

Birzeit University (BZU)
Birzeit – Palestine

Financial Statements
And Independent Auditor's Report
For the Year Ended August 31, 2021

INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees of
Birzeit University (BZU)
Birzeit – Palestine**

Report on the Financial Statements

Opinion

We have audited the financial statements of Birzeit University (BZU) (the "University"), which comprise the statement of financial position as of August 31, 2021, statement of activities, statement of changes in net assets, and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Birzeit University (BZU) as of August 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 independent of the University in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the University financial statements in Palestine, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Management and those charged with governance are responsible for the supervision on the University's financial reports preparation.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- 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 the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Samir Sahhar, CPA

License no. (109/2001)

Deloitte & Touche (Middle East)

License no. (208/2012)

Ramallah – Palestine

31 May 2022



Birzeit University (BZU)
Statement of Financial Position
As of August 31, 2021

	Notes	2021 JOD	2020 JOD
ASSETS			
Current Assets			
Cash on hand and deposits with banks			
Financial Assets at fair value through Statement of activities	5	10,269,152	13,208,901
Accounts and other receivable, Net	6	70,315	55,404
Total current assets	7	<u>7,758,183</u>	<u>6,092,434</u>
Non - current assets			
Inventories and Books			
Financial investments to cover restricted funds	8	320,986	258,823
Property, plant and equipment, Net	9	18,106,460	15,474,334
Land	10	35,703,383	37,200,916
Total Non-current assets	11	<u>38,132,698</u>	<u>38,104,163</u>
Total assets		<u>92,263,527</u>	<u>91,038,236</u>
		<u>110,361,177</u>	<u>110,394,975</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Payables and accruals			
Deferred students' tuition and fees	12	5,979,391	5,989,775
Total current liabilities	13	<u>6,503,530</u>	<u>7,367,548</u>
		<u>12,482,921</u>	<u>13,357,323</u>
Non current liabilities			
Reserve for legal claims			
Reserve for end of service staff benefits	23	266,367	266,367
Total non current liabilities	14	<u>39,780,975</u>	<u>38,290,771</u>
Total liabilities		<u>40,047,342</u>	<u>38,557,138</u>
		<u>52,530,263</u>	<u>51,914,461</u>
Net Assets			
Unrestricted			
General fund (Deficit)			
Net investments in property, plant, equipment and library books		(28,399,191)	(30,888,271)
Total unrestricted net assets		<u>74,071,544</u>	<u>75,539,748</u>
Temporarily restricted Fund		45,672,353	44,651,477
Permanently restricted-Endowment Fund		889,951	1,404,386
Plant expansion fund	15	11,268,610	9,630,885
Total net assets		<u>-</u>	<u>2,793,766</u>
Total liabilities and net assets		<u>57,830,914</u>	<u>58,480,514</u>
		<u>110,361,177</u>	<u>110,394,975</u>


 Finance Manager


 President

The accompanying notes from 1 to 26 are an integral part of these financial statements

**Birzeit University (BZU)
Statement of Activities
For the Year Ended August 31, 2021**

Notes	2021			2020		
	Unrestricted Fund	Temporarily Restricted Fund	Total	Unrestricted Fund	Temporarily Restricted Fund	Total
	JOD	JOD	JOD	JOD	JOD	JOD
Operating Income:						
16 Tuition and fees, Net of students aid	27,083,185	-	27,083,185	26,510,975	-	26,510,975
17 Auxiliary services and other income	887,529	72,225	959,754	538,861	290,500	829,361
Total operating income	27,970,714	72,225	28,042,939	27,049,836	290,500	27,340,336
Grants:						
18 Grants contributions and service contracts	1,958,649	2,107,711	4,066,360	2,946,169	3,146,888	6,093,057
Total operating income and grants	29,929,363	2,179,936	32,109,299	29,996,005	3,437,388	33,433,393
Operating expenses:						
Academic departments	21,790,886	-	21,790,886	21,491,122	-	21,491,122
Administration and supporting services	8,679,485	-	8,679,485	7,368,584	-	7,368,584
Community programs	-	2,694,371	2,694,371	-	-	-
Total operating expenses	30,470,371	2,694,371	33,164,742	28,859,706	3,075,991	31,935,697
Depreciation and Amortization	1,960,444	-	1,960,444	2,047,384	-	2,047,384
Total expenses	32,430,815	2,694,371	35,125,186	30,907,090	3,075,991	33,983,081
(Deficit) Surplus / of operating income for the year	(2,501,452)	(514,435)	(3,015,887)	(911,085)	361,397	(549,688)
Other non-operating income (loss):						
Unrealized (loss) gain on revaluation of marketable securities	14,911	-	14,911	(25,718)	-	(25,718)
Gain on investment Portfolios	1,174,291	-	1,174,291	535,746	-	535,746
Expected Credit Loss	(139,835)	-	(139,835)	(639,825)	-	(639,825)
Dividend income	1,676	-	1,676	-	-	-
Effect of fixing the exchange rate of Jordan Dinar against Israeli Shekel at Nis 5.6/1 JOD on the reserve for end of service staff benefits	(483,846)	-	(483,846)	(1,976,200)	-	(1,976,200)
Gain on difference of currency and finance cost	72,037	-	72,037	354,997	-	354,997
(Decrease) / Increase in net assets for the year	(1,862,218)	(514,435)	(2,376,653)	(2,662,085)	361,397	(2,300,688)

The accompanying notes from 1 to 26 are an integral part of these financial statements

Birzeit University (BZU)
Statement of Changes in Net Assets
For the Year Ended August 31, 2021

	General Funds (Deficit)	Temporarily Restricted Fund	Investment in Land , Property, Plant and Equipment	Permanently Restricted- Fund	Plant Expansion Fund	Total Net Assets
	JOD	JOD	JOD	JOD	JOD	JOD
Year Ended 31 August 2021						
Balance at Beginning of Year Before Adjustment	(30,888,271)	1,404,386	75,539,748	9,630,885	2,793,766	58,480,514
Transfers from Plant Expansion Fund	2,793,766	-	-	-	(2,793,766)	-
Surplus/ (Deficit) of net activities	(1,862,218)	(514,435)	-	-	-	(2,376,653)
General Fund Adjustments	89,328	-	-	-	-	89,328
Endowments Received During the Year	-	-	-	1,586,484	-	1,586,484
Yields from Endowments	-	-	-	51,241	-	51,241
Investment in Land, Property, Plant and Equipment	(492,240)	-	492,240	-	-	-
Inetrfund transfers - Depreciation Expense	1,960,444	-	(1,960,444)	-	-	-
Net assets at end of the year	(28,399,191)	889,951	74,071,544	11,268,610	-	57,830,914
Year Ended 31 August 2020						
Balance at Beginning of Year Before Adjustment	(30,864,473)	1,042,989	75,552,972	9,540,655	3,974,552	59,246,695
Contributions Released During the Year	-	-	-	-	(294,832)	(294,832)
Surplus/ (Deficit) of net activities	(2,662,085)	361,397	-	-	-	(2,300,688)
General Fund Adjustments	1,739,109	-	-	-	-	1,739,109
Endowments Received During the Year	-	-	-	-	-	-
Yields from Endowments	-	-	-	56,349	-	56,349
Adjustments of Property, plant and equipment	154,436	-	(154,436)	33,881	-	33,881
Investment in Land, Property, Plant and Equipment	(1,302,642)	-	2,188,596	-	-	-
Inetrfund transfers - Depreciation Expense	2,047,384	-	(2,047,384)	-	(885,954)	-
Net assets at end of the year	(30,888,271)	1,404,386	75,539,748	9,630,885	2,793,766	58,480,514

The accompanying notes from 1 to 26 are an integral part of these financial statements

Birzeit University (BZU)
Statement of Cash Flows
For the Year Ended August 31, 2021

	2021 JOD	2020 JOD
Operating Activities:		
Changes in net assets		
Adjustments :		
Depreciation and amortization	(649,600)	(766,181)
Change of Reserve for end of service staff benefits and provident fund	1,960,444	2,047,384
Expected Credit Loss	3,547,839	2,807,164
Effect of fixing the exchange rate of Jordan Dinar against Israeli Shekel at Nis 5.6/1 JOD on the reserve for end of service staff benefits	139,835	639,825
(Gain) on investment Portfolios	483,846	1,976,200
Unrealized loss (gain) on revaluation of marketable securities	(1,174,291)	(535,746)
	(14,911)	25,718
	<u>4,293,162</u>	<u>6,194,364</u>
(Increase) in Accounts and other receivable	(1,805,584)	(1,042,447)
Decrease / in Inventories and Books	(62,163)	11,525
Increase / in Payables and accruals	(10,384)	1,511,657
(Decrease) / in Deferred students' tuition and fees	(864,018)	(735,455)
Cash flows from operating activities	<u>1,551,013</u>	<u>5,939,644</u>
Reserve for end of service staff benefits and provident fund paid	(2,541,481)	(2,471,449)
Net Cash flows from operating activities	<u>(990,468)</u>	<u>3,468,195</u>
Investing Activities:		
Financial investments to cover restricted funds	(1,457,835)	(1,403,116)
Procurement of property, plant and equipment	(462,911)	(2,030,913)
Procurement of land	(28,535)	-
Net Cash Used in Investing Activities	<u>(1,949,281)</u>	<u>(3,434,029)</u>
Financing Activities :		
Loans payable	-	(52,050)
Cash Used in Financing Activities	<u>-</u>	<u>(52,050)</u>
Increase in cash	(2,939,749)	(17,884)
Cash on hand and deposits with banks at beginning of the year	13,208,901	13,226,785
Cash on hand and deposits with banks at end of the year	<u>10,269,152</u>	<u>13,208,901</u>

The accompanying notes from 1 to 26 are an integral part of these financial statement