Reports of Independent Auditors and Consolidated Financial Statements with Supplementary Schedule

American Jewish University

June 30, 2024 and 2023

MOSSADAMS

Table of Contents

MOSSADAMS

Report of Independent Auditors

The Board of Directors
American Jewish University

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of American Jewish University, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of American Jewish University as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years 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 in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 American Jewish University 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Jewish University's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 American Jewish University’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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Jewish University’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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of financial responsibility ratios is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of financial responsibility ratios is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025, on our consideration of American Jewish University’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 solely 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 American Jewish University’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 American Jewish University's internal control over financial reporting and compliance.

Moss Adams LLP

Los Angeles, California
January 28, 2025

Consolidated Financial Statements

American Jewish University
Consolidated Statements of Financial Position
June 30, 2024 and 2023

ASSETS

	Notes	2024	2023
Cash and cash equivalents		$ 1,971,655	$ 2,220,271
Investments	3,4,8	99,475,249	80,011,667
Accounts and other receivables, net		3,031,104	2,470,895
Contributions receivable, net	5,14	6,517,999	9,185,934
Inventories		130,787	120,416
Prepaid expenses and other assets		535,216	922,069
Assets held for sale	6	-	17,515,751
Operating right-of-use asset	10	4,258,270	-
Property and equipment, net	6	15,334,632	15,290,378
Total assets		$ 131,254,912	$ 127,737,381

LIABILITIES AND NET ASSETS (DEFICIT)

	Notes	2024	2023
LIABILITIES			
Accounts payable and accrued expenses		$ 2,575,008	$ 2,672,660
Deferred revenue	2	3,034,443	2,896,987
Operating lease liability	10	4,202,758	-
Notes payable, net	7	-	33,291,705
Total liabilities		9,812,209	38,861,352
NET ASSETS (DEFICIT)			
Without donor restrictions		22,507,085	(7,428,002)
With donor restrictions	11	98,935,618	96,304,031
Total net assets (deficit)		121,442,703	88,876,029
Total liabilities and net assets		$ 131,254,912	$ 127,737,381

See accompanying notes.

American Jewish University
Consolidated Statement of Activities
Year Ended June 30, 2024

	Notes	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND PUBLIC SUPPORT				
Tuition and fees, net		$ 1,301,569	$ -	$ 1,301,569
Gifts, grants, and bequests		2,806,325	3,045,778	5,852,103
Lease related gifts		-	1,345,144	1,345,144
Summer programs		3,930,959	-	3,930,959
Auxiliary enterprises		4,036,809	-	4,036,809
Investment income, net	3	519,166	7,661,082	8,180,248
Income from ZSRS	4	-	204,557	204,557
Other income		78,926	-	78,926
Net assets released from restrictions		9,624,974	(9,624,974)	-
Total operating revenues and public support		22,298,728	2,631,587	24,930,315
OPERATING EXPENSES				
Program services				
Academic		4,333,701	-	4,333,701
Auxiliary enterprises		4,960,682	-	4,960,682
Community programs		6,396,952	-	6,396,952
Total program services		15,691,335	-	15,691,335
Supporting services				
Management and general		10,481,453	-	10,481,453
Fundraising		1,769,057	-	1,769,057
Total supporting services		12,250,510	-	12,250,510
Total operating expenses		27,941,845	-	27,941,845
Change in net assets from operating activities		(5,643,117)	2,631,587	(3,011,530)
NON OPERATING GAINS AND LOSSES				
Gain on sale of assets, net	6	35,578,204	-	35,578,204
Change in net assets		29,935,087	2,631,587	32,566,674
NET ASSETS (DEFICIT), beginning of year		(7,428,002)	96,304,031	88,876,029
NET ASSETS, end of year		$ 22,507,085	$ 98,935,618	$ 121,442,703

See accompanying notes.

American Jewish University
Consolidated Statement of Activities
Year Ended June 30, 2023

	Notes	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND PUBLIC SUPPORT				
Tuition and fees, net		$ 1,794,971	$ -	$ 1,794,971
Gifts, grants, and bequests		2,515,608	6,792,751	9,308,359
Summer programs		2,831,356	-	2,831,356
Auxiliary enterprises		7,001,707	-	7,001,707
Investment income, net	3	3,376,953	2,986,204	6,363,157
Income from ZSRS	4	-	1,923,298	1,923,298
Other income		4,414,528	-	4,414,528
Donor directed redesignation		(10,428,014)	10,428,014	-
Net assets released from restrictions		3,851,383	(3,851,383)	-
Total operating revenues and public support		15,358,492	18,278,884	33,637,376
OPERATING EXPENSES				
Program services				
Academic		4,226,912	-	4,226,912
Auxiliary enterprises		5,904,028	-	5,904,028
Community programs		6,219,982	-	6,219,982
Total program services		16,350,922	-	16,350,922
Supporting services				
Management and general		8,712,073	-	8,712,073
Fundraising		1,933,820	-	1,933,820
Total supporting services		10,645,893	-	10,645,893
Total operating expenses		26,996,815	-	26,996,815
Change in net assets		(11,638,323)	18,278,884	6,640,561
NET ASSETS, beginning of year		4,210,321	78,025,147	82,235,468
NET ASSETS (DEFICIT), end of year		$ (7,428,002)	$ 96,304,031	$ 88,876,029

See accompanying notes.

American Jewish University
Consolidated Statements of Functional Expenses
Years Ended June 30, 2024 and 2023

	Year Ended June 30, 2024						
	Program Services				Supporting Services		
	Academic	Auxiliary Enterprises	Community Programs	Total Program Services	Management and General	Fundraising	Total Expenses
FUNCTIONAL EXPENSES							
Compensation	$ 3,031,635	$ 1,617,351	$ 3,548,471	$ 8,197,457	$ 4,377,105	$ 1,192,258	$ 13,766,820
Supplies and other services	362,445	94,331	460,420	917,196	2,878,351	46,116	3,841,663
Professional services	284,394	356,283	618,569	1,259,246	1,995,856	322,131	3,577,233
Utilities and building maintenance	241,364	1,763,980	642,600	2,647,944	287,441	-	2,935,385
Insurance	192,411	122,649	255,642	570,702	419,905	81,096	1,071,703
Interest	187,610	119,589	249,263	556,462	409,426	79,072	1,044,960
Food services	31,511	353,469	444,310	829,290	81,669	48,384	959,343
Depreciation	2,331	533,030	177,677	713,038	31,700	-	744,738
Total functional expenses	$ 4,333,701	$ 4,960,682	$ 6,396,952	$ 15,691,335	$ 10,481,453	$ 1,769,057	$ 27,941,845

	Year Ended June 30, 2023						
	Program Services				Supporting Services		
	Academic	Auxiliary Enterprises	Community Programs	Total Program Services	Management and General	Fundraising	Total Expenses
FUNCTIONAL EXPENSES							
Compensation	$ 3,104,312	$ 1,659,409	$ 3,248,084	$ 8,011,805	$ 4,138,865	$ 1,072,664	$ 13,223,334
Professional services	304,162	170,561	502,879	977,602	2,741,667	421,612	4,140,881
Utilities and building maintenance	8,899	2,144,567	727,834	2,881,300	263,125	8,402	3,152,827
Supplies and other services	298,057	71,078	443,178	812,313	489,204	132,915	1,434,432
Food services	31,117	954,765	513,139	1,499,021	62,420	11,869	1,573,310
Interest	258,025	197,148	324,963	780,136	513,072	153,396	1,446,604
Insurance	220,106	168,175	277,206	665,487	437,671	130,853	1,234,011
Depreciation	2,234	538,325	182,699	723,258	66,049	2,109	791,416
Total functional expenses	$ 4,226,912	$ 5,904,028	$ 6,219,982	$ 16,350,922	$ 8,712,073	$ 1,933,820	$ 26,996,815

See accompanying notes.

American Jewish University
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 32,566,674	$ 6,640,561
Adjustments to reconcile change in net assets to net cash flows used in operating activities		
Depreciation	744,738	791,416
Amortization of debt issuance costs	23,047	36,808
Write-off of debt issuance costs	50,395	-
Amortization of right-of-use asset	134,960	-
(Gain) on sale of property and equipment	(35,578,204)	-
Net realized and unrealized (gain) on investments	(6,884,165)	(4,983,536)
Change in allowance for doubtful contributions receivable	(50,957)	15,127
Change in provision for credit losses	(37,599)	22,753
Change in present value discount on contributions receivable	95,526	582,977
Contributions restricted for endowment	(428,913)	(4,797)
Income from ZSRS	(204,557)	(1,923,298)
Changes in operating assets and liabilities		
Accounts and other receivables	(531,901)	(1,613,804)
Contributions receivable	2,623,366	(2,266,801)
Inventories	(10,372)	(4,606)
Prepaid expenses and other assets	386,854	(90,114)
Accounts payable and accrued expenses	(97,652)	(2,178,675)
Deferred revenue	137,456	390,500
Lease liability	(190,472)	-
Net cash used in operating activities	(7,251,776)	(4,585,489)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(788,992)	(588,079)
Proceeds from sale of assets held for sale	53,093,954	-
Payments on related party note receivable	9,292	10,025
Purchase of investments	(26,735,425)	(7,787,477)
Sale of investments	13,336,861	9,711,235
Distribution received from ZSRS	1,023,704	4,375,000
Net cash provided by investing activities	39,939,394	5,720,704
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	428,913	4,797
Payments on outstanding line of credit	(6,856,946)	-
Principal payments on notes payable	(26,508,201)	(789,017)
Net cash used in financing activities	(32,936,234)	(784,220)
CHANGE IN CASH AND CASH EQUIVALENTS	(248,616)	350,995
CASH AND CASH EQUIVALENTS, beginning of year	2,220,271	1,869,276
CASH AND CASH EQUIVALENTS, end of year	$ 1,971,655	$ 2,220,271
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 1,044,960	$ 1,409,798
Addition of right-of use assets through operating leases	$ 4,335,900	$ -

See accompanying notes.

Note 1 – Nature of Organization

American Jewish University advances and elevates the Jewish journey of individuals, organizations and our community through excellence in scholarship, teaching, engaged conversation, and outreach.. American Jewish University is accredited by the Western Association of Schools and Colleges (WASC). American Jewish University currently owns one and operates three campuses; they are located in Bel Air, California, Los Angeles County, California and Ventura County, California. During the current year, American Jewish University sold one campus located in Bel Air, California.

American Jewish University is the sole member of AJU BBI Holdings LLC and AJU Peppertree Holdings LLC. AJU BBI Holdings LLC, in turn, has a 100% ownership interest in a separate corporation, the Brandeis Mutual Water Company, which was established to protect the water rights for one of American Jewish University's campuses, the Brandeis-Bardin campus. The investment allows American Jewish University to buy its water from the local water district at cost. Brandeis Mutual Water Company has $75,000 in assets, included in other assets in the consolidated statements of financial position. There was no activity in these companies for the years ended June 30, 2024 and 2023.

American Jewish University also has a 100% equity interest in ZSRS Fund, LLC (ZSRS). ZSRS holds notes receivable and a number of minority interests in partnerships that own property in California and Arizona. American Jewish University accounts for this investment using the equity method of accounting for investments (see Note 4).

American Jewish University is a designated beneficiary of the University of Judaism Foundation (the Foundation). The Foundation was established in 1980 by officers of American Jewish University to support American Jewish University and other public charities, as defined by the Internal Revenue Code. Under the terms of the Foundation's incorporating documents, American Jewish University receives a minimum of approximately 35% of the Foundation's annual income. Additional income amounts, as well as the principal of the Foundation, may be received by American Jewish University based upon annual designations of the Foundation's member. American Jewish University has the ability to control the Board of Directors of the Foundation.

Note 2 – Summary of Significant Accounting Policies

Principles of consolidation – The accompanying consolidated financial statements include American Jewish University, AJU BBI Holdings LLC, Brandeis Mutual Water Company, and AJU Peppertree Holdings LLC (collectively, the University). All intercompany transactions and balances have been eliminated upon consolidation.

The University has not consolidated the Foundation's financial position and activities into these consolidated financial statements as it considers the impact to be immaterial.

Recently adopted accounting pronouncements – In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which introduced a new accounting model for estimating credit losses on financial assets, including accounts receivable and contract assets. The new model, known as the Current Expected Credit Loss (CECL) model was adopted by the University on July 1, 2023. The standard does not apply to the University's contributions receivable. The adoption resulted in a change in the University's accounting policy for credit losses, as it requires a forward-looking approach to estimating expected credit losses, rather than the previous incurred loss model. University implemented the CECL standard using a modified retrospective approach, which requires the cumulative effect of the change in accounting policy to be recognized as an adjustment to the opening balance of net assets as of the date of adoption, if material; however, the adoption of the CECL standard did not have a material impact on the University's consolidated financial position, changes in net assets, or cash flows.

Basis of presentation – The consolidated financial statements have been prepared based on the accrual basis of accounting.

Reclassification – Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on net assets.

Net assets – Net assets, revenues and support, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The University has not designated any net assets for a special purpose.

- *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase, except for cash held for re-investment.

The University maintains its temporary cash investments in bank deposit accounts and other investment accounts which, at times, may exceed federally insured limits. The University has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments – Investments at June 30 consisted of the following:

	2024	2023
Investments at fair value	$ 92,254,594	$ 71,971,865
Investment in ZSRS, equity method	7,220,655	8,039,802
Total investments	$ 99,475,249	$ 80,011,667

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Investments in alternative strategies, for which there is no readily available market, are valued by the University using methods that management believes provide a reasonable estimate of fair value. These methods include initial due diligence and ongoing monitoring by management of investment funds. Valuations based on fair value using the net asset value (NAV) per share (or its equivalent) of such investment funds as a practical expedient for fair value. The University has estimated the fair value of these funds by using the NAV provided by the fund's managers.

The University accounts for equity method investments by recording the University's initial investment in the consolidated statements of financial position. The University's share of income or loss is then recorded in the consolidated statement of activities for each period. Distributions are recorded as a reduction in the balance of the equity method investment (see Note 4).

Investment purchases and sales are accounted for on a trade-date basis, which resulted in receivables and payables on trades that had not yet settled at the consolidated financial statement date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income are recorded when earned. Gains or losses (including investments bought, sold, and held during the year) and interest and dividend income, net of investment fees, are reflected in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could be material.

Investments are made according to the investment policies, guidelines, and objectives adopted by the University's Board of Directors. Fair values of such investments are routinely reviewed by the Investment Committee of the Board of Directors.

Financial instruments could potentially subject the University to concentrations of credit risk which consist principally of investments. During the year, the University regularly maintained investment balances in excess of federally insured limits. The University has not experienced any losses in such accounts and believes its it not exposed to any significant credit risk on investments.

Accounts and other receivables – Receivables related to tuition, fees, and charges related to degree seeking students, non-degree seeking students, and summer camp programs are recorded when billed or accrued and represent claims against third parties that will be settled in cash. Amounts billed are due prior to starting class or summer camp. The University does not obtain collateral and does not charge interest on balances due. The carrying value of receivables, net of the provision for credit loss, represents their estimated fair value. The provision for credit loss is estimated based on historical collection trends, and existing economic conditions. Delinquent accounts are written off on a valuation of the student's specific circumstances. At June 30, 2024 and 2023, management evaluated the collectability of its receivables and determined that provision of $26,449 and $67,048, respectively, for uncollectible receivables was necessary.

The following table provides information about the University's receivables as of June 30:

	2024	2023	2022
Tuition receivables	$ 569,815	$ 502,613	$ 584,735

Contributions receivable – Unconditional promises to give, including pledges and bequests, are recorded at estimated fair value and recognized as revenues in the period received. The University reports unconditional promises to give as restricted support if they are received with donor stipulations that limit the use of the donated assets. The allowance is based on historical experience and management's evaluation of receivables at the end of each year. Unconditional promises to give with terms greater than one year are initially recorded at fair value based on their estimated future cash flows and then discounted to present value using a discount rate commensurate with the risk involved. Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2024 and 2023, the University had conditional promises to give totaling approximately $0 and $1,450,000, respectively. The conditional promise to give as of June 30, 2023, consists of a matching pledge from a donor promising to match 10% of funds raised during the ongoing capital campaign, up to $2,500,000.

Inventories – Inventories consist mainly of items held for sale in the University's food service and are stated at the net realizable value and accounted for using the first-in, first-out (FIFO) method.

Assets held for sale – Property held for sale represents the land, buildings and improvements for which a formal decision to sell has been approved and sales activities have commenced. It is recorded at the lower of its carrying value or fair value less costs to sell upon classification as held for sale (see Note 6).

Property and equipment – Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. The University capitalizes all long-lived physical assets in excess of $1,500. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets as follows:

Buildings	40 years
Building improvements	10 years
Furniture and equipment	5 years
Automotive equipment	5 years

Expenditures for repairs and maintenance are charged to operations when incurred while renewals and betterments are capitalized.

Debt issuance costs – Debt issuance costs are amortized by use of the straight-line method over the anticipated life of the related debt. Debt issuance costs, other than those costs related to line-of-credit arrangements, are netted against the corresponding liability as shown in Note 7. The amortization of these costs is included in interest expense.

Long-lived assets – The University reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the estimated undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the years ended June 30, 2024 and 2023.

Collections of art and literature – The University's library collection, fine art works, and sculpture collection, which were acquired through contributions and purchases, are not recognized as assets on the consolidated statements of financial position. Contributed collection items are not reflected on the consolidated financial statements. Proceeds from deaccessions or insurance recoveries are reflected in the appropriate net asset classes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires deaccessioning proceeds to be used to acquire other items for collections or for direct care of the collection. Subsequent to year end, the University reached an agreement with the National Library of Israel to transfer its rare books collection.

Revenue Recognition and Deferred Revenue

Tuition and fees – The University recognizes revenue from student tuition and fees pro rata over the applicable period of instruction. A contract is entered into with a student and covers a course or semester. The University determined there are no costs that are capitalized to obtain or fulfill a contract with a student. Revenue recognition begins once a student starts attending a course. Registration and other fees that do not relate to instruction are recognized when no longer refundable. The University's receivables represent unconditional rights to consideration from its contracts with students. The University's education programs have start and end dates that differ from its fiscal year end. Therefore, at the end of each year, a portion of revenue from these programs is not yet earned and is recorded as deferred revenue in the consolidated statement of financial position. Student tuition and fees received in advance of services to be rendered are also recorded as deferred revenue. Financial aid provided to students was $1,055,496 in 2024 and $733,780 in 2023.

Deferred revenue - Unearned tuition, fees and auxiliary enterprise activity during the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Balance, beginning of year	$ 2,896,987	$ 2,506,487
Revenue recognized	(3,930,959)	(2,831,356)
Payment received for future performance obligations	4,068,415	3,221,856
Balance, end of year	$ 3,034,443	$ 2,896,987

Gifts and grants – Unconditional contributions, including pledges recorded at fair value, are recognized as revenues in the period received. The University reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions with a right-to-return and a barrier are considered to be conditional and, accordingly, are not included as revenue until such time as the conditions are substantially met.

Contributions subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (and a release from obligation to make future payments), are recognized when the barrier is satisfied. In addition, the University has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized.

Bequests – Bequests are not recognized as support until all of the following conditions are met: the demise of testator, the amount of the bequest is known, the University is certain that, based on the estate's net assets, the amount bequeathed is realizable.

Summer programs – Fees received in advance for summer camps and other programs are deferred and recognized as income in the period in which the related camps and programs are held.

Advertising – The University expenses the cost of advertising as it is incurred. Advertising expense incurred by the University for the years ended June 30, 2024 and 2023, was $160,000 and $115,000, respectively.

Auxiliary enterprises – Fees received in advance for conferences and other auxiliary services are deferred and recognized as income in the period in which the related conferences and services are held or delivered.

Income taxes – The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the corresponding California provisions. As of June 30, 2024 and 2023, the University had no uncertain tax positions requiring accrual. The University is not exempt from income taxes on unrelated business income.

Functional allocation of expenses – The direct costs of providing the University's programs and other activities which are identifiable have been charged to the related programs or supporting services. Indirect or shared costs are allocated among program and supporting services by the method that best measures the relative degree of benefit, such as square footage for depreciation, utilities, and building maintenance.

Use of estimates – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

Leases – The University determines if an arrangement is a lease at inception. Operating leases are included as right-of-use (ROU) assets, net and lease liability in the statement of financial position.

ROU assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The University has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not including as lease liabilities or ROU assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the University has elected to use a discount rate equal to the risk-free rate for computing the present value of all lease liabilities. The University has elected to separate non-lease components from lease components and instead account for each separate lease component and the non-lease component as a single lease component.

Note 3 – Investments at Fair Value

Investments at fair value at June 30 consisted of the following:

	2024	2023
Mutual funds – equity	$ 44,869,536	$ 33,987,994
Mutual funds – fixed income	9,913,760	10,524,129
Exchange traded funds	1,756,086	6,660,060
Cash held for investment	13,444,108	2,993,134
Alternative strategies	22,271,104	17,806,548
Total investments at fair value	$ 92,254,594	$ 71,971,865

Investments are generally pooled and managed under various asset diversification strategies, depending upon the specific pool's objectives and to avoid significant concentrations of market risk. Under the University's endowment spending policy, certain amounts (based on percentage of the investment value of the endowment) are appropriated to support current operations.

Investment income reflected in the consolidated statements of activities for the years ended June 30 consisted of the following:

	2024	2023
Realized gains	$ 4,802,877	$ 1,796,481
Interest and dividend income, net of investment fees	1,296,083	1,494,036
Unrealized gains	2,081,288	3,072,640
Investment income, net	$ 8,180,248	$ 6,363,157

Note 4 – Investment in ZSRS (unaudited)

The University holds a 100% equity interest in ZSRS but is not the managing member and does not have substantive participating or kick-out rights. As of June 30, 2024 and 2023, the University does not control ZSRS and, therefore, accounts for its membership interest in ZSRS using the equity method of accounting for investments. The University records its share of ZSRS's income or loss. Distributions received are recorded as a decrease in the carrying value of its investment in ZSRS.

Summarized financial information for ZSRS as of June 30:

	2024	2023
Cash	$ 77,427	$ 364,691
Note receivable	652,753	652,753
Investments in partnerships	6,529,229	7,022,358
Total assets	$ 7,259,409	$ 8,039,802
Liabilities	$ 38,754	$ -
Equity	7,220,655	8,039,802
Total liabilities and equity	$ 7,259,409	$ 8,039,802
Revenues	$ 340,417	$ 1,979,161
Expenses	(135,860)	(55,863)
Net income	$ 204,557	$ 1,923,298

ZSRS has ownership interests ranging from approximately 16%–38% in ten real estate partnerships. ZSRS accounts for the following partnership interests using the equity method as of June 30:

Partnership	Ownership Percentage	2024 Carrying Value	2023 Carrying Value
29th Avenue Arizona Partnership	16.67%	$ 147,950	$ 161,782
409 N Genesee LP	21.11%	9,553	16,009
9015 & 9025 Rangely LP	30.21%	260,195	297,398
Santa Maria Industrial Building	16.67%	819,207	822,780
Circle Partnership	37.77%	1,297,326	1,246,763
Glen Development Company	15.96%	1,773,683	2,087,965
Standard Saybrook Associates	3.79%	384,106	430,097
WPI Properties, Ltd	19.36%	1,168,317	1,224,358
3933 Marathon LP	18.54%	369,245	396,531
7714 Rosewood LP	38.46%	299,647	338,675
Investments in partnerships		$ 6,529,229	$ 7,022,358

ZSRS holds the following promissory note receivable at June 30:

	2024	2023
Promissory note collateralized by a first priority deed of trust from Circle Partnership in the original principal amount of $1,595,636. The note has a fixed interest rate of 3.5% from January 1, 2024 through August 31, 2024. The interest rate increased to 7% on September 1, 2024. The note matures on September 30, 2029. Terms of the note require monthly interest-only payments of $1,904 through September 30, 2024 increasing to $3,807 on October 1, 2024.	$ 652,753	$ 652,753

The future maturity of note receivable at June 30, 2024, is as follows:

Year Ending June 30,	
2030	$ 652,753

Note 5 – Contributions Receivable

Contributions receivable at June 30 are due to be received as follows:

	2024	2023
Due in 1 year	$ 2,654,740	$ 4,064,557
Due in 2–5 years	3,485,622	4,199,171
Due in over 5 years	1,350,000	1,850,000
Total	7,490,362	10,113,728
Less		
Allowance for doubtful contributions receivable	(151,308)	(202,265)
Discount to reflect present value of contributions receivable (discount rates ranging from 0.12%–5.12%)	(821,055)	(725,529)
Total contributions receivable (net)	$ 6,517,999	$ 9,185,934

As of June 30, 2024 and 2023, there was $4,250,000 and $4,500,000 outstanding from two donors, respectively.

Note 6 – Property and Equipment

Property and equipment at June 30 consisted of the following:

	2024	2023
Land	$ 4,736,714	$ 4,736,714
Buildings and improvements	25,436,288	25,369,065
Furniture and equipment	1,940,086	5,999,519
Automotive equipment	346,275	315,049
Construction in progress	1,610,786	1,258,591
Total	34,070,149	37,678,938
Less: accumulated depreciation	(18,735,517)	(22,388,560)
Property and equipment (net)	$ 15,334,632	$ 15,290,378

Depreciation expense for the years ended June 30, 2024 and 2023, was $744,738 and $791,416, respectively.

On February 20, 2024, the University completed the sale of land and buildings located on its Bel Air, California campus, receiving total cash proceeds of $54,250,000 with costs of sale of $1,206,986. The cost basis of these assets was $17,515,751, resulting in a recognized gain of $35,527,263. This gain is reported on the consolidated statement of activities. Proceeds from the sale were used to fully repay the University's mortgage loan and Line of Credit obligation.

The carrying value of the land, buildings, and improvements at June 30, 2024 and 2023, is $0 and $17,515,751. The following table presents the details of the assets classified as held for sale in the consolidated statements of financial position as of June 30, 2024 and 2023:

	2024	2023
Land	$ -	$ 369,890
Buildings and improvements	-	51,824,305
Total	-	52,194,195
Less: accumulated depreciation	-	(34,678,444)
Property and equipment held for sale	$ -	$ 17,515,751

Note 7 – Notes Payable

The University is obligated under the following borrowing arrangements at June 30:

	2024	2023
$31,500,000 Mortgage Loan from a financial institution repaid in 2024.	$ -	$ 26,508,201
$15,000,000 line of credit with a financial institution repaid in 2024.	-	6,856,946
Total notes payable	-	33,365,147
Less: unamortized debt issuance costs	-	(73,442)
Total notes payable (net)	$ -	$ 33,291,705

Interest expense incurred on these notes amounted to $1,044,960 and $1,446,606 for the years ended June 30, 2024 and 2023, respectively. Included in interest expense is amortization of debt issuance costs of $23,047 and $36,808 for the years ended June 30, 2024 and 2023, respectively.

On July 1, 2024, the University entered into a new $7,500,000 line of credit agreement with US Bank. The interest rate is based on the Secured Overnight Financing Rate (SOFR) plus 1.15%. The line of credit matures on July 1, 2025.

Note 8 – Fair Value Measurements

The University has implemented an accounting standard for those assets (and liabilities) that are remeasured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices for similar assets, interest rates, and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following tables present information about the University's assets that are measured at fair value on a recurring basis at June 30, 2024 and 2023, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using			
	As Of June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value Per Share or its Equivalent (NAV)
Mutual funds – equity	$ 44,869,536	$ 44,869,536	$ -	$ -	$ -
Mutual funds – fixed income	9,913,760	9,913,760	-	-	-
Exchange traded funds	1,756,086	1,756,086	-	-	-
Cash held for investment	13,444,108	13,444,108	-	-	-
Alternative strategies					
Multi-strategy	9,265,736	-	-	-	9,265,736
Long-term capital appreciation	1,429	-	-	-	1,429
International distressed bonds and equity	21,392	-	-	-	21,392
Fixed income	12,101,283	-	-	-	12,101,283
Real estate	881,264	-	-	-	881,264
Total investments at fair value	$ 92,254,594	$ 69,983,490	$ -	$ -	$ 22,271,104

		Fair Value Measurements Using			
	As Of June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value Per Share or its Equivalent (NAV)
Mutual funds – equity	$ 33,987,994	$ 33,987,994	$ -	$ -	$ -
Mutual funds – fixed income	10,524,129	10,524,129	-	-	-
Exchange traded funds	6,660,060	6,660,060	-	-	-
Cash held for investment	2,993,134	2,993,134	-	-	-
Alternative strategies					
Multi-strategy	13,271,320	-	-	-	13,271,320
Long-term capital appreciation	1,411	-	-	-	1,411
International distressed bonds and equity	72,792	-	-	-	72,792
Fixed income	3,226,392	-	-	-	3,226,392
Real estate	1,234,633	-	-	-	1,234,633
Total investments at fair value	$ 71,971,865	$ 54,165,317	$ -	$ -	$ 17,806,548

The fair values of mutual funds and exchange traded funds within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The following summarizes the investments by major class where NAV or its equivalent is used to measure fair value as of June 30, 2024:

	(In Thousands) Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Notes
Multi-strategy securities	$ 9,265,736	$ 6,723,264	1–90 days, Illiquid	1–60 days	(a)
Long-term capital appreciation securities	1,429	-	Quarterly, after one-year lockup expires with a 10% gate	60–90 days	(b)
International distressed bonds and equity securities	21,392		Illiquid	None	(c)
Fixed income securities	12,101,283		Quarterly	None	(d)
Real estate securities	881,264	288,168	Illiquid	None	(e)
	$ 22,271,104	$ 7,011,432			

(a) Consists of limited partnerships utilizing multiple investment strategies.

(b) Consists of a hedge fund utilizing long-term capital appreciation investment strategy.

(c) Consists of a hedge fund utilizing international distressed bonds investment strategy.

(d) Consists of an open-ended investment company utilizing a fixed income investment strategy.

(e) Consists of a private equity fund investing in real estate.

Note 9 – Contingencies

Legal – In the ordinary course of conducting its business, the University may become involved in various lawsuits. Proceedings may result in judgments being assessed against the University which, from time to time, may have an impact on its change in net assets.

Grants and contracts – Federal grant programs are subject to review by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenditures. Management believes it has adhered to the terms of its grants, and any disallowed expenditures resulting from such reviews would not have a material effect on the financial position of the University.

Note 10 – Leases

The University leases offices for one of its programs under a long-term, operating lease agreement. The lease began in March 2024 and is set to expire in September 2034. The office lease provides for increases in future minimum annual rental payments based on defined increases in the lease agreement.

The following table provides quantitative information concerning the University's lease as of June 30, 2024:

	Year Ended June 30, 2024
Total operating lease costs	$ 112,311
Other operating lease information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 134,960
ROU assets obtained in exchange for new operating lease liabilities	$ 4,335,900
Weighted-average remaining lease term in years for operating leases	10.17
Weighted-average discount rate for operating leases	4.09%

The unamortized right-of-use asset as of June 30, 2024 and 2023 was $4,258,270 and $0, respectively.

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

Year Ending June 30,	Amount
2025	$ 453,738
2026	428,790
2027	481,371
2028	454,903
2029	510,686
Thereafter	2,756,400
Total undiscounted cash flows	5,085,888
Less: present value discount	(883,130)
Present value of total lease liabilities	$ 4,202,758

Gift In-Kind lease – On February 20, 2024, the University sold its Bel Air, California campus, land and buildings to an unrelated third party. Simultaneously, the University entered into a five-year lease agreement with the buyer to use a portion of the buildings through 2029 without cost. The fair value of the lease, of approximately $1,345,000 was recorded assuming a three-year lease as promise to give and contribution with a time restriction. Management has determined to use three-year estimate for the basis of calculation and will adjust accordingly once more information is available. Each year the balance of the promise to give will be reduced and rent expense will be recorded. Should the landlord elect the option to terminate the arrangement on the third anniversary, or any month during the fourth or fifth year of the agreement, the terms of this agreement require the landlord to pay the University $25,000 per month for the remaining term of the lease.

Note 11 – Net Assets with Donor Restrictions

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

	2024	2023
General endowment funds	$ 20,455,698	$ 21,536,178
Endowment funds held for scholarships	5,071,606	2,503,462
Scholarships	5,079,474	5,307,376
Ziegler School of Rabbinic Studies	13,361,435	13,330,300
Whizin Center for Continuing Education	26,473,004	24,985,557
Property and equipment	6,221,592	7,200,556
Other time and purpose restrictions	22,272,809	21,440,602
Total net assets with donor restrictions	$ 98,935,618	$ 96,304,031
Net assets restricted by the donor in perpetuity	$ 14,955,024	$ 14,724,308
Net assets restricted by the donor for other purposes	83,980,594	81,579,723
Total net assets with donor restrictions	$ 98,935,618	$ 96,304,031

On July 10, 2022, a donor to the University passed away. The donor previously gave funding to the University, which was classified as without donor restriction. In consultation with the donor, the fund was used to provide grants to other nonprofit organizations and to support American Jewish University's Whizin Center as directed by the University. The donor agreement indicated that upon the donor's death, the remaining amount in the fund would be transferred to net assets with donor restrictions and be used exclusively for the University's Whizin Center.

Note 12 – Endowments

Endowment funds are established by donor-restricted gifts and bequests to either provide a perpetual endowment, which is to provide a perpetual source of income to the University, or a term endowment, which is to provide income for a specified period to the University.

The University's management has an understanding of California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, absent donor stipulations to the contrary, and (2) allowing the spending of income and gains on restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity. The University therefore appropriates for expenditure or accumulates so much of an endowment fund as the Board of Directors determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. In making a determination to appropriate or accumulate, the Board of Directors acts in good faith and with care that an ordinary prudent person in a like position would exercise under similar circumstances, keeping in mind the continued existence of the program the gift was intended to support.

The University's investment objectives are to provide the University with a rate of growth equal to or exceeding the University's annual draw rate or the rate of inflation, whichever is higher. The endowment assets are to be invested as a balanced portfolio consisting of equity, fixed income, cash equivalent securities, and other assets with due regard to preservation and growth of principal.

The University's spending policy's objective is to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. In establishing this policy, the Board of Directors considered the long-term expected return of the endowment investment pool and the goal of maintaining the purchasing power of the endowment assets. Over the long term, the current spending policy's objective is to return a net positive gain in market value (growth) after spendable transfers. The annual rate for spendable transfers, distributed quarterly, is decided on by the Board of Directors. For the years ended June 30, 2024 and 2023, this rate was on average 5% of each endowment's spending base. The spending base is calculated by using a three-year average market value of each endowment's investments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. There were no deficiencies of this nature at June 30, 2024 and 2023.

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in endowment net assets for the year ended June 30, 2024			
Endowment net assets – beginning of year	$ -	$ 24,039,640	$ 24,039,640
Contributions	-	428,913	428,913
Donor reclassification	-	150,000	150,000
Interest and dividends	82,403	237,893	320,296
Other	-	(286,961)	(286,961)
Net realized and unrealized gains		1,659,375	1,659,375
Appropriation of endowment assets for expenditure	(82,403)	(701,556)	(783,959)
Endowment net assets – end of year	$ -	$ 25,527,304	$ 25,527,304
Changes in endowment net assets for the year ended June 30, 2023			
Endowment net assets – beginning of year	$ -	$ 23,186,841	$ 23,186,841
Contributions	-	4,797	4,797
Interest and dividends	69,928	200,345	270,273
Other	-	77,449	77,449
Net realized and unrealized gains	-	1,241,359	1,241,359
Appropriation of endowment assets for expenditure	(69,928)	(671,151)	(741,079)
Endowment net assets – end of year	$ -	$ 24,039,640	$ 24,039,640

Note 13 – Retirement Plan

The University has a 403(b) defined contribution retirement plan covering substantially all of its full-time employees. Payments to the plan totaled $292,307 and $289,287 for the years ended June 30, 2024 and 2023, respectively.

Note 14 – Related-Party Transactions

Included in accounts and other receivables is a note receivable from a Vice President. The original amount of the note was $40,000, secured by property, with interest 2.37% per annum. Interest income on the note totaled $19 and $62 for the years ended June 30, 2024 and 2023, respectively. As of June 30, 2023, the balance on the note receivable was $9,292 and was fully paid in May 2024.

Total contribution revenue received from Board members was $1,028,746 and $4,545,912 for the year ended June 30, 2024 and 2023. The promises to give due from Board members as of June 30, 2024 and 2023, were $4,936,419 and $4,799,313, respectively.

Note 15 – Liquidity and Availability of Financial Resources

The total financial assets held by the University at June 30, 2024 and 2023, and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the consolidated statements of financial position, are summarized in the following table as of June 30, 2024 and 2023:

	2024	2023
Financial assets at June 30, 2024		
Cash and cash equivalents	$ 1,971,655	$ 2,220,271
Investments at fair value	92,254,594	71,971,865
Accounts receivable (net)	3,031,104	2,470,895
Contributions receivable (net)	6,517,999	9,185,934
Total financial assets	103,775,352	85,848,965
Less: amounts not available to be used within one year, due to donor-imposed restrictions		
Contributions receivable (non-current portion)	(4,835,622)	(6,049,171)
Funds held for endowments	(25,527,304)	(24,039,640)
Funds held with other purpose or timing donor restrictions	(60,046,879)	(58,934,091)
Financial assets available to meet general expenditures within one year	$ 13,365,547	$ (3,173,937)

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The University has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a $7,500,000 revolving line of credit with availability based on pledged assets as calculated by the bank on a periodic basis. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers pledges restricted by time only and expected to be collected in the next fiscal year as available for general expenditures.

Note 16 – Subsequent Event

The University has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2024, for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through January 28, 2025, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as noted in these consolidated financial statements.

Supplementary Schedule

American Jewish University
Schedule of Financial Responsibility Ratios
As of and for the Year Ended June 30, 2024

Section 498(c)(1) of the Higher Education Act authorizes the secretary for the U.S. Department of Education (Department) to establish ratios and other criteria for determining whether an institution has sufficient financial responsibility. Section 668.172 established a methodology based on three ratios—primary reserve, equity, and net income—that measure different aspects of financial health and are combined into a composite score to measure financial responsibility. Several mathematical steps are required to combine an institution's ratio results into a composite score:

- Determine the value of each ratio;
- Calculate a strength factor score for each ratio using the appropriate algorithm;
- Calculate a weighted score for each ratio by multiplying the strength factor score by its corresponding weighted percentage; and
- Add the weighted scores to arrive at the composite score.

Institutions receiving a composite score of 1.5 or greater are considered financially responsible. An institution that fails the financial responsibility standards may continue to participate in Title IV programs under provisional certifications for three years. To continue to participate in Title IV programs under provisional certification, an institution will be required to provide surety to the Department of 10% or more of its previous year's Title IV funding, as determined by the Department.

The source for each balance below has been referenced to either the consolidated statement of financial position (SOFP), statement of activities (SOA), or a specific footnote with exception of the following:

The Department has set limits within the primary reserve calculation so that long-term debt issued by the University subsequent to July 1, 2019, must be limited to the portion spent on property, plant, and equipment. Therefore, the Department requires that all property, plant, and equipment and long-term debt acquired or issued subsequent to that date be reported separately. The consolidated statement of financial position provides information on the University's total property, plant, and equipment, net and long-term debt but does not provide a breakout of assets acquired or long-term debt issued before and after the implementation date of July 1, 2019. The following table provides a breakdown at June 30, 2024, based on the July 1, 2019, implementation date.

The following tables reconcile amounts in the scores above to footnotes in the audited consolidated financial statements

	Reference		
Property, plant and equipment - pre-implementation		$ 12,292,820	*
Property, plant and equipment - post-implementation with outstanding debt for original purchase		-	**
Property, plant and equipment - post-implementation without outstanding debt for original purchase		1,431,026	***
Construction in progress	Note 6	1,610,786	*****
Total property, plant, and equipment at June 30, 2024	Note 6	$ 15,334,632	❖

American Jewish University
Schedule of Financial Responsibility Ratios
As of and for the Year Ended June 30, 2024

Primary Reserve Ratio Calculation	Reference	As of and for the Year Ended June 30, 2024	
Net assets without donor restrictions	SOFP	$ 22,507,085	
Net assets with donor restrictions	SOFP	98,935,618	
Total net assets		121,442,703	
Less:			
Annuities with donor restrictions	n/a	-	
Term endowments with donor restrictions	n/a	-	
Life income funds with donor restrictions	n/a	-	
Net assets with donor restrictions: restricted in perpetuity (less annuities)	Note 11	(14,955,024)	
Unsecured related party receivables	Note 14	(4,936,419)	
Unsecured other related party assets	n/a	-	
Property, plant and equipment - pre-implementation	*	(12,292,820)	
Property, plant and equipment - post-implementation with outstanding debt for original purchase	**	-	
Property, plant and equipment - post-implementation without outstanding debt for original purchase	***	(1,431,026)	
Construction in progress	Note 6	(1,610,786)	
Lease right-of-use asset pre-implementation	n/a	-	
Lease right-of-use asset post-implementation	SFP	(4,258,270)	
Intangible assets	n/a	-	
Add:			
Post-employment and pension liabilities	n/a	-	
Long-term debt for long term purposes pre-implementation	❖	-	
Long-term debt for long term purposes post-implementation	❖	-	
Line of credit for construction in progress	n/a	-	
Pre-implementation right-of-use lease liabilities	n/a	-	
Post-implementation right-of-use lease liabilities	SFP	4,202,758	
Total expendable net assets			$ 86,161,116
Total expenses without donor restrictions	SOA	27,941,845	
Add:			
Non-operating and net investment losses	n/a	-	
Net investment losses	n/a	-	
Pension - related changes other than net periodic costs	n/a	-	
Total expenses without donor restrictions and losses without donor restrictions			$ 27,941,845
Primary reserve ratio			3.1
Net assets with donor restrictions: other for purpose or time (not included in the calculation)	Note 11		$ 83,980,594

* See reconciliation on previous page depicting reference back to the consolidated statements of financial position in the consolidated financial statements.

❖ See reconciliation on previous page depicting reference back to the consolidated statements of financial position in the consolidated financial statements.

American Jewish University
Schedule of Financial Responsibility Ratios
As of and for the Year Ended June 30, 2024

Equity Ratio Calculation	Reference	June 30, 2024	
Net assets without donor restrictions	SOFP	$ 22,507,085	
Net assets with donor restrictions	SOFP	98,935,618	
		121,442,703	
Less:			
Lease right-of-use assets pre-implementation	n/a	-	
Intangible assets	n/a	-	
Unsecured related-party receivables	Note 14	(4,936,419)	
Unsecured related-party other assets	n/a	-	
Add:			
Pre-implementation right-of-use lease liabilities	n/a	-	
Modified net assets			$ 116,506,284
Total assets	SOFP	$ 131,254,912	
Less:			
Lease right-of-use assets pre-implementation	n/a	-	
Intangible assets	-	-	
Unsecured related-party receivables	Note 14	(4,936,419)	
Unsecured related-party other assets	n/a	-	
Modified assets			$ 126,318,493
Equity ratio			0.9

Net Income Ratio Calculation	Reference	For the Year Ended June 30, 2024	
Change in net assets without donor restrictions	SOA		$ 29,935,087
Total operating revenue, gains, and other support without donor restrictions	SOA	$ 22,298,728	
Add:			
Investment return appropriated for spending (without donor restriction)	n/a	-	
Gain on sale of assets	SOA	35,578,204	
		57,876,932	
Total revenue and gains without donor restrictions			$ 57,876,932
Net income ratio			0.5

American Jewish University
Schedule of Financial Responsibility Ratios
As of and for the Year Ended June 30, 2024

Step 1: Calculate the strength factor score for each ratio by using the following algorithms:

Primary Reserve strength factor score = 10 x the primary reserve ratio result

Equity strength factor score = 6 x the equity ratio result

Negative net income ratio result:	Net Income strength factor = 1 + (25 x net income ratio result)
Positive net income ratio result:	Net income strength factor = 1 + (50 x net income ratio result)
Zero result for net income ratio:	Net income strength factor = 1

If the strength factor score for any ratio is greater than or equal to 3, the strength factor score for the ratio is 3.

If the strength factor score for any ratio is less than or equal to -1, the strength factor score for the ratio is -1.

Step 2: Calculate the weighted score for each ratio and calculate the composite score by adding the three weighted scores

Primary Reserve weighted score = 40% x the primary reserve strength factor score

Equity weighted score = 40% x the equity strength factor score

Net Income weighted score = 20% x the net income strength factor score

Composite Score = the sum of all weighted scores

Round the composite score to one digit after the decimal point to determine the final score

	As of and for the year ended June 30, 2024			
RATIO DESCRIPTION	Ratio	Strength Factor	Weight	Composite Scores
Primary Reserve Ratio	3.1	3.0	40%	1.2
Equity Ratio	0.9	3.0	40%	1.2
Net Income Ratio	0.5	3.0	20%	0.6
Composite Score				3.0

MOSSADAMS

Report of Independent Auditors 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*

The Board of Directors
American Jewish University

We have audited, in accordance with the 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 consolidated financial statements of American Jewish University, which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Jewish University'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Jewish University's internal control. Accordingly, we do not express an opinion on the effectiveness of American Jewish University'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 audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Jewish University'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 audit, 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Los Angeles, California
January 28, 2025

MOSSADAMS