



**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

# 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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Alumni Association of Brookdale Community College (the "Association"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets, 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***

The Association'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 Association'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 Association'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 above present fairly, in all material respects, the financial position of The Alumni Association of Brookdale Community College as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.



Jenkintown, Pennsylvania  
November 10, 2014

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Statements of Financial Position

As of June 30, 2014 and 2013

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 66,435	72,910
Investments, at fair value (note 2)	<u>130,308</u>	<u>118,684</u>
Total assets	<u>\$ 196,743</u>	<u>191,594</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Due to Brookdale Community College	\$ 1,702	6,430
Accounts payable	<u>400</u>	<u>—</u>
Total liabilities	<u>2,102</u>	<u>6,430</u>
Net assets:		
Unrestricted	80,657	78,648
Temporarily restricted	<u>113,984</u>	<u>106,516</u>
Total net assets	<u>194,641</u>	<u>185,164</u>
Total liabilities and net assets	<u>\$ 196,743</u>	<u>191,594</u>

See accompanying notes to financial statements

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**  
Statements of Activities and Changes in Net Assets  
For the fiscal years ended June 30, 2014 and 2013

	<u>2014</u>			<u>2013</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support:						
Contributions	\$ 43,661	—	43,661	41,056	—	41,056
Alumni sponsored events	5,020	—	5,020	7,480	—	7,480
Interest and dividends	114	2,678	2,792	162	2,083	2,245
Net realized and unrealized gain on investments	4,150	4,796	8,946	3,659	2,761	6,420
Membership dues	2,610	—	2,610	1,530	—	1,530
Net assets released from restrictions for scholarships	6	(6)	—	4,024	(4,024)	—
Total revenues, gains and other support	<u>55,561</u>	<u>7,468</u>	<u>63,029</u>	<u>57,911</u>	<u>820</u>	<u>58,731</u>
Expenses:						
Program:						
Scholarships	4,500	—	4,500	5,000	—	5,000
Alumni sponsored events	3,734	—	3,734	4,657	—	4,657
Management and general	45,318	—	45,318	45,351	—	45,351
Total expenses	<u>53,552</u>	<u>—</u>	<u>53,552</u>	<u>55,008</u>	<u>—</u>	<u>55,008</u>
Change in net assets	2,009	7,468	9,477	2,903	820	3,723
Net assets as of beginning of year	<u>78,648</u>	<u>106,516</u>	<u>185,164</u>	<u>75,745</u>	<u>105,696</u>	<u>181,441</u>
Net assets as of end of year	<u>\$ 80,657</u>	<u>113,984</u>	<u>194,641</u>	<u>78,648</u>	<u>106,516</u>	<u>185,164</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 9,477	3,723
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	(8,946)	(6,420)
Increase (decrease) in liabilities:		
Due to Brookdale Community College	(4,728)	3,240
Accounts payable	400	—
Net cash provided by (used in) operating activities	<u>(3,797)</u>	<u>543</u>
Cash flows from investing activities:		
Proceeds from sale of investments	—	4,000
Purchases of investments	<u>(2,678)</u>	<u>(2,083)</u>
Net cash provided by (used in) investing activities	<u>(2,678)</u>	<u>1,917</u>
Net increase (decrease) in cash and cash equivalents	(6,475)	2,460
Cash and cash equivalents as of beginning of year	<u>72,910</u>	<u>70,450</u>
Cash and cash equivalents as of end of year	<u>\$ 66,435</u>	<u>72,910</u>
Supplemental disclosure of cash flow information:		
In-kind support	<u>\$ 40,661</u>	<u>40,951</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, 2014 and 2013

**(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 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. Temporarily restricted contributions, the requirements of which are met in the year of donation, are reported as unrestricted.

***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, 2014 and 2013

**(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 change in net assets in the accompanying statements of activities and changes in net assets. Fair values for equities, mutual funds, and bonds are based on quoted market prices.

*Contributed Services*

The Association utilizes management services provided by Brookdale Community College. For 2014, in-kind support of \$40,661 has been recorded as unrestricted contributions and management and general expenses in the accompanying financial statements. For 2013, in-kind support of \$40,951 has been recorded as unrestricted contributions and management and general expenses 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 (“IRS”) has classified the Association as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“Code”). The Association is also 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 principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability, if the Association has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Association and has concluded that as of June 30, 2014, 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, as part of management and general expenses. There were no income tax related interest and penalties recorded for the years ended June 30, 2014 and 2013. The tax returns of the Association for the years ended June 30, 2011 through 2014 are or will be subject to examination by the IRS and other various taxing authorities, generally for three years after they are filed.

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**THE ALUMNI ASSOCIATION OF  
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Notes to Financial Statements  
For the fiscal years ended June 30, 2014 and 2013

**(2) Cash and Investments**

***Investments***

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

Investments are recorded at fair value. A summary of the cost and fair value by type as of June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 4,234	3,661
U.S. equities	25,308	20,468
International equities	8,938	7,331
Taxable fixed income	62,680	62,684
Mutual funds	<u>29,148</u>	<u>24,540</u>
	130,308	118,684
Cost	<u>121,362</u>	<u>112,264</u>
Net unrealized gain	<u>\$ 8,946</u>	<u>6,420</u>

**(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 for similar instruments in active markets; quoted prices for 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, 2014 and 2013

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

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used as of June 30, 2014 and 2013.

*Marketable Securities* – Valued at the quoted market price 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 following table sets forth, by level, the Association's investments at fair value, within the fair value hierarchy, as of June 30, 2014 and 2013:

<u>Level 1</u>	<u>2014</u>	<u>2013</u>
Money market funds	\$ 4,234	3,661
U.S. equities	25,308	20,468
International equities	8,938	7,331
Bonds:		
Corporate	52,590	62,684
International	10,090	—
Mutual funds:		
Large Cap Equity	23,440	19,290
Other	5,708	5,250
	<u>\$ 130,308</u>	<u>118,684</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. For the years ended June 30, 2014 and 2013, there were no transfers into or out of Levels 1, 2 or 3.

**(4) Subsequent Events**

The Association has evaluated subsequent events through November 10, 2014, which is the date the financial statements were available to be issued.