

**Institute of Law of Birzeit University**  
**" IOL "**

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**Financial Statements**

**Auditors' Report**

**For the Year Ended 31 August 2003**

**Institute of Law of Birzeit University**  
**" IOL "**

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**Auditors' Report**

We have audited the balance sheet of the *Institute of Law of Birzeit University "IOL"* as of **31 August 2003** and the related statements of activities, change in net assets and functional expenses for the year then ended. These financial statements are the responsibility of the management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Institute of Law of Birzeit University "IOL"* as of **31 August 2003**, the results of its operations, its cash flows, and its functional expenses for the year then ended in conformity *with International Accounting Standards*.

**Peter Husarry**  
Certified Public Accountants

**Ramallah**  
**31 May 2004**

**Institute of Law of Birzeit University**  
**Balance Sheet**

As of 31 August 2003

With Comparative Figures for 2002

	Note	2003 U.S \$	2002 U.S \$
<b>Assets</b>			
<b>Current assets:</b>			
Cash on hand and deposits with banks	6	250,426	1,024,410
Contributions receivable	8	464,119	302,400
Due from Birzeit University	9	110,706	184,085
Due from Endowment funds of Birzeit University	10	200,000	250,036
<b>Total Current Assets</b>		<b>1,025,251</b>	<b>1,760,931</b>
Deposits with banks restricted for endowment funds	7	1,237,792	1,013,953
Properties and equipment - net of accumulated depreciation	11	1,001,099	1,016,160
Library books		531,550	523,485
<b>Total Assets</b>		<b>3,795,692</b>	<b>4,314,529</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities:</b>			
Payables and accruals	12	141,947	117,210
Commitments to Other NGO partners	13	-	431,987
<b>Total Current Liabilities</b>		<b>141,947</b>	<b>549,197</b>
Staff benefits' Liabilities	14	174,389	139,440
<b>Total Liabilities</b>		<b>316,336</b>	<b>688,637</b>
<b>Net Assets:</b>			
<b>General Funds:</b>			
Unrestricted		23,702	19,243
Board designated		37,764	37,393
Tuition and training fund		18,655	14,457
Investments in fixed assets and library books		1,532,649	1,539,645
<b>Total General Funds</b>		<b>1,612,770</b>	<b>1,610,738</b>
Temporarily restricted		727,760	1,001,201
Permanently restricted-Endowment fund	15	1,138,826	1,013,953
<b>Total Net Assets (Statement-C)</b>		<b>3,479,356</b>	<b>3,625,892</b>
<b>Total Liabilities and Net Assets</b>		<b>3,795,692</b>	<b>4,314,529</b>

See Notes to Financial Statements

## Institute of Law of Birzeit University

## Statement of Activities

For the Year Ended 2003

With Comparative Figures for 2002

	Note	Temporarily		Total	
		Unrestricted	Restricted	2003	2002
		U.S \$	U.S \$	U.S. \$	U.S \$
<b>Revenues :</b>					
<i>Operating Income:</i>					
Tuition and registration fees		56,777		56,777	41,379
Contribution to tuition fees		25,290		25,290	2,122
Other income		26,531		26,531	318
<b>Total Operating Income</b>		<b>108,598</b>		<b>108,598</b>	<b>43,819</b>
Grants and contributions	17		571,897	571,897	933,112
Net assets released from restrictions	17	845,338	(845,338)		
		<b>953,936</b>	<b>(273,441)</b>	<b>680,495</b>	<b>976,931</b>
<b>Program Expenses :</b>					
Legal databank		91,978		91,978	290,487
Researches		400,987		400,987	130,475
Secretariat of human rights		80,848		80,848	68,964
Training unit		47,110		47,110	54,942
Library and yearbook		87,484		87,484	67,590
Seminars and conferences		4,734		4,734	4,016
<b>Total Program Expenses ( Statement - D)</b>		<b>713,141</b>		<b>713,141</b>	<b>616,473</b>
<i>Administrative and general ( Statement - D)</i>		174,572		174,572	193,846
Depreciation of properties and books		98,850		98,850	85,396
<b>Total Expenses</b>		<b>986,563</b>		<b>986,563</b>	<b>895,715</b>
Gain (Loss) on currency differential		21,444		21,444	(16,232)
Non-Operating Income-Donated Books and Materials					12,000
<b>Net Increase (Decrease) in Net Assets</b>					
<b>during the year (Statement-C)</b>		<b>(11,183)</b>	<b>(273,441)</b>	<b>(284,624)</b>	<b>76,984</b>

See Notes to Financial Statements

**Institute of Law of Birzeit University**  
**Statement of Changes in Net Assets**  
**For the Year Ended 2003**  
**With Comparative Figures for 2002**

	General Funds		Tuition and Training		Temporarily Restricted		Fixed Assets & Library		Endowment		Total All Funds U.S \$
	U.S \$	U.S \$	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	
<b>Balances at Beginning of Year, as Restated</b>	32,087	37,393	14,457	1,001,201	1,539,645	1,013,953	3,638,736				
<b>Increase (Decrease) in Net Assets During the Year (Statement - B)</b>	(11,183)			(273,441)			(284,624)				
Allocated Funds to Tuition and Training Costs	(25,290)		25,290								
Endowment Contributions Received During the Year									111,265		111,265
Institute's Participation in Tuition Fees	21,092		(21,092)								
Interest Income Earned During the Year		371									
Transfer to Investment in Fixed Assets and Library Fund	(91,854)							91,854			
Transfer of current and prior years depreciations	98,850							(98,850)			
<b>Net Assets (Deficit) at End of Year (Statement - A)</b>	<b>23,702</b>	<b>37,764</b>	<b>18,655</b>	<b>727,760</b>	<b>1,532,649</b>	<b>1,138,826</b>	<b>3,479,356</b>				

See Notes to Financial Statements

**Institute of Law of Birzeit University**  
**Statement of Functional Expenses**  
**For the Year Ended 31 August 2003**

	Researches		Secretariat of Human Rights	Training Unit	Library & Yearbook	Seminars & Confer- ences	Total Programs U.S.\$	Administration and General Administration U.S.\$	Total Programs and Administration U.S.\$
	Legal Databank U.S.\$	Criminal Justice Civil Law & Court Judgment U.S.\$							
<b>Personnel Expenses:</b>									
Salaries:									
Administrative, technicians and coordinators	49,016	214,026	43,653	36,063	54,596	-	397,354	24,334	421,688
Honoraria for researchers and professionals	2,459	10,451	-	-	6,599	1,873	21,382	36,147	57,528
Master program- Academic salaries and honoraria	-	-	-	-	-	-	-	20,196	20,196
Salaries related expenses	4,966	7,014	-	3,504	3,267	-	18,751	16,614	35,365
Staff development and training costs	-	5,832	1,141	-	-	-	6,973	3,652	10,625
<b>Total Personnel Expenses</b>	<b>56,442</b>	<b>237,323</b>	<b>44,794</b>	<b>39,566</b>	<b>64,461</b>	<b>1,873</b>	<b>444,459</b>	<b>100,942</b>	<b>545,402</b>
<b>External Professional Services:</b>									
Training of outside professionals	-	-	-	-	-	-	-	-	-
Professional services, including consultancy, translation and editing	9,107	39,687	17,232	-	3,274	-	69,300	3,304	72,604
<b>Total External Professional Services</b>	<b>9,107</b>	<b>39,687</b>	<b>17,232</b>	<b>-</b>	<b>3,274</b>	<b>-</b>	<b>69,300</b>	<b>3,304</b>	<b>72,604</b>
<b>Library Resources, including printings and publications</b>	<b>4,381</b>	<b>8,499</b>	<b>204</b>	<b>-</b>	<b>3,013</b>	<b>-</b>	<b>16,098</b>	<b>5,180</b>	<b>21,278</b>
<b>Other Expenses:</b>									
Occupancy costs and utilities	9,028	37,409	7,725	2,501	783	583	58,029	4,157	62,186
Software	5,381	9,054	-	-	744	-	15,179	-	15,179
Office supplies and consumables	479	1,860	248	926	1,680	35	5,228	3,976	9,203
Hospitality	-	2,710	62	291	57	659	3,779	1,892	5,671
Insurances	-	-	-	-	-	-	-	-	-
Contributions for tuition fees-IOL student	-	-	-	-	-	-	-	-	-
Travel, perdiem and accommodation	42	26,296	116	89	4,929	107	31,580	8,125	39,705
Communication costs	45	717	180	98	304	-	1,344	22,395	23,740
Administrative overhead and other miscellaneous expenses	7,073	37,431	10,286	3,638	8,239	1,477	68,145	24,601	92,746
<b>Total Other Expenses</b>	<b>22,047</b>	<b>115,478</b>	<b>18,617</b>	<b>7,544</b>	<b>16,736</b>	<b>2,861</b>	<b>183,283</b>	<b>65,147</b>	<b>248,429</b>
<b>Total Expenses (Statement-B)</b>	<b>91,978</b>	<b>400,987</b>	<b>80,848</b>	<b>47,110</b>	<b>87,484</b>	<b>4,734</b>	<b>713,141</b>	<b>174,572</b>	<b>887,713</b>

See Notes to Financial Statements

# Institute of Law of Birzeit University (IOL)

## Notes to Financial Statements

Year Ended 31 August 2003

(Amounts are Expressed in U.S Dollar)

### 1. Organization and purpose

Institute of Law of Birzeit University (IOL) was established as a law center at Birzeit University in 1993, the Institute contributes to the modernization of Palestinian legal structures, while building human capacities, both at academic and professional levels. Over the years, it has developed a thorough understanding of the Palestinian legislative, legal and judicial situation, the experience to identify the actual needs of the community and the skill to benefit from the knowledge of visiting scholars and researchers.

#### The main activities consist of the following:

- Conducting applied legal research;
- Offering continuing legal education through conferences, seminars and training courses;
- Offering a master degree in laws;
- Establishing comprehensive facilities and resources on legal information and documentation.

The activities of "IOL" have been and are currently funded by several International Funding Agencies including among others, the European Union, Representative offices of the Netherlands and Denmark, Ford Foundation and Konrad Adenauer.

### 2. Properties of the Institute

Prior to 1996, the University succeeded in raising necessary funds for the construction of a building for the Institute of Law. The building was constructed on a parcel of land which is legally owned and officially registered in the name of the Board of Trustees of the University.

The main contributor to that construction were Sheikh Hamad Ibn Khalifah AL Thani and The Government of France whom contributed the amounts of U.S \$ 600,000 and U.S \$ 297,184 respectively. The construction of the building was completed in August 1996 and was devoted solely to the operations of "IOL". The total cost of the building, excluding the cost of land amounted to U.S Dollar 1,107,872. The allocation of the cost among funding sources is as follows:

	<u>U.S \$</u>
Sheikh Hamad Ibn Khalifah AL Thani	600,000
Government of France	297,184
Contribution of Birzeit University	<u>210,688</u>
	<u>1,107,872</u>

The by-laws of the Board of Trustees provide that ownership and title to all lands and buildings of the university are to be legally registered in the name of the Board of Trustees of the university.



### 3. Administration of "IOL"

- "IOL" operates within the general administrative and financial framework of the University, while the programs and the specific activities of "IOL" are being managed by a board and director appointed by the appropriate level of authority at the university.
- The financial affairs including management of funds assets are directly managed and supervised by the finance department of the university. The responsibility of "IOL" contractual liabilities toward third parties and employees such as severance pay and provident fund are also supervised and managed by the university's finance department.
- Financial transactions of "IOL" are being maintained by the finance department of the university under a separate cost center. The financial position and results of operations of the "IOL" are incorporated, on annual basis, with the general purpose financial statements of the University. The Fiscal Year of the University ends on 31 August of each year.

### 4. Descriptions of projects implemented by "IOL" during the year ended 31 August 2003:

Project	Donor	Project Period	Main Objectives
Palestinian Civil Law and Capacity Building	Royal Danish Representative Office	Jan. to Dec.02	Comentaryand Workshop on Palestinian Civil Law
Consolidation of Legal Training Unit	European Commission	August 00 to August 02	Training lawyers, experts on human rights and rule of Law.
Criminal Justice System	European Commission	Dec-00 to Jun- 03	- Gather and analyze the legal data for the criminal justice system
Secretariat of Human Rights project	European Commission	Dec-00 to Jun-03	Monitoring the implementation of the Human Rights project
Capture of Texts and International Documents	Representative Office of the Kingdome of the Netherlands	July 01 to Oct-02	-To obtain all the legislation implemented in Palestine in the different historical stages
IOL Legal Databank development	Representative Office of the Kingdome of the Netherlands	July 03 to Jun-05	-Updating databank of all legislation in Palestine, - Training activities
Library and dYear Book	Swedish Section of International Commission of Jurists	Jan.-01 to Jan.-04	promote human rights and development of rule and democracy
Databank Development	Konrad Adenauer	July 02 to Dec-02	To fund the development of databank resources
Seminars and Conferences	Konrad Adenauer	July 02 to Dec-02	Workshops on Palestinian Laws issues
Conferences	Heinrich Boll Foundation-	Sept-02 to August 02	International Criminal Law and the Arab World
	TAMKEEN	Jun-03 to Jun-04	Assistance in secondary Legislations

## 5. Basis of accounting and presentation

- The financial statements of “IOL” are prepared on the accrual basis of accounting under the historical cost convention and in conformity with International Accounting Standards.
- These financial statements include certain estimates and judgments made by management that affect the reported amounts of assets and expenses. Actual results could differ from those estimates. Estimates used are limited to rates of depreciation of property, furniture and equipment.
- These financial statements are prepared in US Dollar and have been extracted from the general purpose financial statements of the university which are prepared on the modified accrual basis of accounting and which are maintained in Jordan Dinnar. The significant accounting policies used to prepare the financial statements of “IOL” are summarized below:

### 5.1 Net Assets and related accounts - Net Assets and changes therein are classified and reported as follows:

- **Unrestricted net assets represent** net assets whose use by “IOL” is not subject to donor-imposed restrictions.
- **Board designated** - represents unrestricted resources designated by the management of “IOL” to contribute to the long-term sustainability of current programs.
- **Temporarily restricted net assets** - Net assets whose use by “IOL” is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and released by actions of “IOL” pursuant to those donor-imposed stipulations. Income from certain endowment funds is included in this account group.
- **Permanently restricted net assets**-“Endowment Funds” – represent, net assets subject to donor-imposed stipulations, that they be maintained permanently by “IOL”. The donors permit “IOL” to use all or part of the income earned on these assets for general or specific purposes of “IOL”.
- **Plant expansion funds** – represent net assets whose use by “IOL” is limited by donor-imposed stipulations to be expendable only for construction costs or expansion of properties. Upon completion of the expansion projects, the cost of related property is released from this fund and is reported as an increase in the unrestricted net assets.
- **Contributions Receivable** represents amounts due from funding organizations for reimbursable expenses incurred. This account also includes the present value of contributions remaining under grant contracts signed before the end of the fiscal year.
- **Deferred grants** represent amounts of cash received under grants and contracts in advance of incurring the related expenses.
- **Contributions** which include unconditional promises are recognized as revenues when received.
- **Revenues** are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified as “unrestricted net assets” and reported as “net assets released from restrictions”.
- **Donated materials and services** are reported as contributions and expenses in amounts equal to the estimated fair value on the date of receipt.

### 5.2 Functional Expenses- “IOL” allocates its expenses on a functional basis among its various programs and general administration. Expenses that can be identified with a specific program or administration are charged directly. Other expenses that are common to several functions are allocated among related functions based on a reasonable allocation basis.

### 5.3 Cash and cash equivalents include cash on hand and deposits with banks with maturity dates of 90 days or less.

## **5. Basis of accounting and presentation (continued)**

**5.4 Property and equipment:** The university is capitalizing the cost of all fixed assets items acquired since 1 September 1999. Costs of fixed assets items acquired prior to 1 September 1999 are not included in the balance of this account group. The capitalized amount is stated in the attached financial statements at historical cost net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets as follows:

Building	50 Years
Office equipment	5 Years
Office furniture	5 Years
Computers	3 Years
Books	14 Years

**5.5 Library Books:** The balance of this account includes the cost of all books, encyclopedias and periodicals acquired by "IOL" and fair values of donated books at the date of donation.

### **5.6 Staff benefits' Liabilities**

- **Severance pay:**

The policy of the University is to provide for severance pay by accruing for one month compensation for each year of service based on the last salary paid during the year. This policy applies to both permanent employees and those employed on contract basis. Annual provision for this liability is allocated and charged by the university to its various departments and colleges including IOL based on actual staff working in these departments and colleges. The liability toward this type of benefit relating to "IOL" staff is reported in the attached financial statements under long term liabilities. Funding and settlement of this liability is the responsibility of the university's management.

### **5.6 Staff benefits' Liabilities:**

- **Provident fund:**

The University has a defined provident fund scheme that covers permanent employees only. The University matches employees contributions in the scheme of 2.70% by another 5.40% of basic salary. The university's contribution into the scheme is allocated and charged to the various departments and colleges of the university including IOL based on actual staff working in these departments and colleges. The liability toward this type of benefit is reported in the attached financial statements of "IOL" under long term liabilities. Funding and settlement of this liability is the responsibility of the university's management.

### **5.7 Foreign currency transactions**

The books of accounts of "IOL" are maintained by the finance department of the university. Financial transactions of "IOL" are summarized and reported by the university under a separate cost center. Transactions of assets, liabilities, revenues and expenses are denominated in Jordan Dinnar. Transactions, which are denominated in currencies other than Jordan Dinnar are converted into Jordan Dinnar equivalents in the books of accounts of the university by using the spot exchange rate prevailing at the date of each transaction.

#### **Translation of Jordan Dinnar to U.S Dollar financial statements**

For the purpose of presentation to donors and other foreign interested parties, "IOL" uses the U.S. \$ as its reporting currency unless otherwise requested. The financial statements are translated to U.S. Dollar as follows:

- Transactions and balances which are denominated or expressed in U.S Dollar are presented at the actual U.S Dollar received or paid.

## 5. Basis of accounting and presentation (continued)

- Balances of assets and liabilities (excluding properties and equipment) which are denominated in currencies other than U.S Dollar are translated to U.S Dollar equivalent using the exchange rate prevailing at the balance sheet date of JOD 0.7092 and NIS 6.2666 per Jordan Dinar.
- Exchange differences arising from the translation of balances of assets and liabilities are charged to the statement of activities.
- All other income and expenses in Jordan Dinnar are translated to U.S. Dollar equivalent at the average rate of exchange prevailing during the sixteen months period ended 31 August 2003 of JOD 0.709 per U.S Dollar.
- Fixed assets and related depreciation are translated to U.S Dollar equivalent at historical rates. Additions to cost were translated using the average rate of exchange prevailing during the period.

## 6. Cash and Cash equivalents

### Composition:

	<u>31 Aug. 2003</u>	<u>31 Aug. 2002</u>
	<u>U.S Dollar</u>	<u>U.S Dollar</u>
Cash on hand in Israeli Shekel	107	2,787
Cash on hand in Jordan Dinnar	2,958	6,508
Cash in U.S Dollar	-	4,000
Deposits with banks in Israeli Shekel	23,163	33,860
Deposits with banks in U.S. Dollar	131,805	253,060
Deposits with banks in EURO	22,444	669,110
Deposits with banks in U.S. Dollar-Board Designated Fund	29,892	29,744
Deposits with banks in Jordan Dinnar	40,057	25,341
	<u>250,426</u>	<u>1,024,410</u>

## 7. Deposits with banks restricted for Endowment Fund

The balance of this account represents deposit of the Endowment contributed by Ford Foundation. Composition of the balance of this deposit is as follows:

	<u>31 Aug. 2003</u>	<u>31 Aug. 2002</u>
	<u>U.S Dollar</u>	<u>U.S Dollar</u>
Principal	1,000,000	1,000,000
Contributions during the period *	210,157	-
Interest income	27,635	13,953
	<u>1,237,792</u>	<u>1,013,953</u>

\* Includes U.S \$ 100,157 payable to Institute of Community and Public Health.

## 8. Contributions receivable

Composition of this account by funding source is as follows:

		<u>31 Aug. 2003</u>	<u>31 Aug. 2002</u>
		<u>U.S Dollar</u>	<u>U.S Dollar</u>
European Union-Legal Training Unit	EURO 15,861	17,310	23,350
European Union-Criminal Justice	EURO 48,642	53,088	65,900
European Union-Secretariat of Human Rights	EURO 43,862	47,867	49,500
Swedish Section of International Commission of Jurists (ICJ)-Library and Yearbook	SEK 300,000	35,553	82,532
Representative office of the Kingdom of the Netherlands:			
-Capture of Legal Texts		-	60,618
-IOL Legal databank bank development 2003-2005		72,115	
Konrad Adenauer:			
-Development of Databank Resources		-	20,500
- Seminars and conferences	EURO 25,000	27,291	-
The French Consulate		6,477	-
Gent University		10,879	-
Center for Cultural Heritage Preservation		153,339	-
Tamkeen-Assistance in Secondary Legislation		40,200	-
<b>Total</b>		<b><u>464,119</u></b>	<b><u>302,400</u></b>

## 9. Due from Birzeit University

Composition of this account is as follows:

**Due from Birzeit University arising from the following:**

	<u>31 Aug. 2003</u>	<u>31 Aug. 2002</u>
	<u>U.S Dollar</u>	<u>U.S Dollar</u>
<b>Liabilities held by the university toward:</b>		
Unpaid portions of salaries	25,893	100,510
Liability toward severance pay and provident fund	174,389	136,240
<b>Total due from Birzeit University</b>	<b><u>200,282</u></b>	<b><u>236,750</u></b>
<b>Due to Birzeit University arising from the following:</b>		
General overhead charged by the University at 7% of the "IOL" total expenses	86,511	43,757
Cash Advances to "IOL"	3,065	6,786
Grants received by "IOL" for the University	-	2,122
<b>Total due to Birzeit University</b>	<b><u>89,576</u></b>	<b><u>52,665</u></b>
<b>Net Balance due from Birzeit University</b>	<b><u>110,706</u></b>	<b><u>184,085</u></b>

## 10. Due from endowment funds of Birzeit University

The balance of this account ( U.S \$ 200,000) represents the accumulated interest income earned on the endowment fund contributed in 1996 to Birzeit University by Shekh Hamad Ibn Khalifa AL Thani. The terms of reference of the contribution agreement clearly indicates that all income generated from the contributed principal of the endowment is earmarked the costs and expenses that associates the activities of "IOL" in respect with International Laws.

Spending from this balance is restricted by the "endowments spending regulations applied by both Birzeit university and the contributing party. As at 31 August 2003, no amount of the accumulated income has been spent and that the "IOL" and the university will shortly coordinate to transfer that income to a separate bank account that will be operated by the management of the Institute. (refer also to Note No. 17).

**11. Properties and equipment**

Composition:

	<u>Equipment and Computers</u> U.S.\$	<u>Furniture</u> U.S.\$	<u>Building</u> U.S.\$	<u>Total</u> U.S.\$
<b>Cost:</b>				
Balance as of 1 September 2002	93,055	8,039	1,107,872	1,208,966
Additions during the year	<u>33,871</u>	<u>8,858</u>	<u>-</u>	<u>42,729</u>
<b>Total Costs</b>	<b><u>126,926</u></b>	<b><u>16,897</u></b>	<b><u>1,107,872</u></b>	<b><u>1,251,695</u></b>
<b>Depreciation:</b>				
Balance as of 1 September 2002	38,822	2,469	151,515	192,806
Depreciation for the year	<u>32,949</u>	<u>2,684</u>	<u>22,157</u>	<u>57,790</u>
<b>Accumulated Depreciation</b>	<b><u>71,771</u></b>	<b><u>5,153</u></b>	<b><u>173,672</u></b>	<b><u>250,596</u></b>
<b>Book Value</b>	<b><u>55,155</u></b>	<b><u>11,744</u></b>	<b><u>934,200</u></b>	<b><u>1,001,099</u></b>

**12. Payables and accruals:**

Composition:

	<u>31 Aug. 2003</u> U.S Dollar	<u>31 Aug. 2002</u> U.S Dollar
Due to employees for unpaid portions of salaries and remuneration	25,892	100,510
Due to Institute of Community and Public Health of BZU	100,157	-
Accrued expenses	<u>15,898</u>	<u>16,700</u>
	<b><u>141,947</u></b>	<b><u>117,210</u></b>

**13. Commitments to other NGO partners:**

"IOL" currently manages the "Palestinian Program in Support of Human Rights Under the Palestinian Authority" in West Bank and Gaza Strip which is funded by the European Union. Acting as a financial and administrative intermediary, "IOL" directly receive the program's fund and distribute it to the other NGO implementing partners. The balance of this account represents the amount due to those partners from the second installment transferred by the E.U on 14 August 2002 and subsequently disbursed to the partners at the beginning of September 2002.

Composition of the balance classified by name of partner is as follows:

	<u>31 Aug. 2003</u> U.S Dollar	<u>31 Aug. 2002</u> U.S Dollar
Al-Haq- Law in the Service of Man	-	95,000
Palestinian Commission for Citizen's Rights (PICCR)	-	132,875
Palestinian Centre for Human Rights (PCHR)	-	91,112
Palestinian Human Rights Monitoring Group (PHRMG)	-	56,500
Land and Water Establishment (LAW)	<u>-</u>	<u>56,500</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>431,987</u></b>

**14. Staff benefits' liability**

Composition

	<u>31 Aug. 2003</u> U.S Dollar	<u>31 Aug. 2002</u> U.S Dollar
Provision for severance pay	149,643	125,720
Provident fund liability	<u>24,746</u>	<u>13,720</u>
	<b><u>174,389</u></b>	<b><u>139,440</u></b>

## 15. Permanently restricted funds

### A. Ford Foundation Endowment Fund

This account group consists of an Endowment fund contribution of USD 1 Million to "IOL" by Ford Foundation and is restricted for specific objectives and specified conditions.

- Activity in this account during the year ended 31 August 2003 is as illustrated in Note (7) above.
- Nature and Characteristics of the Endowment:

**Type of Endowment:** Expendable Endowment Fund  
**Purpose of the Endowment:** To support the sustainability of "IOL",  
**Beneficiary:** Institute of Law of Birzeit University

#### Restrictions and conditions:

The University is required to match this fund on one to one basis within three years starting 1 September 2001. In case the matching requirement is not fulfilled within the specified period, Ford Foundation has the alternatives of whether to extend the matching period, request the refund of unmatched funds or discuss other alternatives.

The Fund including all interest, dividends, realized and unrealized appreciation in the assets of the fund may not be expended, except for administrative costs of the fund. After meeting the matching requirement, the Board of trustees of Birzeit University may utilize up to 5% of the fund and its income annually without any written consent of Ford Foundation.

### B. Endowment of Sheikh Hamad Ibn Khalifah AL Thani:

- Activity in this Endowment through the year ended 31 August 2003 is limited to accounting for interest income under temporary restricted funds. Accumulated interest on this endowment amounted to U.S Dollar 200,000 which is reported under temporarily restricted fund. The principal amount of this Endowment is not reported in the "IOL attached financial statements due to the fact that the immediate beneficiary of the endowment is Birzeit University.

#### • Nature and Characteristics of the Endowment:

**Type of Endowment:** Non-expendable Endowment Fund  
**Beneficiary:** Birzeit University  
**Date of endowment:** 1 July 1996

#### Amount and Purpose of the endowment:

The principal of the Endowment was designated by the donor for Birzeit University in the amount of U.S Dollar 750,000. Income of the Endowment was designated to fund the costs of researches, conferences, seminars and other expenses relating to "International Laws".

#### Restrictions and conditions:

Income of the Endowment is designated for funding the costs of "Kursi Al-Sheikh in study and documentation of the International Laws implemented by IOL".

**16. Administrative and General Expenses -Allowed Portions by Donors**

Details of restricted funds released from temporarily restricted contributions to fund administrative costs are as follows:

	<u><b>U.S Dollar</b></u>
Swedish Section of International Commission of Jurists (ICJ)-Library and Yearbook	16,024
E.U-Legal Training Unit	2,841
E.U-Secretariat of Human Rights	3,927
E.U-Criminal Justice	<u>11,704</u>
<b>Total</b>	<u><b>40,343</b></u>



17- Grants and Contributions and their related disposition for the year ended 31 August 2003:

	Contributions		Available Contributions U.S Dollar
	Received 2003 U.S Dollar	Pledged Contributions U.S Dollar	
<b>Unspent Funds as of 31 August 2002</b>			<b>1,001,201.00</b>
<b>Swedish Section of International Jurists (ICJ)</b>			
Library, remote library and year book	14,429	-	14,429
<b>Konrad Adenauer:</b>			
Seminars and conferences	15,803	27,291	43,094
<b>European Commission:</b>			
Palestinian criminal justice	67,205	53,088	120,293
<b>Representative Office of the Kingdom of the Netherlands:</b>			
IOL Legal databank bank development 2003-2005		72,115	72,115
<b>Heinrich Boll Foundation</b>			
International Criminal Law and the Arab World	50,742	-	50,742
<b>TAMKEEN</b>			
Assistance in Secondary Legislation		40,200	40,200
<b>Ministry of Labor</b>			
Secondary Legislation on labor law	25,086		25,086
<b>Center for Cultural Heritage Preservation</b>			
Task force for cultural heritage reform	47,618	153,383	201,001
<b>Sheikh Hamad Ibn Khalifah:</b>			
Endowment fund income -international laws (Note-10)	4,937		4,937
<b>Total Contributions Available for Operations (Statement-B)</b>	<b>225,820</b>	<b>346,077</b>	<b>1,573,098</b>
<b>Program, Administrative and Capital Expenditures:</b>			
Legal databank			91,978
Criminal justice, civil law and court judgment			400,987
Secretariat of human rights			80,848
Training unit			47,110
Library and yearbook			87,484
Seminars and conferences			4,734
<b>Total Program Expenses (Statement-B)</b>			<b>713,141</b>
<b>Releases to cover administrative expenses and capital expenditures</b>			
Administration and general-Portions allowed by donors (Note-16)			40,343
Capital expenditures			91,854
<b>Total Program, Administrative and Capital Expenditures (Statement-B)</b>			<b>845,338</b>
<b>Temporarily Restricted Contributions as of 31 August 2003 (Statement A and C)</b>			<b>727,760</b>