

Birzeit University (BZU)
Birzeit – Palestine

Financial Statements
And Independent Auditor's Report
For the Year Ended August 31, 2022

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, 2022, statement of activities, statement of changes in net assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Birzeit University (BZU) as of August 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in note 3 to the financial statements.

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's separate 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.

Emphasis of Matters

We draw attention to note 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared to meet the reporting requirements of the Board of Trustees of Birzeit University. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Trustees of Birzeit University and management and should not be distributed to or used by parties other than the Board of Trustees of Birzeit University or management. Our opinion is not modified in respect of this matter.

We draw attention to note 2 to the financial statements, which describes the decision taken by Board of Trustees of Birzeit University related to the separating the accounts of the Board of Trustees Association from the accounts of the University for the year of 2022, as a result, the comparative information have not been presented in the attached separate financial statements. Our opinion is not modified in respect of this matter.

We draw attention to note 2 to the financial statements, which describes that the financial statements include the cost of Land, property, plant and equipment and the related depreciation expenses, as these Land, property, plant and equipment owned by the Board of Trustee association. This in line with the Board of Trustee decision to maintain all property, plant and equipment and related accounts in the University accounts. Our opinion is not modified in respect of this matter.



INDEPENDENT AUDITOR'S REPORT (Continued)

We draw attention to the deficit in the general fund as of August 31, 2022, for an amount of JOD 35,413,670, which resulted from accumulated recurring operating deficits during 2022 and in prior years. The ability of the University to continue as a going concern is highly dependent on its ability to generate an unrestricted surplus from its normal operations and secure unrestricted donations to cover its accumulated deficit as of August 31, 2022, as well as to finance its future activities and settle its contractual and legal obligation toward its faculty, staff, and other creditors. Our opinion is not modified in respect of this matter.

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 the accounting policies described in note 3 to the financial statements, 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.

Those charged with governance are responsible for overseeing the University's financial reporting process.

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.

INDEPENDENT AUDITOR'S REPORT (Continued)

- 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 is 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.

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.

Deloitte & Touche (M.E.)
License No. (208)

Ramallah, Palestine
May 24, 2023

Munther Al Bandak
License No. (114/2015)

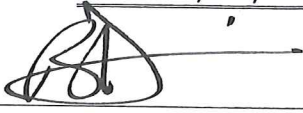


Birzeit University (BZU)
Statement of Financial Position
As of August 31, 2022

	Notes	2022 JOD
ASSETS		
Current Assets		
Cash on hand and deposits with banks	5	5,744,206
Accounts and other receivable, Net	6	6,878,483
Total current assets		<u>12,622,689</u>
Non - current assets		
Due from related parties - Board of Trustees	7	4,045,168
Inventories and Books	8	310,512
Restricted Bank Account	9	1,036,219
Property, plant and equipment, Net	10	36,013,945
Land	11	38,132,698
Total Non-current assets		<u>79,538,542</u>
Total assets		<u>92,161,231</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Payables and accruals	12	6,394,625
Deferred students' tuition and fees	13	5,254,024
Total current liabilities		<u>11,648,649</u>
Non current liabilities		
Reserve for legal claims	18	266,367
Reserve for end of service staff benefits	14	40,203,887
Total non current liabilities		<u>40,470,254</u>
Total liabilities		<u>52,118,903</u>
Net Assets		
Unrestricted		
General fund (Deficit)		(35,413,670)
Net investments in property, plant, equipment and library books		74,382,527
Total unrestricted net assets		<u>38,968,857</u>
Temporarily restricted Fund		1,073,471
Total net assets		<u>40,042,328</u>
Total liabilities and net assets		<u>92,161,231</u>



 Finance Manager



 President

The accompanying notes from 1 to 21 are an integral part of these financial statements

Appendix from 1 to 3 of this report is presented for informative information only and is not a part of these financial statements.

**Birzeit University (BZU)
Statement of Activities
For the Year Ended August 31, 2022**

	Notes	2022		
		Unrestricted Fund	Temporarily Restricted Fund	Total
		JOD	JOD	JOD
Operating Income:				
Tuition and fees, Net of students aid	15	26,085,719	-	26,085,719
Auxiliary services and other income	16	1,757,771	20,026	1,777,797
Total operating income		27,843,490	20,026	27,863,516
Grants:				
Grants contributions and service contracts	17	3,170,400	2,752,087	5,922,487
Total operating income and grants		31,013,890	2,772,113	33,786,003
Operating expenses:				
Academic departments	Appendix -2	22,948,036	-	22,948,036
Administration and supporting services	Appendix -1	8,614,986	-	8,614,986
Community programs	Appendix -3	-	2,422,167	2,422,167
Total operating expenses		31,563,022	2,422,167	33,985,189
Depreciation and Amortization	10	1,950,064	-	1,950,064
Total expenses		33,513,086	2,422,167	35,935,253
(Deficit) of operating income for the year		(2,499,196)	349,946	(2,149,250)
Other non-operating (loss):				
Expected Credit Loss	6	(943,667)	-	(943,667)
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	14	(357,245)	-	(357,245)
(Loss) / Gain on difference of currency and finance cost		(343,412)	-	(343,412)
(Decrease) in net assets for the year		(4,143,520)	349,946	(3,793,574)

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Birzeit University (BZU)
Statement of Changes in Net Assets
For the Year Ended August 31, 2022

	General Funds		Temporarily Restricted Fund		Investment in Land, Property, Plant and Equipment		Permanently Restricted-Fund		Total Net Assets	
	JOD	(Deficit)	JOD	(Deficit)	JOD	(Deficit)	JOD	(Deficit)	JOD	(Deficit)
Year Ended 31 August 2022										
Balance at Beginning of Year (Un audited)	(28,399,191)		889,951		74,071,544		(162,642)		46,399,662	
Adjustments for Accounts Separation	(604,335)		-		-		-		(604,335)	
Surplus/ (Deficit) of net activities	(4,143,520)		349,946		-		-		(3,793,574)	
General Fund Adjustments	(1,955,641)		(166,426)		-		162,642		(1,959,425)	
Investment in Land, Property, Plant and Equipment	(2,261,047)		-		2,261,047		-		-	
Inetrfund transfers - Depreciation Expense	1,950,064		-		(1,950,064)		-		-	
Net assets at end of the year	<u>(35,413,670)</u>		<u>1,073,471</u>		<u>74,382,527</u>		<u>-</u>		<u>40,042,328</u>	

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Birzeit University (BZU)
Statement of Cash Flows
For the Year Ended August 31, 2022

	2022 JOD
Operating Activities:	
Changes in net assets	(6,357,334)
Adjustments :	
Depreciation and amortization	1,950,064
Change of Reserve for end of service staff benefits and provident fund	3,039,967
Expected Credit Loss	943,667
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	357,245
	<u>(66,391)</u>
(Increase) in Accounts and other receivable	(63,967)
Decrease in Inventories and Books	10,474
Increase in Payables and accruals	415,234
(Decrease) in Deferred students' tuition and fees	(1,249,506)
Increase in Due from Related Parties	2,700,355
Cash flows (used in) operating activities	<u>1,746,199</u>
Reserve for end of service staff benefits and provident fund paid	(2,974,300)
Net Cash flows (used in) operating activities	<u>(1,228,101)</u>
Investing Activities:	
Restricted Bank Account	(1,036,219)
Procurement of property, plant and equipment	(2,260,626)
Net Cash (used in) Investing Activities	<u>(3,296,845)</u>
Decrease in cash	(4,524,946)
Cash on hand and deposits with banks at beginning of the year - Un audited	10,269,152
Cash on hand and deposits with banks at end of the year	<u>5,744,206</u>

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