

JERUSALEM UNIVERSITY  
COLLEGE AND THE AMERICAN  
INSTITUTE OF HOLYLAND  
STUDIES

Consolidated Financial Statements  
With Independent Auditor's Report

July 31, 2025 and 2024



**JERUSALEM UNIVERSITY COLLEGE AND  
THE AMERICAN INSTITUTE OF HOLYLAND STUDIES**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Jerusalem University College and The American Institute of Holyland Studies  
Xenia, Ohio

### ***Opinion***

We have audited the accompanying consolidated financial statements of Jerusalem University College and The American Institute of Holyland Studies, which comprise the consolidated statements of financial position as of July 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Jerusalem University College and The American Institute of Holyland Studies, as of July 31, 2025 and 2024, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Jerusalem University College and The American Institute of Holyland Studies, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 consolidated 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 Jerusalem University College and The American Institute of Holyland Studies' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Jerusalem University College and The American Institute of Holyland Studies' 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 Jerusalem University College and The American Institute of Holyland Studies' 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

*Capin Crouse LLC*

Indianapolis, Indiana  
February 24, 2026

**JERUSALEM UNIVERSITY COLLEGE AND  
THE AMERICAN INSTITUTE OF HOLYLAND STUDIES**

**Consolidated Statements of Financial Position**

	July 31,	
	2025	2024
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 67,520	\$ 43,544
Accounts receivable, net of allowance for credit losses of \$17,871 and \$16,217 as of July 31, 2025 and 2024, respectively	80,832	74,304
Prepaid expenses and other assets	58,902	42,989
Investments	1,345,492	1,725,031
Right-of-use assets	737,819	888,028
Property and equipment, net	672,027	734,182
<b>Total Assets</b>	<b>\$ 2,962,592</b>	<b>\$ 3,508,078</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 40,583	\$ 32,769
Accrued severance	229,011	211,349
Performance obligation liabilities	165,715	174,945
Right-of-use liabilities	833,578	1,005,163
<b>Total liabilities</b>	<b>1,268,887</b>	<b>1,424,226</b>
<b>Net assets:</b>		
Without donor restrictions	980,059	1,630,180
With donor restrictions	713,646	453,672
<b>Total net assets</b>	<b>1,693,705</b>	<b>2,083,852</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,962,592</b>	<b>\$ 3,508,078</b>

See notes to consolidated financial statements

**JERUSALEM UNIVERSITY COLLEGE AND  
THE AMERICAN INSTITUTE OF HOLYLAND STUDIES**

**Consolidated Statements of Activities**

	Years Ended July 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Tuition and fees, net	\$ 730,420	\$ -	\$ 730,420	\$ 727,824	\$ -	\$ 727,824
Contributions	658,838	261,953	920,791	744,172	95,508	839,680
Auxiliary services	114,277	-	114,277	212,848	-	212,848
Investment return, net	61,060	47,009	108,069	25,501	42,723	68,224
Other income	6,471	-	6,471	31,011	-	31,011
Loss on currency exchange	(90)	-	(90)	(10,471)	-	(10,471)
<b>Total Support and Revenue</b>	<b>1,570,976</b>	<b>308,962</b>	<b>1,879,938</b>	<b>1,730,885</b>	<b>138,231</b>	<b>1,869,116</b>
<b>RECLASSIFICATIONS:</b>						
Net assets released by satisfaction of purpose restrictions	48,988	(48,988)	-	19,170	(19,170)	-
<b>EXPENSES:</b>						
Educational program services	1,298,553	-	1,298,553	1,264,463	-	1,264,463
Management and general	852,794	-	852,794	820,688	-	820,688
Fundraising	118,738	-	118,738	43,237	-	43,237
<b>Total Expenses</b>	<b>2,270,085</b>	<b>-</b>	<b>2,270,085</b>	<b>2,128,388</b>	<b>-</b>	<b>2,128,388</b>
<b>Change in Net Assets</b>	<b>(650,121)</b>	<b>259,974</b>	<b>(390,147)</b>	<b>(378,333)</b>	<b>119,061</b>	<b>(259,272)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,630,180</b>	<b>453,672</b>	<b>2,083,852</b>	<b>2,008,513</b>	<b>334,611</b>	<b>2,343,124</b>
<b>Net Assets, End of Year</b>	<b>\$ 980,059</b>	<b>\$ 713,646</b>	<b>\$ 1,693,705</b>	<b>\$ 1,630,180</b>	<b>\$ 453,672</b>	<b>\$ 2,083,852</b>

See notes to consolidated financial statements

**JERUSALEM UNIVERSITY COLLEGE AND  
THE AMERICAN INSTITUTE OF HOLYLAND STUDIES**

**Consolidated Statements of Functional Expenses**

Year Ended July 31, 2025

	<u>Educational Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and benefits	\$ 444,032	\$ 554,754	\$ 13,627	\$ 1,012,413
Professional services	267,210	96,078	85,244	448,532
Occupancy	325,669	6,135	-	331,804
Supplies and equipment	43,653	60,021	11,242	114,916
Travel	32,451	54,066	8,625	95,142
Depreciation	90,476	-	-	90,476
Bank and credit card fees	-	37,947	-	37,947
Insurance	11,576	16,078	-	27,654
Other expenses	83,486	27,715	-	111,201
	<u>\$ 1,298,553</u>	<u>\$ 852,794</u>	<u>\$ 118,738</u>	<u>\$ 2,270,085</u>

Year Ended July 31, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and benefits	\$ 487,539	\$ 500,346	\$ 13,903	\$ 1,001,788
Occupancy	316,016	5,366	-	321,382
Professional services	218,284	58,966	-	277,250
Supplies and equipment	52,176	44,377	10,783	107,336
Travel	12,280	79,064	6,551	97,895
Depreciation	96,303	-	-	96,303
Bank and credit card fees	-	44,249	-	44,249
Staff education costs	-	48,577	-	48,577
Insurance	10,136	14,382	-	24,518
Other expenses	71,729	25,361	12,000	109,090
	<u>\$ 1,264,463</u>	<u>\$ 820,688</u>	<u>\$ 43,237</u>	<u>\$ 2,128,388</u>

See notes to consolidated financial statements

**JERUSALEM UNIVERSITY COLLEGE AND  
THE AMERICAN INSTITUTE OF HOLYLAND STUDIES**

**Consolidated Statements of Cash Flows**

	Years Ended July 31,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (390,147)	\$ (259,272)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	90,476	96,303
Non-cash lease expense	(21,376)	(21,625)
Net unrealized and realized gain on investments	(133,090)	(67,632)
Contributions restricted for endowment fund	(143,700)	(76,338)
Changes in:		
Accounts receivable, net	(6,528)	(9,263)
Prepaid expenses and other assets	(15,913)	4,840
Accounts payable and accrued expenses	7,814	(253,328)
Accrued severance	17,662	9,670
Performance obligation liabilities	(9,230)	70,900
Net Cash Used in Operating Activities	(604,032)	(505,745)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments and reinvested interest and dividends	(616,620)	(282,171)
Proceeds from sale of investments	1,129,249	646,102
Purchases of property and equipment	(28,321)	(9,247)
Net Cash Provided by Investing Activities	484,308	354,684
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions restricted for endowment fund	143,700	76,338
Net Cash Provided by Financing Activities	143,700	76,338
Change in Cash and Cash Equivalents	23,976	(74,723)
Cash and Cash Equivalents, Beginning of Year	43,544	118,267
Cash and Cash Equivalents, End of Year	\$ 67,520	\$ 43,544

See notes to consolidated financial statements

# JERUSALEM UNIVERSITY COLLEGE AND THE AMERICAN INSTITUTE OF HOLYLAND STUDIES

## Notes to Consolidated Financial Statements

July 31, 2025 and 2024

1. NATURE OF ORGANIZATION:

Jerusalem University College (College) was founded in 1957 and has a mission to create opportunities for students to deepen their knowledge of God and His Word through immersive study of the contexts of the biblical world and the Middle East, equipping them for academia, ministry, and global service. The College is incorporated under the laws of the State of Minnesota to operate as a charitable religious organization within the meaning of Section 501(c)(3) of the Internal Revenue Code (Code). It is exempt from federal and state income taxes, and contributions by the public are deductible within the limitations prescribed by the Code. The organization has been classified as a public organization that is not a private foundation under Section 509(a) of the Code. The College's primary sources of income are tuition and fees and contributions from donors.

The College controls the American Institute of Holyland Studies (Institute) in Israel. The Institute is a private, Israeli based tax exempt non profit entity that offers services to the College in Israel.

2. SIGNIFICANT ACCOUNTING POLICIES:

### BASIS OF ACCOUNTING

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASU).

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of the College and the Institute (collectively JUC). The College has formal ownership and oversight of the Institute, controlling board appointments, hiring, and funding. All significant intercompany balances and transactions have been eliminated.

### USE OF ESTIMATES

The preparation of U.S. GAAP consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates that are particularly susceptible to significant change in the near term relate to the allocation of functional expenses and allowance for credit losses.

# JERUSALEM UNIVERSITY COLLEGE AND THE AMERICAN INSTITUTE OF HOLYLAND STUDIES

## Notes to Consolidated Financial Statements

July 31, 2025 and 2024

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FUNCTIONAL CURRENCY AND GAIN (LOSS) ON CURRENCY EXCHANGE

Because the primary source of financing occurs in U.S. dollars and the changes in the foreign operation assets directly affect the cash flows of the U.S. operations, the functional currency used is the U.S. dollar. All transactions in foreign currencies have been translated into U.S. dollars by averaging the month-end exchange rates for the years ended July 31, 2025 and 2024. Due to the valuation changes of the U.S. dollar, especially in Europe, this resulted in net currency exchange gains and losses, which are reported as loss on currency exchange on the consolidated statements of activities. As of July 31, 2025 and 2024, the cumulative loss from foreign currency translation was \$286,689 and \$286,599, respectively.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes bank checking and saving accounts. Cash held in foreign bank accounts was approximately \$14,000 and \$6,000 as of July 31, 2025 and 2024, respectively. JUC may have deposits at financial institutions in excess of the federally insured limits. At July 31, 2025 and 2024, JUC cash balances did not exceed these limits. Cash and cash equivalents in investment accounts, are included in investments as part of JUC's overall investment portfolio strategy.

#### ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of amounts billed to students for tuition and auxiliary charges. Student accounts receivable are reported net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. JUC separates accounts receivable into risk pools based upon student classification and then develops a historical loss rate for each risk pool based upon a three-year average write-off history, adjusted for management's expectations about current and future economic conditions. Accounts receivable, net as of August 1, 2023, was \$65,041.

#### INVESTMENTS

Investments consist of mutual funds, exchange-traded funds, equities, and bonds that are reported at fair value. Investments also consist of money market accounts and certificates of deposit with original maturities over 3 months and are reported at cost. Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value. Investment return is reflected in the consolidated statements of activities as net assets with or without donor restrictions based upon the existence and nature of any donor or legally imposed restriction.

#### PROPERTY AND EQUIPMENT, NET

Items capitalized as property and equipment are reported at cost or, if donated, at fair market value on the date of the gift and are depreciated on a straight-line method over their estimated useful lives, ranging from six to twenty years. Repairs and maintenance costs are expensed as incurred. JUC reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained JUC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. JUC capitalizes assets over \$1,000. Depreciation is allocated among program services and supporting activities. Foreign property and equipment are reported in U.S. dollars translated at approximate rates prevailing when purchased.

# JERUSALEM UNIVERSITY COLLEGE AND THE AMERICAN INSTITUTE OF HOLYLAND STUDIES

## Notes to Consolidated Financial Statements

July 31, 2025 and 2024

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PROPERTY AND EQUIPMENT, NET, continued

Useful lives are generally as follows:

Leasehold improvements	10 years
Furniture, fixtures, and equipment	3-14 years
Vehicles	7 years
Library	10 years

All property and equipment is held in a foreign country and it should be noted that the political situation in foreign countries are subject to rapid change. Therefore, the reader should be aware that while JUC believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the value of the assets in the other country. In addition it should be understood that the carrying value of the assets may not be representative of the amount that would be realized should the assets be sold.

JUC evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended July 31, 2025 and 2024.

#### PERFORMANCE OBLIGATION LIABILITIES

Performance obligation liabilities is made up of deferred tuition. Deferred tuition is a contract liability and represents the unearned portion of tuition for which a student is contracted. Tuition revenue is recognized ratably over the term of instruction. The performance obligation liabilities balance as of August 1, 2023, was \$104,045. Substantially all performance obligation liabilities were recognized in the next fiscal year.

#### NET ASSETS

The consolidated statements report amounts by classification of net assets:

- *Net assets without donor restrictions-* are net assets that are not subject to donor-imposed restrictions. These net assets are currently available at the discretion of the Board for use in JUC's operations or invested in property and equipment. The Board has also designated funds to fund a severance investment account as required by Israeli law. These funds will be used to pay severance liabilities when employees leave JUC. The Board also has designated a quasi-endowment fund for operating purposes.
- *Net assets with donor restrictions-* are subject to donor 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 are 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.

# JERUSALEM UNIVERSITY COLLEGE AND THE AMERICAN INSTITUTE OF HOLYLAND STUDIES

## Notes to Consolidated Financial Statements

July 31, 2025 and 2024

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, AND RECLASSIFICATIONS

##### *Contributions*

Contributions are reported when made, which may be when cash is received, unconditionally promised, or ownership of noncash items to be used in operations is transferred to JUC. Contributed investments and noncash items are reported at fair value on the date of the gift. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated net assets. Legacy and bequest support is reported at the time JUC has an established right to the legacy or bequest and the proceeds are measurable.

##### *Tuition and Fees, Net, and Auxiliary Services*

Revenue from contracts with students for tuition, residential services and meal plan services is reported at the amount that reflects the consideration to which JUC expects to be entitled in exchange for providing instruction and housing, food and other services. These amounts are due from students, third-party payers and others and are net of scholarships and institutional aid of \$148,338 and \$164,062 for the years ended July 31, 2025 and 2024, respectively.

Revenue is recognized as performance obligations are satisfied, which is primarily ratably over the program term with the exception of certain meal plans that are recognized at a point in time. Tuition and auxiliary services revenue are considered to be separate performance obligations. JUC allocates the fees charged to students to tuition and housing, food and other services based on standalone charges to students for tuition and those other services.

##### *Other income*

Other income is recognized when performance obligations are met, which is at the time the event or service takes place.

#### EXPENSES AND ALLOCATION OF EXPENSES BY NATURE AND FUNCTION

Expenses are reported as incurred. The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation among the educational programs, general and administrative, and fundraising categories on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, insurance, and supplies and equipment which were allocated among the functional categories on the basis of estimates of time spent and benefits derived.

JUC generally expenses advertising costs as they are incurred. JUC expended \$4,213 and \$5,031 for advertising for the years ended July 31, 2025 and 2024, respectively. There were no joint costs incurred during the years ended July 31, 2025 and 2024.

**JERUSALEM UNIVERSITY COLLEGE AND  
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**Notes to Consolidated Financial Statements**

July 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECLASSIFICATIONS

Certain prior year balances were reclassified to conform with current year presentation. As of July 31, 2024, investments are presented in aggregate total on the consolidated statement of financial position, rather than being shown separately by restriction or board designation as in the prior year. On the July 31, 2024, consolidated statement of cash flow, contributions restricted for endowment fund in the operating and financing activities sections were reduced by \$19,170.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects JUC's financial assets as of July 31, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, such as perpetual endowments and accumulated earnings net of appropriations within one year.

	July 31,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 67,520	\$ 43,544
Accounts receivable, net	80,832	74,304
Investments	1,345,492	1,725,031
Financial assets, at year end	1,493,844	1,842,879
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Board designated quasi endowment	(87,434)	(80,803)
Board designated severance fund	(274,278)	(237,073)
Donor restricted scholarships and other restrictions	(101,265)	-
Donor restricted endowment funds	(612,381)	(453,672)
Financial assets available to meet cash needs for general expenditures within one year	\$ 418,486	\$ 1,071,331

JUC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. JUC's board-designated scholarship funds and quasi-endowment funds could be released through board approval for operating cash needs.

**JERUSALEM UNIVERSITY COLLEGE AND  
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**Notes to Consolidated Financial Statements**

July 31, 2025 and 2024

4. ACCOUNTS RECEIVABLE, NET:

Accounts receivable, net consists of the following:

	July 31,	
	2025	2024
Student fees receivable	\$ 98,703	\$ 90,521
Less allowance for credit losses	(17,871)	(16,217)
	\$ 80,832	\$ 74,304

5. INVESTMENTS:

Investments consist of the following:

	July 31,	
	2025	2024
Cash and cash equivalents	\$ 1,688	\$ 20,384
Certificates of deposit	-	44,543
Mutual funds	1,085,453	1,072,962
Exchange-traded funds	59,701	172,464
Equities	1,038	-
Bonds	197,612	414,678
	\$ 1,345,492	\$ 1,725,031

6. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net consists of the following:

	July 31,	
	2025	2024
Leasehold improvements	\$ 1,012,359	\$ 1,010,792
Furniture, fixtures, and equipment	814,488	787,733
Vehicles	94,062	94,062
Library	293,567	293,567
	2,214,476	2,186,154
Less accumulated depreciation	(1,542,449)	(1,451,972)
	\$ 672,027	\$ 734,182

**JERUSALEM UNIVERSITY COLLEGE AND  
THE AMERICAN INSTITUTE OF HOLYLAND STUDIES**

**Notes to Consolidated Financial Statements**

July 31, 2025 and 2024

7. NET ASSETS:

Net assets consist of and are available for the following purposes as of:

	July 31,	
	2025	2024
Without donor restrictions:		
Undesignated	\$ 618,347	\$ 1,312,304
Board designated quasi-endowment	87,434	80,803
Board designated severance fund	274,278	237,073
Total net assets without donor restrictions	\$ 980,059	\$ 1,630,180
With donor restrictions:		
Scholarships-Tentmaker	\$ 99,545	\$ -
Other restrictions	1,720	-
Scholarships (unspent endowment earnings)	123,997	109,060
Scholarship endowment restricted in perpetuity	488,384	344,612
Total net assets with donor restrictions	\$ 713,646	\$ 453,672

8. ENDOWMENT FUNDS:

As of July 31, 2025 and 2024, JUC's endowment consists of ten and seven individual funds established for scholarships, respectively. JUC also has a quasi-endowment designated by the Board to function as an endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors has interpreted the Minnesota State Prudent Management of Institutional Funds Act (SPMIFA) so that the Fund would classify as net assets with donor restrictions for perpetuity (a) the original value of gifts donated to the respective endowment funds, (b) the original value of subsequent gifts to the respective endowment funds, and (c) accumulations to the respective endowment funds that are made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added or deducted from the Fund. In accordance with SPMIFA, the Fund would consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of JUC and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of JUC
7. The investment policies of JUC

**JERUSALEM UNIVERSITY COLLEGE AND  
THE AMERICAN INSTITUTE OF HOLYLAND STUDIES**

**Notes to Consolidated Financial Statements**

July 31, 2025 and 2024

8. ENDOWMENTS, continued:

Changes in endowment net assets for the year ended July 31, 2025:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings and Other	Original Gift Amount in Perpetuity	
Endowment net assets, beginning of year	\$ 80,803	\$ 109,058	\$ 344,614	\$ 534,475
Investment return:				
Net appreciation (realized and unrealized)	6,631	46,939	70	53,640
Total investment return	6,631	46,939	70	53,640
Contributions	-	-	143,700	143,700
Expenditures:				
Expended for endowment purposes	-	(32,000)	-	(32,000)
Total expenditures	-	(32,000)	-	(32,000)
Endowment net assets, end of year	<u>\$ 87,434</u>	<u>\$ 123,997</u>	<u>\$ 488,384</u>	<u>\$ 699,815</u>

Changes in endowment net assets for the year ended July 31, 2024:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings and Other	Original Gift Amount in Perpetuity	
Endowment net assets, beginning of year	\$ 74,554	\$ 66,459	\$ 268,152	\$ 409,165
Investment return:				
Net appreciation (realized and unrealized)	6,249	42,599	124	48,972
Total investment loss	6,249	42,599	124	48,972
Contributions	-	-	76,338	76,338
Expenditures:				
Expended for endowment purposes	-	-	-	-
Total expenditures	-	-	-	-
Endowment net assets, end of year	<u>\$ 80,803</u>	<u>\$ 109,058</u>	<u>\$ 344,614</u>	<u>\$ 534,475</u>

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### 8. ENDOWMENTS, continued:

#### FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with donor restricted endowment funds may fall below the level that the donor or SPMIFA requires JUC to retain as a fund of perpetual duration. There were no deficiencies of this nature as of July 31, 2025 and 2024.

#### RETURN OBJECTIVES AND RISK PARAMETERS

JUC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are composed of those assets of donor-restricted funds that JUC must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner to protect the purchasing power of the original investment, to generate returns in excess of the spending policy, to maximize the total return of JUC within reasonable and prudent levels of risk, and to offer equity and fixed income investments that are diversified among securities and industries, reducing the risk of large losses. Actual returns in any given year will of course vary.

#### STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

The primary objective of the investments will be to provide for long-term growth of principal and income without undue exposure to risk to enable JUC to make appropriations on a continuing and reasonably consistent basis. Therefore, the focus will be on consistent long-term capital appreciation, with income generation as a secondary consideration. More specifically, JUC seeks returns during a full market cycle that are large enough to preserve and enhance the real, inflation adjusted purchasing power of JUC's assets, while also considering the current spending requirements. In pursuing this objective, JUC endeavors to achieve total annual returns of five percent or greater. JUC does not expect that in each and every year the investment objective referred to above will necessarily be achieved.

#### SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

Effective when each endowed fund has reached its pledged amount, JUC will withdraw a maximum of four percent of the funds balance and apply these funds to a student scholarships. The board of directors of JUC, in its sole discretion, may revoke, modify, or amend this spending and distribution policy at any time.

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9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES:

JUC leases property under a noncancelable operating lease that commenced in January 2010 and expires in December 2029. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease terms. Monthly payments under this lease ranged from \$13,125 to now \$16,625 for the years ended July 31, 2025 and 2024, with a discount rate of 4.6%.

	July 31,	
	2025	2024
Operating lease right-of-use asset	\$ 737,819	\$ 888,028
Operating lease liability	\$ 833,578	\$ 1,005,163
Operating lease costs	\$ 187,328	\$ 188,375
Weighted-average discount rate	4.60%	4.60%
Weighted-average remaining lease term (years)	4.42	5.42

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending July 31,</u>	
2026	\$ 205,625
2027	210,000
2028	210,000
2029	210,000
2030	87,500
	923,125
Less: amount representing interest	(89,547)
	\$ 833,578

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10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS:

The *Fair Value Measurement and Disclosure* Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 consists of unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities. JUC uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, JUC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

	Total	Fair Value Measuring Using:		
		Level 1	Level 2	Level 3
July 31, 2025				
Investments at fair value:				
Mutual funds	\$ 1,085,453	\$ 1,085,453	\$ -	\$ -
Exchange-traded funds	59,701	59,701	-	-
Equities	1,038	1,038	-	-
Bonds	197,612	-	197,612	-
	1,343,804	\$ 1,146,192	\$ 197,612	\$ -
Investments at cost:				
Cash and cash equivalents	1,688			
Total investments	\$ 1,345,492			

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10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS:, continued:

	Total	Fair Value Measuring Using:		
		Level 1	Level 2	Level 3
July 31, 2024				
Investments at fair value:				
Mutual funds	\$ 1,072,962	\$ 1,072,962	\$ -	\$ -
Exchange-traded funds	172,464	172,464	-	-
Bonds	414,678	-	414,678	-
	1,660,104	\$ 1,245,426	\$ 414,678	\$ -
Investments at cost:				
Cash and cash equivalents	20,384			
Certificates of deposit	44,543			
	\$ 1,725,031			

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

*Mutual funds, exchange-traded funds, and equities* : valued using quoted market prices in active markets.

*Bonds* : valued based upon yields currently available on comparable securities of issuers with similar credit ratings.

11. RETIREMENT PLAN:

JUC provides retirement benefits to its full time employees through a simplified employee pension plan which allows employers to contribute to traditional individual retirement accounts set up for employees. JUC contributes ten percent of gross annual wages to the employees accounts. During the years ended July 31, 2025 and 2024, JUC contributed approximately \$45,000 and \$39,000 in retirement benefits, respectively.

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12. RELATED PARTY TRANSACTIONS:

For the years ended July 31, 2025 and 2024, JUC received contributions approximating \$94,000 and \$44,000, respectively, from members of the Board.

13. CONTINGENCY:

JUC is involved in a legal matter regarding a former employee. As of the issuance of the consolidated financial statements, the outcome of this legal matter and estimate of the range of potential loss, if any, is uncertain.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 24, 2026, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.