

# **THE ALUMNI ASSOCIATION OF BROOKDALE COMMUNITY COLLEGE**

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## **FINANCIAL STATEMENTS**

**JUNE 30, 2023**

# **THE ALUMNI ASSOCIATION OF BROOKDALE COMMUNITY COLLEGE**

## **Financial Statements**

**June 30, 2023 and 2022**

### **C O N T E N T S**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Alumni Association of Brookdale Community College:

### Opinion

We have audited the accompanying financial statements of The Alumni Association of Brookdale Community College (the "Association"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Other Matters**

The financial statements and related notes of the Association as of and for the year ended June 30, 2022 were audited by O'Connor & Drew, P.C., who joined with WithumSmith+Brown, PC on January 1, 2023 and expressed an unmodified opinion on those statements dated September 12, 2022. No additional procedures were conducted after the date of the financial statements by O'Connor & Drew, P.C. or WithumSmith+Brown, PC.

A handwritten signature in blue ink that reads "WithumSmith+Brown, PC".

October 24, 2023

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Statements of Financial Position  
As of June 30,

<u><b>Assets</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Cash and equivalents	\$ <b>46,795</b>	51,337
Investments, at fair value (note 2)	<u><b>177,507</b></u>	<u>165,542</u>
<b>Total Assets</b>	<b>\$ <u>224,302</u></b>	<u>216,879</u>
 <u><b>Liability and Net Assets</b></u>		
Liability:		
Due to Brookdale Community College	\$ <u><b>1,934</b></u>	<u>3,514</u>
<b>Total Liability</b>	<u><b>1,934</b></u>	<u>3,514</u>
Net assets:		
Without donor restrictions	<b>74,859</b>	72,942
With donor restrictions	<u><b>147,509</b></u>	<u>140,423</u>
<b>Total Net Assets</b>	<u><b>222,368</b></u>	<u>213,365</u>
<b>Total Liability and Net assets</b>	<b>\$ <u>224,302</u></b>	<u>216,879</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,

	2023			2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Revenues:</b>						
Contributions of non-financial assets	\$ 36,871	-	36,871	34,651	-	34,651
Membership dues	590	-	590	995	-	995
Alumni sponsored events	41	-	41	595	-	595
Contributions	-	-	-	1,239	-	1,239
<b>Total Operating Revenues</b>	<b>37,502</b>	<b>-</b>	<b>37,502</b>	<b>37,480</b>	<b>-</b>	<b>37,480</b>
<b>Expenses:</b>						
Program Services	13,097	-	13,097	12,280	-	12,280
Management and general	27,370	-	27,370	34,324	-	34,324
<b>Total Expenses</b>	<b>40,467</b>	<b>-</b>	<b>40,467</b>	<b>46,604</b>	<b>-</b>	<b>46,604</b>
<b>Change in Net Assets</b>	<b>(2,965)</b>	<b>-</b>	<b>(2,965)</b>	<b>(9,124)</b>	<b>-</b>	<b>(9,124)</b>
<b>Non-Operating Activity:</b>						
Investment return, net	4,882	7,086	11,968	(3,374)	(13,053)	(16,427)
<b>Changes in Net Assets from Operating Revenues</b>	<b>1,917</b>	<b>7,086</b>	<b>9,003</b>	<b>(12,498)</b>	<b>(13,053)</b>	<b>(25,551)</b>
Net Assets, Beginning of Year	72,942	140,423	213,365	85,440	153,476	238,916
<b>Net Assets, End of Year</b>	<b>\$ 74,859</b>	<b>147,509</b>	<b>222,368</b>	<b>72,942</b>	<b>140,423</b>	<b>213,365</b>

*See accompanying notes to financial statements.*

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Statements of Functional Expenses  
For the Years Ended June 30,

	2023			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 13,097	19,611	-	32,708
Professional fees	-	5,800	-	5,800
Office expense	-	1,959	-	1,959
<b>Total Expenses</b>	<b>\$ 13,097</b>	<b>27,370</b>	<b>-</b>	<b>40,467</b>
	2022			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 12,005	34,324	-	46,329
Scholarships	275	-	-	275
<b>Total Expenses</b>	<b>\$ 12,280</b>	<b>34,324</b>	<b>-</b>	<b>46,604</b>

*See accompanying notes to financial statements.*

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Statements of Cash Flows  
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Change in net assets from Operating Revenues	\$ 9,003	(25,551)
Adjustments to reconcile changes in net assets from Operating Revenues		
cash applied to operating activities:		
Unrealized (gain) loss on investments	(7,538)	20,193
Change in liability:		
Due to/(from) Brookdale Community College	<u>(1,580)</u>	<u>1,789</u>
Net cash applied to operating activities	<u>(115)</u>	<u>(3,569)</u>
<b>Cash flows from investing activity:</b>		
Purchases of investments	<u>(4,427)</u>	<u>(3,765)</u>
<b>Net change in cash and equivalents</b>	<b>(4,542)</b>	<b>(7,334)</b>
Cash and equivalents as of beginning of year	<u>51,337</u>	<u>58,671</u>
<b>Cash and equivalents as of end of year</b>	<b>\$ <u>46,795</u></b>	<b><u>51,337</u></b>

*See accompanying notes to financial statements.*



**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements  
June 30, 2023 and 2022

**(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***

***Method of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), 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.

***Measure of Operations***

The statements of activities and changes in net assets report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Association’s ongoing purpose. 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.

***Use of Estimates***

The preparation of financial statements in conformity with 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.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued

June 30, 2023 and 2022

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

***Cash and Equivalents***

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

***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 and changes in net assets.

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 and changes in net assets 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.

***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 inputs 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 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"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the asset or liability; and</li><li>• Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.</li></ul>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued  
June 30, 2023 and 2022

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

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

The assets 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 and changes in net assets as net assets released from restrictions.

***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.

U.S. GAAP requires 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.

***Revenue Recognition***

The Association derives revenue from membership dues and alumni sponsored events. The Association's revenues and cash flows are correlated to the general conditions of the economy. The Association expects to receive cash consideration equal to the amount billed to the customer. Customer prepayments are considered contract liabilities and reflected as deferred revenues, if any, on the statements of financial position and are recognized as revenue in the future when the services are performed, which is usually within twelve months.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued

June 30, 2023 and 2022

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

***Revenue Recognition (continued)***

***Alumni Sponsored Events***

The Association holds special events for alumni of the College. The transaction price is the consideration that the Association expects to receive for the entrance fee. The Association collects payment at the time of registration or shortly after. The Association considers the performance obligation to be the event and recognizes revenue at the time that the event occurs.

***Membership Dues***

The Association considers performance obligation to be membership to the Association throughout the calendar year. As a result, the Association recognizes membership dues over time as the services are provided in a fixed-fee agreement. The price for membership is a fixed fee and reviewed annually. Membership dues are collected monthly. The Association collects payments annually.

The following summarizes the disaggregated revenue to customer by sources for the years ended June 30,:

	<u><b>2023</b></u>	<u><b>2022</b></u>
Performance obligation satisfied over time - Membership dues	\$ <b>590</b>	\$ 995
Performance obligation satisfied at a point of time - Alumni sponsored events	<u><b>41</b></u>	<u>595</u>
	<u><b>\$ 631</b></u>	<u>\$ 1,590</u>

***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.

**(2) Investments**

The 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, 2023 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, 2023 and 2022

**(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 determines the fair value measurement at the reporting date.

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

	<b>2023</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 1,903	\$ -	\$ -	\$ 1,903
U.S. equities	61,495	-	-	61,495
Corporate bonds	-	50,772	-	50,772
Mutual funds - large cap equity	46,938	-	-	46,938
Mutual funds - other	<u>16,399</u>	<u>-</u>	<u>-</u>	<u>16,399</u>
Total Assets subject to fair value	<u>\$ 126,735</u>	<u>\$ 50,772</u>	<u>\$ -</u>	<u>\$ 177,507</u>
	<b>2022</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 29,988	\$ -	\$ -	\$ 29,988
U.S. equities	34,360	-	-	34,360
International equities	7,255	-	-	7,255
Corporate bonds	-	36,382	-	36,382
Mutual funds - large cap equity	42,056	-	-	42,056
Mutual funds - other	<u>15,501</u>	<u>-</u>	<u>-</u>	<u>15,501</u>
Total assets subject to fair value	<u>\$ 129,160</u>	<u>\$ 36,382</u>	<u>\$ -</u>	<u>\$ 165,542</u>

**(3) Net Assets**

Net assets with donor restrictions are comprised of purpose restrictions for scholarships of \$147,509 and \$140,423 at June 30, 2023 and 2022, respectively.

**(4) Contributed Services Received from Personnel of an Affiliate**

The College provides accounting and development personnel to the Association without charge. During the years ended June 30, 2023 and 2022, the Association recognized revenue and related expense of \$36,871 and \$34,651, respectively, of which the Association has included contributions of non-financial assets and related in-kind payroll expense, for contributed services received from the College based on the fair value of comparable services provided by third parties. The in-kind payroll expense was utilized during the periods, and the breakout of the expenses by category is contained in the statements of functional expenses.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued

June 30, 2023 and 2022

**(5) 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, 2023, 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 grants and fundraising activities will continue into future years.

**(6) Availability and Liquidity**

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

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and equivalents	\$ 46,795	\$ 51,337
Investments, short term	<u>177,507</u>	<u>165,542</u>
Total financial assets	<b>224,302</b>	216,879
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(147,509)</u>	<u>(140,423)</u>
Financial assets available to meet general expenditures within one year	\$ <u>76,793</u>	\$ <u>76,456</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, 2023 and 2022, management believes that the Association has no liquidity issues.

**THE ALUMNI ASSOCIATION OF  
BROOKDALE COMMUNITY COLLEGE**

Notes to Financial Statements - Continued  
June 30, 2023 and 2022

**(7) *Subsequent Events***

Management has evaluated subsequent events through October 24, 2023, the date for which the financial statements were available for issuance, and did not identify any other events subsequent to June 30, 2023 requiring disclosure in these financial statements.