REPORTS OF INDEPENDENT AUDITORS AND
CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY SCHEDULES

AMERICAN JEWISH UNIVERSITY

June 30, 2022 and 2021

MOSSADAMS

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Report of Independent Auditors

The Board of Directors
American Jewish University

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of American Jewish University, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of American Jewish University as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Jewish University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Jewish University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and schedule of financial responsibility ratios is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of financial responsibility ratios and schedule of expenditures of federal awards are 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 March 20, 2023, on our consideration of American Jewish University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of American Jewish University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Jewish University's internal control over financial reporting and compliance.

Moss Adams LLP

Los Angeles, California
March 20, 2023

ASSETS

	Notes	June 30, 2022	June 30, 2021
Cash and cash equivalents		$ 1,869,276	$ 1,208,694
Investments	3,4,8	79,392,520	100,399,244
Accounts and other receivables, net		889,869	707,859
Contributions receivable, net	5	7,517,237	4,155,082
Inventories		115,721	101,514
Prepaid expenses and other assets		843,113	518,890
Assets held for sale	6	20,876,546	-
Property and equipment, net	6	12,132,920	33,238,938
Total assets		$ 123,637,202	$ 140,330,221

LIABILITIES AND NET ASSETS

	Notes	2022	2021
LIABILITIES			
Accounts payable and accrued expenses		$ 4,851,333	$ 5,261,899
Deferred revenue		2,506,487	2,368,185
Notes payable, net	7	34,043,914	36,696,378
Total liabilities		41,401,734	44,326,462
NET ASSETS			
Without donor restrictions		4,210,321	13,670,482
With donor restrictions	10	78,025,147	82,333,277
Total net assets		82,235,468	96,003,759
Total liabilities and net assets		$ 123,637,202	$ 140,330,221

American Jewish University
Consolidated Statement of Activities

	Notes	Year Ended June 30, 2022 Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND PUBLIC SUPPORT				
Tuition and fees, net of scholarships and financial aid of $1,878,687		$ 2,583,548	$ -	$ 2,583,548
Gifts, grants, and bequests		3,893,410	5,674,951	9,568,361
Summer programs		2,271,083	-	2,271,083
Auxiliary enterprises		3,091,709	-	3,091,709
Investment loss, net	3	(3,726,723)	(6,762,183)	(10,488,906)
Income from ZSRS	4	-	853,919	853,919
Other income		687,592	-	687,592
Net assets released from restrictions		4,074,817	(4,074,817)	-
Total revenues and public support		12,875,436	(4,308,130)	8,567,306
EXPENSES				
Program services				
Academic		9,593,393	-	9,593,393
Auxiliary enterprises		3,893,795	-	3,893,795
Department of continuing education		1,574,803	-	1,574,803
Total program services		15,061,991	-	15,061,991
Supporting services				
Management and general		7,182,921	-	7,182,921
Fundraising		2,090,685	-	2,090,685
Total supporting services		9,273,606	-	9,273,606
Total expenses		24,335,597	-	24,335,597
Change in net assets from operations		(11,460,161)	(4,308,130)	(15,768,291)
NONOPERATING OTHER INCOME				
Forgiveness of PPP loan		2,000,000	-	2,000,000
Change in net assets from non-operating activities		2,000,000	-	2,000,000
Change in net assets		(9,460,161)	(4,308,130)	(13,768,291)
NET ASSETS, beginning of year		13,670,482	82,333,277	96,003,759
NET ASSETS, end of year		$ 4,210,321	$ 78,025,147	$ 82,235,468

	Notes	Year Ended June 30, 2021 Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND PUBLIC SUPPORT				
Tuition and fees, net of scholarships and financial aid of $1,611,207		$ 1,403,388	$ -	$ 1,403,388
Gifts, grants, and bequests		5,086,463	1,915,221	7,001,684
Summer programs		728,066	-	728,066
Auxiliary enterprises		1,150,985	-	1,150,985
Investment income, net	3	8,046,412	12,528,949	20,575,361
Income from ZSRS	4	-	293,977	293,977
Other income		59,883	-	59,883
Net assets released from restrictions		3,294,281	(3,294,281)	-
Total revenues and public support		19,769,478	11,443,866	31,213,344
EXPENSES				
Program services				
Academic		8,544,255	-	8,544,255
Auxiliary enterprises		3,716,287	-	3,716,287
Department of continuing education		1,469,038	-	1,469,038
Total program services		13,729,580	-	13,729,580
Supporting services				
Management and general		6,814,670	-	6,814,670
Fundraising		1,500,688	-	1,500,688
Total supporting services		8,315,358	-	8,315,358
Total expenses		22,044,938	-	22,044,938
Change in net assets from operations		(2,275,460)	11,443,866	9,168,406
NONOPERATING OTHER INCOME				
Forgiveness of PPP loan		2,356,355	-	2,356,355
Change in net assets from non-operating activities		2,356,355	-	2,356,355
Change in net assets		80,895	11,443,866	11,524,761
NET ASSETS, beginning of year		13,589,587	70,889,411	84,478,998
NET ASSETS, end of year		$ 13,670,482	$ 82,333,277	$ 96,003,759

American Jewish University
Consolidated Statements of Functional Expenses

	Year Ended June 30, 2022						
	Program Services				Supporting Services		
	Academic	Auxiliary Enterprises	Department of Continuing Education	Total Program Services	Management and General	Fundraising	Total Expenses
FUNCTIONAL EXPENSES							
Compensation	$ 5,030,360	$ 1,375,074	$ 924,415	$ 7,329,849	$ 3,575,643	$ 1,032,819	$ 11,938,311
Utilities and building maintenance	1,414,869	1,131,462	53,054	2,599,385	81,873	15,066	2,696,324
Depreciation	747,679	597,914	28,036	1,373,629	43,265	7,961	1,424,855
Interest	464,980	135,437	93,468	693,885	441,636	129,382	1,264,903
Insurance	394,931	115,033	79,387	589,351	375,104	109,891	1,074,346
Professional services	563,515	270,923	311,721	1,146,159	1,908,583	457,532	3,512,274
Food services	489,080	178,580	12,646	680,306	38,897	83,750	802,953
Supplies and other services	487,979	89,372	72,076	649,427	717,920	254,284	1,621,631
Total functional expenses	$ 9,593,393	$ 3,893,795	$ 1,574,803	$ 15,061,991	$ 7,182,921	$ 2,090,685	$ 24,335,597

	Year Ended June 30, 2021						
	Program Services				Supporting Services		
	Academic	Auxiliary Enterprises	Department of Continuing Education	Total Program Services	Management and General	Fundraising	Total Expenses
FUNCTIONAL EXPENSES							
Compensation	$ 4,540,722	$ 1,760,436	$ 840,824	$ 7,141,982	$ 3,080,694	$ 998,842	$ 11,221,518
Utilities and building maintenance	978,596	720,193	48,157	1,746,946	74,316	13,674	1,834,936
Depreciation	1,020,351	754,099	50,212	1,824,662	94,497	14,258	1,933,417
Interest	455,315	156,169	95,465	706,949	463,221	102,514	1,272,684
Insurance	427,002	146,458	89,529	662,989	434,417	96,139	1,193,545
Professional services	488,238	89,069	223,534	800,841	1,958,259	241,812	3,000,912
Food services	189,704	31,255	435	221,394	2,077	1,899	225,370
Supplies and other services	444,327	58,608	120,882	623,817	707,189	31,550	1,362,556
Total functional expenses	$ 8,544,255	$ 3,716,287	$ 1,469,038	$ 13,729,580	$ 6,814,670	$ 1,500,688	$ 22,044,938

See accompanying notes.

	Years Ended June 30, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (13,768,291)	$ 11,524,761
Adjustments to reconcile change in net assets to net cash flows used in operating activities		
Depreciation	1,424,855	1,933,417
Forgiveness of PPP loan	(2,000,000)	(2,356,355)
Amortization of debt issuance costs	37,779	38,714
Gain on disposal of property and equipment	(644,939)	-
Net realized and unrealized loss (gain) on investments	11,247,851	(19,724,074)
Change in allowance for doubtful contributions receivable	100,714	13,811
Change in allowance for doubtful accounts and other receivables	25,553	(3,468)
Change in present value discount on contributions receivable	62,851	(30,755)
Contributions restricted for endowment	(11,532)	(7,650)
Equity income from ZSRS	(853,919)	(293,977)
Changes in operating assets and liabilities		
Accounts and other receivables	(217,545)	(518,650)
Contributions receivable	(3,525,720)	(705,540)
Inventories	(14,207)	(34,897)
Prepaid expenses and other assets	(324,223)	503,048
Accounts payable and accrued expenses	(410,566)	(849,962)
Deferred revenue	138,302	2,308,942
Net cash used in operating activities	(8,733,037)	(8,202,635)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,257,882)	(1,346,648)
Proceeds from sale of property and equipment	707,438	-
Payments on notes receivable	9,982	9,939
Purchase of investments	(2,651,900)	(16,347,550)
Sale of investments	11,739,770	23,485,587
Distribution received from ZSRS	1,524,922	775,000
Net cash provided by investing activities	10,072,330	6,576,328
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	11,532	7,650
Proceeds from notes payable	6,946	2,000,000
Principal payments on notes payable	(697,189)	(676,332)
Net cash (used in) provided by financing activities	(678,711)	1,331,318
CHANGE IN CASH AND CASH EQUIVALENTS	660,582	(294,989)
CASH AND CASH EQUIVALENTS, beginning of year	1,208,694	1,503,683
CASH AND CASH EQUIVALENTS, end of year	$ 1,869,276	$ 1,208,694
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 1,227,124	$ 1,233,970
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING ACTIVITIES		
Forgiveness of PPP loan	$ 2,000,000	$ 2,356,355

See accompanying notes.

Note 1 – Nature of Organization

The American Jewish University is a nonprofit educational institution built upon the mission of Jewish Learning, Culture, Ethics, Leadership, and Peoplehood. The American Jewish University is accredited by the Western Association of Schools and Colleges ("WASC"). The American Jewish University owns and operates two campuses; they are located in Los Angeles County, California, and Ventura County, California.

The American Jewish University is the sole member of AJU BBI Holdings LLC and AJU Peppertree Holdings LLC. AJU BBI Holdings LLC, in turn, has a 100% ownership interest in a separate corporation, the Brandeis Mutual Water Company, which was established to protect the water rights for one of the American Jewish University's campuses, the Brandeis-Bardin campus. The investment allows the American Jewish University to buy its water from the local water district at cost. Brandeis Mutual Water Company has $75,000 in assets, included in other assets in the consolidated statements of financial position. There was no activity in these companies for the years ended June 30, 2022 and 2021.

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

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

Note 2 – Summary of Significant Accounting Policies

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

Recently adopted accounting pronouncements – For the year ended June 30, 2022, the University adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the consolidated statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. There were no contributed nonfinancial assets for the year ended June 30, 2022 and 2021.

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

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

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

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

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

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

Investments – Investments at June 30 consisted of the following:

	2022	2021
Investments at fair value	$ 68,912,084	$ 89,247,805
Investment in ZSRS, equity method	10,480,436	11,151,439
Total investments	$ 79,392,520	$ 100,399,244

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Accounts and other receivables – Receivables related to tuition, fees, and charges related to degree seeking students, non-degree seeking students, and summer camp programs are recorded when billed or accrued and represent claims against third parties that will be settled in cash. Amounts billed are due prior to starting class or summer camp. The University does not obtain collateral and does not charge interest on balances due. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated fair value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables, and existing economic conditions. Past due receivable balances are written off when internal collection efforts have been exhausted. At June 30, 2022 and 2021, management evaluated the collectability of its receivables and determined that an allowance of $54,570 and $29,017, respectively, for uncollectible receivables was necessary.

Note 2 – Summary of Significant Accounting Policies (continued)

Contributions receivable – Unconditional contributions, including pledges and bequests, are recorded at estimated fair value and recognized as revenues in the period received. The University reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. The allowance is based on historical experience and management's evaluation of receivables at the end of each year. Unconditional contributions receivable with terms greater than one year are initially recorded at fair value based on their estimated future cash flows and then discounted to present value using a discount rate commensurate with the risk involved. Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2022 and 2021, the University had conditional contributions totaling approximately $2,010,000 and $85,706, respectively. The conditional contribution as of June 30, 2022, consists of a matching pledge from a donor promising to match 10% of funds raised during the ongoing capital campaign, up to $2,500,000.

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

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

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

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

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

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

Long-lived assets – The University reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable.

Note 2 – Summary of Significant Accounting Policies (continued)

An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the years ended June 30, 2022 and 2021.

Collections of art and literature – The University's library collection, fine art works, and sculpture collection, which were acquired through contributions and purchases, are not recognized as assets on the consolidated statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the consolidated financial statements. Proceeds from deaccessions or insurance recoveries are reflected in the appropriate net asset classes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires deaccessioning proceeds to be used to acquire other items for collections or for direct care of the collection.

Revenue Recognition and Deferred Revenue

Tuition and fees – Tuition and fees income is recognized as the educational services are provided. Revenue recognition begins once a student starts attending a course and then continues to be recognized pro rata over the term. Registration and other fees that do not relate to instruction are recognized when no longer refundable. Tuition and fees received by the University for semesters or sessions occurring subsequent to June 30, 2022 and 2021, are recorded as deferred revenue.

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

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.

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.

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

Income taxes – The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the corresponding California provisions. As of June 30, 2022 and 2021, the University had no uncertain tax positions requiring accrual.

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

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

New accounting pronouncements – In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the consolidated statements of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the consolidated financial statements. For the University, the ASU will be effective for the year ending June 30, 2023.

Note 3 – Investments at Fair Value

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

	2022	2021
Mutual funds – equity	$ 32,267,682	$ 51,259,110
Mutual funds – fixed income	10,104,292	10,817,467
Exchange traded funds	8,536,620	9,058,283
Cash held for investment	775,686	711,492
Israel bonds	-	1,000
Alternative strategies	17,227,804	17,400,453
Total investments at fair value	$ 68,912,084	$ 89,247,805

Note 3 – Investments at Fair Value (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.

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

	2022	2021
Realized gains	$ 6,590,613	$ 4,598,897
Interest and dividend income, net of investment fees	758,945	851,287
Unrealized (losses) gains	(17,838,464)	15,125,177
Investment (loss) income, net	$ (10,488,906)	$ 20,575,361

Note 4 – Investment in ZSRS (unaudited)

The University holds a 100% equity interest in ZSRS but is not the managing member and does not have substantive participating or kick-out rights. As of June 30, 2022 and 2021, the University does not control ZSRS and, therefore, accounts for its membership interest in ZSRS using the equity method of accounting for investments. The University records its share of ZSRS's income or loss. Distributions received are recorded as a decrease in the carrying value of its investment in ZSRS.

Summarized financial information for ZSRS as of June 30:

	2022	2021
Cash	$ 2,372,694	$ 204,794
Notes receivable	652,753	2,957,753
Investments in partnerships	7,450,023	8,185,676
Other receivables	5,966	13,216
Total assets	$ 10,481,436	$ 11,361,439
Liabilities	$ 1,000	$ 210,000
Equity	10,480,436	11,151,439
Total liabilities and equity	$ 10,481,436	$ 11,361,439
Revenues	$ 972,481	$ 412,539
Expenses	(118,562)	(118,562)
Net income	$ 853,919	$ 293,977

Note 4 – Investment in ZSRS (unaudited) (continued)

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

Partnership	Ownership Percentage	2022 Carrying Value	2021 Carrying Value
10th Street Ziegler Partnership	0.00%	$ -	$ 338,072
29th Avenue Arizona Partnership	16.67%	169,126	183,505
409 N Genesse LP	21.11%	24,381	39,808
9015 & 9025 Rangely LP	30.21%	301,478	337,306
Santa Maria Industrial Building LLC	16.67%	819,075	870,557
Circle Partnership	37.77%	1,214,067	1,186,676
Glen Development Company	15.96%	2,095,755	2,028,932
Standard Saybrook Associates	16.67%	741,355	728,676
WPI Properties, Ltd.	19.36%	1,216,598	1,238,963
3933 Marathon LP	18.54%	471,478	557,638
7714 Rosewood LP	38.46%	396,710	675,543
Investments in partnerships		$ 7,450,023	$ 8,185,676

ZSRS holds the following promissory notes receivable at June 30:

	2022	2021
Promissory note collateralized by a second priority deed of trust from Cabrillo Partnership LP in the amount of $1,250,000. Fully collected in 2022.	$ -	$ 1,250,000
Promissory note collateralized by a first priority deed of trust from Circle Partnership in the original principal amount of $1,595,636. The note has a fixed interest rate of 3.5% and matures on December 31, 2023. Terms of the note require monthly interest-only payments of $1,904.	652,753	652,753
Promissory note collateralized by a third priority deed of trust from Cabrillo Partnership LP in the amount of $180,000. Fully collected in 2022.	-	180,000
Promissory note collateralized by a third priority deed of trust from Windsor in the amount of $875,000. Fully collected in 2022.	-	875,000
Total notes receivable	$ 652,753	$ 2,957,753

Note 4 – Investment in ZSRS (unaudited) (continued)

The future maturity of notes receivable at June 30, 2022, is as follows:

Years Ending June 30,	
2023	$ -
2024	652,753
2025	-
2026	-
2027	-
Thereafter	-
Total	$ 652,753

Note 5 – Contributions Receivable

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

	2022	2021
Due in 1 year	$ 5,221,995	$ 1,022,833
Due in 2–5 years	2,624,932	3,037,574
Due in over 5 years	-	260,800
Total	7,846,927	4,321,207
Less		
Allowance for doubtful contributions receivable	(187,138)	(86,424)
Discount to reflect present value of contributions receivable (discount rates ranging from 0.14%–2.47%)	(142,552)	(79,701)
Total contributions receivable (net)	$ 7,517,237	$ 4,155,082

As of June 30, 2022 and 2021, there was $4,200,000 and $2,500,000 outstanding from three and two donors, respectively.

Note 6 – Property and Equipment

Property and equipment at June 30 consisted of the following:

	2022	2021
Land	$ 1,375,919	$ 5,169,104
Buildings and improvements	25,369,065	76,531,460
Furniture and equipment	5,847,222	5,818,004
Automotive equipment	296,975	296,975
Construction in progress	840,883	274,128
Total	33,730,064	88,089,671
Less: accumulated depreciation	(21,597,144)	(54,850,733)
Property and equipment (net)	$ 12,132,920	$ 33,238,938

Depreciation expense for the years ended June 30, 2022 and 2021, was $1,424,855 and $1,933,417, respectively.

On January 24, 2022, the University's Board of Directors voted to engage a broker to sell the University's campus located in Los Angeles County, California. The University will retain its campus in Ventura County, California. And on October 25, 2022, the University entered into a purchase and sale agreement for a total selling price of $65,000,000.

The carrying value of the land, buildings, and improvements at June 30, 2022, is $20,876,546. No impairment was recorded as the fair value of the property is greater than its carrying value. As of June 30, 2022, and the date these consolidated financial statements were available to be issued, the sale is not yet finalized but is expected to close in September 2023. The following table presents the details of the assets classified as held for sale in the statement of financial position as of June 30, 2022:

	2022	2021
Land	$ 3,730,685	$ -
Buildings and improvements	51,824,305	-
Total	55,554,990	-
Less: accumulated depreciation	(34,678,444)	-
Property and equipment held for sale	$ 20,876,546	$ -

Total property and equipment, including assets held for sale as of June 30, 2022, were $33,009,466.

Note 7 – Notes Payable

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

	2022	2021
$31,500,000 Mortgage Loan from a financial institution with an initial interest rate of 4% per annum, amortized over a hypothetical 30 years, leaving a balloon payment at the maturity date. The maturity date of August 1, 2025, may be extended for (i) 5 years with an annual interest rate of the 10 year Constant Maturity Treasury (CMT) rate plus 1.8% or 3.75%, whichever is the higher; or (ii) 10 years with an annual interest rate of the 10 year CMT rate plus 2% or 4%, whichever is the higher. Principal and interest payments of $151,640 are due monthly and a balloon payment is due upon final maturity. The mortgage loan is collateralized by certain assets of the University.	$ 27,297,218	$ 27,994,407
$15,000,000 line of credit with a financial institution, collateralized by investments, and matures on March 28, 2023; interest at the secured overnight financing rate plus 0.75% or 2.25% as of June 30, 2022.	6,856,946	-
$11,361,240 line of credit with a financial institution; fully paid in 2022.	-	6,850,000
Note payable to a financial institution under the Paycheck Protection Program; fully forgiven in 2022.	-	2,000,000
Total notes payable	34,154,164	36,844,407
Less: unamortized debt issuance costs	(110,250)	(148,029)
Total notes payable (net)	$ 34,043,914	$ 36,696,378

The notes payable principal maturity schedule is as follows:

Years Ending June 30,	
2023	$ 7,582,865
2024	753,024
2025	787,065
2026	25,031,210
	34,154,164
Less: unamortized debt issuance costs	(110,250)
Total	$ 34,043,914

Interest expense incurred on these notes amounted to $1,264,904 and $1,272,684 for the years ended June 30, 2022 and 2021, respectively. Included in interest expense is amortization of debt issuance costs of $37,779 and $38,714 for the years ended June 30, 2022 and 2021, respectively.

Note 8 – Fair Value Measurements

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

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

The following tables present information about the University's assets that are measured at fair value on a recurring basis at June 30, 2022 and 2021, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using			
	Year Ended June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value Per Share or its Equivalent (NAV)
Mutual and exchange traded funds – equity	$ 32,267,682	$ 32,267,682	$ -	$ -	$ -
Mutual and exchange traded funds – fixed income	10,104,292	10,104,292	-	-	-
Exchange traded funds	8,536,620	8,536,620	-	-	-
Cash held for investment	775,686	775,686	-	-	-
Alternative strategies					
Multi-strategy	12,740,336	-	-	-	12,740,336
Long-term capital appreciation	1,411	-	-	-	1,411
International distressed bonds and equity	73,515	-	-	-	73,515
Fixed income	3,191,477	-	-	-	3,191,477
Real estate	1,221,065	-	-	-	1,221,065
Total investments at fair value	$ 68,912,084	$ 51,684,280	$ -	$ -	$ 17,227,804

Note 8 – Fair Value Measurements (continued)

		Fair Value Measurements Using			
	Year Ended June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value Per Share or its Equivalent (NAV)
Mutual and exchange traded funds – equity	$ 51,259,110	$ 51,259,110	$ -	$ -	$ -
Mutual and exchange traded funds – fixed income	10,817,467	10,817,467	-	-	-
Exchange traded funds	9,058,283	9,058,283	-	-	-
Cash held for investment	711,492	711,492	-	-	-
Israel bonds	1,000	-	1,000	-	-
Alternative strategies					
Multi-strategy	12,413,016	-	-	-	12,413,016
Long-term capital appreciation	1,411	-	-	-	1,411
International distressed bonds and equity	162,847	-	-	-	162,847
Fixed income	3,871,468	-	-	-	3,871,468
Real estate	951,711	-	-	-	951,711
Total investments at fair value	$ 89,247,805	$ 71,846,352	$ 1,000	$ -	$ 17,400,453

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

The 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 creditworthiness of the issuer.

The following summarizes the investments by major class where NAV or its equivalent is used to measure fair value as of June 30, 2022:

	(In Thousands)				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Notes
Multi-strategy securities	$ 12,740,336	$ 2,159,044	1–90 days, Illiquid	1–60 days	(a)
Long-term capital appreciation securities	1,411	-	Quarterly, after one-year lockup expires with a 10% gate	60–90 days	(b)
International distressed bonds and equity securities	73,515	200,000	Illiquid	None	(c)
Fixed income securities	3,191,477	-	Daily	None	(d)
Real estate securities	1,221,065	431,550	Illiquid	None	(e)
	$ 17,227,804	$ 2,790,594			

(a) Consists of limited partnerships utilizing multiple investment strategies.
(b) Consists of a hedge fund utilizing long-term capital appreciation investment strategy.
(c) Consists of a hedge fund utilizing international distressed bonds investment strategy.
(d) Consists of an open-ended investment company utilizing a fixed income investment strategy.
(e) Consists of a private equity fund investing in real estate.

Note 9 – Commitments and Contingencies

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

Note 10 – Net Assets With Donor Restrictions

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

	2022	2021
General endowment funds	$ 20,812,153	$ 23,455,712
Endowment funds held for scholarships	2,374,688	2,850,828
Scholarships	5,307,130	5,736,842
Ziegler School of Rabbinic Studies	12,900,910	12,949,391
Whizin Center for Continuing Education	13,532,611	16,019,142
Property and equipment	5,856,849	4,780,310
Other time and purpose restrictions	17,240,806	16,541,052
Total net assets with donor restrictions	$ 78,025,147	$ 82,333,277
Net assets restricted by the donor in perpetuity	$ 14,719,511	$ 14,707,979
Net assets restricted by the donor for other purposes	63,305,636	67,625,298
Total net assets with donor restrictions	$ 78,025,147	$ 82,333,277

Note 11 – Endowments

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

Note 11 – Endowments (continued)

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

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

The University's spending policy's objective is to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. In establishing this policy, the Board of Directors considered the long-term expected return of the endowment investment pool and the goal of maintaining the purchasing power of the endowment assets. Over the long term, the current spending policy's objective is to return a net positive gain in market value (growth) after spendable transfers. The annual rate for spendable transfers, distributed quarterly, is decided on by the Board of Directors. For the years ended June 30, 2022 and 2021, this rate was on average 5% 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 11 – 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 at June 30, 2022 and 2021.

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in endowment net assets for the year ended June 30, 2021			
Endowment net assets – beginning of year	$ -	$ 22,351,878	$ 22,351,878
Contributions	-	7,650	7,650
Interest and dividends	66,163	110,184	176,347
Net realized and unrealized gains	-	4,447,624	4,447,624
Donor reclassification	-	(78,633)	(78,633)
Appropriation of endowment assets for expenditure	(66,163)	(532,163)	(598,326)
Endowment net assets – end of year	$ -	$ 26,306,540	$ 26,306,540
Changes in endowment net assets for the year ended June 30, 2022			
Endowment net assets – beginning of year	$ -	$ 26,306,540	$ 26,306,540
Contributions	-	11,532	11,532
Interest and dividends	66,894	177,426	244,320
Net realized and unrealized gains	-	(2,631,195)	(2,631,195)
Appropriation of endowment assets for expenditure	(66,894)	(677,462)	(744,356)
Endowment net assets – end of year	$ -	$ 23,186,841	$ 23,186,841

Note 12 – Pension Plan

The University has a defined contribution pension plan covering substantially all of its full-time employees. Payments to the plan totaled $0 for the years ended June 30, 2022 and 2021.

Note 13 – Related-Party Transactions

In 2018, the University entered into an agreement with the former president of the University (the "Former President") to compensate the Former President for stepping down from his position effective June 30, 2019. The University made post-employment payments to the Former President each pay period from July 1, 2018 through June 30, 2021. Each payment will approximate the Former President's salary plus benefits. The University has not recorded a liability.

Included in accounts and other receivables is a note receivable from a Vice President. The amount of the note was $40,000, secured by property, with interest 2.37% per annum. Interest income on the note totaled $105 and $148 for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the balance on the note receivable was $19,317 and $29,299, respectively. The note matures in May 2024.

Note 13 – Related-Party Transactions (continued)

During the year ended June 30, 2020, a board member pledged $2,500,000 to the University. The outstanding balance on the pledge is $1,250,000 and $1,500,000 as of June 30, 2022 and 2021, respectively. Other contributions receivable from related parties, outstanding as of June 30, 2022 and 2021, totaled $846,813 and $326,818, respectively.

Total related-party receivables as of June 30, 2022 and 2021, were $2,116,130 and $1,856,117, respectively.

Note 14 – Liquidity and Availability of Financial Resources

The total financial assets held by the University at June 30, 2022 and 2021, and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the consolidated statements of financial position, are summarized in the following table as of June 30, 2022 and 2021:

	2022	2021
Financial assets at June 30, 2022		
Cash and cash equivalents	$ 1,869,276	$ 1,208,694
Investments at fair value	68,912,084	89,247,805
Accounts receivable (net)	889,869	707,859
Contributions receivable (net)	7,517,237	4,155,082
Total financial assets	79,188,466	95,319,440
Less: amounts not available to be used within one year, due to donor-imposed restrictions		
Contributions receivable (non-current portion)	2,624,932	3,298,374
Funds held for endowments	23,186,841	26,306,540
Funds held with other purpose or timing donor restrictions	41,937,396	43,077,346
Financial assets available to meet general expenditures within one year	$ 11,439,297	$ 22,637,180

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

The University has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a $15,000,000 revolving line of credit with availability based on pledged assets as calculated by the bank on a periodic basis. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers pledges restricted by time only and expected to be collected in the next fiscal year as available for general expenditures.

Note 15 – Subsequent Event

The University has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2022, for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through March 20, 2023, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as noted in these consolidated financial statements.

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

Supplementary Schedules

Federal Grantor/Pass-Through Grantor Program Title/Project Title	Assistance Listing Number	Federal Expenditures
U.S. Department of Education		
Student Financial Assistance Cluster		
Federal Pell Grant Program	84.063	$ 24,030
Federal Supplemental Educational Opportunity Grants Program	84.007	23,010
Federal Work Study Program	84.033	19,601
Federal Direct Student Loans	84.268	768,335
Total Student Financial Assistance Cluster		834,976
COVID-19 – Higher Education Emergency Relief Fund	84.425F	151,000
Total U.S. Department of Education		985,976
Total Expenditures of Federal Awards		$ 985,976

See notes to the schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of American Jewish University (the "University") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the University.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. The University recognizes revenue from grants to the extent that eligible costs are incurred on each grant.

Note 3 – Indirect Cost Rate

The University has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

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

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

The Department has set limits within the primary reserve calculation so that long-term debt issued by the University subsequent to July 1, 2019, must be limited to the portion spent on property, plant, and equipment. Therefore, the Department requires that all property, plant, and equipment and long-term debt acquired or issued subsequent to that date be reported separately. The statement of financial position provides information on the University's total property, plant, and equipment, net and long-term debt but does not provide a breakout of assets acquired or long-term debt issued before and after the implementation date of July 1, 2019. The following table provides a breakdown at June 30, 2022, based on the July 1, 2019 implementation date.

	Reference	
Property, plant, and equipment – pre-implementation		$ 27,785,954
Property, plant, and equipment – post-implementation with outstanding debt for original purchase		-
Property, plant, and equipment – post-implementation without outstanding debt for original purchase		4,382,629
Construction in progress	Note 6	840,883
Total property, plant, and equipment at June 30, 2022	SOFP	$ 33,009,466
Long-term debt for long term purposes pre-implementation		$ 34,043,914
Long-term debt for long term purposes post-implementation		-
Line of credit for construction in progress		-
Total long-term debt at June 30, 2022	SOFP	$ 34,043,914

American Jewish University
Schedule of Financial Responsibility Ratios (Continued)
As of and for the Year Ended June 30, 2022

Primary Reserve Ratio Calculation	Reference	June 30, 2022	
Net assets without donor restrictions	SOFP	$ 4,210,321	
Net assets with donor restrictions	SOFP	78,025,147	
Total net assets		82,235,468	
Less			
Annuities with donor restrictions	n/a	-	
Term endowments with donor restrictions	n/a	-	
Life income funds with donor restrictions	n/a	-	
Net assets with donor restrictions: restricted in perpetuity (less annuities)	Note 10	(14,719,511)	
Net assets with donor restrictions: other for purpose or time (less annuities)	Note 10		(63,305,636)
Unsecured related-party receivables	Note 13	(2,116,130)	
Unsecured other related-party assets	n/a	-	
Property, plant, and equipment – pre-implementation	*	(27,785,954)	
Property, plant, and equipment – post-implementation with outstanding debt for original purchase	*	-	
Property, plant, and equipment – post-implementation without outstanding debt for original purchase	*	(4,382,629)	
Construction in progress	Note 6	(840,883)	
Lease right-of-use asset pre-implementation	n/a	-	
Lease right-of-use asset post-implementation	n/a	-	
Intangible assets	n/a	-	
Add			
Post-employment and pension liabilities	n/a	-	
Long-term debt for long term purposes pre-implementation	❖	34,043,914	
Long-term debt for long term purposes post-implementation	❖	-	
Line of credit for construction in progress	❖	-	
Pre-implementation right-of-use lease liabilities	n/a	-	
Post-implementation right-of-use lease liabilities	n/a	-	
Total expendable net assets			$ 66,434,275
Total expenses without donor restrictions	SOA	24,335,597	
Add			
Non-operating and net investment losses	n/a	-	
Other components of net periodic pension costs	n/a	-	
Change in value of split-interest agreements	n/a	-	
Other losses	n/a	-	
Net investment losses	n/a	-	
Pension – related changes other than net periodic costs	n/a	-	
Total expenses without donor restrictions and losses without donor restrictions			$ 24,335,597
Primary reserve ratio			2.7

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

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

Equity Ratio Calculation	Reference	June 30, 2022	
Net assets without donor restrictions	SOFP	$ 4,210,321	
Net assets with donor restrictions	SOFP	78,025,147	
		82,235,468	
Less			
Lease right-of-use assets pre-implementation	n/a	-	
Intangible assets	n/a	-	
Unsecured related-party receivables	Note 13	(2,116,130)	
Unsecured related-party other assets	n/a	-	
Add			
Pre-implementation right-of-use lease liabilities	n/a	-	
Modified net assets			$ 80,119,338
Total assets	SOFP	$ 123,637,202	
Less			
Lease right-of-use assets pre-implementation	n/a	-	
Intangible assets	n/a	-	
Unsecured related-party receivables	Note 13	(2,116,130)	
Unsecured related-party other assets	n/a	-	
Modified assets			$ 121,521,072
Equity ratio			0.7

Net Income Ratio Calculation	Reference	For the Year Ended June 30, 2022	
Change in net assets without donor restrictions	SOA		$ (9,460,161)
Total operating revenue, gains, and other support without donor restrictions	SOA	$ 12,875,436	
Add			
Investment return appropriated for spending (without donor restriction)	^	-	
Non-operating revenue and other gains (without donor restriction)	SOA	2,000,000	
Total revenue and gains without donor restrictions			$ 14,875,436
Net income ratio			(0.6)

American Jewish University
Schedule of Financial Responsibility Ratios (Continued)
As of and for the Year Ended June 30, 2022

Step 1: Calculate the strength factor score for each ratio by using the following algorithms:
- Primary reserve strength factor score = 10 x the primary reserve ratio result
- Equity strength factor score = 6 x the equity ratio result
- Negative net income ratio result: Net income strength factor = 1 + (25 x net income ratio result)
- Positive net income ratio result: Net income strength factor = 1 + (50 x net income ratio result)
- Zero result for net income ratio: Net income strength factor = 1

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

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

Step 2: Calculate the weighted score for each ratio and calculate the composite score by adding the three weighted scores:
- Primary reserve weighted score = 40% x the primary reserve strength factor score
- Equity weighted score = 40% x the equity strength factor score
- Net income weighted score = 20% x the net income strength factor score
- Composite score = the sum of all weighted scores
- Round the composite score to one digit after the decimal point to determine the final score

	As of and for the year ended June 30, 2022			
RATIO DESCRIPTION	Ratio	Strength Factor	Weight	Composite Scores
Primary Reserve Ratio	2.7	3.0	40%	1.2
Equity Ratio	0.7	3.0	40%	1.2
Net Income Ratio	(0.6)	(1.0)	20%	(0.2)
Composite Score				2.2

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
American Jewish University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of American Jewish University, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Jewish University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Jewish University's internal control. Accordingly, we do not express an opinion on the effectiveness of American Jewish University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Jewish University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Los Angeles, California
March 20, 2023

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Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
American Jewish University

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited American Jewish University's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on American Jewish University's major federal program for the year ended June 30, 2022. American Jewish University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, American Jewish University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of American Jewish University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of American Jewish University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to American Jewish University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on American Jewish University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about American Jewish University's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding American Jewish University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of American Jewish University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of American Jewish University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-003, and 2022-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on American Jewish University's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. American Jewish University's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

Los Angeles, California
March 20, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	☐	Yes	☒	No
• Significant deficiency(ies) identified?	☐	Yes	☒	None reported
Noncompliance material to financial statements noted?	☐	Yes	☒	No

Federal Awards

Internal control over the major federal program:				
• Material weakness(es) identified?	☒	Yes	☐	No
• Significant deficiency(ies) identified?	☒	Yes	☐	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☒	Yes	☐	No

Identification of the Major Federal Program and Type of Auditor's Report Issued on Compliance for the Major Federal Program

Assistance Listing Number (ALN)	Name of Federal Program or Cluster	Type of Auditor's Report Issued on Compliance for the Major Federal Program
Various	Student Financial Assistance Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

FINDING 2022-001 – Eligibility: Significant Deficiency in Internal Control Over Compliance

ALN	Federal Agency/Pass-Through Entity – Program Name	Award Number	Award Year	Questioned Costs
Various	U.S. Department of Education – Student Financial Assistance Cluster	n/a	Year ended June 30, 2021	$0

Criteria – 2 CFR 200.303 Internal controls – The non-federal entity must:

(a) Establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition/context – A sample of 10 students was selected from the population of all students who were awarded and disbursed federal student financial aid funds from American Jewish University (the “University”) during the year ended June 30, 2022. For those students who had Institutional Student Informational Record (ISIR) flags which are required to be cleared, we requested supporting evidence that the flags were cleared.

The University did not have effective internal control in place to ensure ISIR flags had been cleared.

Cause – Individuals responsible for awarding and packaging students were unaware of the requirement to clear ISIR flags.

Effect – Without established effective preventative controls in place, the University could become out of compliance with federal rules and regulations.

Repeat finding – This is not a repeat finding.

Recommendation – We recommend the University include a written process for identifying and clearing ISIR flags in their written policy and procedures manual.

View of responsible officials – Management acknowledges the deficiency. Due to significant turnover in the Financial Aid Office, management has outsourced its financial aid function to a third party. This partnership enables us to improve our attention to detail and increase our internal controls over compliance matters.

FINDING 2022-002 – Special Tests and Provisions – Borrower Data Transmission and Reconciliation: Material Weakness in Internal Control Over Compliance

ALN	Federal Agency/Pass-Through Entity – Program Name	Award Number	Award Year	Questioned Costs
84.268s	U.S. Department of Education – Student Financial Assistance Cluster	n/a	Year ended June 30, 2022	$0

Criteria – 34 CFR 685.300 Program participation agreement – On a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary.

Condition/context – A sample of 4 direct loan reconciliations were selected from the population of all reconciliations performed by the University during the year ended June 30, 2022. We obtained the supporting schedules used to reconcile the disbursed direct loan funds to the federal government's records.

The University did not have effective internal control in place that would provide reasonable assurance that the University was in compliance with federal regulations and the University did not complete reconciliations for all of 2022 with the exception of March 2022.

Cause – Management did not have an established policy and procedure for borrower data transmission and reconciliation. Further, due to turnover in the position responsible for performing the monthly reconciliation, the process was not completed in the noted months.

Effect – Without established effective controls in place, the University could become out of compliance with federal rules and regulations.

Repeat finding – This is a repeat finding. See 2021-002.

Recommendation – We recommend the University establish an internal control such as supervisory review of the monthly direct loan reconciliation. The reviewer should obtain the supporting schedules used to reconcile University records to federal records and investigate any discrepancies or transactions that may indicate non-compliance. Further, the University should identify other individuals to perform the monthly reconciliation should there be illness or turnover.

View of responsible officials – Management acknowledges the deficiency. Due to significant turnover in the Financial Aid Office, management has outsourced its financial aid function to a third party. This partnership will ensure monthly loan reconciliations are performed on time and approved by the CFO.

FINDING 2022-003 – Special Tests and Provisions – Disbursements: Significant Deficiency in Internal Control Over Compliance

ALN	Federal Agency/Pass-Through Entity – Program Name	Award Number	Award Year	Questioned Costs
Various	U.S. Department of Education – Student Financial Assistance Cluster	n/a	Year ended June 30, 2022	$0

Criteria – 34 CFR 668.164 Disbursing funds – (h) Title IV, HEA credit balances.
(1) A title IV, HEA credit balance occurs whenever the amount of title IV, HEA program funds credited to a student's ledger account for a payment period exceeds the amount assessed the student for allowable charges associated with that payment period as provided under paragraph (c) of this section.
(2) A title IV, HEA credit balance must be paid directly to the student or parent as soon as possible, but no later than:

(i) Fourteen (14) days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or
(ii) Fourteen (14) days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

Condition/context – A sample of 10 students was selected from the population of all students disbursed federal student financial aid by the University during the year ended June 30, 2022. We obtained the students records and tested the student's compliance with federal regulations for the specific loans and grants for which each individual student was disbursed.

For one undergraduate student selected, federal student aid was disbursed, creating a credit balance which was not refunded to the student within the 14-day requirement.

Cause – Due to turnover in the position responsible for monitoring credit balances and disbursement date compliance requirements, individuals performing the responsibility were unable to perform the task according to the required timeframes.

Effect – The University was not in compliance with disbursement requirements.

Repeat finding – This is a repeat finding. See 2021-003.

Recommendation – We recommend the University revise its policies to establish cross-training protocols for responsibilities related to disbursement of federal aid.

View of responsible officials – Management acknowledges the deficiency. Due to significant turnover in the Financial Aid Office, management has outsourced its financial aid function to a third party. This partnership enables us to improve our attention to detail and increase our internal controls over compliance matters. It also enables us to communicate effectively with the accounting office and ensure disbursements and refunds are processed timely and in accordance with the Department of Education rules and regulations.

FINDING 2022-004 – Special Tests and Provisions – Enrollment Reporting: Significant Deficiency in Internal Control Over Compliance

ALN	Federal Agency/Pass-Through Entity – Program Name	Award Number	Award Year	Questioned Costs
Various	U.S. Department of Education – Student Financial Assistance Cluster	n/a	Year ended June 30, 2022	$0

Criteria – Direct Loan, 34 CFR section 685.309(b)(2)(i): An institution is required to notify the Department of Education within 30 to 60 days (depending on the method of communication) if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who enrolled at that school but has ceased to be enrolled on at least a half-time basis.

Condition/context – A sample of 3 federal aid recipient students was selected from reports of students who graduated during the 2021-2022 academic year. There were no students who withdrew or dropped during the 2021-2022 academic year. The enrollment information and withdrawal or graduation date per the University's records was compared to the information reported to the National Student Loan Data System (NSLDS) in order to determine if status changes were reported within the required timeframes.

An exception was noted whereby the status change of 1 graduated student selected for testing was not reported to the NSLDS.

Cause – Due to turnover in the position responsible for performing the manual reporting process, reporting was not completed until the responsibility was assigned to a new employee.

Effect – The NSLDS database did not include accurate information until the point at which it was corrected. This information is utilized by Department of Education, the Direct Loan program, lenders, and other institutions to determine in-school status, deferment, and grace periods of student loans. Incorrect information could result in incorrect deferment, grace periods, billing, and repayment of student loans.

Repeat finding – This is a repeat finding. See 2021-005.

Recommendation – We recommend the University revise its policies to establish cross-training protocols for responsibilities that contain strict deadlines.

Views of responsible officials – Management acknowledges the deficiency. Due to significant turnover in the Financial Aid Office, management has outsourced its financial aid function to a third party. This partnership enables us to improve our attention to detail and increase our internal controls over compliance matters.

FINDING 2021-001 – Cash Management: Significant Deficiency in Internal Control Over Compliance

Status: Fully resolved.

FINDING 2021-002 – Special Tests and Provisions – Borrower Data Transmission and Reconciliation: Significant Deficiency in Internal Control Over Compliance

Status: This matter was not resolved during the year ended June 30, 2022. Due to significant turnover in the Financial Aid Office, management has outsourced its financial aid function to a third party. This partnership will ensure monthly loan reconciliations are performed on time and approved by the CFO. See Finding 2022-002.

FINDING 2021-003 – Special Tests and Provisions – Disbursements: Significant Deficiency in Internal Control Over Compliance

Status: This matter was not resolved during the year ended June 30, 2022. Due to significant turnover in the Financial Aid Office, management has outsourced its financial aid function to a third party. This partnership enables us to improve our attention to detail and increase our internal controls over compliance matters. It also enables us to communicate effectively with the accounting office and ensure disbursements and refunds are processed timely and in accordance with the Department of Education rules and regulations. See Finding 2022-003.

FINDING 2021-004 – Special Tests and Provisions – Gramm-Leach-Bliley Act: Significant Deficiency in Internal Control Over Compliance

Status: Fully resolved.

FINDING 2021-005 – Special Tests and Provisions – Enrollment Reporting: Significant Deficiency in Internal Control Over Compliance

Status: This matter was not resolved during the year ended June 30, 2022. Due to significant turnover in the Financial Aid Office, management has outsourced its financial aid function to a third party. This partnership enables us to improve our attention to detail and increase our internal controls over compliance matters. See Finding 2022-004.