AMERICAN JEWISH UNIVERSITY
(FORMERLY UNIVERSITY OF JUDAISM)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2007

AMERICAN JEWISH UNIVERSITY
(FORMERLY UNIVERSITY OF JUDAISM)
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June 30, 2007

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Jewish University (formerly University of Judaism)

We have audited the accompanying consolidated statement of financial position of the American Jewish University (formerly the University of Judaism) (the "University") as of June 30, 2007, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year's summarized comparative information has been derived from the University's 2006 financial statements which were audited by other auditors and, in their report dated September 15, 2006, they expressed an unqualified opinion on those financial statements.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the American Jewish University as of June 30, 2007, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2007, on our consideration of the University's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Singer Lewak Greenbaum + Goldstein, LLP

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP

Los Angeles, California
October 26, 2007

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AMERICAN JEWISH UNIVERSITY
(FORMERLY UNIVERSITY OF JUDAISM)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2007
(with Comparative Totals for 2006)

ASSETS

	2007	2006
Assets		
Cash and cash equivalents	$ 2,697,935	$ 792,175
Contributions receivable, net	7,281,160	3,601,405
Other receivables, net	557,340	253,331
Notes receivable	6,604,962	6,805,000
Investments	85,578,231	48,135,461
Prepaid expenses and other assets	329,779	351,984
Inventories	228,995	232,550
Due from affiliate	39,210	64,830
Property, plant and equipment, net	30,229,655	17,879,427
Other assets	565,440	591,740
Total assets	**$ 134,112,707**	**$ 78,707,903**

LIABILITIES AND NET ASSETS

	2007	2006
Liabilities		
Accounts payable and accrued expenses	$ 9,759,957	$ 1,246,893
Deferred revenue	1,351,248	-
Notes payable	24,801,513	23,595,352
Annuities payable	848,238	844,196
Interest rate swap agreements	383,243	431,959
Total liabilities	37,144,199	26,118,400
Net assets		
Unrestricted	30,134,340	8,192,943
Temporarily restricted	46,060,616	26,945,161
Permanently restricted	20,773,552	17,451,399
Total net assets	96,968,508	52,589,503
Total liabilities and net assets	**$ 134,112,707**	**$ 78,707,903**

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

AMERICAN JEWISH UNIVERSITY
(FORMERLY UNIVERSITY OF JUDAISM)
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007
(with Comparative Totals for the Year Ended June 30, 2006)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007 Total	2006 Total
Revenue and other support					
Tuition and fees, net of scholarships and financial aid of $2,025,943 a	$ 4,896,536	$ 23,382	$ 106,644	$ 5,026,562	$ 3,252,178
Gifts, grants and bequests	17,630,830	17,074,144	341,336	35,046,310	21,763,003
Program, sales and services	2,524,942	-	-	2,524,942	1,779,292
Auxiliary enterprises	2,254,769	-	-	2,254,769	2,224,498
Investment income	1,416,913	1,715,456	1,483,883	4,616,252	1,429,798
Other income	1,767,639	31,022	-	1,798,661	663,790
Reclassification of net assets (Note 8)	(129,416)	-	129,416	-	-
Net assets released from restrictions	3,089,595	(3,089,595)	-	-	-
Total revenues and other support	33,451,808	15,754,409	2,061,279	51,267,496	31,112,559
Expenses					
Program services					
Academic	7,203,026	-	-	7,203,026	6,532,961
Department of continuing education	3,378,922	-	-	3,378,922	2,957,454
Public service	4,686,424	-	-	4,686,424	1,245,713
Total program services	15,268,372	-	-	15,268,372	10,736,128
Supporting services					
Auxiliary enterprises	2,745,207	-	-	2,745,207	2,186,808
Fundraising	1,858,591	-	-	1,858,591	1,946,211
Management and general	5,401,508	-	-	5,401,508	2,833,381
Total supporting services	10,005,306	-	-	10,005,306	6,966,400
Total expenses	25,273,678	-	-	25,273,678	17,702,528
Changes in net assets before other deductions	8,178,130	15,754,409	2,061,279	25,993,818	13,410,031
Other additions (deductions)					
Gains on interest rate swaps	48,716	-	-	48,716	73,690
Gains on investments	3,196,315	-	-	3,196,315	1,236,076
Change in value of split-interest agreements	(144,715)	-	-	(144,715)	(133,717)
Changes in net assets	11,278,446	15,754,409	2,061,279	29,094,134	14,586,080
Net assets, beginning of year, as combined (Note 8)	18,855,894	30,306,207	18,712,273	67,874,374	38,003,423
Net assets, end of year	**$ 30,134,340**	**$ 46,060,616**	**$ 20,773,552**	**$ 96,968,508**	**$ 52,589,503**

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

AMERICAN JEWISH UNIVERSITY
(FORMERLY UNIVERSITY OF JUDAISM)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2007
(with Comparative Totals for the Year Ended June 30, 2006)

	2007	2006
Cash flows from operating activities		
Changes in net assets	$ 29,094,134	$ 14,586,080
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	1,045,029	938,537
Amortization	26,300	18,053
Realized and unrealized gain on investments	(3,196,315)	(1,650,601)
Unrealized gain on interest rate swap agreement	(48,716)	(73,690)
Contribution of partnership interests and notes receivable	168,995	(14,650,000)
Contributions restricted for endowment	(341,336)	(2,417,260)
Changes in assets and liabilities		
Contributions receivable, net	(4,291,648)	1,830,514
Decrease in annuities payable, net	4,042	(236,558)
Other receivables	(304,009)	94,739
Notes receivable	(200,038)	-
Prepaid expenses and other assets	48,505	(36,116)
Inventories	3,555	(30,892)
Due from affiliates	(25,620)	24,958
Deferred revenue	1,351,248	-
Accounts payable and accrued liabilities	8,513,064	(24,791)
Net cash provided by (used in) operating activities	31,847,190	(1,627,027)
Cash flows from investing activities		
Purchase of fixed assets	(1,540,522)	(336,369)
Purchase of investments	(61,391,868)	(11,699,090)
Sale of investments	31,443,463	11,109,668
Net cash used in investing activities	(31,488,927)	(925,791)
Cash flows from financing activities		
Contributions restricted for endowment	341,336	2,417,260
Proceeds from notes payable	5,953,110	1,500,000
Principal payments on notes payable	(4,746,949)	(1,636,211)
Net cash provided by financing activities	1,547,497	2,281,049
Net increase (decrease) in cash and cash equivalents	1,905,760	(271,769)
Cash and cash equivalents, at beginning of year	792,175	1,063,944
Cash and cash equivalents, at end of year	**$ 2,697,935**	**$ 792,175**
Supplemental information		
Interest paid	**$ 1,462,537**	**$ 1,406,317**
Donated stock, partnership interests and notes receivable	**$ 168,995**	**$ 14,650,000**

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

NOTE 1 – GENERAL

Nature of Organization
The American Jewish University (formerly University of Judaism) (the "University) is a nonprofit educational institution offering undergraduate and graduate degrees. The primary purpose of accounting and reporting is for recording the resources received and applied rather than the determination of net income. In 2006, the University received a 10-year accreditation by the Western Association of Schools and Colleges (WASC).

Combination with The Brandeis-Bardin Institute
During the current year the University decided to expand their adult education, undergraduate and graduate curriculum by combining with a similar non profit institution, The Brandeis-Bardin Institute (BBI). The combination creates one of the largest Jewish educational institutions on the West Coast that includes a number of new programs for the current financial year.

On May 1, 2007, the University completed the combination transaction, which resulted in all of the assets and liabilities of BBI being integrated into the University of Judaism to form the American Jewish University. As permitted by APB16, the combination has been accounted for as a pooling of interest. Accordingly, the BBI balances have been incorporated into the opening balances of the accompanying financial statements to reflect the combined results of operations, financial position and cash flows of both organizations as if they had combined on July 1, 2006.

In addition, BBI has a 100% ownership interest in a separate corporation, the Brandeis Mutual Water Company. The results of which have been incorporated with the combination.

ZSRS LLC
The University has a 100% ownership interest in ZSRS LLC (the "LLC"). The LLC holds a number of minority interests in partnerships that own property in California. The results of the subsidiary have been incorporated into the books of the University.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidation Policy

The consolidated financial statements include the accounts of the University and its majority-owned subsidiaries. All material inter-company accounts and transactions of consolidated subsidiaries have been eliminated in consolidation.

Financial Statements Presentation

The University reports information regarding its financial position and activities according to three (3) classes of net assets: unrestricted, temporarily restricted and permanently restricted. The three (3) classes are differentiated by donor restrictions:

a) Unrestricted – Net assets that are not subject to donor-imposed restrictions, or donor-restricted contributions whose restrictions are met in the same reporting period.

b) Temporarily Restricted – Net assets that are subject to donor-imposed time or use restrictions that have not been met as of year-end. Temporarily restricted net assets are restricted for time (e.g., multiyear pledges) and specific programs.

c) Permanently Restricted – Net assets subject to donor-imposed restrictions that are maintained permanently.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of revenues, expenses or other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposits with original maturities of three (3) months or less. These investments are readily convertible to cash and are stated at cost which approximates market value.

Investments

Investments in marketable equity securities are recorded at market value as of the date of the financial position. Realized and unrealized gains and losses are reflected in the statement of activities. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)
Purchases and sales of securities are recorded on the trade date. The cost in determining the gain or loss from the sale of securities is based on average cost of the securities involved in the transaction.

Inventories consist mainly of books and items held for sale in the University's bookstore and gift shop, and are stated at the lower-of-cost or market and accounted for using the first-in, first-out (FIFO) method.

Property, Plant, and Equipment
Property, plant, and equipment is carried at cost or fair market value at the date of the gift, if donated. Repairs and maintenance are charged to operations. Depreciation is provided over the useful lives of the respective assets on a straight-line basis. The estimated useful lives are as follows:

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

Upon disposition of assets, the cost and related accumulated depreciation is removed with the resulting gain or loss recognized in unrestricted net assets.

Annuity Gifts/Payables
Annuity gifts are recorded on the date received. Annuity gifts require the University to pay a fixed annual amount to the annuitant over the annuitant's life. The excess of the cash received over the present value of the annuity obligation is recorded as contribution revenue on the date the annuity gift is received and the liability is determined. To the extent the University is entitled, annuity funds are transferred to operations upon the death of the annuitant. The University monitors reserve funds and is in compliance with guidelines specified by the State of California Department of Insurance.

Interest Rate Swaps
The University began to use an overall interest rate risk-management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in interest expense that are caused by interest rate volatility. Interest rate swaps involve the exchange of fixed-rate and variable-rate interest payments between two parties, based on a common notional principal amount and maturity date. Under current accounting standards, all derivative instruments are recognized on the statement of financial position at their fair values and changes in fair value are recognized in the statement of activities.

Valuation of Library and Art Collections
The value of the University Library Collection, Fine Art Works at the Mullholland Campus, and Sculpture Garden are not reflected in the financial statements of the University, as it is the University's intent to maintain these as "collections."

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions to be received after one year are discounted at an appropriate discount rate. Expenses are reported as decreases in unrestricted net assets. Interest income earned on restricted resources and other revenues are reported as increases in unrestricted net assets unless their use is restricted by donor stipulation.

Tuition and Fees Revenue

Tuition income is recognized as the educational services are provided. Tuition and fees received by the University for semesters or sessions occurring subsequent to June 30, 2007 are recorded as deferred revenue.

Functional Allocation of Expenses

Costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The University is exempt from federal income and California franchise taxes under the Internal Revenue Code Section 501(c)(3) and corresponding California Revenue and Taxation Code Section 23701(d).

Credit Risk

The University maintains its cash accounts in a number of commercial banks. Accounts at these banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC). At various times during the year, the University had deposits in excess of the FDIC insurance limit.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Promises to give are recorded after discounting, using rates between 3.69% and 7.5%, to the present value of the future cash flows.

Unconditional promises to give are scheduled to be realized in the following periods:

Due in one year or less	$ 5,031,752
Between one year and five years	2,232,166
More than five years	721,000
	7,984,918
Less: Net present value discount	452,227
Allowance for uncollectible receivables	251,531
Net contribution receivable	**$ 7,281,160**

NOTE 4 – NOTES RECEIVABLE

The University received a promissory note collateralized by a deed of trust from Glen Development Company in the amount of $5,675,639. The unpaid balance of this note was $5,462,914 as of June 30, 2007. The note has a fixed interest rate of 7.25% and matures on July 31, 2014. Terms of the note require monthly installments of principal and interest payments of $43,024 based on a 25-year amortization schedule.

The University received a second promissory note collateralized by a deed of trust from Circle Partnership in the amount of $1,595,636. The unpaid balance of the note was $962,048 as of June 30, 2007. The note has a fixed interest rate of 7%. The terms of the note require monthly installment principal and interest payments of $11,798 based on a 25-year amortization schedule.

The University received a third promissory note collateralized by a deed of trust from Cabrillo Partnership in the amount of $180,000. The unpaid balance of the note was $180,000 as of June 30, 2007. The note has a fixed interest rate of 7.25% and matures on October 27, 2011. Terms of the note requires monthly interest payments of $1,088.

NOTE 4 – NOTES RECEIVABLE (Continued)

Maturities of the notes receivable are as follows:

Fiscal Year Ending June 30,		
2008	$	412,859
2009		443,615
2010		476,664
2011		512,175
Thereafter		4,759,649
	$	**6,604,962**

NOTE 5 – INVESTMENTS

The University holds investments in the form of fixed-income securities issued by the United States Government. The University is exposed to credit loss for the amount of the investments in the event of nonperformance by the other parties to the counterparties. To limit any exposure to loss, the University invests only in investment-grade securities.

The University received real estate partnership interests in fiscal year 2006 as a gift and the cost is based upon fair value at the date of the gift. In addition the University has an investment in the Brandeis Mutual Water Company that represents a wholly-owned investment in a separate corporation formed to protect the University's interest in the natural water source attached to a local water district serving the Brandeis-Bardin Campus. The investment allows the University to buy its water from the local water district at cost. Brandeis Mutual Water Company has $75,000 in assets. There was no activity in the company for the period ended June 30, 2007.

Investments held for gift annuities were $1,320,454 ($1,351,509 at cost), at June 30, 2007. The University paid investment management fees of $89,748 for the year ended June 30, 2007.

NOTE 5 – INVESTMENTS (Continued)

Investments held by the University at June 30, 2007 were as follows:

Investment Description	Cost	Carrying Value
State of Israel bonds	$ 59,600	$ 59,600
Money market	19,470,716	19,470,716
Corporate bonds	14,176,176	14,323,042
U.S. Government securities	11,683,142	12,025,700
Corporate stocks	29,125,162	31,796,944
Real estate partnership interests	7,920,000	7,902,229
Total investments	**$ 82,434,796**	**$ 85,578,231**

BBI still maintains an agreement with a foundation whereby the foundation guarantees an original investment amount of approximately $250,000, plus a return of 5% per annum through May 2008. The original balance of approximately $250,000 plus an annual return of 5% exceeds the fair market value by $8,434. This guaranteed amount has been included as part of investments and the change in this guaranteed balance between years has been netted against unrealized gains on investments in the statement of activities.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at June 30, 2007 is comprised of the following:

Land	$ 3,900,146
Buildings and improvements	46,712,027
Furniture and equipment	4,247,265
Livestock	61,200
Automotive equipment	115,261
Construction in progress	1,265,960
	56,301,859
Less accumulated depreciation	26,072,204
Total	**$ 30,229,655**

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT (Continued)

The University utilizes two campuses under continuing development on property at Mulholland Drive, Los Angeles, California and in Simi Valley, California. The University also owns and utilizes conference grounds in Ojai, California. The cumulative costs of these properties at June 30, 2007 are as follows:

Mulholland Campus property	$ 29,134,098
Ojai Conference Ground property	2,400,117
Simi Valley Campus property	15,177,812
	46,712,027
Less accumulated depreciation	21,269,646
Total	**$ 25,442,381**

NOTE 7 – NOTES, MORTGAGE AND TRUST DEED PAYABLE

The University is obligated under various borrowing an arrangement at June 30, 2007 is as follows:

CEFA 1998 Series A Bonds; interest at 4.03% paid monthly; due December 1, 2028	$ 12,100,000
CEFA 1998 Series B Bonds; interest at 5.2% paid monthly; due December 1, 2028	6,100,000
Note payable to Capital Crossing Bank (SBA); principal and interest due monthly at 4%; maturing on July 16, 2024	1,077,018
$4,000,000 line of credit with a financial institution; Guaranteed by a third-party donor trust; interest at the Prime rate less 0.75% (8.25% at June 30, 2007); due on demand	3,951,594
$1,000,000 line of credit with financial institution, 6.32% interest payable monthly, due May 1 2010.	866,827
Note payable to the University of Judaism Foundation; interest due quarterly at 1% below the Prime rate (8.25% at June 30, 2007); due on demand, uncollateralized	100,000
Note payable to Capital Crossing Bank (SBA); principal and interest due monthly at 4%; maturing on August 19, 2019	601,074
Note payable to Board member, non-interest-bearing; due on demand	5,000
Total	**$ 24,801,513**

NOTE 7 – NOTES, MORTGAGE AND TRUST DEED PAYABLE (Continued)

In December 1998, the University issued two 30-year CEFA bonds: 1998 Series A and Series B. CEFA revenue bonds payable result from borrowings issued through the California Educational Facilities Authority (CEFA) in the form of direct secured revenue bonds. The bonds are collateralized by land and buildings owned by the University and a related party.

The Series A Bond in the amount of $13,500,000 initially had a weekly variable non-taxable interest rate, which may be converted to a fixed rate. The effective variable rate at June 30, 2007 was 1.09%. The bonds were issued to: (i) construct and renovate certain educational facilities of the University; (ii) repay existing indebtedness; (iii) pay capitalized interest; and, (iv) pay certain bond issuance costs. Bond issuance costs of approximately $508,000 were capitalized. These costs are being amortized over 30 years and are included in other assets.

The Series B Bond in the amount of $7,000,000 initially had a weekly variable taxable interest rate, which may be converted to a fixed rate. The effective variable rate at June 30, 2007 was 1.25%. The bonds were issued to: (i) refinance existing indebtedness of the University and (ii) to pay certain bond issuance costs. Bond issuance costs of approximately $212,000 were capitalized. These costs are being amortized over 30 years and are included in other assets.

If the University opts to convert the bonds to a “Fixed Rate”, the bonds will be subject to a mandatory sinking fund redemption through and including the maturity thereof on December 1st of each year, commencing on the first December 1 occurring at least six (6) months after the “Fixed Rate Adjustment Date”, through and including the date of maturity of the “Bonds” of that series. The sinking fund payments will be set to achieve annual level debt service (including both principal and interest) for all remaining “Bond Years”.

Repayment of the bonds is supported by an irrevocable direct-pay letter of credit up to the principal amount of the bond plus accrued interest. The letter of credit will expire on December 20, 2011.

Concurrent with the issuance of the bonds, the University established two (2) interest rate swaps with Allied Irish Bank, one of which expired December 1, 2006 and the second which expires December 1, 2008 in the amounts of $6,200,000 and $12,400,000, respectively. The expired swap was replaced by a new swap in the amount of $6,100,000 which expires December 1, 2015. The swaps were initiated to fix the interest rate the University pays on the bonds as the actual interest costs over the term of the bonds are based upon weekly variable rates. The rates are fixed at 4.03% and 5.2% for the Series A and B bonds, respectively. As of June 30, 2007, the University has recognized cumulative unrealized gains of $48,716 on these agreements.

The most significant covenants of the Series A and B bonds are that the University may not encumber any of the revenue sources specified to repay the bonds and that all arbitrage profits, as defined, will be subject to rebate. The bonds also contain cross-default provisions which put both bonds in default if either of them are in default.

NOTE 7 – NOTES, MORTGAGE AND TRUST DEED PAYABLE (Continued)

Maturities of the notes, mortgage and trust deed payable are as follows:

Fiscal Year Ending June 30,	
2008	$ 5,011,356
2009	91,518
2010	95,247
2011	99,127
2012	103,166
Thereafter	19,401,099
	$ 24,801,513

NOTE 8 – NET ASSETS

Unrestricted, temporarily restricted, and permanently restricted net assets at June 30, 2007 were available for the following purposes:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Funds	$ -	$ -	$ 17,149,020	$ 17,149,020
Scholarship Funds	-	-	3,624,532	3,624,532
General Fund	3,777,260	2,821,474	-	6,598,734
Annuity	-	627,003	-	627,003
Plant Fund	-	9,013,360	-	9,013,360
Rabbinic Fund	16,050,725	-	-	16,050,725
Other Funds	10,306,355	33,598,779	-	43,905,134
Total	**$ 30,134,340**	**$ 46,060,616**	**$ 20,773,552**	**$ 96,968,508**

The opening net assets of BBI were combined as of July 1, 2006, as follows:

	University of Judaism As Originally Stated July 1, 2006	BBI As Of July 1, 2006	American Jewish University Restated July 1, 2006
Unrestricted	$ 8,192,943	$ 10,662,951	$ 18,855,894
Temporarily Restricted	26,945,161	3,361,046	30,306,207
Permanently Restricted	17,451,399	1,260,874	18,712,273
Total	**$ 52,589,503**	**$ 15,284,871**	**$ 67,874,374**

NOTE 8 – NET ASSETS (Continued)

During the year ending June 30, 2007, the University reclassified previously recorded income totaling $129,416 from unrestricted net assets to permanently restricted net assets.

NOTE 9 - COMBINATION WITH BRANDEIS-BARDIN INSTITUTE

Under the Brandeis-Bardin ("BBI")-University of Judaism ("UJ") combination agreement dated March 21, 2007, UJ and BBI determined that it was in the best interests of their respective organizations to combine the business and operations of the parties by means of a contribution by BBI of substantially all of its assets and operations, including the BBI Property, to UJ, and thereafter for the combined entity to be renamed "The American Jewish University" and to have a combined mission as defined in the BBI-UJ combination agreement.

Under the combination agreement, BBI contributed to the UJ all of its rights, title and interest in the BBI Campus and certain other assets and liabilities of BBI. In addition, UJ and BBI agreed to the continuation of the Camp Alonim Programs and the BCI Programs for a five year time period.

The combination was accounted for as a "pooling-of-interests". While the "closing date" of the combination was April 12, 2007, the BBI balances were transferred on May 1, 2007 and included activity through April 30, 2007. The results of the operations of the separate organizations and the combined organization for the most recent prior period to the combination and for the years presented in the financial statements are as follows:

	(For the 7 Months) October 1, 2006 To April 30, 2007	For the Year Ended June 30, 2006
Revenues		
American Jewish University	$ 10,546,955	$ 32,288,608
Brandeis Bardin Campus	2,471,472	5,504,800
Change in net assets		
American Jewish University	$ 12,719	$ 14,586,080
Brandeis Bardin Campus	(343,883)	74,915

NOTE 10 – PENSION PLAN

The University has several defined contribution pension plans covering substantially all of its full-time executives and employees. The plans require a stated percentage of employee compensation to be contributed to the plans.

All such plans are fully funded currently by payments to the various plan trustees. University payments to these plans totaled $461,583 for the year ended June 30, 2007.

NOTE 11 – RELATED-PARTY TRANSACTIONS

The University is a designated beneficiary of the University of Judaism Foundation (the "Foundation"). The Foundation was established in 1980 by officers of the University to support the University and other Public Charities, as defined by the Internal Revenue Code. Under the terms of the Foundation's incorporating documents, the 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 the University based upon annual designations of the Foundation's members.

During 2007, the Foundation distributed $17,387 to the University and will distribute an additional $11,015 for 2007 activity.

In addition, included in notes payable (see Note 7) is a $100,000 loan by the Foundation to the University. During fiscal year 2007 the University paid $7,250 in interest on this loan.

The University is the recipient of a non-interest-bearing note (see Note 7) made by a member of the Board of Directors which is payable by the University on demand.

The University is also the recipient of a due from affiliate. This is from Camp Ramah, California Inc., who utilizes the Ojai conference grounds.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Federal Funding

Certain federal grants which the University administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time. The University expects that such amounts, if any, would not have a significant impact on the financial position of the University.