2012

Net Position (continued)

This growth can also be tied to the Foundation's Board of Trustees' strategic planning and goal setting for FY13 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 supporting student success.
- ✓ Increase Foundation assets 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 FY13 demonstrate its increased interest, involvement, commitment and investment in that mission.

Other Information

The Foundation's Board of Trustees will have a planning retreat in October 2013 to brainstorm ideas for increasing financial support for projects vital to the College's continued success.

There are plans to continue the annual campaign in FY14, as well as the Education Open Golf Outing in September 2013 at Eagle Oaks Golf Club and the Scholarship Ball in May 2014. The Foundation will also work to generate additional scholarship funds through naming rights and planned giving (bequests and trusts).

Chchange filed for its own 501(c)(3) nonprofit status with the Internal Revenue Service ("IRS") in Fall 2012. The Center was granted the IRS designation in September 2013, with an effective date of August 17, 2012. As such, Chchange assets will be separated from the Foundation in FY14.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Statements of Net Position

As of June 30, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$ 3,608,661	1,818,225
Accounts receivable and other assets	9,179	10,500
Investments (note 3)	830,599	1,149,594
Annual campaign receivable	51,940	152,505
Total current assets	<u>4,500,379</u>	<u>3,130,824</u>
Noncurrent assets:		
Contributions receivable (note 5)	—	300,202
Endowment investments (note 3)	1,394,771	1,580,693
Total noncurrent assets	<u>1,394,771</u>	<u>1,880,895</u>
Total assets	<u>5,895,150</u>	<u>5,011,719</u>
Liabilities		
Current liabilities:		
Due to Brookdale Community College (note 4)	230,093	112,600
Deposits held for others	4,438	4,605
Total current liabilities	<u>234,531</u>	<u>117,205</u>
Net Position		
Restricted for:		
Nonexpendable:		
Scholarships	1,164,561	1,132,579
Library	899,727	872,649
Expendable:		
Scholarships	1,091,245	944,800
Other	813,437	—
Unrestricted	1,691,649	1,944,486
Total net position	<u>\$ 5,660,619</u>	<u>4,894,514</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 Position
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Special events	\$ 226,636	343,827
Contributions	1,244,799	815,011
Membership dues	30,207	31,151
	1,501,642	1,189,989
Operating expenses:		
Special events	75,746	101,770
Scholarships and grants	382,508	327,856
Salaries	256,510	233,565
Benefits	64,350	46,566
Rent and utilities	32,782	32,139
Supplies and other services	263,710	140,010
	1,075,606	881,906
Total operating expenses		
	426,036	308,083
Nonoperating revenues:		
Investment income (note 3)	213,025	68,436
College contribution (note 4)	149,885	101,707
Change in fair value of charitable remainder trust (note 5)	(22,841)	8,394
	340,069	178,537
Total nonoperating revenues		
	766,105	486,620
Increase in net position		
Net position as of beginning of year	4,894,514	4,407,894
Net position as of end of year	\$ 5,660,619	4,894,514

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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Special events receipts	\$ 227,957	336,367
Membership dues revenue	30,207	31,151
Contributions and pledges	1,645,566	726,506
Payments to suppliers	(254,745)	(224,075)
Payments to employees	(320,860)	(280,131)
Payments for scholarships and grants	(382,508)	(327,856)
Other operating disbursements	(167)	(2,910)
Net cash provided by operating activities	<u>945,450</u>	<u>259,052</u>
Cash flows from noncapital financing activities:		
College contribution	<u>149,885</u>	<u>101,707</u>
Cash flows from investing activities:		
Interest and dividends on investments	119,853	60,133
Sales of investments	650,636	80,937
Purchases of investments	(75,388)	(156,612)
Net cash provided by (used in) investing activities	<u>695,101</u>	<u>(15,542)</u>
Net increase in cash and cash equivalents	1,790,436	345,217
Cash and cash equivalents at beginning of year	<u>1,818,225</u>	<u>1,473,008</u>
Cash and cash equivalents at end of year	<u>\$ 3,608,661</u>	<u>1,818,225</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 426,036	308,083
Change in assets and liabilities:		
Accounts receivable and other assets	1,321	(7,460)
Contributions receivable	400,767	(88,505)
Due to Brookdale Community College	117,493	49,844
Deposits held in custody for others	(167)	(2,910)
Net cash provided by operating activities	<u>\$ 945,450</u>	<u>259,052</u>

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, 2013 and 2012

(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.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Notes to Financial Statements

For the fiscal years ended June 30, 2013 and 2012

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

Summary of Significant Accounting Policies (continued)

Net Position

The Foundation classifies its resources into the following net position categories:

• ***Restricted:***

Nonexpendable – Net position subject to externally-imposed stipulations that must be maintained permanently by the Foundation.

Expendable – Net position 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 position that is not subject to externally-imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management with approval by the Board of Trustees. Substantially all unrestricted net position is 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, mutual funds, equities and bonds.

Investment income consists of dividend and interest income and is shown net of investment management fees.

The net change in the fair value of investments consists of both realized and unrealized gain and loss on investments.

Office Furnishings and Equipment

Costs of office furnishings and equipment are 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.

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Notes to Financial Statements

For the fiscal years ended June 30, 2013 and 2012

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

Summary of Significant Accounting Policies (continued)

Grant and Contributions

Grants and contributions are recorded as unrestricted revenue or restricted net position depending on the absence or existence of any donor restrictions. Unconditional grants and contributions are recognized as revenue when the related promise to give is received.

Donor-restricted grants and contributions whose restrictions are satisfied in the same period as funds are recognized are reported as unrestricted support in the statements of revenues, expenses and changes in net position.

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.

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement:

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for the Foundation's fiscal year beginning July 1, 2012. This Statement modifies the presentation of deferred inflows and deferred outflows in the financial statements. Implementation of Statement No. 63 had no impact on the Foundation's net position or changes in net position for the years ended June 30, 2013 and 2012.

(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 \$2,048,083 as of June 30, 2013 and \$309,213 as of June 30, 2012.

\$669,517 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 Position.

(3) Investments

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

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Notes to Financial Statements

For the fiscal years ended June 30, 2013 and 2012

(3) Investments (continued)

Investments as of June 30, 2013 and 2012 are stated at fair value and consist of the following:

	<u>2013</u>	<u>2012</u>
Certificates of deposit:	\$	
Current investments	138,601	314,028
Endowment investments	318,559	545,635
Mutual funds:		
Current investments	480,108	678,875
Endowment investments	214,768	194,263
Equities:		
Current investments	120,149	79,227
Endowment investments	488,468	425,127
Bonds and notes:		
Current investments	91,741	77,464
Endowment investments	<u>372,976</u>	<u>415,668</u>
	<u>\$ 2,225,370</u>	<u>2,730,287</u>
Investment income	\$ 124,788	60,133
Net realized and unrealized gains	<u>88,237</u>	<u>8,303</u>
Total investment income	<u>\$ 213,025</u>	<u>68,436</u>

All of the certificates of deposit mature within one year as of June 30, 2013.

(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, 2013 and 2012. The fair value of this space and these services is estimated at \$149,885 and \$101,707 and is included as operating revenues and operating expenses in the statements of revenues, expenses, and changes in net position for the years ended June 30, 2013 and 2012, respectively.

During the fiscal years 2013 and 2012, 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, 2013 and 2012, the Foundation was indebted to the College in the amount of \$230,093 and \$112,600, respectively, representing student scholarships and operating expenses paid by the College on behalf of the Foundation. This amount is noninterest-bearing and is currently payable.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Notes to Financial Statements

For the fiscal years ended June 30, 2013 and 2012

(5) Contributions Receivable

The Foundation is the beneficiary of a charitable remainder trust agreement. During fiscal year 2013, the Foundation received a check in the amount of \$277,361 per the 15-year trust term. As of June 30, 2012, the present value of the assets to be received, \$300,202, has been included in contributions receivable in the accompanying statements of net position. Annually, any change in the value is recorded as part of nonoperating revenues and amounted to a loss of \$22,841 for the year ended June 30, 2013 and a gain of \$8,394 for the year ended June 30, 2012.

(6) The Center for Holocaust, Human Rights and Genocide Education

The Center for Holocaust, Human Rights and Genocide Education (“Chhange”), an unincorporated entity operating under the Foundation, filed for its own 501(c)(3) nonprofit status with the IRS in the fall of 2012. Chhange received notification they were granted the IRS designation in September 2013, with an effective date of August 17, 2012. Total net position of approximately \$1,318,000, approximately \$813,000 of which are restricted-expendable, pertaining to Chhange will be distributed from the Foundation to the new 501(c)(3) entity in FY14. Management does not believe that this will have a significant impact on the future operations of the Foundation.

(7) Subsequent Events

The Foundation has evaluated subsequent events through November 14, 2013, which is the date the financial statements were available to be issued. See Note 6 above.