

Birzeit University (BZU)

Financial Statements and Independent Auditor's Report

**For the Year Ended
31 August 2010**

Birzeit University (BZU)

Table of Contents

	<u>Page</u>
Independent Auditor's Report	-
Statement of Financial Position	1
Statement of Activities	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-21

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Birzeit University (BZU) Ramallah

We have audited the accompanying financial statements of **Birzeit University**, which comprise the statement of financial position as of August 31, 2010, the 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 notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the United States of America Statements on Financial Accounting Standards No. 116 and 117 as applicable. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the university's preparation and fair presentation of the 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 university's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above give a true and fair view of the financial position of **Birzeit University** as of August 31, 2010, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the United States of America Statements on Financial Accounting Standards No. 116 and 117 as explained in note 2.

Saba & Co.

Deloitte & Touche (M.E.) / Saba & Co.

Ramallah – Palestine

28 January 2011

Birzeit University
Statement of Financial Position
As of 31 August 2010
(Amounts are Expressed in Jordanian Dinar)

	Note	31 A u g u s t	
		2010	2009
<u>ASSETS</u>			
Current Assets			
Cash on Hand and Deposits With Banks	3.a	8,391,326	10,631,092
Marketable Securities		76,304	100,852
Accounts Receivable and Advances	4	3,621,874	2,750,383
Other Assets	6	2,186,899	2,321,413
Total Current Assets		14,276,403	15,803,740
Long Term Assets			
Restricted Deposits With Banks	3.b	9,092,328	8,865,816
Property, Plant and Equipment, Net	5	25,334,473	23,195,900
Lands		32,342,368	31,188,949
Total Long Term Assets		66,769,169	63,250,665
Total Assets		81,045,572	79,054,405
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities			
Payables and Accruals	7	1,370,221	1,113,081
Current Portion of Loan Payable	8	100,716	100,716
Deferred Students' Tuition and Fees		4,490,918	5,072,316
Total Current Liabilities		5,961,855	6,286,113
Non Current Liabilities			
Long Term Portion of Loan Payable	8	705,537	828,127
Reserves for Staff Benefits	9	20,807,712	18,686,639
Total Non Current Liabilities		21,513,249	19,514,766
Total Liabilities		27,475,104	25,800,879
Net Assets:			
Unrestricted Assets			
General Fund		(11,173,361)	(8,778,113)
Net Investments in Property, Plant, Equipment and Library Books		59,820,112	56,669,689
Total Unrestricted Assets		48,646,751	47,891,576
Temporarily Restricted (Statement-C)		461,165	803,567
Permanently Restricted-Endowment Fund	10	4,462,552	4,558,383
Total Net Assets		53,570,468	53,253,526
Total Liabilities and Net Assets		81,045,572	79,054,405

See accompanying notes to financial statements

Birzeit University
Statement of Activities
For the Year Ended 31 August 2010
(Amounts are Expressed in Jordanian Dinar)

	Note	Year Ended 31 August	
		2010	2009
Operating Income:			
Tuition and fees, Net of Students Aid	11	11,152,677	9,901,794
Auxiliary Services and Other Income		1,626,818	1,328,388
Total Operating Income		12,779,495	11,230,182
Grants:			
Grants and Service Contracts	12.a	4,869,273	4,567,361
Contributions from Governmental Institutions		1,993,134	2,320,023
Total Operating Income, Grants and Service Contracts		19,641,902	18,117,566
Operating Expenses:			
Academic Departments	14	11,672,688	12,102,549
Administration and Supporting Services	13	3,509,395	3,667,430
Community Programs	15	4,903,904	4,886,252
Total Operating Expenses Before Depreciation		20,085,987	20,656,231
Unrealized loss on investment in marketable securities		24,548	64,654
Depreciation and Amortization		1,409,859	1,537,382
Total Expenses		21,520,394	22,258,267
Deficit of Operating Income Over Expenses for the Year		(1,878,492)	(4,140,701)
Other Non-Operating Income:			
Loss on Currency Difference		(160,241)	(207,765)
Interest Earned		82,944	84,457
Decrease in Net Assets for the Year (Statement-C)		(1,955,789)	(4,264,009)

See accompanying notes to financial statements