

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

FINANCIAL STATEMENTS

JUNE 30, 2023

BROOKDALE COMMUNITY COLLEGE FOUNDATION
(A Component Unit 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
Brookdale Community College Foundation, Inc.:

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Brookdale Community College Foundation, Inc. (the "Foundation") (a component unit of Brookdale Community College) 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 respective financial position of the Foundation 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 audits in accordance with auditing standards generally accepted ("GAAS") in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Foundation, 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.

Other Matter

The financial statements and related notes of the Foundation 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 January 24, 2023. No additional procedures were conducted after the date of the financial statements by O'Connor & Drew, P.C. or WithumSmith+Brown, PC.

Responsibilities of Management 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 Foundation'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 in the United States of America and *Government Auditing Standards* 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 in the United States of America and *Government Auditing Standards*, 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 Foundation'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 Foundation'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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

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

December 11, 2023

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Statements of Financial Position

June 30,

| Assets | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| Current assets: | | |
| Cash and equivalents | \$ 870,658 | \$ 731,796 |
| Restricted cash | 296,930 | 457,772 |
| Contributions receivable | 986 | 1,147 |
| Prepaid expenses | <u>-</u> | <u>6,477</u> |
| Total current assets | <u>1,168,574</u> | <u>1,197,192</u> |
| Noncurrent assets: | | |
| Restricted cash for long-term purposes | 429,422 | 186,583 |
| Investments | <u>6,469,700</u> | <u>6,035,960</u> |
| Total noncurrent assets | <u>6,899,122</u> | <u>6,222,543</u> |
| Total assets | \$ <u>8,067,696</u> | \$ <u>7,419,735</u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Due to Brookdale Community College | \$ 232,259 | \$ 28,059 |
| Accounts payable | <u>35,855</u> | <u>36,041</u> |
| Total current liabilities | <u>268,114</u> | <u>64,100</u> |
| Net Assets: | | |
| Without donor restrictions | 1,274,675 | 1,016,928 |
| With donor restrictions | <u>6,524,907</u> | <u>6,338,707</u> |
| Total net assets | <u>7,799,582</u> | <u>7,355,635</u> |
| Total liabilities and net assets | \$ <u>8,067,696</u> | \$ <u>7,419,735</u> |

The accompanying notes are an integral part of these financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Statements of Activities and Changes in Net Assets

For the Years Ended June 30,

| | <u>2023</u> | | | <u>2022</u> | | |
|--|---------------------------------------|------------------------------------|---------------------|---------------------------------------|------------------------------------|---------------------|
| | <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> |
| Revenue: | | | | | | |
| Contributions and gifts of cash and other financial assets | \$ 127,771 | \$ 318,538 | \$ 446,309 | \$ 84,681 | \$ 632,590 | \$ 717,271 |
| Investment return, net | 65,884 | 335,386 | 401,270 | (47,687) | (639,311) | (686,998) |
| Special events | 397,867 | - | 397,867 | 329,157 | - | 329,157 |
| Contributions and gifts of nonfinancial assets | 148,834 | - | 148,834 | 96,854 | - | 96,854 |
| Net assets released from restrictions | <u>467,724</u> | <u>(467,724)</u> | <u>-</u> | <u>136,182</u> | <u>(136,182)</u> | <u>-</u> |
| Total Revenue | <u>1,208,080</u> | <u>186,200</u> | <u>1,394,280</u> | <u>599,187</u> | <u>(142,903)</u> | <u>456,284</u> |
| Expenses: | | | | | | |
| Program services | 700,743 | - | 700,743 | 870,705 | - | 870,705 |
| Management and general | 141,521 | - | 141,521 | 188,413 | - | 188,413 |
| Fundraising | <u>108,069</u> | <u>-</u> | <u>108,069</u> | <u>103,594</u> | <u>-</u> | <u>103,594</u> |
| Total Expenses | <u>950,333</u> | <u>-</u> | <u>950,333</u> | <u>1,162,712</u> | <u>-</u> | <u>1,162,712</u> |
| Change in Net Assets | 257,747 | 186,200 | 443,947 | (563,526) | (142,903) | (706,428) |
| Net Assets, Beginning of Year | <u>1,016,928</u> | <u>6,338,707</u> | <u>7,355,635</u> | <u>1,580,454</u> | <u>6,481,610</u> | <u>8,062,064</u> |
| Net Assets, End of Year | \$ <u>1,274,675</u> | \$ <u>6,524,907</u> | \$ <u>7,799,582</u> | \$ <u>1,016,928</u> | \$ <u>6,338,707</u> | \$ <u>7,355,635</u> |

The accompanying notes are an integral part of these financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Statements of Functional Expenses

For the Years Ended June 30,

| | <u>2023</u> | | | | <u>2022</u> | | | |
|--|-----------------------------|-----------------------------------|--------------------|-------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
| Scholarships and grants to the College | \$ 594,903 | \$ - | \$ - | \$ 594,903 | \$ 794,773 | \$ - | \$ - | \$ 794,773 |
| Salaries and benefits | 105,840 | 63,504 | 42,336 | 211,680 | 75,932 | 45,559 | 30,373 | 151,864 |
| Fundraising events | - | - | 65,733 | 65,733 | - | - | 73,221 | 73,221 |
| Supplies and other services | - | 42,262 | - | 42,262 | - | 107,800 | - | 107,800 |
| Lease and utilities | <u>-</u> | <u>35,755</u> | <u>-</u> | <u>35,755</u> | <u>-</u> | <u>35,054</u> | <u>-</u> | <u>35,054</u> |
| Total expenses | \$ <u>700,743</u> | \$ <u>141,521</u> | \$ <u>108,069</u> | \$ <u>950,333</u> | \$ <u>870,705</u> | \$ <u>188,413</u> | \$ <u>103,594</u> | \$ <u>1,162,712</u> |

The accompanying notes are an integral part of these financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Statements of Cash Flows

June 30,

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 443,947 | \$ (706,428) |
| Adjustments to reconcile change in net assets to net cash applied to operating activities: | | |
| Net realized and unrealized gains on investments | (1,338,420) | (1,228,932) |
| Changes in assets and liabilities: | | |
| Contributions receivable | 161 | 50,165 |
| Prepaid expenses | 6,477 | (6,035) |
| Due to Brookdale Community College | 204,200 | (56,725) |
| Accounts payable | <u>(186)</u> | <u>36,041</u> |
| Net cash applied to operating activities | <u>(683,821)</u> | <u>(1,911,914)</u> |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | 1,333,507 | 2,567,508 |
| Purchases of investments | <u>(428,827)</u> | <u>(787,674)</u> |
| Net cash provided by investing activities | <u>904,680</u> | <u>1,779,834</u> |
| Net change in cash and equivalents | 220,859 | (132,080) |
| Cash and equivalents and restricted cash, at beginning of year | <u>1,376,151</u> | <u>1,508,231</u> |
| Cash and equivalents and restricted cash, at end of year | \$ <u><u>1,597,010</u></u> | \$ <u><u>1,376,151</u></u> |
| Cash and equivalents and restricted cash consist of the following at June 30,: | | |
| Cash and equivalents | \$ 870,658 | \$ 731,796 |
| Restricted cash | 296,930 | 457,772 |
| Restricted cash for long-term purposes | <u>429,422</u> | <u>186,583</u> |
| | \$ <u><u>1,597,010</u></u> | \$ <u><u>1,376,151</u></u> |

The accompanying notes are an integral part of these financial statements.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements

June 30, 2023 and 2022

(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 the 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 legally a separate, not-for-profit organization, due to the significance of its operational and financial relationship with the College, it is considered a component unit of the College.

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 ("U.S. GAAP") which require the Foundation 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 Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Trustees.

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 Foundation 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 report all changes in net assets. Operating activities consist of those items attributable to the Foundation's ongoing purpose and the return earned on investments. Non-operating activities are limited to resources that generate revenue and other activities considered to be of a more unusual nonrecurring nature.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit 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 consist of cash on deposit with banks and money market funds with the exception of cash restricted for specific purposes and original maturities of three months or less.

Restricted Cash

The Foundation's restricted cash consists of funds set aside due to donor restrictions.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contributions revenue. Conditional promises to give are not included as support until the conditions are met. The allowance for doubtful accounts is provided based upon management's judgement including such factors as prior collection history and type of receivable. As of June 30, 2023 and 2022, management has concluded an allowance for doubtful accounts is not required.

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 Foundation 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.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit 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

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 Foundation 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 is 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.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements - Continued

June 30, 2023 and 2022

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

Income Taxes

The Foundation 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 Foundation 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.

Endowment Funds

The Foundation has interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with restrictions – restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in net assets with donor restrictions – restricted in perpetuity is classified as net assets with donor restrictions – restricted by purpose and time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

The Foundation’s investment policy for endowment funds is intended to preserve capital to the extent possible and provide a reasonably predictable stream of revenue to provide appropriate funding to the programs supported by endowment funds.

Earnings on endowment funds that have not yet been specifically approved for expenditure, but will be, must be classified as net assets with donor restrictions until approved for expenditure by the Foundation.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements - Continued

June 30, 2023 and 2022

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

Endowment Funds (continued)

The Foundation's Board of Trustees classifies donor-restricted funds and earnings thereon in accordance with applicable state law as interpreted by the Attorney General. Endowment fund assets are appropriated for expenditure in accordance with the directions and/or intent of the donor. The Foundation's investment policy for endowment funds is intended to preserve capital to the extent possible and provide a reasonably predictable stream of revenue to provide appropriate funding to the programs supported by endowment funds.

From time to time, the fair values of endowment fund assets may, due to unfavorable market fluctuations, fall below the level that donors require to be retained for a perpetual duration. The decline below the required perpetual duration, commonly referred to as "underwater", is reported as losses within net assets with donor restrictions.

The Board of Trustees has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2023 and 2022, the Foundation did not have endowment funds below the amount of the donor-required levels.

Revenue Recognition

The Foundation holds special events for the general public. The transaction price is the consideration that the Foundation expects to receive for the entrance fee and sponsorship. The Foundation collects payment at the time of registration, or shortly after. The Foundation considers the performance obligation to be the event and recognizes revenue at the time that the event occurs. The Foundation's revenues and cash flows are correlated to the general conditions of the economy. Contract liabilities represent payments the Foundation receives in advance of the event. Contract liabilities are presented in the statements of financial position as deferred revenue, if applicable, and are recognized as income in the period in which the event takes place. There were no contract assets or liabilities at July 1, 2021.

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) Cash and Equivalents

The Foundation maintains cash balances in bank deposit accounts that, at times, may exceed federally insured limits. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Foundation's financial conditions, results of operations, and cash flows.

(3) Cash Restricted for Long-Term Purposes

Cash restricted for long-term purposes consists of \$429,422 and \$186,583 as of June 30, 2023 and 2022, respectively, of funds that are part of the endowment funds which, when combined with the endowment fund investments, represent the total of the nonexpendable net assets.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements - Continued

June 30, 2023 and 2022

(4) 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, 2023 and 2022.

Preferred stock and equities: Valued at the closing price recorded on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net asset value of the shares held by the Foundation at year end.

Corporate bonds and government 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 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 Foundation 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 following tables set forth, by level, the Foundation's marketable securities as of June 30,:

| 2023 | | | | |
|------------------|-----------------------|-----------------------|-----------------------|---------------------|
| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i> |
| Corporate bonds | \$ - | \$ 507,190 | \$ - | \$ 507,190 |
| Government bonds | - | 472,404 | - | 472,404 |
| Mutual funds | 9,724 | - | - | 9,724 |
| Preferred stock | 42,917 | - | - | 42,917 |
| Equities | 5,437,465 | - | - | 5,437,465 |
| | <u>\$ 5,490,106</u> | <u>\$ 979,594</u> | <u>\$ -</u> | <u>\$ 6,469,700</u> |

| 2022 | | | | |
|------------------|-----------------------|-----------------------|-----------------------|---------------------|
| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i> |
| Corporate bonds | \$ - | \$ 653,770 | \$ - | \$ 653,770 |
| Government bonds | - | 619,708 | - | 619,708 |
| Mutual funds | 9,775 | - | - | 9,775 |
| Preferred stock | 65,607 | - | - | 65,607 |
| Equities | 4,687,100 | - | - | 4,687,100 |
| | <u>\$ 4,762,482</u> | <u>\$ 1,273,478</u> | <u>\$ -</u> | <u>\$ 6,035,960</u> |

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements - Continued

June 30, 2023 and 2022

(5) Net Assets

Net assets with donor restrictions consist of the following at June 30,:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------------|---------------------|
| With restrictions (purpose - scholarships and grants) | \$ 3,581,925 | \$ 3,609,468 |
| With restrictions (perpetuity) | <u>2,942,982</u> | <u>2,729,239</u> |
| | <u>\$ 6,524,907</u> | <u>\$ 6,338,707</u> |

Net Assets Released from Restrictions

Net assets with donor restrictions released from restrictions by incurring expenses satisfying the purpose specified by the donors for the years ended June 30, 2023 and 2022 were \$467,724 and \$136,182, respectively.

(6) Endowment Net Assets

Changes to the endowment for the years ended June 30, 2023 and 2022 are as follows:

| | |
|--------------------------------------|----------------------------|
| June 30, 2021 | \$ 3,936,590 |
| Investment return | (86,843) |
| Contributions | 218,550 |
| Amounts appropriated for expenditure | <u>(127,141)</u> |
| June 30, 2022 | 3,941,156 |
| Investment return | 197,226 |
| Contributions | 96,257 |
| Amounts appropriated for expenditure | <u>166,427</u> |
| June 30, 2023 | \$ <u>4,401,066</u> |

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements - Continued

June 30, 2023 and 2022

(7) Contributed Nonfinancial Assets

During the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

| | <u>2023</u> | <u>2022</u> |
|---------------------|-------------------|------------------|
| Salary and benefits | \$ 97,678 | \$ 46,850 |
| Rent and utilities | 35,755 | 35,054 |
| Professional fees | 12,800 | 12,400 |
| Outside services | <u>2,601</u> | <u>2,550</u> |
| | \$ <u>148,834</u> | \$ <u>96,854</u> |

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Salaries and benefits represent the fair value of services provided by employees of the College to the Foundation for which the Foundation is not charged. The fair value of these services is determined by the cost incurred by the College. The Foundation occupies office space in a building owned by the College at no charge. The fair value of the lease expense and utilities is determined by the College based on the amount of space used by the Foundation. Professional fees and outside services represent the fair value of services provided to the Foundation. The fair value of these services is determined by the cost incurred by the College.

(8) Related Party Transactions

During the fiscal years 2023 and 2022, certain services and expenses were received and paid between the Foundation and the College. All such expenses were put on account and settled periodically between the two parties. As of June 30, 2023 and 2022, the Foundation was indebted to the College in the amount of \$232,259 and \$28,059, respectively, representing student scholarships and operating expenses paid by the College on behalf of the Foundation. This amount is non-interest-bearing and is payable on demand.

(9) Availability and Liquidity

The Foundation regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and equivalents and marketable securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of providing financial support to the College through scholarships, and grants, and fundraising efforts to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. At June 30, 2023 and 2022, management believes the Foundation has no liquidity issues.

BROOKDALE COMMUNITY COLLEGE FOUNDATION

(A Component Unit of Brookdale Community College)

Notes to Financial Statements - Continued

June 30, 2023 and 2022

(9) Availability and Liquidity (continued)

The following represents the Foundation's 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 | \$ 1,167,588 | \$ 1,189,568 |
| Contributions receivable | <u>986</u> | <u>1,147</u> |
| | 1,168,574 | 1,190,715 |
| Less: restricted cash | <u>(296,930)</u> | <u>(457,772)</u> |
| Financial assets available to meet general expenditures within one year: | \$ <u>871,644</u> | \$ <u>732,943</u> |

(10) Subsequent Events

Management has evaluated subsequent events through December 11, 2023, the date for which the financial statements were available for issuance. Management accepted the financial statements and did not identify any events subsequent to June 30, 2023 requiring disclosure in these financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
Brookdale Community College Foundation:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brookdale Community College Foundation (a component unit of Brookdale Community College) (the "Foundation"), which comprise the statement of net 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, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated December 11, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Foundation's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WithumSmith+Brown, PC

December 11, 2023