

**ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

FINANCIAL STATEMENTS

JUNE 30, 2020

THE ALUMNI ASSOCIATION OF BROOKDALE COMMUNITY COLLEGE

Financial Statements

June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Alumni Association of Brookdale Community College
Lincroft, New Jersey

Report on 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, 2020 and 2019, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the 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 of 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity'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 Association as of June 30, 2020 and 2019, and the respective changes in net assets and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Association adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities: Clarifying the Scope and Accounting guidance for Contributions Received and Contributions Made (Topic 958)*, and ASU 2016-08, *Statement of Cash Flows: Restricted Cash (Topic 230)*. Our Opinion is not modified with respect to these matters.



**Certified Public Accountants
Braintree, Massachusetts**

November 19, 2020

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Financial Position
As of June 30,

Assets	2020	2019
Cash and equivalents	\$ 66,010	72,373
Investments, at fair value (note 2)	151,788	150,445
Total Assets	\$ <u>217,798</u>	<u>222,818</u>
Liabilities and Net Assets		
Liabilities:		
Due to Brookdale Community College	\$ <u>1,939</u>	<u>2,212</u>
Total Liabilities	<u>1,939</u>	<u>2,212</u>
Net assets:		
Without restrictions	78,930	90,102
With donor restrictions	136,929	130,504
Total Net Assets	<u>215,859</u>	<u>220,606</u>
Total Liabilities and Net assets	\$ <u>217,798</u>	<u>222,818</u>

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**
Statements of Activities and Changes in Net Assets
For the Years Ended June 30,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues:						
Contributions	\$ 13	-	13	830	-	830
Contributed services	43,565	-	43,565	42,791	-	42,791
Alumni sponsored events	-	2,166	2,166	7,806	2,989	10,795
Membership dues	490	-	490	454	-	454
Net assets released from restrictions for scholarships	-	-	-	4,000	(4,000)	-
Total Operating Revenues:	44,068	2,166	46,234	55,881	(1,011)	54,870
Expenses:						
Program	21,755	-	21,755	22,492	-	22,492
Fundraising	677	-	677	9,913	-	9,913
Management and general	29,892	-	29,892	28,691	-	28,691
Total Expenses	52,324	-	52,324	61,096	-	61,096
Change in net assets	(8,256)	2,166	(6,090)	(5,215)	(1,011)	(6,226)
Non-Operating Activities:						
Investments, net	(2,916)	4,259	1,343	2,393	6,021	8,414
Changes in Net Assets from Operating Revenues	(11,172)	6,425	(4,747)	(2,822)	5,010	2,188
Net Assets, Beginning of Year	90,102	130,504	220,606	92,924	125,494	218,418
Net Assets, End of Year	\$ 78,930	136,929	215,859	90,102	130,504	220,606

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Functional Expenses
For the Years Ended June 30,

	2020			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 18,980	29,892	-	48,872
Alumni sponsored events	-	-	677	677
Scholarships	2,775	-	-	2,775
Total Expenses	\$ 21,755	29,892	677	52,324
	2019			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 18,733	28,691	-	47,424
Alumni sponsored events	-	-	9,913	9,913
Scholarships	3,759	-	-	3,759
Total Expenses	\$ 22,492	28,691	9,913	61,096

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Statements of Cash Flows
For the Years Ended June 30,

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (4,747)	2,188
Adjustments to reconcile change in net assets to net cash applied to operating activities:		
Unrealized (gain) loss on investments	1,537	(5,205)
Change in liabilities:		
Due From (Due to) Brookdale Community College	(273)	17
Net cash applied to operating activities	(3,483)	(3,000)
Cash flows from investing activities:		
Proceeds from sale of investments	-	4,000
Purchases of investments	(2,880)	(3,116)
Net cash flows from investing activities	(2,880)	884
Net decrease in cash and equivalents	(6,363)	(2,116)
Cash and equivalents as of beginning of year	72,373	74,489
Cash and equivalents as of end of year	\$ 66,010	72,373
Supplemental disclosure of cash flow information:		
In-kind support	\$ 43,565	42,791

See accompanying notes to financial statements.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements
June 30, 2020 and 2019

(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.

On March 9th, 2020, the Governor of New Jersey declared a state of emergency and ordered all non-essential business services to temporarily cease due to the COVID-19 outbreak. The Association does not perform any essential services. The Association did fundraise after the start of the emergency but did not conduct any in-person fundraising events. The COVID-19 crisis created volatility in the financial markets and a significant decrease in the overall economy. Management took steps, such as reducing expenses to mitigate negative effects of operations.

Summary of Significant Accounting Policies

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles in the United States of America which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the objectives of the Association. These net assets may be used at the discretion of the Association's management and board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without restrictions in the statement of activities. Restricted contributions in which the restrictions are met in the same year are reported as without donor restrictions revenue.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consists of those items attributable to the Association's ongoing purpose and the return earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued

June 30, 2020 and 2019

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

Alumni Sponsored Events

The Association recognizes event revenue for a particular event once that event has taken place.

Net Assets with Donor Restrictions

Net assets with donor restrictions consists of contributions to be used for scholarships to students and alumni of the College.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements.

Cash and Equivalents

Cash equivalents are considered to be highly liquid investment instruments with original maturities of less three months or less.

Investments

Investments are initially reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Investment Risk

The Association invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the statements of financial position.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued

June 30, 2020 and 2019

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

Fair Value Measurements

Promulgations of the Financial Accounting Standards Board have established a framework for measuring fair value, which provides a hierarchy that prioritizes the input to valuation techniques used to measure fair value. 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 are described as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability; and• Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Contributions

Contributions are recognized as revenue when the conditions contained in the respective agreements have been met. Contributions are conditional if there is a barrier that must be overcome before the recipient is entitled to the asset transferred and the donor has the right to request the asset back if it was not properly used.

Unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued
June 30, 2020 and 2019

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

Income Taxes

The Association has been notified by the Internal Revenue Service that it meets the qualifications to be classified as a tax-exempt entity under Section 501 (c)(3) of the Internal Revenue Code. As a not-for-profit entity exempt from income taxes, the Association may, however, be subject to tax on unrelated business income.

Accounting principles generally accepted in the United States of America require an entity to assess the probability that a tax position has a “more likely than not” sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances, the statute of limitations may remain open indefinitely.

In-kind donations

The Association received donated professional services of \$43,565 and \$42,791 for the years ended June 30, 2020 and 2019, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses.

Functional Allocations of Expenses

Expenses are categorized by program services, management and general, or fundraising on a direct identification basis, where practical, and on a percentage allocation basis based on management’s judgement. A variety of cost allocation techniques are used such as time and effort and square footage.

Adoption of New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The purpose of this pronouncement is to provide guidance in determining whether transactions are non-exchange (within the scope of Topic 958) or exchange (within the scope of Topic 606) and determining whether contributions are conditional. The Association adopted the provisions of ASU 2018-08 for contributions received on a modified prospective basis as of July 1, 2019. Therefore, it is applied to any remaining portion of existing agreements not yet recognized as of July 1, 2019, in addition to all new agreements entered into after that date. The adoption of this pronouncement did not have a material effect on these financial statements. The Association will adopt the provisions for contributions made on July 1, 2020, and does not expect a significant impact on its financial statements.

FASB issued ASU 2016-18, *Restricted Cash (Topic 230)*. The purpose of this pronouncement is to provide guidance on the classification of restricted cash in the statement of cash flows. The Association adopted the provisions of ASU 2016-18 on a retrospective basis and did not necessitate an adjustment to net assets in the prior period.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued

June 30, 2020 and 2019

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

New Accounting Pronouncement

FASB issued 2014-09 *Revenue from Contracts with Customers* and additional ASUs containing modifications to ASU 2014-09 (collectively referred to as “the new revenue recognition standard”). In May 2020, the Financial Accounting Standards Board voted to extend the implementation date one year (effective for periods beginning after December 15, 2019 for non-public entities.) The purpose of the new revenue recognition standard is to remove inconsistencies and weaknesses in current revenue recognition requirements; to provide a more robust framework for addressing revenue recognition issues and to improve comparability of recognition across entities, industries, jurisdictions, and capital markets. It requires the Association to perform certain specific steps to identify performance obligations and determine transaction prices to establish the appropriate revenue recognition.

FASB issued ASU 2018-13 *Fair Value Measurement: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which is effective for periods beginning after December 15, 2019. Implementation of this standard will add, modify, or eliminate certain fair value instrument disclosures.

FASB issued ASU 2019-03, *Updating the Definition of Collections*, which is effective for periods beginning after December 15, 2019. Implementation of this standard will expand the definition of collections to allow the sale of collections to be used for the direct care of existing collections.

Management is in the process of evaluating these pronouncements and has not yet determined their impact on the financial statements.

(2) Investments

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 for the investments.

Money Market: Valued at the net asset value of the shares held at fiscal year-end.

U.S. and International Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net asset value of the shares held at fiscal year-end.

Corporate bonds: Valued based upon quotes from independent pricing vendors based upon independent pricing models or other model-based valuation techniques such as present value of the stream of expected cash flows adjusted for the security’s credit rating and other factors such as credit loss assumptions.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued

June 30, 2020 and 2019

(2) Investments - continued

The preceding methods 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 measurement at the reporting date.

The following is a summary of investments at June 30,:

	2020			
	Level 1	Level 2	Level 3	Total
Money market	\$ 29,532	\$ -	\$ -	\$ 29,532
U.S. equities	29,785	-	-	29,785
International equities	6,943	-	-	6,943
Corporate bonds	-	39,410	-	39,410
Mutual funds - large cap equity	31,796	-	-	31,796
Mutual funds - other	14,323	-	-	14,323
Total Assets subject to fair value	\$ 112,379	\$ 39,410	\$ -	\$ 151,789
	2019			
	Level 1	Level 2	Level 3	Total
Money market	\$ 9,708	\$ -	\$ -	\$ 9,708
U.S. equities	28,036	-	-	28,036
International equities	7,269	-	-	7,269
Corporate bonds	-	56,235	-	56,235
Mutual funds - large cap equity	34,708	-	-	34,708
Mutual funds - other	14,489	-	-	14,489
Total Assets subject to fair value	\$ 94,210	\$ 56,235	\$ -	\$ 150,445

(3) Related Party Transactions

The Association utilizes management services provided by the College. In-kind support of \$43,565 and \$42,791 has been recorded as unrestricted contributions and management and general expense in the accompanying financial statements for the years ended June 30, 2020 and 2019, respectively. Amounts due to the College from the Association were \$1,939 and \$2,212 as of June 30, 2020 and 2019, respectively.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued
June 30, 2020 and 2019

(4) Concentrations, Risks, and Uncertainties

Cash

The Association maintains cash balances at several financial institutions, and at times during the year these balances may exceed the federally insured limit. Management monitors the financial condition of these financial institutions, along with its balances in cash, to keep this potential risk at a minimum. At June 30, 2020 and 2019, the cash balances are fully insured.

Investments

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The Association's holdings of equities, fixed-income funds, and certificates of deposit are held in a brokerage account with a national brokerage firm. These accounts are protected by the Securities Investor Protection Corporation ("SIPC"). In the event of broker-dealer failure, up to \$500,000 in these accounts will be protected from loss. The SIPC insurance does not protect against market losses on investments. The Association's investments in common pooled funds is not covered under SIPC insurance.

Uncertainties

The Association is highly dependent on donor contributions and fundraising efforts. Although management believes that it will have sufficient funds to meet its operating expenses for the remainder of the fiscal year between funds already available and promised grants, there is no guarantee that their grants and fundraising activities will continue into future years.

(5) Availability and Liquidity

The following represents the Association's financial assets available to meet general expenditures within one year at June 30,:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and equivalents	\$ 66,010	\$ 72,373
Investments, short-term	<u>151,788</u>	<u>150,445</u>
 Total financial assets	 217,798	 222,818
 Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(136,929)</u>	<u>(130,504)</u>
 Financial Assets available to meet general expenditures within one year:	 \$ <u>80,869</u>	 \$ <u>92,314</u>

The Association reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. If funds are needed for expenses, management can liquidate its short-term investments. At June 30, 2020 and 2019, management believes that the Association has no liquidity issues.

**THE ALUMNI ASSOCIATION OF
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued
June 30, 2020 and 2019

(6) *Subsequent Events*

Management has evaluated subsequent events through November 19, 2020, the date for which the financial statements were available for issuance. With the exception of the following event, management accepted the financial statements and did not identify any other events subsequent to June 30, 2020, requiring disclosure in these financial statements.

The COVID-19 crisis as discussed in Note 1 is ongoing. The Association continues to monitor operations and expenses. The Association is no longer holding any in-person events but is continuing its fundraising efforts. Management cannot reasonably estimate the duration or impact on finances and operations.