BROOKLYN PREP ALUMNI ASSOCIATION

FINANCIAL STATEMENTS
MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2019 AND 2018

BROOKLYN PREP ALUMNI ASSOCIATION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brooklyn Prep Alumni Association

We have audited the accompanying financial statements of Brooklyn Prep Alumni Association (a nonprofit organization), which comprise the statements of assets, liabilities and net assets - modified cash basis as of June 30, 2019 and 2018, and the related statements of revenue, expenses and changes in net assets - modified cash basis and functional expenses - modified cash basis 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 the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

CITRINCOOPERMAN®
Accountants and Advisors

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Brooklyn Prep Alumni Association as of June 30, 2019 and 2018, and its revenues and expenses for the years then ended, in accordance with the basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

White Plains, New York
September 13, 2019

BROOKLYN PREP ALUMNI ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
Cash and cash equivalents	$ 59,147	$ 30,712
Investments in marketable securities	3,193,368	3,146,618
TOTAL ASSETS	$ 3,252,515	$ 3,177,330

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities	$ -	$ -
Net assets - without donor restrictions	3,252,515	3,177,330
TOTAL LIABILITIES AND NET ASSETS	$ 3,252,515	$ 3,177,330

See accompanying notes to financial statements.

BROOKLYN PREP ALUMNI ASSOCIATION
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

		2019		2018
Revenue:				
Alumni contributions		$ 98,507		$ 117,695
Annual dinner revenue		62,295		66,630
Annual golf outing revenue		36,460		28,975
Less: costs of direct benefits to donors:				
Annual dinner		(23,125)		(25,100)
Annual golf outing		(15,989)		(12,494)
Investment return:				
Realized and unrealized gains on investments	$ 34,243		$ 143,447	
Dividend and interest income	150,378		105,047	
Investment management fees	(12,625)		(12,575)	
Net investment return		171,996		235,919
Total revenue		330,144		411,625
Expenses:				
Supporting services:				
Fundraising costs		16,733		16,069
General and administrative costs		63,226		64,781
Total supporting services		79,959		80,850
Program costs - scholarship grants		175,000		175,000
Total expenses		254,959		255,850
Change in net assets		75,185		155,775
Net assets - beginning		3,177,330		3,021,555
NET ASSETS - ENDING		$ 3,252,515		3,177,330

See accompanying notes to financial statements.

BROOKLYN PREP ALUMNI ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	Program Services	Fundraising	General and Administrative	Total	Program Services	Fundraising	General and Administrative	Total
Scholarship grants	$ 175,000	$ -	$ -	$ 175,000	$ 175,000	$ -	$ -	$ 175,000
Annual dinner costs	-	15,121	-	15,121	-	13,929	-	13,929
Annual golf outing costs	-	1,612	-	1,612	-	2,140	-	2,140
Secretarial services	-	-	24,552	24,552	-	-	24,464	24,464
Accounting fees	-	-	14,500	14,500	-	-	14,000	14,000
Printing and publications	-	-	6,484	6,484	-	-	7,831	7,831
Stipend and other costs - moderator	-	-	5,180	5,180	-	-	7,800	7,800
Meals and entertainment	-	-	3,695	3,695	-	-	3,702	3,702
Office rent	-	-	-	-	-	-	3,000	3,000
Bank charges	-	-	1,614	1,614	-	-	1,954	1,954
Insurance	-	-	1,721	1,721	-	-	1,354	1,354
Auto	-	-	-	-	-	-	380	380
Office expense	-	-	-	-	-	-	176	176
Information technology costs	-	-	4,610	4,610	-	-	-	-
Miscellaneous	-	-	870	870	-	-	120	120
TOTAL EXPENSES	$ 175,000	$ 16,733	$ 63,226	$ 254,959	$ 175,000	$ 16,069	$ 64,781	$ 255,850

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION

Brooklyn Prep Alumni Association (the "Association"), founded in 1961, is an unincorporated fraternal association of the Brooklyn Preparatory School, a Jesuit secondary school that educated young men in Brooklyn, New York, on Carroll Street between Rogers and Nostrand Avenues from 1908 through 1972.

Since 1978, the Association has asked its members (presently approximately 3,800) to contribute funds to the Brooklyn Prep Scholarship (the "Scholarship Fund") and future endowments. Funds of $25,000 per year, per school are available for needy students in seven Jesuit schools: Fordham Prep, Loyola High School, St. Peter's Prep (Jersey City), Xavier High School, McQuaid High School in Rochester, Canisius High School in Buffalo and Jesuit Middle School in Brooklyn.

On October 6, 1999, at a testimonial dinner, the Scholarship Fund was renamed the Rev. John D. Alexander, SJ Scholarship Fund in honor of its moderator at that time for his 21 years of service and for being the inspiration for the Association's charitable giving. During the year ended June 30, 2008, Rev. Daniel Fitzpatrick, SJ assumed the role of moderator. Rev. John D. Alexander stayed on as Chaplain/Moderator Emeritus until his death on March 12, 2014.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Association's policy is to prepare its financial statements on the cash basis of accounting modified to record investments at fair value, which is a basis of accounting other than accounting principles generally accepted in the United States of America ("U.S. GAAP"). Generally, under the modified cash basis of accounting, support and other revenue is recognized when received rather than when earned and expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Association has not recognized pledges or other receivables, accounts payable to vendors, or their related effects on the change in net assets in the accompanying financial statements.

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Cash and cash equivalents

The Association considers all highly-liquid investments with maturities of less than three months from the date of purchase to be cash equivalents.

Investments in marketable securities

Investments purchased by the Association are initially recorded at cost, and donated investments are initially recorded at fair value on the date they are received. Subsequent to their acquisition, investments in marketable securities with readily determinable fair values and all investments in debt securities are adjusted to their fair values as of the date of the statement of assets, liabilities and net assets. Unrealized gains and losses are included in change in net assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Association is a not-for-profit organization that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.

Functional Classification of Expenses

The costs of providing the program and general and administrative services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated by management between the program and general and administrative services.

Donated services

A number of board members have made significant contributions of their time. Board members are not compensated. The value of their contributions to the Association is not reflected in these financial statements.

Recently adopted accounting pronouncement

On August 18, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Recently issued but not yet effective accounting pronouncement

Contributions

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Association is evaluating the effect that ASU 2018-08 will have on its financial statements and related disclosures.

Subsequent events

The Association has evaluated subsequent events through September 13, 2019, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. FAIR VALUE MEASUREMENTS

In determining fair value, the Association uses a fair value 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). Categorization within the valuation hierarchy is based upon the lowest level of 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. Under the standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

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: quoted prices for similar assets or liabilities in active markets; quoted prices for identical 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 following tables summarize the Association's assets measured at fair value on a recurring basis, categorized by the fair value hierarchy, as of June 30, 2019 and 2018:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at June 30, 2019
Mutual funds:				
Fixed income	$ 953,053	$ -	$ -	$ 953,053
Mid-cap blend	94,927	-	-	94,927
Large blend	934,155	-	-	934,155
Mid-cap growth	102,833	-	-	102,833
Large value	239,398	-	-	239,398
Foreign large blend	869,002	-	-	869,002
Total	$ 3,193,368	$ -	$ -	$ 3,193,368

NOTE 3. FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at June 30, 2018
Mutual funds:				
Fixed income	$ 956,459	$ -	$ -	$ 956,459
Mid-cap blend	96,860	-	-	96,860
Large blend	666,626	-	-	666,626
Mid-cap growth	99,936	-	-	99,936
Large growth	247,266	-	-	247,266
Large value	230,040	-	-	230,040
Foreign large blend	849,431	-	-	849,431
Total	$ 3,146,618	$ -	$ -	$ 3,146,618

During the years ended June 30, 2019 and 2018, there were no transfers between levels of the fair value hierarchy.

NOTE 4. CONCENTRATIONS, RISKS AND UNCERTAINTIES

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of cash and cash equivalents in excess of insured amounts and investments. At times, the Association's cash and cash equivalents and investments, which are placed with major financial institutions, exceed the insurance coverage provided by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. The Association has not experienced any losses in such accounts.

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 assets, liabilities and net assets.

NOTE 5. LIQUIDITY AND AVAILABILITY

The following represents the Association's financial assets as of June 30, 2019 and 2018:

Financial assets at year-end:	2019	2018
Cash and cash equivalents	$ 59,147	$ 30,712
Investments	3,193,368	3,146,618
Total financial assets at year-end	$ 3,252,515	$ 3,177,330

The Association's goal is generally to maintain financial assets to meet at least one year of operating expenses. More specifically, the goal is to fund all annual non-scholarship expenses (annual dinner, golf outing, and general and administrative expenses) from annual dues, annual dinner ticket and golf outing purchases, and sponsorship contributions for both of these events. While the entire scholarship fund is composed of assets without donor restrictions, the goal is to fund all annual scholarship grants from the sum of the annual net investment return and all contributions made to the scholarship fund during the year.