Consolidated Financial Statements and Report of Independent Certified Public Accountants

American Friends of the Hebrew University, Inc.

September 30, 2021,
with summarized comparative information for 2020

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
American Friends of the Hebrew University, Inc.

We have audited the accompanying consolidated financial statements of American Friends of the Hebrew University, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2021 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.

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Grant Thornton

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Friends of the Hebrew University, Inc. as of September 30, 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.

Other matter - report on 2020 summarized comparative information
We have previously audited the Organization's 2020 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 7, 2021. In our opinion, the accompanying summarized comparative information as of and for the year ended September 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

New York, New York
April 1, 2022

American Friends of the Hebrew University, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2021,
with summarized comparative information for 2020
(in thousands)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 16,892	$ 10,465
Contributions receivable, net, current portion	7,557	8,328
State of Israel Bonds, current portion	48	62
Investments in split-interest agreements, current portion	1,996	1,971
Interest receivable and other assets	1,436	1,146
Total current assets	27,929	21,972
Long-term assets		
Contributions receivable, net, less current portion	19,043	20,937
Marketable securities and other investments	825,615	666,877
Investments in split-interest agreements, less current portion	27,723	25,040
State of Israel Bonds, less current portion	264	305
Real estate holdings	2,865	2,865
Assets of trusts and other split-interest agreements held by others	26,020	32,759
Property and equipment, net	666	702
Other long-term assets	559	650
Total long-term assets	902,755	750,135
Total assets	$ 930,684	$ 772,107
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,210	$ 1,840
Liability under split-interest agreements, current portion	1,996	1,971
Due to Hebrew University, current portion	500	500
Loans payable - PPP loan	1,200	1,035
Total current liabilities	5,906	5,346
Long-term liabilities		
Liability under split-interest agreements, less current portion	15,114	15,256
Due to Hebrew University, less current portion	21,393	21,750
Other long-term liabilities	978	811
Total long-term liabilities	37,485	37,817
Total liabilities	43,391	43,163
Net assets		
Net assets without donor restrictions	27,320	16,323
Net assets with donor restrictions	859,973	712,621
Total net assets	887,293	728,944
Total liabilities and net assets	$ 930,684	$ 772,107

The accompanying notes are an integral part of these consolidated financial statements.

American Friends of the Hebrew University, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES

September 30, 2021,
with summarized comparative information for 2020
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Operating support and revenue				
Support:				
Contributions and events	$ 5,415	$ 27,395	$ 32,810	$ 49,977
Less direct costs of special events	(830)	-	(830)	(844)
Legacies and bequests	7,369	505	7,874	4,201
Total support	11,954	27,900	39,854	53,334
Revenue:				
Investment return used for operations	437	31,563	32,000	30,406
Net assets released from restrictions	68,091	(68,091)	-	-
Total operating support and revenue	80,482	(8,628)	71,854	83,740
Operating expenses				
Program services:				
Grants for the benefit of Hebrew University (including endowment spending of $25,695 in 2021 and $23,822 in 2020)	61,580	-	61,580	65,981
Grants to other charitable and educational institutions	-	-	-	-
in the United States and Israel	140	-	140	222
Education and other programs	2,043	-	2,043	2,254
Total program services	63,763	-	63,763	68,457
Supporting services:				
Management and general expenses	3,607	-	3,607	3,325
Fund-raising	6,431	-	6,431	6,980
Total supporting services	10,038	-	10,038	10,305
Total operating expenses	73,801	-	73,801	78,762
Surplus (deficit) of operating support and revenue over operating expenses	6,681	(8,628)	(1,947)	4,978
Nonoperating activities				
Net investment return, in excess of amounts used for operations	1,430	145,703	147,133	38,020
Contributions	-	4,743	4,743	4,903
Legacies and bequests	-	2,516	2,516	1,094
Beneficial Interest in Trust Held by Others	-	(233)	(233)	-
Changes in value of split-interest agreements	1,807	1,254	3,061	67
Changes in assets of trusts and other split-interest agreements held by others	-	1,997	1,997	1,059
Net asset redesignations due to clarification of donor intent	-	-	-	1
Pension related expenses other than net periodic pension cost	44	-	44	-
Other Income	1,035	-	1,035	-
CHANGE IN NET ASSETS	10,997	147,352	158,349	50,122
Net assets, beginning of year	16,323	712,621	728,944	678,822
Net assets, end of year	$ 27,320	$ 859,973	$ 887,293	$ 728,944

The accompanying notes are an integral part of these consolidated financial statements.

American Friends of the Hebrew University, Inc.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended September 30, 2021, with summarized financial information for 2020

	Program Services				Supporting Services				
	Grants for the Benefit of Hebrew University	Grants to Other Charitable and Educational Institutions	Education and Other Programs	Total	Management and General	Fundraising	Total	2021 Total	2020 Total
Grant expenditures	$ 61,580	$ 140	$ -	$ 61,720	$ -	$ -	$ -	$ 61,720	$ 66,203
Salaries and related benefits	-	-	1,545	1,545	2,243	4,609	6,852	8,397	8,593
Professional services	-	-	152	152	367	541	908	1,060	1,047
Travel and related expenses	-	-	18	18	24	32	56	74	227
Rent, insurance, office expenses and depreciatio	-	-	194	194	464	671	1,135	1,329	1,318
IT	-	-	5	5	429	10	439	444	299
Advertising and promotion, printing and mailing	-	-	126	126	4	560	564	690	976
Other expenses	-	-	3	3	76	8	84	87	99
Total expenses	$ 61,580	$ 140	$ 2,043	$ 63,763	$ 3,607	$ 6,431	$ 10,038	$ 73,801	$ 78,762

The accompanying notes are an integral part of these consolidated financial statements.

American Friends of the Hebrew University, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

September 30, 2021,
with summarized comparative information for 2020
(in thousands)

	2021	2020
Cash flows from operating activities:		
Changes in net assets	$ 158,349	$ 50,122
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	75	64
Change in discount and allowance on contributions receivable	(398)	667
Net realized and unrealized gains	(170,345)	(57,664)
Proceeds of donated financial assets	(3,103)	(1,727)
Contributions to endowment	(7,241)	(5,427)
Changes in assets and liabilities:		
Decrease (increase) in gross contributions receivable	3,063	(2,580)
Decrease in interest receivable and other assets and other LT assets	(144)	760
Increase (decrease) in accounts payable and other LT liabilities	537	(489)
(Decrease) increase in liability under split interest agreements	(117)	539
Decrease in amount due to Hebrew University	(357)	(76)
Net cash used in operating activities	(19,681)	(15,811)
Cash flows from investing activities:		
Additions to property and equipment	(39)	(687)
Proceeds from sale of investments	235,703	418,971
Purchases of investments	(220,993)	(406,310)
Increase in investment in split-interest agreements	(2,708)	(767)
Decrease (increase) in assets of trusts and other split interest agreements held by others	6,739	(1,122)
Net cash provided by investing activities	18,702	10,085
Cash flows from financing activities:		
Endowment contributions	7,241	5,427
Proceeds from PPP Loan	165	1,035
Net cash provided by financing activities	7,406	6,462
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,427	736
Cash and cash equivalents:		
Beginning of year	10,465	9,729
End of year	$ 16,892	$ 10,465

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - NATURE OF OPERATIONS

The American Friends of the Hebrew University, Inc. (the "Organization") is an independent not-for-profit organization incorporated in New York in 1931. The primary goals of the Organization are to promote, encourage, aid and advance higher and secondary education, research and training in all branches of knowledge in Israel and elsewhere, and to aid in the maintenance and development of the Hebrew University of Jerusalem in the State of Israel (the "Hebrew University"). Grants awarded to Hebrew University include, but are not limited to, those for scholarships and fellowships, research, capital projects, faculty recruitment, and equipment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis. Accounting principles generally accepted in the United States of America ("US GAAP") require that unconditional promises to give (pledges) be recorded as receivables and revenues at estimated fair value within the appropriate net asset category in accordance with donor-imposed restrictions. US GAAP establishes standards for general purpose external financial statements of not-for-profit organizations, including a statement of financial position, a statement of activities and a statement of cash flows. US GAAP requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets without donor restriction and net assets with donor restrictions. The consolidated financial statements include the financial position, changes in net assets and cash flows of American Friends of the Hebrew University Charitable Common Fund, Inc., a corporation under the control of the Organization.

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended September 30, 2020, from which the summarized information was derived.

The classification of a not-for-profit organization's net assets and its support, revenues and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets - with donor restrictions and without donor restrictions - be displayed in a consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a consolidated statement of activities.

These classes of net assets are defined as follows:

> Without Donor Restrictions - net assets that are not subject to donor-imposed restrictions and, therefore, are available to meet the Organization's objectives. Net assets without donor restrictions may also be designated for specific purposes by the Organization or otherwise limited by contractual agreements with outside parties.
>
> With Donor Restrictions - net assets that are subject to donor-imposed restrictions that either expire with the passage of time or, can be fulfilled and removed by the actions of the Organization pursuant to those restrictions, or which may be perpetual.

Net assets were released from donor restrictions for the years ended September 30, 2021 and 2020 by incurring expenses satisfying the restrictions, through the passage of time or by occurrence of other events specified by donors. The purpose restrictions that were accomplished were primarily for scholarships and fellowships, research, capital projects, chairs, and other projects at the Hebrew University.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as a release from restriction.

Functional Allocation of Expenses

The costs of providing the Organization's various program and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated amongst program and supporting categories using methodologies determined by management.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions other than cash are recorded at their estimated fair value. Pledges of contributions to be received after one year are discounted at an appropriate discount rate. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The allowance for doubtful accounts is determined based upon annual review of account balances, including age of the balance and historical collection experience.

Through the fiscal year ended September 30, 2021, multiple donors signed agreements indicating intentions to make contributions totaling approximately $13,000,000, to be paid to the Organization over periods ranging from two to ten years. Although management is confident regarding receipt of the entire $13,000,000 since the agreements include conditional language, the related revenues cannot, within the framework of US GAAP, be recognized in the Organization's consolidated financial statements, except to the extent of approximately $5,000,000, the amount for which the conditions have been met through September 30, 2021.

Not reflected on the consolidated financial statements are testamentary bequests of approximately $33,000,000 as of September 30, 2021 and 2020 (unaudited), respectively without evaluation as to collectability. Such amounts have not been recorded because individuals making such bequests retain the right to modify their wills and change the beneficiaries.

Not reflected on the consolidated financial statements are contributions by US donors and estates made directly to Hebrew University of approximately $7,000,000 and $8,500,000 for the years ended September 30, 2021 and 2020 (unaudited), respectively, resulting from the Organization's fundraising and marketing efforts.

Investments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As required by US GAAP for fair value measurement, the Organization uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no observable pricing. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument.

Investments in marketable securities are stated at fair value, based on quoted market prices. Refer to Note 5 for marketable securities classified within the fair value hierarchy. State of Israel Bonds are generally stated at cost, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Cost of investments represents original cost for purchased securities or average market value at the date of receipt for contributed securities. Realized gains and losses on investments in securities are calculated based on the average cost method and are reflected in the accompanying consolidated statements of activities. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Investments in real estate are recorded at appraised value at date of donation. A majority of the Organization's investments are held in custody by Morgan Stanley.

Alternative investments include investments in limited partnership funds (hedge funds and private equity of nonregistered funds). Alternative investment interests are stated at fair value, based on financial statements and other information received from the funds. Fair value is the estimated net realizable value of holdings priced at quoted market value (where market quotations are available), historical cost or other estimates including appraisals. The Organization believes that the stated value of its alternative investments was a reasonable estimate of their fair value as of September 30, 2021 and 2020. However, alternative investments are not readily marketable, and many alternative investments have underlying investments which do not have quoted market values. The estimated value is subject to uncertainty and could differ had a ready market existed. Such differences could be material to the valuation of some of the Organization's alternative investments. The amount of gain or loss associated with these investments is reflected in the accompanying consolidated financial statements. Furthermore, these investments are measured using a net asset value ("NAV") and are exempted from categorization within the fair value hierarchy and related disclosures. Instead, the Organization separately discloses the information required for assets measured using the NAV practical expedient and discloses a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the consolidated financial statements.

Income on Investments

Income on investments is reported as increases in net assets with donor restrictions if the terms of the gift require that the income be added to the principal of an endowment fund and as increases in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income. Realized and unrealized gains or losses on investments are reported in accordance with donor wishes and, if silent, those respective gains or losses are recorded in the same net asset classification as interest and dividends.

Cash and Cash Equivalents

For purposes of the consolidated financial statements, the Organization considers all highly liquid debt instruments with original maturity dates of three months or less to be cash equivalents. Although cash balances are maintained in large financial institutions, the balances at times exceed federally insured amounts.

Fixed Assets

Fixed assets consist of leasehold improvements, furniture, and equipment, and are recorded at cost. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Amortization of leasehold improvements is also recorded using the straight-line method over the life of the lease, which is 15 years, and is the lesser of the useful life or the lease term.

Grants

All appropriations for grants to Hebrew University are recorded as an expense and liability. All new grants are approved by the Organization's Board of Directors annually.

The Organization and Hebrew University signed a new memorandum of understanding, effective October 1, 2018, which states the Organization is to make yearly payments of $500,000 to the University in order to satisfy the due to Hebrew University liability.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires the Organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. The most significant assumptions relate to the realization of pledges receivable and the carrying value of investments. Actual results could differ from those estimates.

Income Taxes

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without the regard to the likelihood that the tax position may be challenged.

The Organization is exempt from income tax under Internal Revenue Code (the "Code") Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

Measure of Operations

Included in operating net assets are resources used for the general support of the Organization's operations, including investment return appropriated for expenditure under the spending policy.

Non-operating activities include: (1) investment return, in excess of amounts used for operations; (2) contributions, legacies and bequests for restricted split-interest agreements and endowment purposes; (3) changes in value of restricted split-interest agreements; (4) pension related activities other than net periodic pension cost; and (5) other items considered to be unusual or nonrecurring in nature.

Underwater Endowment Funds

As of September 30, 2021 and 2020, there were 3 funds totaling $11,000 and five funds totaling $19,000, underwater endowment funds, respectively. Endowments with fair value less than their net assets with donor restrictions historic dollar value are often referred to as "underwater" endowments. Though the Organization is not required by donor-imposed restriction or law to use its resources without donor restriction to restore the endowments to their historic dollar values, accounting guidance for not-for-profit organizations requires that such losses and subsequent gains be reflected as changes to net assets with donor restriction until the fair values of these underwater endowments again reach their historical dollar values.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right of-use asset.

In June 2020, the FASB issued ASU 2020-05, which provided for a one-year deferral on the requirements of ASU 2016-02. This guidance is effective for the Organization's annual reporting period beginning October 1, 2022. Early adoption is permitted. The Organization is currently evaluating the new guidance and has not determined the impact this standard may have on its consolidated financial statements.

NOTE 3 - INTEREST RECEIVABLE AND OTHER ASSETS

Current and long-term interest receivable and other assets consisted of $427,000 and $110,000 of interest and dividends receivable and $1,568,000 and $1,686,000 of other assets as of September 30, 2021 and 2020, respectively.

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net consisted of the following as of September 30, 2021 and 2020 (in thousands):

	2021	2020
Contributions receivable due in:		
Less than 1 year	$ 7,790	$ 9,126
1-5 years	12,477	14,764
Greater than 5 years	8,608	8,048
	28,875	31,938
Less:		
Allowance for uncollectible contributions	(883)	(1,449)
Discount to present value	(1,392)	(1,224)
	$ 26,600	$ 29,265

Discount rates for pledges outstanding at September 30, 2021 and 2020 ranged from 0.78% to 3.70%.

Concentrations

For the years ended September 30, 2021 and 2020, one donor's contributions totaled 13% and 20%, respectively, of the Organization's total operating support and revenue. At September 30, 2021 and 2020, two donors' gross pledge balances represented 49% of the Organization's gross contributions receivable.

NOTE 5 - MARKETABLE SECURITIES AND OTHER INVESTMENTS

The following tables summarize investments within the fair value hierarchy (see Note 2) as of September 30, 2021 and 2020 (in thousands):

	2021	
	Level 1	Total
Cash and cash equivalents	$ 10,970	$ 10,970
Fixed income including mutual funds and ETFs	63,025	63,025
Equities including mutual funds and ETFs	575,090	575,090
	$ 649,085	649,085
Alternative investments at NAV		176,530
Total investments		$ 825,615

	2020	
	Level 1	Total
Cash and cash equivalents	$ 15,975	$ 15,975
Fixed income including mutual funds and ETFs	71,679	71,679
Equities including mutual funds and ETFs	483,990	483,990
	$ 571,644	571,644
Alternative investments at NAV		95,233
Total investments		$ 666,877

The Organization assesses the level of investments at each measurement date, and transfers between levels are recognized as of the date of the transfer.

The Organization uses the NAV to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value; and (b) prepare their investees' financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Per the accounting standard governing NAV as a practical expedient, the following table lists investments in other companies by major category as of September 30, 2021 and 2020 (in thousands):

2021					
Type	NAV in Funds	# of Funds	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Private equity [a]	$ 15,033	5	$ 18,816	N/A	Not permitted to withdraw from partnership
Venture capital [b]	26,126	6	14,400	N/A	Not permitted to withdraw from partnership
Private equity invested in real estate [c]	12,100	5	21,384	N/A	Not permitted to withdraw from partnership
Hedge funds [d]	123,271	8	4,196	30-95 days' notice and annual/ quarterly redemptions	Various
	$ 176,530		$ 58,796		

2020					
Type	NAV in Funds	# of Funds	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Private equity [a]	$ 5,942	7	$ 8,989	N/A	Not permitted to withdraw from partnership
Venture capital [b]	9,199	4	10,344	N/A	Not permitted to withdraw from partnership
Private equity invested in real estate [c]	7,484	5	24,696	N/A	Not permitted to withdraw from partnership
Hedge funds [d]	72,608	6	1,927	60-95 days' notice and annual/ quarterly redemptions	Various
	$ 95,233		$ 45,956		

The following lists investments by major category:

(a) Privately held investments with a variety of strategies, market segments, geographies and market caps with the objective of obtaining long-term growth, primarily equity securities and warrants that are not actively traded.

(b) Privately held investments in emerging growth company funds with a variety of strategies, market segments and geographies. Primarily equity securities that are not actively traded.

(c) Privately held investments in real estate funds with a variety of strategies, market segments and geographies (primarily US) with the objective of cash flowing investments and opportunistic investments with upside potential. Combination of equity and debt instruments.

(d) Limited and general partnerships, unit trusts or hedge funds with variety of investment strategies including the private and public debt and equity markets both domestic and international.

Investment return comprises interest, dividends, and realized and unrealized gains and losses. Return for the years ended September 30, 2021 and 2020 consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	2021 Total	2020 Total
Interest and dividends	$ 437	$ 8,352	$ 8,789	$ 10,760
Net realized gains on sale of Investments	36	55,551	55,587	71,920
Net unrealized gains on investments	1,394	113,363	114,758	(14,253)
Total investment gains	1,867	177,266	179,134	68,427
Investment return used for operations	(437)	(31,563)	(32,000)	(30,406)
Net investment return, in excess of amounts used for operations	$ 1,430	$ 145,703	$ 147,133	$ 38,021

The Organization's spending policy states distributions from all endowment funds, if not otherwise limited, shall be limited to 4% for fiscal years 2021 and 2020.

For fiscal 2021 and 2020, $1,142,000 and $377,000, respectively, of investment advisory and custodial fees were netted against investment income.

NOTE 6 - SPLIT-INTEREST AGREEMENTS

The Organization is a beneficiary under certain split-interest agreements in which the donor has established a charitable remainder unitrust, annuity trust or charitable gift annuity with specified distributions to be made over the term of the trust to the donor and/or other beneficiaries. The Organization manages and invests these assets on behalf of these beneficiaries until the agreement expires and the assets are distributed. Contribution revenue is recognized at the date the trust or annuity contract is established after recording liabilities for the present value of the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities are adjusted annually for changes in the life expectancy of the donor or beneficiary, amortization of the discount and other changes in the estimates of future payments. The discount rate used to value new split-interest agreements ranged from 0.4% to 1.2% and 0.6% to 2.2% for the years ended September 30, 2021 and 2020, respectively. The Organization recorded contributions from new split-interest agreements of approximately $82,000 and $632,000 for the years ended September 30, 2021 and 2020, respectively. These amounts are included in contributions in the accompanying consolidated statements of activities. At September 30, 2021 and 2020, the Organization's liabilities under split-interest agreements were classified as Level 3 within the fair value hierarchy as required by US GAAP for fair value measurement (see Note 2).

The following tables summarize the changes in the Organization's Level 3 liabilities under split-interest agreements for the years ended September 30, 2021 and 2020 (in thousands):

	Liability Under Split-Interest Agreements
Balance at September 30, 2020	$ 17,227
New agreements	113
Payments to annuitants	(1,982)
Terminated contracts	(194)
Change in value due to actuarial valuations	1,946
Balance at September 30, 2021	$ 17,110

	Liability Under Split-Interest Agreements
Balance at September 30, 2019	$ 16,688
New agreements	1,147
Payments to annuitants	(1,926)
Terminated contracts	(347)
Change in value due to actuarial valuations	1,665
Balance at September 30, 2020	$ 17,227

The following tables summarize investments in split-interest agreements within the fair value hierarchy (see Note 2) as of September 30, 2021 and 2020 (in thousands):

	2021	
	Level 1	Total
Cash and cash equivalents	$ 1,220	$ 1,220
Equities including mutual funds	17,690	17,690
Fixed income including mutual funds	10,809	10,809
Total	$ 29,719	$ 29,719

	2020	
	Level 1	Total
Cash and cash equivalents	$ 850	$ 850
Equities including mutual funds	15,331	15,331
Fixed income including mutual funds	10,830	10,830
Total	$ 27,011	$ 27,011

In addition, the Organization is the beneficiary of other split-interest agreements that are held and administered by others. When the Organization is not the trustee, the beneficial interest in the trust is recorded at the fair value of the assets at the consolidated statements of financial position date, less the present value of estimated future payments expected to be made to donors and/or other beneficiaries.

The Organization's assets of trusts and other split-interest agreements held by others are classified as Level 3 within the fair value hierarchy.

The following tables summarize the changes in the Organization's Level 3 assets of trusts and other split-interest agreements held by others for the years ended September 30, 2021 and 2020 (in thousands):

	Assets of Trusts and Other Split-Interest Agreements Held by Others
Balance at September 30, 2020	$ 32,759
Unrealized gain on trust assets	1,997
Change in assets of trusts and other split-interest agreements held by others	248
Payment from Strasal	(12,658)
Strasal FBAR Payment	3,674
Balance at September 30, 2021	$ 26,020
Balance at September 30, 2019	$ 31,637
Unrealized gain on trust assets	1,059
Change in assets of trusts and other split-interest agreements held by others	63
Balance at September 30, 2020	$ 32,759

NOTE 7 - FIXED ASSETS, NET

Fixed assets, net consisted of the following at September 30, 2021 and 2020 (in thousands):

	2021	2020
Leasehold improvements	$ 22	$ 190
Furniture and equipment	982	777
	1,004	967
Less: Accumulated depreciation	(338)	(265)
	$ 666	$ 702

Depreciation expense amounted to approximately $75,000 and $64,000 for the years ended September 30, 2021 and 2020, respectively.

NOTE 8 - ENDOWMENT

The Organization has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effects of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization;
- The investment policies of the Organization; and
- When appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on the Organization.

The Organization has a policy of appropriating for distribution of a certain percentage (4% for fiscal years 2021 and 2020) of its endowment fund's average fair value over the prior twelve quarters. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, or for a specified term, as well as to provide additional real growth through new gifts and investment return. To cover reasonable expenses incurred in connection with the administration and stewardship of the endowment, the Organization also has a policy of applying a charge to its endowment fund's average fair value over the prior twelve quarters. Effective October 1, 2014, this charge was increased from 75 basis points (0.75%) to 100 basis points (1%) of its endowment fund's average fair value over the prior twelve quarters.

The Organization has adopted investment 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 include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk. To satisfy its long-term objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

With the exception of endowment pledges and split-interest agreements, the following tables summarize endowment net asset composition by type of fund as of September 30, 2021 and 2020 (in thousands):

Endowment Net Assets Composition by Type of Fund	With Donor Restriction
Endowment net assets at October 1, 2020	$ 574,192
Investment return:	
Investment income	2,488
Net appreciation (realized and unrealized)	144,729
Contributions and bequests	7,241
Appropriation of endowment assets for expenditure	(22,467)
Endowment net assets at September 30, 2021	$ 706,181
Endowment net assets at October 1, 2019	$ 537,221
Investment return:	
Investment income	4,197
Net appreciation (realized and unrealized)	48,834
Contributions and bequests	5,132
Appropriation of endowment assets for expenditure	(21,192)
Endowment net assets at September 30, 2020	$ 574,192

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets released from restrictions consisted of the following (in thousands):

Purpose restrictions	
Grants for the benefit of Hebrew University and other charitable and educational institutions in the United States and Israel	$ 61,722
Management fees charged to endowment and other releases from restriction	6,400
Total releases from net assets	$ 68,122

At year-end, net assets with donor restrictions are purpose-restricted and available to support the Hebrew University activities.

Included in the $61,722,000, listed above, is $8,022,000 sent to a third party for scholarships at the Hebrew University.

NOTE 10 - PENSION PLAN

The Organization has a defined-contribution pension plan for covered personnel, funded through an insurance company. Contributions into the plan are paid by both the Organization and, to the extent the employee is participating, by the employee. In order to be eligible to receive the match in the plan, after one year of employment employees must make a pretax contribution of at least 4.5% of their compensation. The Organization will then contribute 4.5% of compensation during the first 5 years of participation; 9% of compensation during the next 10 years of participation; and 13.5% of compensation after 15 years of participation, subject to statutory maximum contributions. Pension expense was $414,000 and $383,000 for fiscal 2021 and 2020, respectively.

NOTE 11 - OTHER POSTRETIREMENT BENEFITS

The Organization provides a benefit to qualified retirees hired prior to September 1, 2010 of $1,500 annually to help defray the cost of health insurance. Two grandfathered retirees are not subject to the $1,500 cap on this benefit payment. In addition, the Organization provides a flexible spending account to two retirees which has been refreshed every year since inception and pays up to $3,000 of non-reimbursed medical expenses. The Organization also provides Medicare benefits, capped at $15,000 annually, to two retirees. The accumulated postretirement benefit obligation related to these benefits totaled $666,000 and $711,000 as of September 30, 2021 and 2020, respectively, and is included in other long-term liabilities on the consolidated statements of financial position.

NOTE 12 - RELATED PARTY TRANSACTIONS

Included in marketable securities on the consolidated statements of financial position are assets with a fair value at September 30, 2021 and 2020 of $2,863,000 and $2,196,000, respectively, the oversight and management of which is under the control of the donor, who is a board member. Also included in marketable securities on the consolidated statements of financial position are assets with a fair value at September 30, 2021 and 2020 of $13,741,000 and $11,477,000, respectively, the oversight and management of which is under the control of a family member of a board director.

NOTE 13 - COMMITMENTS

The Organization has one employment contract and leases office space under non-cancellable operating leases. The leases for office space provide for monthly rental payments to be made that include escalations each year. The Organization entered into a fifteen-year lease for the headquarter office space in New York, New York in fiscal year 2021, the future payments of which are reflected below in the commitments schedule. At September 30, 2021, minimum aggregate commitments under these obligations are as follows (in thousands):

Years Ending September 30,		
2021	$	897
2022		834
2023		681
2024		611
2025		596
2026 and after		6,615
Total	$	10,234

Rent expense for fiscal 2021 and 2020 was approximately $863,000 and $847,000, respectively.

In addition, the Organization has been investing in various alternative investments, including private equity, private equity invested in real estate and venture capital funds. The balance of the unfunded commitment as of September 30, 2021, was $58,800,000. The future alternative investment commitments will be met by an allocation of investments from the pooled endowment fund.

NOTE 14 - PAYCHECK PROTECTION PROGRAM LOAN

On December 23, 2020 AFHU's first PPP loan, which was requested in April 2020, in the amount of $1,035,000, was forgiven by the Federal Government.

On February 24, 2021, AFHU was granted a second loan totaling $1,203,000 pursuant to the Small Business Administration Paycheck Protection Program under Division A, Title 1 of the CARES Act (the "PPP Loan").

The Loan matures in February 2026 and bears interest at a rate of 1% per annum. The PPP Loan may be prepaid by AFHU at any time prior to maturity with no prepayment penalties. Funds from the PPP Loan may only be used for certain costs, such as payroll costs, occupancy expenses, and certain other expenses.

On November 24, 2021, AFHU's second PPP loan, which was requested in February 2021, in the amount of $1,203,000, was forgiven by the Federal Government.

NOTE 15 - COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, has caused economic interruptions through mandated and voluntary closings of businesses and organizations throughout the United States. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the Organization’s donors, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

NOTE 16 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other commitments. The Organization has various sources of liquidity, including cash and cash equivalents and marketable debt and equity securities, and maintains core banking relationships should the need arise for lines of credit.

The Organization maintains sufficient endowments and reserves to provide reasonable assurance that long-term commitments will continue to be met.

The following table represents financial assets available for general expenditure as of September 30, 2021 and 2020 (in thousands):

	2021	2020
Assets		
Cash and cash equivalents	$ 16,892	$ 10,465
Contributions receivable, net	26,600	29,265
Interest receivables and other assets	1,995	1,796
Marketable securities and other investments	825,615	666,877
Investment in split-interest agreements	29,719	27,011
State of Israel bonds	312	367
Real estate holdings	2,865	2,865
Assets of trusts and other split-interest agreements held by others	26,020	32,759
Property and equipment	666	702
Total assets	930,684	772,107
Less:		
Contractual, legal, donor imposed, and other restrictions:		
Pledges with time/purpose restriction	(26,494)	(29,120)
Interest receivables and other assets	(1,164)	(1,067)
Amounts unavailable for split interest	(29,719)	(27,011)
State of Israel bonds	(312)	(367)
Real estate holdings	(2,865)	(2,865)
Assets of trusts and other split-interest agreements held by others	(26,020)	(32,759)
Property and equipment	(666)	(702)
Loans payable – PPP loan	(1,200)	(1,035)
Investments/cash restricted for time/purpose	(815,912)	(655,162)
Subtotal	26,332	22,019
Management's appropriation	(14,411)	(13,655)
Amounts authorized for appropriation from the endowment and endowment income	6,300	6,300
Total financial assets available to management for general expenditures within one year	$ 18,221	$ 14,664

NOTE 17 - SUBSEQUENT EVENTS

The Organization evaluated its September 30, 2021 consolidated financial statements for subsequent events through April 1, 2022, the date the consolidated financial statements were available to be issued.

On December 14, 2021, the AFHU Board of Directors established a board-designated endowment totaling $3,175,000. The Board of Directors may at any time redesignate or repurpose such funds.

On November 24, 2021, AFHU's second PPP loan, which was requested in February 2021, in the amount of $1,203,000, was forgiven by the Federal Government.

The Organization is not aware of any other subsequent events that would require recognition or disclosure in the accompanying consolidated financial statements.