AMERICAN JEWISH UNIVERSITY

(A Nonprofit Educational Institution)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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YEAR ENDED JUNE 30, 2014

CONTENTS

Green
Hasson
Janks

10990 Wilshire Boulevard
16th Floor
Los Angeles, CA 90024

310.873.1600 T
310.873.6600 F
www.greenhassonjanks.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Jewish University

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of American Jewish University (a nonprofit educational institution) (the University), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the University's June 30, 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 24, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

To the Board of Directors
American Jewish University

Other Matters - Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal and Nonfederal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations,* 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 information 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 November 10, 2014 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 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 the University's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

November 10, 2014
Los Angeles, California

AMERICAN JEWISH UNIVERSITY

(A Nonprofit Educational Institution)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2014
With Summarized Totals at June 30, 2013

	2014	2013
ASSETS		
Cash and Cash Equivalents	$ 7,022,502	$ 2,526,692
Investments	102,539,080	94,592,375
Accounts and Other Receivables (Net)	409,135	319,706
Contributions Receivable (Net)	6,650,330	7,174,545
Inventories	141,774	136,698
Prepaid Expenses and Other Assets	431,372	404,792
Notes Receivable	3,270,780	6,355,375
Property and Equipment (Net)	40,529,102	42,405,225
Collections	-	-
TOTAL ASSETS	$ 160,994,075	$ 153,915,408
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Expenses	$ 6,360,535	$ 6,489,671
Deferred Revenue	1,809,805	1,771,423
Notes Payable	35,526,833	38,090,335
Liability Under Gift Annuities	47,765	67,716
TOTAL LIABILITIES	43,744,938	46,419,145
NET ASSETS:		
Unrestricted	42,603,225	33,686,563
Temporarily Restricted	54,246,668	53,661,304
Permanently Restricted	20,399,244	20,148,396
TOTAL NET ASSETS	117,249,137	107,496,263
TOTAL LIABILITIES AND NET ASSETS	$ 160,994,075	$ 153,915,408

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, 2014
With Summarized Totals for the Year Ended June 30, 2013

	2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2013 Total
REVENUE AND PUBLIC SUPPORT:					
Tuition and Fees (Net of Scholarships and Financial Aid of $2,430,599)	$ 3,765,111	$ -	$ -	$ 3,765,111	$ 4,240,027
Gifts, Grants and Bequests	7,655,730	2,683,864	16,851	10,356,445	9,923,768
Program, Sales and Services	48,226	-	-	48,226	540,292
Auxiliary Enterprises	6,003,215	-	-	6,003,215	5,910,642
Investment Income	1,517,367	1,554,801	50,101	3,122,269	2,407,405
Other Income	171,778	402,275	-	574,053	469,127
Net Assets Released from Purpose Restrictions	8,280,451	(8,280,451)	-	-	-
TOTAL REVENUE AND PUBLIC SUPPORT	27,441,878	(3,639,511)	66,952	23,869,319	23,491,261
EXPENSES:					
Program Services					
Academic	8,142,683	-	-	8,142,683	7,577,652
Auxiliary Enterprises	5,077,093	-	-	5,077,093	4,961,985
Department of Continuing Education	1,797,305	-	-	1,797,305	2,635,614
Public Services	77,773	-	-	77,773	158,102
Total Program Services	15,094,854	-	-	15,094,854	15,333,353
Supporting Services					
Management and General	7,007,249	-	-	7,007,249	7,349,775
Fundraising	1,366,638	-	-	1,366,638	1,238,241
Total Supporting Services	8,373,887	-	-	8,373,887	8,588,016
TOTAL EXPENSES	23,468,741	-	-	23,468,741	23,921,369
CHANGE IN NET ASSETS BEFORE OTHER INCOME	3,973,137	(3,639,511)	66,952	400,578	(430,108)
OTHER INCOME:					
Unrealized Gains on Investments	4,934,300	4,224,875	183,896	9,343,071	8,404,455
Change in Value of Liability Under Gift Annuities	9,225	-	-	9,225	314,936
TOTAL OTHER INCOME	4,943,525	4,224,875	183,896	9,352,296	8,719,391
CHANGE IN NET ASSETS	8,916,662	585,364	250,848	9,752,874	8,289,283
Net Assets - Beginning of Year	33,686,563	53,661,304	20,148,396	107,496,263	99,206,980
NET ASSETS - END OF YEAR	$ 42,603,225	$ 54,246,668	$ 20,399,244	$ 117,249,137	$ 107,496,263

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, 2014
With Summarized Totals for the Year Ended June 30, 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 9,752,874	$ 8,289,283
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	2,526,981	2,303,208
Net Realized and Unrealized Gains on Investments	(10,787,487)	(9,159,573)
Change in Value of Liability Under Gift Annuities	(9,225)	(314,936)
Allowance for Doubtful Contributions Receivable	(14,432)	60,768
Present Value Discount on Contributions Receivable	(182,963)	239,990
Contributions Restricted for Endowment	(16,851)	(7,368)
Changes in Assets and Liabilities:		
Accounts and Other Receivables	(89,429)	36,316
Contributions Receivable	721,610	(3,013,399)
Inventories	(5,076)	(1,733)
Prepaid Expenses and Other Assets	(26,580)	9,956
Accounts Payable and Accrued Expenses	(129,136)	(636,890)
Deferred Revenue	38,382	(71,954)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,778,668	(2,266,332)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(650,858)	(4,904,540)
Purchase of Investments	(11,948,955)	(6,755,520)
Sale of Investments	14,789,737	10,075,469
Principal Payments on Note Receivable	5,454,595	-
Issuance of Note Receivable	(2,370,000)	(83,333)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	5,274,519	(1,667,924)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Restricted for Endowment	16,851	7,368
Cash Transferred from Cash Equivalents Restricted to Capital Projects	-	1,350,000
Proceeds from Notes Payable	-	3,052,968
Principal Payments on Notes Payable	(2,563,502)	(859,270)
Liability Under Gift Annuities	(10,726)	(25,325)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(2,557,377)	3,525,741
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,495,810	(408,515)
Cash and Cash Equivalents - Beginning of Year	2,526,692	2,935,207
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,022,502	$ 2,526,692
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	$ 1,381,483	$ 1,376,479

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 Bel & Jack M Ostrow Academic Library, Burton Sperber Jewish Community Library, Lowy-Winkler Family Rare Book Center, 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, 2014.

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.

The University is 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.

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.

(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:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) ACCOUNTING (continued)

- **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 $54,246,668 of temporarily restricted net assets at June 30, 2014.

- **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 $20,399,244 of permanently restricted net assets at June 30, 2014.

(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, 2014 approximates its fair value. At June 30, 2014, the balance includes $3,330,954 related to ZSRS Fund, LLC.

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.

(e) INVESTMENTS

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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) INVESTMENTS (continued)

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 approximately 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 AND OTHER RECEIVABLES

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, 2014, management evaluated the collectability of its receivables and determined that an allowance of $54,193 for uncollectible receivables was necessary.

(g) CONTRIBUTIONS RECEIVABLE

Unconditional contributions, including pledges and bequests are 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. At June 30, 2014, the University had a conditional grant of approximately $292,000 restricted for the Master of Arts in Teaching program.

(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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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
Automotive 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, 2014.

(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 consolidated 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) GIFT ANNUITIES (continued)

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 $47,765 at June 30, 2014. Amortization of the discount and changes in actuarial assumptions are included in the change in value of the liability under gift annuity agreements in the consolidated statement of activities.

(m) 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, 2014 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.

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. 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.

(n) 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.

(o) 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)

(p) 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.

(q) 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, 2013, from which the summarized information was derived.

(r) SUBSEQUENT EVENTS

The University has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2014 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through November 10, 2014 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, 2014 consist of the following:

Mutual Funds - Equity	$ 29,789,666
Mutual Funds - Fixed Income	11,822,763
Equity Securities	3,819,563
Corporate Bonds	351
Government Bonds	1,152,278
Israel Bonds	49,500
Alternative Strategies	48,650,910
Mutual Water Company	75,000
Real Estate Partnerships	7,179,049
TOTAL INVESTMENTS	$ 102,539,080

NOTE 3 - INVESTMENTS (continued)

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, 2014, the University has commitments to make additional capital contributions to invest in the various alternative strategies of 1,253,665.

Investments held for gift annuities are segregated and included in government bonds, corporate bonds and equity securities in the above investment schedule. The balance was $324,574 at June 30, 2014.

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%	$ 338,140
29th Avenue Arizona Partnership	16.67%	171,234
Santa Maria Industrial Building LLC	16.67%	874,728
Circle Partnership	37.77%	1,337,682
Glen Development Company	15.96%	2,286,034
Standard Saybrook Associates	16.67%	726,223
WPI Properties, Ltd	19.36%	1,445,008
TOTAL PARTNERSHIPS		$ 7,179,049

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, 2014.

Investment income reflected in the consolidated statement of activities consists of realized gains of $1,444,416 and interest and dividend income of $1,667,853, for a total of $3,112,269 for the year ended June 30, 2014.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2014 are due to be received as follows:

Due in 1 Year	$ 4,689,716
Due in 2-5 Years	1,404,333
Due in over 5 Years	900,000
TOTAL	6,994,049
Less:	
Allowance for Doubtful Contributions Receivable	(139,881)
Discount to Reflect Present Value of Contributions Receivable (Discount Rates Ranging from 0.19% to 6.03%)	(203,838)
TOTAL CONTRIBUTIONS RECEIVABLE (NET)	$ 6,650,330

NOTE 5 - NOTES RECEIVABLE

ZSRS Fund, LLC holds the following four promissory notes:

Promissory note collateralized by a deed of trust from 539 N Sycamore LP in the amount of $2,370,000. The note has a fixed interest rate of 5.00% through April 1, 2019, and LIBOR plus 2.25% through maturity on April 1, 2024. Terms of the note require monthly interest-only payments of $9,875 until the interest rate adjustment on April 1, 2019, at which point the monthly payment amount will be adjusted accordingly.	$ 2,370,000
Promissory note collateralized by a deed of trust from Circle Partnership in the amount of $1,595,636. The note has a fixed interest rate of 6% and matures on December 31, 2015. Terms of the note require monthly interest-only payments of $3,264.	652,753
Promissory note collateralized by a deed of trust in the amount of $180,000. The note has a fixed interest rate of 7.25% and matures on January 31, 2018. Terms of the note requires monthly interest-only payments of $1,088.	180,000
Promissory note uncollateralized in the amount of $83,333. The note has a fixed interest rate of 6.5% and matures on August 1, 2021. Principal and interest due monthly.	68,027
TOTAL NOTES RECEIVABLE	$ 3,270,780

NOTE 5 - NOTES RECEIVABLE (continued)

The future maturity of notes receivable at June 30, 2014 is as follows:

Years Ending June 30	
2015	$ 13,933
2016	661,525
2017	8,772
2018	188,772
2019	8,772
Thereafter	2,389,006
TOTAL	$ 3,270,780

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2014 consist of the following:

Land	$ 3,399,104
Buildings and Improvements	70,429,483
Furniture and Equipment	5,108,455
Automotive Equipment	128,269
Construction in Progress	462,760
TOTAL	79,528,071
Less: Accumulated Depreciation	(38,998,969)
PROPERTY AND EQUIPMENT (NET)	$ 40,529,102

Depreciation expense for the year ended June 30, 2014 was $2,526,981. Estimated costs to complete the construction in progress are $200,000.

Buildings and improvements include the two campuses in Los Angeles and Simi Valley, California.

NOTE 7 - NOTES PAYABLE

The University is obligated under the following borrowing arrangements at June 30, 2014:

$31,675,000 Mortgage Loan from an Insurance Company; Principal Due Annually and Interest Due Quarterly at 4% Per Annum; Collateralized by Land and Buildings; Due October 31, 2020 with a Balloon Payment of All Remaining Outstanding Principal and Accrued Interest	$ 30,155,000
$3,700,000 Line of Credit with a Financial Institution, Guaranteed by a Third-Party Donor Trust; Interest at the Prime Rate Less 0.75%; Due on July 5, 2016	3,651,594
$11,371,390 Line of Credit with a Financial Institution, Collateralized by Investments; Interest at Financial Institution's Base Rate Less 4.25%; Due on Demand. At June 30, 2014, the Amount Available under the Line of Credit was $10,235,013	1,051,910
Note Payable to a Financial Institution; Principal and Interest Due Monthly at 4%; Secured by Land and Buildings; Maturing on July 16, 2024	563,329
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 Board Member; Non-Interest-Bearing; Due on Demand	5,000
TOTAL NOTES PAYABLE	$ 35,526,833

The notes payable mature as follows:

Years Ending June 30	
2015	$ 1,722,513
2016	649,091
2017	4,304,315
2018	736,498
2019	740,430
Thereafter	27,373,986
TOTAL	$ 35,526,833

The prime rate and the Financial Institution's base rate were 3.25% and 5.50%, respectively, at June 30, 2014.

The notes payable contain certain covenants and restrictions including the maintenance of a loan-to-value ratio of 70%.

Interest expense incurred on these notes amounted to $1,381,483 during the year ended June 30, 2014.

NOTE 8 - 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, 2014 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using		
	Year Ended June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds - Equity	$29,789,666	$29,789,666	$ -	$ -
Mutual Funds - Fixed Income	11,822,763	11,822,763	-	-
Equity Securities	3,819,563	3,819,563	-	-
Corporate Bonds	351	-	351	-
Government Bonds	1,152,278	1,152,278	-	-
Israel Bonds	49,500	-	49,500	-
Alternative Strategies	48,650,910	-	-	48,650,910
TOTAL INVESTMENTS AT FAIR VALUE	$ 95,285,031	$ 46,584,270	$ 49,851	$48,650,910
Liability Under Gift Annuities	$ 47,765	$ -	$ -	$ 47,765
TOTAL LIABILITIES AT FAIR VALUE	$ 47,765	$ -	$ -	$ 47,765

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.

NOTE 8 - FAIR VALUE MEASUREMENTS (continued)

In accordance with ASC 820, *Fair Value Measurements and Disclosures,* 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.

Level 3 investments 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, 2014 were $1,253,665.

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

The University recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 investments generally relate to whether a market becomes active or inactive. There were no transfers between Level 1 and 2 investments for the year ended June 30, 2014. The transfers between Level 2 and 3 investments relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between Level 2 and 3 investments for the year ended June 30, 2014.

Changes in Level 3 measurements for the year ended June 30, 2014 are as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Alternative Strategies	Liability Under Gift Annuities
Beginning Balance	$ 41,792,479	$ 67,716
Purchases/Subscriptions	5,187,000	-
Sales/Settlements	(3,201,530)	(10,726)
Change in Value	-	(9,225)
Realized Gains	-	-
Unrealized Gains	4,872,961	-
ENDING BALANCE	$ 48,650,910	$ 47,765

During the year ended June 30, 2014, the net change in unrealized gains for Level 3 investments held at year end amounted to $4,872,961, which is reflected as part of unrealized gains on investments in the consolidated statement of activities.

NOTE 9 - NET ASSETS

Net assets are available for the following purposes at June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General Endowment Funds	$ -	$ -	$ 17,858,993	$ 17,858,993
Endowment Funds Held for Scholarships	-	-	2,540,251	2,540,251
General Fund	26,090,719	5,087,952	-	31,178,671
Gift Annuities	-	439,003	-	439,003
Property and Equipment Fund	-	4,613,086	-	4,613,086
Other Funds	16,512,506	44,106,627	-	60,619,133
TOTAL NET ASSETS	$42,603,225	$54,246,668	$20,399,244	$117,249,137

NOTE 10 - ENDOWMENTS

The University's endowments consist of more than 90 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 accumulates 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 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 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.

NOTE 10 - ENDOWMENTS (continued)

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, 2014.

Endowment Net Asset Composition by Type of Fund at June 30, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	$ -	$ 2,563,693	$20,399,244	$22,962,937
Changes in Endowment Net Assets for the Year Ended June 30, 2014				
Endowment Net Assets - Beginning of Year	$ -	$ 1,473,606	$ 20,148,396	$ 21,622,002
Contributions	-	-	16,851	16,851
Interest and Dividends	-	44,929	18,113	63,042
Net Realized and Unrealized Gains	-	1,634,463	215,884	1,850,347
Appropriation of Endowment Assets for Expenditure	-	(589,305)	-	(589,305)
ENDOWMENT NET ASSETS -END OF YEAR	$ -	$ 2,563,693	$20,399,244	$22,962,937

NOTE 11 - PENSION PLANS

The University has a defined contribution pension plan covering substantially all of its full-time executives and employees. The plan is fully funded currently by payments to the various plan trustees. Payments to the plan totaled $224,336 for the year ended June 30, 2014.

NOTE 12 - 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, 2014, the Foundation distributed $6,627 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, 2014 the University paid $2,250 of interest on this loan. Included in accounts payable and accrued expenses is a $25,000 loan by the Foundation to Jewish Television Network, the loan is non-interest bearing and payable on demand.

NOTE 12 - RELATED PARTY TRANSACTIONS (continued)

Included in accounts and other receivables is a $175,000 note receivable from a Senior Vice President. The note is unsecured with interest due monthly at 5% per annum. The note will be forgiven over a period of eight years beginning June 30, 2016 if the individual is still employed by the University at that time. Unpaid principal and interest are due on the earlier of 180 days following the termination of employment or June 30, 2023. Interest income on the note totaled $2,708 for the year ended June 30, 2014.

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.

Included in the consolidated statement of activities is program revenue of $26,829 and $206,624 of expenses related to the Jewish Television Network, which resulted in a net loss of $179,795 that has been included in the consolidated change in net assets before other income for the year ended June 30, 2014.

AMERICAN JEWISH UNIVERSITY
(A Nonprofit Educational Institution)

SUPPLEMENTARY SCHEDULE

YEAR ENDED JUNE 30, 2014

AMERICAN JEWISH UNIVERSITY
(A Nonprofit Educational Institution)

SCHEDULE OF EXPENDITURES OF FEDERAL
AND NONFEDERAL AWARDS
June 30, 2014

	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 Grants Program (FSEOG)	-	84.007	$ 11,812
Federal Direct Student Loans (DIRECT LOAN)	-	84.268	1,830,893
Federal Work-Study Program (FWS)	-	84.033	20,798
Federal Pell Grant Program (PELL)	-	84.063	155,900
TOTAL U.S. DEPARTMENT OF EDUCATION			2,019,403
TOTAL FEDERAL AWARDS			2,019,403
STATE AND LOCAL AWARDS			
California Student Aid Commission (Cal Grant)	-	-	127,822
TOTAL STATE AND LOCAL AWARDS			127,822
TOTAL FEDERAL AND NONFEDERAL AWARDS			$ 2,147,225

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 Auditor's Report