



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

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

JUNE 30, 2014 AND 2013

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 (the "Foundation") (A Component Unit of Brookdale Community College), which comprise the statements of net position as of June 30, 2014 and 2013, 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

The 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 Foundation'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 Foundation'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 (A Component Unit of Brookdale Community College) as of June 30, 2014 and 2013, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

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

Jenkintown, Pennsylvania
October 14, 2014

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Management's Discussion and Analysis

For the fiscal years ended June 30, 2014 and 2013

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, 2014 and 2013.

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, also known as "Chhange", operated under the auspices of the Foundation since 1979. Its mission is to educate the public about historical issues of the Holocaust and Genocide and eliminate all forms of prejudice through education. Chhange filed for and received 501(c)(3) nonprofit status with the Internal Revenue Service ("IRS") in September 2013, with an effective date of August 17, 2012. As a result, Chhange's net position of \$1,318,523 was transferred from the Foundation to the newly formed Chhange entity on July 1, 2013.

General Financial Information

Unrestricted Revenue

The Brookdale Annual Fund campaign "Building Minds, Building Futures" and special events generated unrestricted revenues in FY14.

The Campaign generated revenues of \$286,295, an increase of \$34,077 (13.5%) from the FY13 total of \$252,218. Major donations to the annual campaign included gifts of \$68,000, \$50,000, \$36,000, \$15,000, \$7,500 and \$5,000; gifts of smaller denominations were also received from individuals, businesses, organizations, private foundations and employees.

Special events in FY14, including the Education Open Golf Tournament, the Scholarship Ball, and the Wilbur Ray Scholarship Dinner generated revenues of \$223,537, an increase of \$36,556 (19.4%) from the FY13 total of \$186,981, excluding \$39,655 attributed to special event revenue of Chhange no longer included in the operations of the Foundation.

Due to a shift in investment vehicles and investment managers, the Foundation received \$75,963 in unrestricted investment earnings in FY14.

Total unrestricted revenues in FY14 and FY13 were \$645,305 and \$833,456, respectively. Total revenue related to Chhange no longer included in the Foundation amounted to \$850,780 in FY13.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Management's Discussion and Analysis

For the fiscal years ended June 30, 2014 and 2013

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 FY14, the Foundation received \$1,413,525 in restricted and endowed revenue. Excluding investment income earnings, revenue totaled \$1,057,974, an increase of \$228,451 over the FY13 total of \$829,523. President Murphy, on behalf of the Foundation secured a \$1,000,000 gift to establish the Poseidon Early College High School ("PECHS") program. The College entered into the agreement with the Neptune Township School District. PECHS will target academically prepared Neptune Township High School students who are the first in their families to attend college. The program will make it possible for selected students to complete an associate degree and a high school diploma in four years. Beginning in the fall of 2014, 25 Neptune students will take college courses while also completing requirements for their high school diplomas. A new class of 25 will be admitted each year until the school has 100 students in four grades. In addition, the Foundation received gifts of \$32,082 to create the Webster Trammell Scholarship Fund.

The Foundation received \$340,753 in restricted and endowed investment earnings, an increase of \$162,021 over the FY13 total.

Total Revenues

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

	FY14	FY13	FY12	FY13/FY14 Change
Special events	\$ 223,537	226,636	343,827	(3,099)
Membership dues	—	30,207	31,151	(30,207)
Contributions	1,344,270	1,244,799	815,011	99,471
College contributions	150,270	149,885	101,707	385
Investment income	416,716	213,025	68,436	203,691
Other	—	(22,841)	8,394	22,841
	<u>\$ 2,134,793</u>	<u>1,841,711</u>	<u>1,368,526</u>	<u>293,082</u>

*Membership dues relate to the operations of Chhange no longer included in the operations of the Foundation.

Total Expenses

Operating expenses in FY14 and FY13 were \$699,938 and \$1,075,606, respectively. The FY14 decrease is \$375,668, of which \$372,093 can be attributed to Chhange staffing, benefit and other operating costs no longer being included in the Foundation financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Management's Discussion and Analysis

For the fiscal years ended June 30, 2014 and 2013

Scholarships and Grants

The Foundation Board of Trustees is committed to increasing scholarships and grants. Scholarships, grants and other programs supporting students totaled \$377,542 in FY14 and \$382,508 in FY13. Nearly 450 students received scholarships and grants during FY14. Scholarships are awarded to students having financial need (the majority do not qualify for Federal or State grants) and meeting other established criteria. 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 FY14 was \$5,776,951 compared to \$5,660,619 in FY13, a 2.1% increase. Net position in FY14 increased \$116,332 over FY13, and FY13 net position increased \$766,105 over FY12. This increase is directly attributable to the Foundation receiving a \$1,000,000 gift for the PECHS, and \$32,082 in donations to create the Webster Trammell Scholarship Fund, and is offset by the July 1, 2013 distribution of the Center for Holocaust, Human Rights and Genocide Education net position of \$1,318,523. In the last 12 years, net position has increased from \$1,363,653 in FY02 to \$5,776,951 in FY14, while simultaneously increasing scholarships and grants significantly. This growth trend is tied to the generation of over \$2 million in new endowment funds and 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 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 Foundation's Board of Trustees continued its commitment to be more engaged in the mission of the Foundation, and the results in FY14 demonstrate the increased interest, involvement, commitment and investment in the mission.

Other Information

There are plans to continue the annual campaign, the Education Open Golf Outing at Eagle Oaks Golf Club, and the Scholarship Ball in FY15.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Statements of Net Position

As of June 30, 2014 and 2013

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$ 438,621	\$ 3,608,661
Accounts receivable and other assets	12,051	9,179
Investments, at fair value (note 3)	3,273,633	830,599
Annual campaign receivable	76,260	51,940
Total current assets	<u>3,800,565</u>	<u>4,500,379</u>
Noncurrent assets:		
Endowment investments (note 3)	<u>2,004,951</u>	<u>1,394,771</u>
Total noncurrent assets	<u>2,004,951</u>	<u>1,394,771</u>
Total assets	<u>5,805,516</u>	<u>5,895,150</u>
Liabilities		
Current liabilities:		
Due to Brookdale Community College (note 4)	24,047	230,093
Accounts payable	80	—
Deposits held for others	4,438	4,438
Total current liabilities	<u>28,565</u>	<u>234,531</u>
Net Position		
Restricted for:		
Nonexpendable:		
Scholarships	1,177,096	1,164,561
Library	899,727	899,727
Expendable:		
Scholarships	2,553,764	1,091,245
Other	—	813,437
Unrestricted	<u>1,146,364</u>	<u>1,691,649</u>
Total net position	<u>\$ 5,776,951</u>	<u>\$ 5,660,619</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, 2014 and 2013

	2014	2013
Operating revenues:		
Special events	\$ 223,537	\$ 226,636
Contributions	1,344,270	1,244,799
Membership dues	—	30,207
Total operating revenues	1,567,807	1,501,642
Operating expenses:		
Special events	73,234	75,746
Scholarships and grants	377,542	382,508
Salaries	136,700	256,510
Benefits	39,915	64,350
Rent and utilities	33,437	32,782
Supplies and other services	39,110	263,710
Total operating expenses	699,938	1,075,606
Operating income	867,869	426,036
Nonoperating revenues:		
Investment income (note 3)	416,716	213,025
College contribution (note 4)	150,270	149,885
Change in fair value of charitable remainder trust (note 5)	—	(22,841)
Distribution	(1,318,523)	—
Total nonoperating revenues	(751,537)	340,069
Increase in net position	116,332	766,105
Net position as of beginning of year	5,660,619	4,894,514
Net position as of end of year	\$ 5,776,951	\$ 5,660,619

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Special events receipts	\$ 220,665	\$ 227,957
Membership dues revenue	—	30,207
Contributions and pledges	1,319,950	1,645,566
Payments to suppliers	(351,747)	(254,745)
Payments to employees	(176,615)	(320,860)
Payments for scholarships and grants	(377,542)	(382,508)
Other operating disbursements	—	(167)
Net cash provided by operating activities	<u>634,711</u>	<u>945,450</u>
Cash flows from noncapital financing activities:		
College contribution	<u>150,270</u>	<u>149,885</u>
Cash flows from investing activities:		
Interest and dividends on investments	79,235	119,853
Sales of investments	2,550,365	650,636
Purchases of investments	<u>(6,584,621)</u>	<u>(75,388)</u>
Net cash provided by (used in) investing activities	<u>(3,955,021)</u>	<u>695,101</u>
Net increase (decrease) in cash and cash equivalents	(3,170,040)	1,790,436
Cash and cash equivalents at beginning of year	<u>3,608,661</u>	<u>1,818,225</u>
Cash and cash equivalents at end of year	<u>\$ 438,621</u>	<u>\$ 3,608,661</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 867,869	\$ 426,036
Change in assets and liabilities:		
Accounts receivable and other assets	(2,872)	1,321
Contributions receivable (payable)	(24,320)	400,767
Due to (from) Brookdale Community College	(206,046)	117,493
Accounts payable	80	—
Deposits held in custody for others	—	(167)
Net cash provided by operating activities	<u>\$ 634,711</u>	<u>\$ 945,450</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, 2014 and 2013

(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. 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 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

(A Component Unit 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)

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.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit 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)

Grants 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. Conditional grants and contributions are recognized as revenue only when the conditions on which they depend are substantially met and the promises become unconditional.

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.

New Accounting Standards Adopted

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB 65 is not expected to have a significant impact on the Foundation's financial statements.

(2) Cash and Cash Equivalents

The Foundation maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash.

Cash and cash equivalents of \$71,872 and \$669,517 as of June 30, 2014 and 2013, respectively, are a part of the Endowment Funds which, when combined with the Endowments Fund Investments, represents the total of the Nonexpendable Net Position.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements

For the fiscal years ended June 30, 2014 and 2013

(3) Investments

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Foundation, or are held by either the counterparty or the counterparty's trust department or agent but not in the Foundation's name. The Foundation's investments for fiscal years 2014 and 2013 are \$5,278,584 and \$2,225,370, respectively, in certificates of deposits, mutual funds, bonds and notes, and equities at various financial institutions.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Foundation's investment policy establishes guidelines for permissible investments, which include certificates of deposits, mutual funds, equities and bonds.

Concentration of Credit Risk

The Foundation does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2014 and 2013, the Foundation had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>	
			<u>2014</u>	<u>2013</u>
Certificates of deposit	> 3 months	N/A	\$ -	\$ 457,160
Mutual funds	N/A	N/A	48,407	694,876
Equities	N/A	N/A	2,764,698	608,617
Bonds and notes	various	various	<u>2,465,479</u>	<u>464,717</u>
			\$ <u>5,278,584</u>	\$ <u>2,225,370</u>

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Notes to Financial Statements

For the fiscal years ended June 30, 2014 and 2013

(3) Investments (continued)

Investments as of June 30, 2014 and 2013 are stated at fair value and consist of the following:

	<u>2014</u>	<u>2013</u>
Certificates of deposit:		
Current investments	\$ —	\$ 138,601
Endowment investments	—	318,559
Mutual funds:		
Current investments	14,881	480,108
Endowment investments	33,526	214,768
Equities:		
Current investments	1,702,497	120,149
Endowment investments	1,062,201	488,468
Bonds and notes:		
Current investments	1,556,255	91,741
Endowment investments	<u>909,224</u>	<u>372,976</u>
	<u>\$ 5,278,584</u>	<u>\$ 2,225,370</u>
Investment income	\$ 74,051	\$ 124,788
Net realized and unrealized gains	<u>342,665</u>	<u>88,237</u>
Total investment income	<u>\$ 416,716</u>	<u>\$ 213,025</u>

(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, 2014 and 2013. The fair value of this space and these services is estimated at \$150,270 and \$149,885 and is included as nonoperating revenues and operating expenses in the statements of revenues, expenses, and changes in net position for the years ended June 30, 2014 and 2013, respectively.

During the fiscal years 2014 and 2013, 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, 2014 and 2013, the Foundation was indebted to the College in the amount of \$24,047 and \$230,093, 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.

(5) Charitable Remainder Trust

The Foundation was the beneficiary of a charitable remainder trust agreement. During fiscal year 2013, the Foundation received a check in the amount of \$277,361 representing the final payment on the 15-year trust term and recognized a loss of \$22,841, which was recorded as part of nonoperating revenues on the statements of revenues, expenses, and changes in net position for the year ended June 30, 2013.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

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Notes to Financial Statements

For the fiscal years ended June 30, 2014 and 2013

(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. Accordingly, net position of approximately \$1,319,000 pertaining to Chhange was distributed from the Foundation to the new 501(c)(3) entity on July 1, 2013. Approximately \$813,000 of this net position was restricted-expendable.

(7) Subsequent Events

The Foundation has evaluated subsequent events through October 14, 2014, which is the date the financial statements were available to be issued.