Reports of Independent Auditors and Consolidated Financial Statements with Supplementary Schedule

American Jewish University

June 30, 2023 and 2022

MOSSADAMS

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter – Asset Held for Sale

As discussed in Note 6 and Note 15 to the consolidated financial statements, the University held a significant asset for sale as of June 30, 2023. As of the date of this letter, the asset has sold. Our opinion has not been modified with respect to this matter.

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 February 20, 2024, 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
February 20, 2024

Consolidated Financial Statements

American Jewish University
Consolidated Statements of Financial Position
June 30, 2023 and 2022

ASSETS

	Notes	2023	2022
Cash and cash equivalents		$ 2,220,271	$ 1,869,276
Investments	3,4,8	80,011,667	79,392,520
Accounts and other receivables, net		2,470,895	889,869
Contributions receivable, net	5	9,185,934	7,517,237
Inventories		120,416	115,721
Prepaid expenses and other assets		922,069	843,113
Assets held for sale	6	20,876,546	20,876,546
Property and equipment, net	6	11,929,583	12,132,920
Total assets		$ 127,737,381	$ 123,637,202

LIABILITIES AND NET ASSETS (DEFICIT)

	Notes	2023	2022
LIABILITIES			
Accounts payable and accrued expenses		$ 2,672,660	$ 4,851,333
Deferred revenue		2,896,987	2,506,487
Notes payable, net	7	33,291,705	34,043,914
Total liabilities		38,861,352	41,401,734
NET ASSETS (DEFICIT)			
Without donor restrictions		(7,428,002)	4,210,321
With donor restrictions	10	96,304,031	78,025,147
Total net assets (deficit)		88,876,029	82,235,468
Total liabilities and net assets		$ 127,737,381	$ 123,637,202

See accompanying notes.

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

	Notes	Without Donor Restrictions	With Donor Restrictions	Total
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	(10,428,014)	10,428,014	-
Net assets released from restrictions		3,851,383	(3,851,383)	-
Total revenues and public support		15,358,492	18,278,884	33,637,376
EXPENSES				
Program services				
Academic		9,185,534	-	9,185,534
Auxiliary enterprises		5,904,028	-	5,904,028
Department of continuing education		1,261,360	-	1,261,360
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 expenses		26,996,815	-	26,996,815
Change in net assets		(11,638,323)	18,278,884	6,640,561
NET ASSETS (DEFICIT), 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 Statement of Activities (Continued)
Year Ended June 30, 2022

	Notes	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND PUBLIC SUPPORT				
Tuition and fees, net		$ 2,583,548	$ -	$ 2,583,548
Gifts, grants, and bequests		3,893,410	5,674,951	9,568,361
Summer programs		2,271,083	-	2,271,083
Auxiliary enterprises		3,091,709	-	3,091,709
Investment loss, net	3	(3,726,723)	(6,762,183)	(10,488,906)
Income from ZSRS	4	-	853,919	853,919
Other income		687,592	-	687,592
Net assets released from restrictions		4,074,817	(4,074,817)	-
Total revenues and public support		12,875,436	(4,308,130)	8,567,306
EXPENSES				
Program services				
Academic		9,593,393	-	9,593,393
Auxiliary enterprises		3,893,795	-	3,893,795
Department of continuing education		1,574,803	-	1,574,803
Total program services		15,061,991	-	15,061,991
Supporting services				
Management and general		7,182,921	-	7,182,921
Fundraising		2,090,685	-	2,090,685
Total supporting services		9,273,606	-	9,273,606
Total expenses		24,335,597	-	24,335,597
Change in net assets from operations		(11,460,161)	(4,308,130)	(15,768,291)
NONOPERATING OTHER INCOME				
Forgiveness of Paycheck Protection Program (PPP) loan		2,000,000	-	2,000,000
Change in net assets from non-operating activities		2,000,000	-	2,000,000
Change in net assets		(9,460,161)	(4,308,130)	(13,768,291)
NET ASSETS, beginning of year		13,670,482	82,333,277	96,003,759
NET ASSETS, end of year		$ 4,210,321	$ 78,025,147	$ 82,235,468

See accompanying notes.

American Jewish University
Consolidated Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

Year Ended June 30, 2023

	Program Services				Supporting Services		
	Academic	Auxiliary Enterprises	Department of Continuing Education	Total Program Services	Management and General	Fundraising	Total Expenses
FUNCTIONAL EXPENSES							
Compensation	$ 5,508,487	$ 1,659,409	$ 843,910	$ 8,011,806	$ 4,138,865	$ 1,072,664	$ 13,223,335
Professional services	671,848	170,561	135,192	977,601	2,741,667	421,612	4,140,880
Utilities and building maintenance	724,701	2,144,567	12,031	2,881,299	263,125	8,402	3,152,826
Supplies and other services	634,919	71,078	106,317	812,314	489,204	132,915	1,434,433
Food services	524,716	954,765	19,540	1,499,021	62,420	11,869	1,573,310
Interest	506,708	197,148	76,280	780,136	513,072	153,396	1,446,604
Insurance	432,242	168,175	65,070	665,487	437,671	130,853	1,234,011
Depreciation	181,913	538,325	3,020	723,258	66,049	2,109	791,416
Total functional expenses	$ 9,185,534	$ 5,904,028	$ 1,261,360	$ 16,350,922	$ 8,712,073	$ 1,933,820	$ 26,996,815

Year Ended June 30, 2022

	Program Services				Supporting Services		
	Academic	Auxiliary Enterprises	Department of Continuing Education	Total Program Services	Management and General	Fundraising	Total Expenses
FUNCTIONAL EXPENSES							
Compensation	$ 5,030,360	$ 1,375,074	$ 924,415	$ 7,329,849	$ 3,575,643	$ 1,032,819	$ 11,938,311
Professional services	563,515	270,923	311,721	1,146,159	1,908,583	457,532	3,512,274
Utilities and building maintenance	1,414,869	1,131,462	53,054	2,599,385	81,873	15,066	2,696,324
Supplies and other services	487,979	89,372	72,076	649,427	717,920	254,284	1,621,631
Depreciation	747,679	597,914	28,036	1,373,629	43,265	7,961	1,424,855
Interest	464,980	135,437	93,468	693,885	441,636	129,382	1,264,903
Insurance	394,931	115,033	79,387	589,351	375,104	109,891	1,074,346
Food services	489,080	178,580	12,646	680,306	38,897	83,750	802,953
Total functional expenses	$ 9,593,393	$ 3,893,795	$ 1,574,803	$ 15,061,991	$ 7,182,921	$ 2,090,685	$ 24,335,597

See accompanying notes.

American Jewish University
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,640,561	$ (13,768,291)
Adjustments to reconcile change in net assets to net cash flows used in operating activities		
Depreciation	791,416	1,424,855
Forgiveness of PPP loan	-	(2,000,000)
Amortization of debt issuance costs	36,808	37,779
Gain on disposal of property and equipment	-	(644,939)
Net realized and unrealized (gain) loss on investments	(4,983,536)	11,247,851
Change in allowance for doubtful contributions receivable	15,127	100,714
Change in allowance for doubtful accounts and other receivables	22,753	25,553
Change in present value discount on contributions receivable	582,977	62,851
Contributions restricted for endowment	(4,797)	(11,532)
Equity income from ZSRS	(1,923,298)	(853,919)
Changes in operating assets and liabilities		
Accounts and other receivables	(1,613,804)	(217,545)
Contributions receivable	(2,266,801)	(3,525,720)
Inventories	(4,606)	(14,207)
Prepaid expenses and other assets	(90,114)	(324,223)
Accounts payable and accrued expenses	(2,178,675)	(410,566)
Deferred revenue	390,500	138,302
Net cash used in operating activities	(4,585,489)	(8,733,037)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(588,079)	(1,257,882)
Proceeds from sale of property and equipment	-	707,438
Payments on notes receivable	10,025	9,982
Purchase of investments	(7,787,477)	(2,651,900)
Sale of investments	9,711,235	11,739,770
Distribution received from ZSRS	4,375,000	1,524,922
Net cash provided by investing activities	5,720,704	10,072,330
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	4,797	11,532
Proceeds from notes payable	-	6,946
Principal payments on notes payable	(789,017)	(697,189)
Net cash used in financing activities	(784,220)	(678,711)
CHANGE IN CASH AND CASH EQUIVALENTS	350,995	660,582
CASH AND CASH EQUIVALENTS, beginning of year	1,869,276	1,208,694
CASH AND CASH EQUIVALENTS, end of year	$ 2,220,271	$ 1,869,276
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 1,409,798	$ 1,227,124
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING ACTIVITIES		
Forgiveness of PPP loan	$ -	$ 2,000,000

See accompanying notes.

Note 1 – Nature of Organization

The American Jewish University (the "University") is a nonprofit educational institution built upon the mission of advancing and elevating the Jewish journey of individuals, organizations, and our community through excellence in scholarship, teaching, engaged conversation, and outreach. The University is accredited by the Western Association of Schools and Colleges ("WASC"). American Jewish University owns and operates two campuses; they are located in Los Angeles County, California, and Ventura County, 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, 2023 and 2022.

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 members. 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 – Effective July 1, 2022, the University adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* which requires the lessee to recognize a right-of-use asset (ROU) and lease liability for all leases exceeding a term of 12 months. The University adopted Topic 842 using the modified retrospective transition approach, under which there was no cumulative impact to net assets at July 1, 2022.

ROU assets represent the University's right to use an underlying asset for the lease term and are initially measured at the present value of minimum lease payments adjusted for lease payments made at or before the lease commencement date, initial direct costs, and any tenant improvement allowances received. The corresponding liability to the lessor is included in the consolidated statements of financial position as a lease liability. Lease payments are apportioned between finance charges and the reduction of the lease liability.

Subsequent to initial recognition, the carrying amount of the ROU assets for operating leases is reduced by the difference between the straight-line rent expense and the amount recorded as a reduction of the lease liabilities, adjusted for any remeasurements, and if necessary, periodically reduced by impairment losses. Rent expense for operating leases is recognized in the consolidated statements of activities on a straight-line basis over the lease term. During the year ended June 30, 2023, the University did not have any leases accounted for under Accounting Standards Codification (ASC) 842.

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

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:

	2023	2022
Investments at fair value	$ 71,971,865	$ 68,912,084
Investment in ZSRS, equity method	8,039,802	10,480,436
Total investments	$ 80,011,667	$ 79,392,520

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.

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 issued 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 allowance for doubtful accounts, represents their estimated fair value. The allowance for doubtful accounts is estimated based on historical collection trends, the age of outstanding receivables, and existing economic conditions.

Delinquent accounts are written off on a valuation of the student's specific circumstances. At June 30, 2023 and 2022, management evaluated the collectability of its receivables and determined that an allowance of $67,048 and $44,295, respectively, for uncollectible receivables was necessary.

The following table provides information about the University's receivables pursuant to Financial Accounting Standards Board (FASB) ASC 606-10-50-11 as of June 30:

	2023	2022	2021
Tuition receivables	$ 154,823	$ 241,217	$ 394,293

Contributions receivable – Unconditional contributions, including pledges and bequests, are recorded at estimated fair value and 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. The allowance is based on historical experience and management's evaluation of receivables at the end of each year. Unconditional contributions receivable 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, 2023 and 2022, the University had conditional contributions totaling approximately $1,450,000 and $2,010,000, respectively. The conditional contribution 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 Notes 6 and 15.

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 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, 2023 and 2022.

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. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as restricted net assets if the assets used to purchase the items are restricted by donors. 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.

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; accordingly, receivables are not recorded until students have begun a course and the revenue recognition has commenced. 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 $796,525 in 2023 and $1,878,867 in 2022.

Unearned tuition and fees activity during the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Balance, beginning of year	$ 2,506,487	$ 2,368,185
Revenue recognized	(2,831,356)	(2,271,083)
Payment received for future performance obligations	3,221,856	2,409,385
Balance, end of year	$ 2,896,987	$ 2,506,487

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.

Other Income – As of June 30, 2023, the University recognized other income of $4,414,528 primarily related to two specific transactions. A previous attempt at a sale of the campus located in Los Angeles County, California, was terminated by the buyer, enabling the University to retain the security deposits made by the seller totaling $3,100,000, in accordance with the agreement. Additionally, the University recognized $1,300,000 related to the filing of the Employee Retention Tax Credits. The Employee Retention Tax Credits total is reflected as part of the balance of accounts and other receivables on the consolidated statement of financial position.

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 collectable and if relevant, the probate court has declared the will valid.

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.

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, 2023 and 2022, the University had no uncertain tax positions requiring accrual.

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.

Note 3 – Investments at Fair Value

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

	2023	2022
Mutual funds – equity	$ 33,987,994	$ 32,267,682
Mutual funds – fixed income	10,524,129	10,104,292
Exchange traded funds	6,660,060	8,536,620
Cash held for investment	2,993,134	775,686
Alternative strategies	17,806,548	17,227,804
Total investments at fair value	$ 71,971,865	$ 68,912,084

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:

	2023	2022
Realized gains	$ 1,796,481	$ 6,590,613
Interest and dividend income, net of investment fees	1,494,036	758,945
Unrealized gains (losses)	3,072,640	(17,838,464)
Investment income (loss), net	$ 6,363,157	$ (10,488,906)

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, 2023 and 2022, 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 of $4,375,000 and $1,524,922 during the years ended June 30, 2023 and 2022, respectively are recorded as a decrease in the carrying value of its investment in ZSRS.

Summarized financial information for ZSRS as of June 30:

	2023	2022
Cash	$ 364,691	$ 2,372,694
Note receivable	652,753	652,753
Investments in partnerships	7,022,358	7,450,023
Other receivables	-	5,966
Total assets	$ 8,039,802	$ 10,481,436
Liabilities	$ -	$ 1,000
Equity	8,039,802	10,480,436
Total liabilities and equity	$ 8,039,802	$ 10,481,436
Revenues	$ 1,979,161	$ 972,481
Expenses	(55,863)	(118,562)
Net income	$ 1,923,298	$ 853,919

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	2023 Carrying Value	2022 Carrying Value
29th Avenue Arizona Partnership	16.67%	$ 161,782	$ 169,126
3933 Marathon LP	18.54%	396,531	471,478
409 N Genesse LP	21.11%	16,009	24,381
7714 Rosewood LP	38.46%	338,675	396,710
9015 & 9025 Rangely LP	30.21%	297,398	301,478
Circle Partnership	37.77%	1,246,763	1,214,067
Glen Development Company	15.96%	2,087,965	2,095,755
Santa Maria Industrial Building LLC	16.67%	822,780	819,075
Standard Saybrook Associates	3.79%	430,097	741,355
WPI Properties, Ltd.	19.36%	1,224,358	1,216,598
Investments in partnerships		$ 7,022,358	$ 7,450,023

ZSRS holds the following promissory note receivable at June 30:

	2023	2022
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% and matures on December 31, 2023. Terms of the note require monthly interest-only payments of $1,904.	$ 652,753	$ 652,753

The future maturity of note receivable at June 30, 2023, is as follows:

Years Ending June 30,	
2024	$ 652,753

Note 5 – Contributions Receivable

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

	2023	2022
Due in 1 year	$ 4,064,557	$ 5,221,995
Due in 2–5 years	4,199,171	2,624,932
Due in over 5 years	1,850,000	-
Total	10,113,728	7,846,927
Less		
Allowance for doubtful contributions receivable	(202,265)	(187,138)
Discount to reflect present value of contributions receivable (discount rates ranging from 0.12%–4.86%)	(725,529)	(142,552)
Total contributions receivable (net)	$ 9,185,934	$ 7,517,237

As of June 30, 2023 and 2022, there was $4,500,000 and $4,200,000 outstanding from two and three donors, respectively.

Note 6 – Property and Equipment and Assets Held for Sale

Property and Equipment:

Property and equipment at June 30 consisted of the following:

	2023	2022
Land	$ 1,375,919	$ 1,375,919
Buildings and improvements	25,369,065	25,369,065
Furniture and equipment	5,999,519	5,847,222
Automotive equipment	315,049	296,975
Construction in progress	1,258,591	840,883
Total	34,318,143	33,730,064
Less: accumulated depreciation	(22,388,560)	(21,597,144)
Property and equipment (net)	$ 11,929,583	$ 12,132,920

Depreciation expense for the years ended June 30, 2023 and 2022, was $791.416 and $1,424,855, respectively.

Assets Held for Sale:

On January 24, 2022, the University's Board of Directors voted to engage a broker to sell the University's campus located in Los Angeles County, California. The University will retain its campus in Ventura County, California (See Note 15).

The carrying value of the land, buildings, and improvements at June 30, 2023 and 2022, is $20,876,546. No impairment was recorded as the fair value of the property is greater than its carrying value. 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, 2023 and 2022:

	2023	2022
Land	$ 3,730,685	$ 3,730,685
Buildings and improvements	51,824,305	51,824,305
Total	55,554,990	55,554,990
Less: accumulated depreciation	(34,678,444)	(34,678,444)
Property and equipment held for sale	$ 20,876,546	$ 20,876,546

Total property and equipment, and assets held for sale as of June 30, 2023, was $32,806,129.

Note 7 – Notes Payable

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

	2023	2022
$31,500,000 Mortgage Loan from a financial institution with an initial interest rate of 4% per annum, amortized over a hypothetical 30 years, leaving a balloon payment at the maturity date. The maturity date of August 1, 2025, may be extended for (i) 5 years with an annual interest rate of the 10 year Constant Maturity Treasury (CMT) rate plus 1.8% or 3.75%, whichever is the higher or (ii) 10 years with an annual interest rate of the 10 year CMT rate plus 2% or 4%, whichever is the higher. Principal and interest payments of $151,640 are due monthly and a balloon payment is due upon final maturity. The mortgage loan is collateralized by certain assets of the University.	$ 26,508,201	$ 27,297,218
$15,000,000 line of credit with a financial institution, collateralized by investments, and matures on May 1, 2024; interest at the secured overnight financing rate plus 1.15% as of June 30, 2023.	6,856,946	6,856,946
Total notes payable	33,365,147	34,154,164
Less: unamortized debt issuance costs	(73,442)	(110,250)
Total notes payable (net)	$ 33,291,705	$ 34,043,914

The notes payable principal maturity schedule is as follows:

Years Ending June 30,	
2024	$ 7,609,970
2025	787,065
2026	24,968,112
	33,365,147
Less: unamortized debt issuance costs	(73,442)
Total	$ 33,291,705

Interest expense incurred on these notes amounted to $1,446,606 and $1,264,904 for the years ended June 30, 2023 and 2022, respectively. Included in interest expense is amortization of debt issuance costs of $36,808 and $37,779 for the years ended June 30, 2023 and 2022, respectively.

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, 2023 and 2022, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using			
	Year Ended 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

		Fair Value Measurements Using			
	Year Ended June 30, 2022	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	$ 32,267,682	$ 32,267,682	$ -	$ -	$ -
Mutual funds – fixed income	10,104,292	10,104,292	-	-	-
Exchange traded funds	8,536,620	8,536,620	-	-	-
Cash held for investment	775,686	775,686	-	-	-
Alternative strategies					
Multi-strategy	12,740,336	-	-	-	12,740,336
Long-term capital appreciation	1,411	-	-	-	1,411
International distressed bonds and equity	73,515	-	-	-	73,515
Fixed income	3,191,477	-	-	-	3,191,477
Real estate	1,221,065	-	-	-	1,221,065
Total investments at fair value	$ 68,912,084	$ 51,684,280	$ -	$ -	$ 17,227,804

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, 2023:

	(In Thousands)				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Notes
Multi-strategy securities	$ 13,271,320	$ 1,629,371	1–90 days, Illiquid	1–60 days	(a)
Long-term capital appreciation securities	1,411	-	Quarterly, after one-year lockup expires with a 10% gate	60–90 days	(b)
International distressed bonds and equity securities	72,792	488,850	Illiquid	None	(c)
Fixed income securities	3,226,392	-	Daily	None	(d)
Real estate securities	1,234,633	350,489	Illiquid	None	(e)
	$ 17,806,548	$ 2,468,710			

(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

In the ordinary course of conducting its business, the University may become involved in various lawsuits. Some of these lawsuits may result in judgments being assessed against the University which, from time to time, may have an impact on its change in net assets. The University does not believe that these lawsuits, individually or in the aggregate, are material to the accompanying consolidated financial statements.

Note 10 – Net Assets With Donor Restrictions

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

	2023	2022
General endowment funds	$ 21,536,178	$ 20,812,153
Endowment funds held for scholarships	2,503,462	2,374,688
Scholarships	5,307,376	5,307,130
Ziegler School of Rabbinic Studies	13,330,300	12,900,910
Whizin Center for Continuing Education	24,985,557	13,532,611
Property and equipment	7,200,556	5,856,849
Other time and purpose restrictions	21,440,602	17,240,806
Total net assets with donor restrictions	$ 96,304,031	$ 78,025,147
Net assets restricted by the donor in perpetuity	$ 14,724,308	$ 14,719,511
Net assets restricted by the donor for other purposes	81,579,723	63,305,636
Total net assets with donor restrictions	$ 96,304,031	$ 78,025,147

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 redesignated to net assets with donor restrictions to be used exclusively for the University's Whizin Center.

Note 11 – 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, 2023 and 2022, 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, 2023 and 2022.

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in endowment net assets for the year ended June 30, 2022			
Endowment net assets – beginning of year	$ -	$ 26,306,540	$ 26,306,540
Contributions	-	11,532	11,532
Interest and dividends	66,894	177,426	244,320
Net realized and unrealized losses	-	(2,631,195)	(2,631,195)
Donor reclassification	-	-	-
Appropriation of endowment assets for expenditure	(66,894)	(677,462)	(744,356)
Endowment net assets – end of year	$ -	$ 23,186,841	$ 23,186,841
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	-	72,593	72,593
Interest and dividends	291,965	270,273	562,238
Net realized and unrealized gains	-	509,933	509,933
Appropriation of endowment assets for expenditure	(291,965)	-	(291,965)
Endowment net assets – end of year	$ -	$ 24,039,640	$ 24,039,640

Note 12 – Pension Plan

The University has a defined contribution pension plan covering substantially all of its full-time employees. Payments to the plan totaled $289,287 and $0 for the years ended June 30, 2023 and 2022, respectively.

Note 13 – Related-Party Transactions

Included in accounts and other receivables is a note receivable from a Vice President. The amount of the note was $40,000, secured by property, with interest 2.37% per annum. Interest income on the note totaled $62 and $105 for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, the balance on the note receivable was $9,292 and $19,317, respectively. The note matures in May 2024.

Total contribution revenue from Board members was $4,545,912 for the year ended June 30, 2023. The pledge receivables due from Board members as of June 30, 2023 and 2022, were $4,799,313 and $2,116,130, respectively.

Note 14 – Liquidity and Availability of Financial Resources

The total financial assets held by the University at June 30, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
Financial assets at June 30, 2023		
Cash and cash equivalents	$ 2,220,271	$ 1,869,276
Investments at fair value	71,971,865	68,912,084
Accounts receivable (net)	2,470,895	889,869
Contributions receivable (net)	9,185,934	7,517,237
Total financial assets	85,848,965	79,188,466
Less: amounts not available to be used within one year, due to donor-imposed restrictions		
Contributions receivable (non-current portion)	6,049,171	2,624,932
Funds held for endowments	24,039,640	23,186,841
Funds held with other purpose or timing donor restrictions	58,934,091	41,937,396
Financial assets available to meet general expenditures within one year	$ (3,173,937)	$ 11,439,297

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 $15,000,000 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 15 – Subsequent Event

The University has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2023, for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through February 20, 2024, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as follows:

On December 22, 2023, the University entered into an agreement to sell the assets held for sale for $54.25 million. The sale closed on February 20, 2024.

Supplementary Schedule

Section 498(c)(1) of the Higher Education Act authorizes the secretary for the 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.

American Jewish University
Schedule of Financial Responsibility Ratios (Continued)
As of and for the Year Ended June 30, 2023

The source for each balance below has been referenced to either the 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 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, 2023, based on the July 1, 2019 implementation date.

	Reference		
Property, plant and equipment - pre-implementation		$ 26,994,538	*
Property, plant and equipment - post-implementation with outstanding debt for original purchase		-	**
Property, plant and equipment - post-implementation without outstanding debt for original purchase		33,059,552	***
Lease right-of-use assets post-implementation		-	****
Construction in progress	Note 6	1,258,591	*****
Total property, plant, and equipment at June 30, 2023	Note 6	$ 32,806,129	❖
Long-term debt for long term purposes pre-implementation	SOFP	$ 33,291,705	
Long-term debt for long term purposes post-implementation	n/a	-	
Line of credit for construction in progress	n/a	-	
Total long-term debt at June 30, 2023		33,291,705	

American Jewish University
Schedule of Financial Responsibility Ratios (Continued)
As of and for the Year Ended June 30, 2023

Primary Reserve Ratio Calculation	Reference	As of and for the Year Ended June 30, 2023	
Net assets without donor restrictions	SOFP	$ (7,428,002)	
Net assets with donor restrictions	SOFP	96,304,031	
Total net assets		88,876,029	
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 10	(14,724,308)	
Unsecured related party receivables	Note 13	(4,799,313)	
Unsecured other related party assets	n/a	-	
Property, plant and equipment - pre-implementation	*	(26,994,538)	
Property, plant and equipment - post-implementation with outstanding debt for original purchase	**	-	
Property, plant and equipment - post-implementation without outstanding debt for original purchase	***	(33,059,552)	
Construction in progress	Note 6	(1,258,591)	
Lease right-of-use asset pre-implementation	n/a	-	
Lease right-of-use asset post-implementation	n/a	-	
Intangible assets	n/a	-	
Add:			
Post-employment and pension liabilities	n/a	-	
Long-term debt for long term purposes pre-implementation	❖	33,291,705	
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	n/a	-	
Total expendable net assets			$ 41,331,432
Total expenses without donor restrictions	SOA	26,996,815	
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			$ 26,996,815
Primary reserve ratio			1.5
Net assets with donor restrictions: other for purpose or time (not included in the calculation)	Note 10		81,579,723

* 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 (Continued)
As of and for the Year Ended June 30, 2023

Equity Ratio Calculation	Reference	June 30, 2023	
Net assets without donor restrictions	SOFP	$ (7,428,002)	
Net assets with donor restrictions	SOFP	96,304,031	
		88,876,029	
Less:			
Lease right-of-use assets pre-implementation	n/a	-	
Intangible assets	n/a	-	
Unsecured related-party receivables	Note 13	(4,799,313)	
Unsecured related-party other assets	n/a	-	
Add:			
Pre-implementation right-of-use lease liabilities	n/a	-	
Modified net assets			$ 84,076,716
Total assets	SOFP	$ 127,737,381	
Less:			
Lease right-of-use assets pre-implementation	n/a	-	
Intangible assets	-	-	
Unsecured related-party receivables	Note 13	(4,799,313)	
Unsecured related-party other assets	n/a	-	
Modified assets			$ 122,938,068
Equity ratio			0.7

Net Income Ratio Calculation	Reference	For the Year Ended June 30, 2023	
Change in net assets without donor restrictions	SOA		$ (11,638,323)
Total operating revenue, gains, and other support without donor restrictions	SOA	$ 15,358,492	
Add:			
Investment return appropriated for spending (without donor restriction)	n/a	-	
Non-operating revenue and other gains (without donor restriction)	n/a	-	
Total revenue and gains without donor restrictions			$ 15,358,492
Net income ratio			(0.8)

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, 2023			
RATIO DESCRIPTION	Ratio	Strength Factor	Weight	Composite Scores
Primary Reserve Ratio	1.5	3.0	40%	1.2
Equity Ratio	0.7	3.0	40%	1.2
Net Income Ratio	(0.8)	(1.0)	20%	(0.2)
Composite Score				2.2

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, 2023, 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 February 20, 2024.

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
February 20, 2024