AMERICAN JEWISH UNIVERSITY

(A Nonprofit Educational Institution)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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CONSOLIDATED FINANCIAL STATEMENTS

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CONTENTS

GREEN HASSON & JANKS LLP
BUSINESS ADVISORS AND CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Jewish University

We have audited the accompanying consolidated statement of financial position of the American Jewish University (a nonprofit educational institution) (the University) as of June 30, 2010, and the related 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 summarized comparative information has been derived from the 2009 consolidated financial statements of the University, which were audited by other auditors whose report dated October 21, 2009 expressed an unqualified opinion on those consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 University as of June 30, 2010, and the changes in its net assets and its 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 20, 2010 on our consideration of the 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 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 considered in assessing the results of our audit.

To the Board of Directors
American Jewish University

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of the University taken as a whole. The accompanying schedule of expenditures of federal and nonfederal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as whole.

Green Hasson & Janks LLP

October 20, 2010
Los Angeles, California

AMERICAN JEWISH UNIVERSITY

(A Nonprofit Educational Institution)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2010
With Summarized Totals at June 30, 2009

	2010	2009
ASSETS		
Cash and Cash Equivalents	$ 1,430,072	$ 2,002,032
Investments	72,089,200	65,988,538
Other Receivables (Net)	748,583	329,670
Contributions Receivable (Net)	6,367,187	4,667,677
Inventories	113,510	108,893
Prepaid Expenses and Other Assets	763,949	832,205
Notes Receivable	6,222,999	6,424,629
Cash and Cash Equivalents Restricted to Capital Projects	1,588,558	5,514,836
Property and Equipment (Net)	41,185,233	39,347,386
Collections	-	-
TOTAL ASSETS	$ 130,509,291	$ 125,215,866
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Expenses	$ 5,968,969	$ 7,810,534
Deferred Revenue	2,007,602	1,672,481
Notes Payable	27,903,095	28,516,452
Liability Under Gift Annuities	546,282	611,447
Interest Rate Swap Agreements	1,953,869	1,368,096
TOTAL LIABILITIES	38,379,817	39,979,010
NET ASSETS:		
Unrestricted	24,802,227	18,829,717
Temporarily Restricted	46,475,288	45,029,002
Permanently Restricted	20,851,959	21,378,137
TOTAL NET ASSETS	92,129,474	85,236,856
TOTAL LIABILITIES AND NET ASSETS	$ 130,509,291	$ 125,215,866

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

AMERICAN JEWISH UNIVERSITY

(A Nonprofit Educational Institution)

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2010
With Summarized Totals for the Year Ended June 30, 2009

	2010				2009
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND PUBLIC SUPPORT:					
Tuition and Fees (Net of Scholarships and Financial Aid of $2,611,207)	$ 2,975,843	$ -	$ -	$ 2,975,843	$ 3,241,875
Gifts, Grants and Bequests	7,092,473	3,409,155	52,030	10,553,658	9,475,079
Program, Sales and Services	363,130	-	-	363,130	715,716
Auxiliary Enterprises	5,759,137	-	-	5,759,137	5,782,550
Investment Income	737,769	1,378,310	46,546	2,162,625	2,378,311
Other Income	1,395,238	-	-	1,395,238	525,537
Net Assets Released from Purpose Restrictions	6,604,453	(5,824,693)	(779,760)	-	-
TOTAL REVENUE AND PUBLIC SUPPORT	24,928,043	(1,037,228)	(681,184)	23,209,631	22,119,068
EXPENSES:					
Program Services					
Academic	6,862,156	-	-	6,862,156	7,003,639
Auxiliary Enterprises	4,722,956	-	-	4,722,956	4,649,557
Department of Continuing Education	1,925,976	-	-	1,925,976	3,381,680
Public Services	121,881	-	-	121,881	154,346
Total Program Services	13,632,969	-	-	13,632,969	15,189,222
Supporting Services					
Management and General	7,650,276	-	-	7,650,276	7,072,644
Fundraising	1,662,058	-	-	1,662,058	1,251,134
Total Supporting Services	9,312,334	-	-	9,312,334	8,323,778
TOTAL EXPENSES	22,945,303	-	-	22,945,303	23,513,000
CHANGE IN NET ASSETS BEFORE OTHER INCOME (LOSS)	1,982,740	(1,037,228)	(681,184)	264,328	(1,393,932)
OTHER INCOME (LOSS):					
Realized and Unrealized Gains (Losses) on Investments	4,700,144	2,483,514	155,006	7,338,664	(8,902,202)
Change in Value of Liability under Gift Annuities	(124,601)	-	-	(124,601)	(88,457)
Change in Fair Value of Interest Rate Swap Agreements	(585,773)	-	-	(585,773)	(766,290)
TOTAL OTHER INCOME (LOSS)	3,989,770	2,483,514	155,006	6,628,290	(9,756,949)
CHANGE IN NET ASSETS	5,972,510	1,446,286	(526,178)	6,892,618	(11,150,881)
Net Assets - Beginning of Year	18,829,717	45,029,002	21,378,137	85,236,856	96,387,737
NET ASSETS - END OF YEAR	$ 24,802,227	$ 46,475,288	$ 20,851,959	$ 92,129,474	$ 85,236,856

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

AMERICAN JEWISH UNIVERSITY

(A Nonprofit Educational Institution)

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2010
With Summarized Totals for the Year Ended June 30, 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 6,892,618	$ (11,150,881)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	2,268,796	1,960,190
Amortization of Bond Issuance Costs	26,300	26,300
Net Realized and Unrealized (Gains) Losses on Investments	(7,338,664)	8,902,202
Change in Fair Value of Interest Rate Swap Agreements	585,773	766,290
Change in Value of Liability Under Gift Annuities	124,601	88,457
Contributions Restricted for Endowment	(52,030)	(46,833)
Loss on Disposition of Property and Equipment	-	54,654
Changes in Assets and Liabilities:		
Other Receivables	(418,913)	65,068
Contributions Receivable	(1,699,510)	795,007
Inventories	(4,617)	22,014
Prepaid Expenses and Other Assets	41,956	(153,098)
Accounts Payable and Accrued Expenses	(1,841,565)	(482,940)
Deferred Revenue	335,121	(133,634)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,080,134)	712,796
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(4,106,643)	(5,176,028)
Proceeds from Sale of Property and Equipment	-	6,546
Purchase of Investments	(2,385,599)	(3,509,165)
Sale of Investments	3,623,601	5,953,384
Notes Receivable	201,630	97,074
NET CASH USED IN INVESTING ACTIVITIES	(2,667,011)	(2,628,189)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Restricted for Endowment	52,030	46,833
Cash Transferred from (to) Cash Equivalents Restricted to Capital Projects	3,926,278	(2,469,075)
Proceeds from Notes Payable	-	4,999,041
Principal Payments on Notes Payable	(613,357)	(1,271,599)
Liability Under Gift Annuities	(189,766)	23,100
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,175,185	1,328,300
NET DECREASE IN CASH AND AND CASH EQUIVALENTS	(571,960)	(587,093)
Cash and Cash Equivalents - Beginning of Year	2,002,032	2,589,125
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,430,072	$ 2,002,032
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	$ 1,336,109	$ 1,446,448
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Partnership Interests and Notes Receivable	$ -	$ 103,276

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

NOTE 1 - NATURE OF ORGANIZATION

The American Jewish University (the University) is a nonprofit educational institution built upon the mission of Jewish Learning, Culture, Ethics, Leadership and Peoplehood. The University's College of Arts and Sciences offers undergraduate programs with majors in bioethics, psychology, liberal studies, business, literature, communication and media, Jewish studies and political science. The University also offers graduate programs in nonprofit management, a master of arts in education, and the first independent Conservative rabbinical school on the West Coast. The University is the site of think tanks such as the Center for Israel Studies and the Sigi Ziering Institute as well as a source for community learning through the Whizin Center for Continuing Education and the Miller Introduction to Judaism. Other resources include the Ostrow Library, Platt Art Gallery, Smalley Sculpture Garden and the Max and Pauline Zimmer Conference Center. The University is accredited by the Western Association of Schools and Colleges (WASC).

The University is the sole member of AJU BBI 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 the University's campuses, the Brandeis-Bardin campus. There was no activity in these companies for the year ended June 30, 2010.

The University also has a 100% ownership interest in ZSRS Fund, LLC. ZSRS Fund, LLC holds notes receivable and a number of minority interests in partnerships that own property in California and Arizona. ZSRS Fund, LLC accounts for these minority interests under the equity method.

On April 12, 2010, the University became the sole member of the Jewish Television Network, a non-profit organization whose primary purpose is to provide cultural and educational information to the Jewish community. No consideration was exchanged.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) PRINCIPLES OF CONSOLIDATION

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

(b) BASIS OF PRESENTATION

The consolidated financial statements have been prepared on the accrual basis of accounting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the University are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Temporarily Restricted.** The University reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from purpose or time restrictions. The University has $46,475,288 of temporarily restricted net assets at June 30, 2010.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the University to expend all of the income (or other economic benefits) derived from the donated assets. The University has $20,851,959 of permanently restricted net assets at June 30, 2010.

(d) 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. The carrying value of cash and cash equivalents at June 30, 2010 approximates its fair value.

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. Cash and cash equivalents of permanent endowment funds, held temporarily until suitable long term investment opportunities are identified, are included in investments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Investments in hedge funds, 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.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the consolidated statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily 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 materially affect the amounts reported in the consolidated statement of financial position.

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

The University, through ZSRS Fund, LLC, has ownership interests ranging from 16% to 38% in seven real estate partnerships. The interests are accounted for under the equity method and accordingly, the University records its share of the partnerships' income or loss and distributions as an increase or decrease in the carrying value of these partnership investments.

(f) ACCOUNTS RECEIVABLE

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. 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, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2010, management evaluated the collectability of its receivables and determined that an allowance of $54,192 for uncollectible receivables was necessary.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) CONTRIBUTIONS RECEIVABLE

Unconditional contributions, including pledges recorded at estimated 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. Conditional promises to give are not included as support until such time as the conditions are substantially met.

(h) INVENTORIES

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

(i) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. 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

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

(j) 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 year ended June 30, 2010.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) COLLECTIONS

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 statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases 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.

(l) GIFT ANNUITIES

The University has received donations of assets in exchange for distributions of a fixed amount for a specific period of time to the donor or other beneficiaries. Assets contributed by donors under gift annuity agreements and controlled by the University are recognized at fair value with a corresponding liability to beneficiaries of the annuity agreements. 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. Such liability is calculated as the present value of the estimated future cash flows to be distributed to the income beneficiaries over their expected lives. 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. The present value of these liabilities is $546,282 at June 30, 2010. Amortization of the discount and changes in actuarial assumptions are included in the change in value of gift annuity agreements in the consolidated statement of activities.

(m) INTEREST RATE SWAPS

The University uses 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. The University enters into such contracts only with financial institutions of good standing and interest rate swaps are not used for trading or speculative purposes. 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 at their fair values and changes in fair value are recognized in the consolidated statement of activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) REVENUE RECOGNITION AND DEFERRED REVENUE

Tuition and Fees. 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, 2010 are recorded as deferred revenue. Certain federal grants which the University administers and for which it receives reimbursements are subject to inspection and audit by federal granting agencies. The purpose is to determine whether such funds were used in accordance with their respective guidelines and regulations. 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 consolidated financial position of the University.

Contributions 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. Conditional promises to give are not included as revenue until such time as the conditions are substantially met.

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

Auxiliary Enterprises. Fees received in advance for conferences and camps are deferred and recognized as income in the period in which the related conferences and camps are held. Program and service revenues are recognized when the related services have been performed.

(o) 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.

(p) FUNCTIONAL ALLOCATION

The direct costs of providing the University's programs and other activities which are identifiable have been allocated 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) USE OF ESTIMATES

The preparation of 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.

(r) COMPARATIVE TOTALS

The consolidated 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the year ended June 30, 2009, from which the summarized information was derived.

(s) RECLASSIFICATION

For comparability, the June 30, 2009 amounts have been reclassified, where appropriate, to conform to the consolidated financial statement presentation used at June 30, 2010.

(t) FASB ACCOUNTING STANDARDS CODIFICATION

In June 2009, the Financial Accounting Standards Board (FASB) issued the FASB Accounting Standards Codification (the ASC). The ASC has become the single source of non-governmental accounting principles generally accepted in the United States (GAAP) recognized by the FASB in the preparation of financial statements. The University adopted the ASC as of June 30, 2010. The ASC does not change GAAP and did not have an effect on the University's consolidated financial position, results of operations or cash flows.

(u) SUBSEQUENT EVENTS

The University has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2010 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through October 20, 2010, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - INVESTMENTS

Investments at June 30, 2010 consist of the following:

Mutual Funds	$34,347,436
Equity Securities	10,645,995
Corporate Bonds	942,924
Israel Bonds	88,430
Private Equity Funds	6,203
Hedge Funds	17,825,936
Mutual Water Company	75,000
Money Market Funds	373,455
Real Estate Partnerships	7,783,821
TOTAL INVESTMENTS	$72,089,200

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.

At June 30, 2010, the University has commitments to make additional capital contributions to invest in the various hedge funds of $2,225,875.

Investments held for gift annuities are segregated and included in corporate bonds in the above investment schedule. The balance was $925,290 at June 30, 2010.

ZSRS Fund, LLC, a wholly-owned subsidiary of the University, holds interests in the following partnerships, which are accounted for under the equity method:

Partnership	Ownership Percentage	Carrying Value
10th Street Ziegler Partnership	16.67%	$ 309,635
29th Avenue Arizona Partnership	16.67%	234,780
Santa Maria Industrial Building LLC	16.67%	930,320
Circle Partnership	37.77%	1,404,131
Glen Development Company	15.95%	2,631,605
Standard Saybrook Associates	16.67%	737,412
WPI Properties, Ltd.	19.36%	1,535,938
TOTAL PARTNERSHIPS		$ 7,783,821

NOTE 3 - INVESTMENTS (continued)

The University's investment in the Brandeis Mutual Water Company 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 year ended June 30, 2010.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2010 are due to be received as follows:

Due in 1 Year	$ 5,114,826
Due in 2-5 Years	1,594,000
Due in over 5 Years	10,000
TOTAL	6,718,826
Less:	
Allowance for Doubtful Contributions Receivable	(134,377)
Discount to Reflect Present Value of Contributions Receivable (Discount Rates Ranging from 0.69% to 6.03%)	(217,262)
TOTAL CONTRIBUTIONS RECEIVABLE (NET)	$ 6,367,187

NOTE 5 - NOTES RECEIVABLE

The following three promissory notes were acquired as part of the contribution of ZSRS Fund, LLC:

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 $5,343,265 as of June 30, 2010. 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.	$ 5,343,265
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 $699,734 as of June 30, 2010. The note has a fixed interest rate of 7% and matures on October 27, 2011. The terms of the note require monthly installment principal and interest payments of $11,798 based on a 25-year amortization schedule.	699,734

NOTE 5 - NOTES RECEIVABLE (continued)

Promissory note collateralized by a deed of trust in the amount of $180,000. The unpaid balance of the note was $180,000 as of June 30, 2010. 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.	$ 180,000
TOTAL NOTES RECEIVABLE	$ 6,222,999

The future maturity of notes receivable at June 30, 2010 is as follows:

Years Ending June 30	
2011	$ 657,864
2012	1,194,851
2013	516,288
2014	516,288
2015	516,288
Thereafter	2,821,420
TOTAL	$ 6,222,999

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2010 consist of the following:

Land	$ 3,901,646
Buildings and Improvements	60,330,688
Furniture and Equipment	4,424,310
Automotive Equipment	115,261
Construction in Progress	4,302,451
TOTAL	73,074,356
Less: Accumulated Depreciation	(31,889,123)
PROPERTY AND EQUIPMENT (NET)	$41,185,233

Depreciation expense for the year ended June 30, 2010 was $2,268,796.

Buildings and improvements include the two campuses in Los Angeles and Simi Valley, California, as well as conference grounds in Ojai, California.

Estimated costs to complete the Synagogue, Ostrow Terrace and Solar Panels are $550,000 at June 30, 2010.

NOTE 7 - NOTES PAYABLE

The University is obligated under the following borrowing arrangements at June 30, 2010:

California Educational Facilities Authority (CEFA); 1998 Series A Bonds; Variable Rate Interest Paid Monthly; Collateralized by Land and Buildings; Due December 1, 2028	$11,200,000
CEFA 1998 Series B Bonds; Variable Rate Interest Paid Monthly; Collateralized by Land and Buildings; Due December 1, 2028	5,700,000
Note Payable to Capital Crossing Bank (SBA); Principal and Interest Due Monthly at 4%; Secured by Land and Buildings; Maturing on July 16, 2024	868,301
$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%; Due on January 15, 2011	3,951,594
$7,500,000 Line of Credit with a Financial Institution; Interest Rates from 2.49% to 6.32%; Secured by First Deed of Trust on the University's Bel Air Campus; Expires December 20, 2011	5,600,000
Note Payable to the University Of Judaism Foundation; Interest Due Quarterly at 1% below the Prime Rate; Due on Demand, Uncollateralized	100,000
Note Payable to Capital Crossing Bank (SBA); Principal and Interest at 4% Due Monthly; Secured by Land and Buildings; Maturing on August 19, 2019	478,200
Note Payable to Board Member, Non-Interest-Bearing, Due on Demand	5,000
TOTAL NOTES PAYABLE	$27,903,095

The Series A Bonds in the original issuance amount of $13,500,000 have a weekly variable non-taxable interest rate, which may be converted to a fixed rate. The initial interest rate was 3.0% and is adjusted weekly by the remarketing agent to the rate that would cause the bonds to have a market value equal to the principal amount plus accrued interest under prevailing market conditions. The effective variable rate at June 30, 2010 was 0.78%. 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.

The Series B Bonds in the original issuance amount of $7,000,000 have a weekly variable taxable interest rate, which may be converted to a fixed rate. The initial interest rate was 5.3% and is adjusted weekly by the remarketing agent to the rate that would cause the bonds to have a market value equal to the principal amount plus accrued interest under prevailing market conditions. The effective variable rate at June 30, 2010 was 1.43%. The bonds were issued to: (i) refinance existing indebtedness of the University and (ii) to pay certain bond issuance costs.

NOTE 7 - NOTES PAYABLE (continued)

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.

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.

The notes payable mature as follows:

Years Ending June 30	
2011	$10,265,962
2012	609,368
2013	609,368
2014	609,368
2015	609,368
Thereafter	15,199,661
TOTAL	$27,903,095

Bond issuance fees have been capitalized and are being amortized over the lives of the respective bonds. Bond issuance fees at June 30, 2010, included in prepaid expenses and other assets, consist of the following:

Bond Issuance Fees	$ 759,624
Less: Accumulated Amortization	(273,084)
BOND ISSUANCE FEES (NET)	$ 486,540

Amortization expense was $26,300 for the year ended June 30, 2010. The prime rate was 3.25% at June 30, 2010.

NOTE 8 - INTEREST RATE SWAP AGREEMENTS

Concurrent with the issuance of the bonds in Note 7, the University established two interest rate swaps with Allied Irish Bank, one of which expired December 1, 2006 and the second which expired December 1, 2009 in the amounts of $6,200,000 and $12,400,000, respectively. The expired swaps were replaced by two interest rate swaps in the amount of $6,000,000 and $11,500,000, which expire on December 1, 2015 and December 1, 2028, respectively. The swaps 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 two interest rate swap rates are fixed at 3.94% and 5.2% for Series A and B bonds, respectively. At June 30, 2010, the University recorded a liability for the fair value of the interest rate swaps of $1,953,869. The change in fair value of the interest rate swaps was $585,773 for the year ended June 30, 2010.

NOTE 9 - FAIR VALUE MEASUREMENTS

The University has implemented an accounting standard for those assets (and liabilities) that are re-measured 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, 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 table presents information about the University's assets and liabilities that are measured at fair value on a recurring basis at June 30, 2010 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

NOTE 9 - FAIR VALUE MEASUREMENTS (continued)

		Fair Value Measurements Using		
	Year Ended June 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	$34,347,436	$34,347,436	$ -	$ -
Equity Securities	10,645,995	10,645,995	-	-
Corporate Bonds	942,924	-	942,924	-
Israel Bonds	88,430	-	88,430	-
Private Equity Funds	6,203	-	-	6,203
Hedge Funds	17,825,936	-	-	17,825,936
Money Market Funds	373,455	373,455	-	-
TOTAL INVESTMENTS AT FAIR VALUE	$64,230,379	$45,366,886	$ 1,031,354	$17,832,139
Liability under Gift Annuities	$ 546,282	$ -	$ -	$ 546,282
Interest Rate Swap Agreements	1,953,869	-	1,953,869	-
TOTAL LIABILITIES AT FAIR VALUE	$ 2,500,151	$ -	$ 1,953,869	$ 546,282

The fair values of marketable securities within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The bonds within Level 2 were valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The fair value of the marketable securities within Level 3 was based on the net asset value per share (NAV) of units held by the University. The NAV is determined by the asset managers based on the value of underlying investments within the funds.

The University has adopted the amended guidance in ASC 820, *Fair Value Measurements and Disclosures,* in its June 30, 2010 consolidated financial statements. The new guidance effects how the University measures the fair value of investments in certain entities that do not have a quoted market price but calculate NAV or its equivalent. As a practical expedient, the amendments permit the University to measure the fair value of an investment in an investee within the scope of the amendments based on the investee's NAV per share or its equivalent. The adoption did not have a material impact on the fair value determination of applicable investments. Additional disclosures for the applicable investments are as follows:

NOTE 9 - FAIR VALUE MEASUREMENTS (continued)

Level 3 marketable securities are invested in a number of strategies including, but not limited to, emerging market, publicly traded equities, fixed income, commodity and currency trading. Investments are valued using the NAV provided by the fund managers. All lock-up periods on the funds have expired and redemptions can be made monthly, daily, or quarterly. Unfunded commitments at June 30, 2010 were $2,225,875.

The fair value of the liability under gift annuities within Level 3 was determined as described in Note 2(l). The fair value of the interest rate swap agreements within Level 2 was determined as described in Note 8.

Changes in Level 3 measurements for the year ended June 30, 2010 are as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Private Equity Funds	Hedge Funds	Liability Under Gift Annuities
Beginning Balance	$ 6,203	$14,283,572	$ 611,447
Purchases	-	1,644,829	-
Net Realized and Unrealized Gains	-	1,897,535	-
Other	-	-	(65,165)
ENDING BALANCE	$ 6,203	$17,825,936	$ 546,282

NOTE 10 - NET ASSETS

Net assets are available for the following purposes at June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General Endowment Funds	$ -	$ -	$18,556,487	$18,556,487
Endowment Funds Held for Scholarships	-	-	2,295,472	2,295,472
General Fund	15,001,673	1,983,096	-	16,984,769
Gift Annuities	-	546,282	-	546,282
Property and Equipment Fund	-	6,786,484	-	6,786,484
Other Funds	9,800,554	37,159,426	-	46,959,980
TOTAL INVESTMENTS AT FAIR VALUE	$24,802,227	$46,475,288	$20,851,959	$92,129,474

NOTE 11 - ENDOWMENTS

The University's endowments consist of more than 80 individual donor-restricted funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts and bequests to either provide a permanent endowment, which is to provide a permanent 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 understands 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 permanently 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 accumulate so much of an endowment fund as the Board 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 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 is designed 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 is designed 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, in the current year, this rate was on average 5% to 6% of each endowment's spending base. The spending base is calculated by using a 3-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 reported in unrestricted net assets at June 30, 2010.

NOTE 11 - ENDOWMENTS (continued)

Endowment Net Asset Composition by Type of Fund at June 30, 2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	$ -	$ 230,677	$20,851,959	$21,082,636
Changes in Endowment Net Assets for the Year Ended June 30, 2010				
Endowment Net Assets - Beginning of Year	$ (2,122,849)	$ -	$21,378,137	$19,255,288
Contributions	-	-	52,030	52,030
Investment Income	107,245	80,677	46,546	234,468
Net Realized and Unrealized Gains	1,385,844	-	155,006	1,540,850
Donor Releases and Reclassifications	586,956	150,000	(736,956)	-
Appropriation of Endowment Assets for Expenditure	42,804	-	(42,804)	-
ENDOWMENT NET ASSETS - END OF YEAR	$ -	$ 230,677	$20,851,959	$21,082,636

NOTE 12 - PENSION PLANS

The University has two defined contribution pension plans covering substantially all of its full-time executives and employees. All such plans are fully funded currently by payments to the various plan trustees. Payments to these plans totaled $295,907 for the year ended June 30, 2010.

NOTE 13 - 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 the year ended June 30, 2010, the Foundation distributed $4,398 to the University.

In addition, included in notes payable (see Note 7) is a $100,000 loan by the Foundation to the University. During the year ended June 30, 2010 the University paid $7,250 of interest on this loan.

The University is also 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.

AMERICAN JEWISH UNIVERSITY

(A Nonprofit Educational Institution)

SUPPLEMENTAL SCHEDULE

YEAR ENDED JUNE 30, 2010

AMERICAN JEWISH UNIVERSITY

(A Nonprofit Educational Institution)

SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
as of June 30, 2010

	Passed through Grantor's Number	Contract and/or Federal CFDA Number	Disbursements or Expenditures
FEDERAL AWARDS			
Agency/Program Grant Title			
MAJOR AWARDS			
U.S. Department of Education			
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	-	84.007	$ 23,042
Federal Family Education Loans (FFEL)	-	84.032	2,453,162
Federal Work-Study Program (FWS)	-	84.033	45,000
Federal Pell Grant Program (PELL)	-	84.063	156,092
National Science & Mathematics Access to Retain Talent Grant (SMART)	-	84.376	4,000
TOTAL U.S. DEPARTMENT OF EDUCATION			2,681,296
TOTAL FEDERAL AWARDS			2,681,296
STATE AND LOCAL AWARDS			
California Student Aid Commission (Cal Grant)	-	-	86,970
TOTAL STATE AND LOCAL AWARDS			86,970
TOTAL FEDERAL AND NONFEDERAL AWARDS			$ 2,768,266

Summary of Significant Accounting Policies

1. Basis of Accounting - The Schedule of Expenditures of Federal and Nonfederal Awards has been reported on the accrual basis of accounting.
2. American Jewish University is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.

See Independent Auditors' Report