

American University of Armenia

Annual Report
2000

ENROLLMENT

Graduate Students	194
Extension Students	973

DEGREES CONFERRED

Master of Business and Administration	40
Industrial Engineering, MS	19
Political Science and International Affairs, MA	27
Master of Public Health ¹	3
Certificate in Teaching English as a Foreign Language	12
Teaching English as a Foreign Language, MA ¹	0
Law, LL.M. ¹	3

ANNUAL OPERATING

BUDGET (in thousands)	\$2,746
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¹These programs are based on a two-year cycle, thus conferring degrees every other year. The graduates represented here are those who finished their requirements in the off-year.

The American University of Armenia (AUA) is an independent, private non-profit institution of higher education in the Republic of Armenia. It is the joint undertaking of the American University of Armenia Corporation (AUAC) and the Ministry of Education and Science of the Republic of Armenia. The founders of AUA saw the concept of an American University as a long-term strategy for ensuring the development and advancement of Armenia and the surrounding region as it moved towards democracy.

The commitment and support of the Armenian General Benevolent Union (AGBU), the University of California System, and the Armenian Ministry of Education helped shape this idea into a proposal for the American University of Armenia. After careful and thoughtful planning, the American University of Armenia Corporation was formed and accepted as an affiliate of the University of California in 1991.

The AUAC is a California Public Benefit Corporation organized exclusively for educational and charitable purposes under Internal Revenue Code Section 501(3)(c). Its principal office is in Oakland, California. Its specific purpose is to own and jointly operate the AUA in the Republic of Armenia. The AUAC is affiliated with the Regents of the University of California (UC). Under the affiliation agreement, UC provides academic and administrative guidance. This agreement allows AUAC to consult appropriate members of the staff and faculty of UC in the planning of curriculum, in the selection of faculty, in the structuring of University administration, and in developing programs in various disciplines.

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President's Message

EDUCATING FOR THE 21ST CENTURY

As we look ahead to the challenges of the 21st century, reflecting upon the growth of the last nine years provides insight into our future directions. From the early days of humanitarian support for Armenian scientists to the present-day digitization project of the Armenian culture, the Meghriyan prevention of blindness program, and providing re-training programs for unemployed computer scientists, AUA has been at the forefront of change in Armenia. AUA's increasing role as a regional resource during the past nine years can be traced through the development of its physical facilities.

The University began in the Bagramian building, a classic facility from the Soviet era. AUA transformed that building into a facility that could accommodate a modern American graduate university with its research and development capability. The next phase of development was marked by AUA's role in more direct participation in the economic and social transformation of Armenia as symbolized by the AUA Business Center. The Center is the most modern business and conference facility in the Trans-Caucasus region. Plans are currently being developed for the third major AUA building project, a 21st century educational facility behind the Bagramian building, which will provide state-of-the-art teaching and networking capability for the institution.

AUA's vision for the future is to continue to increase its role as a resource for the region, and to continue to be a beacon of excellence. To this end, AUA is in the process of pursuing the following goals:

- Expansion of the student body from Yerevan to embrace a broader representation from the other regions of Armenia. The University has also embarked on a student recruitment program from neighboring countries of the former Soviet Union and the Middle East.

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- Introduction of new graduate programs, the first of which will be an M.S. degree in Computer Science and Information Technology. By developing the leadership of that industry, AUA hopes to have the same type of impact in the Ararat Valley that Stanford and UC Berkeley had in the development of Silicon Valley.
 - Development of a network of universities that work together through modern information and communication technology supporting each other through access to teaching material, digitized information and databases.
 - In addition to traditional degree programs, AUA hopes to be heavily involved in adult education, thus becoming a vehicle for transformation of society. Beyond the educational programs, the future of AUA will also entail the University's active participation in Armenia's development. At a recent faculty retreat, the idea of a multi-disciplinary approach to quality assurance was developed as one of the main themes underlying the activities of AUA. The University is already involved in the development of quality assurance programs in health services and in the business environment through its research centers. Future efforts will focus on industry as well as the government.

Our next phase will be to translate some of these ideas and concepts into a plan of action with well-defined projects, budgets, and a definition of responsibilities. These are challenging but also exciting times for the development of universities. The future of the AUA is to play an integral developmental role within a rapidly evolving society.



Haroutune K. Armenian

A Year in Review

GRADUATE PROGRAMS

Mission Statement of the American University of Armenia

As an institution of higher learning, the American University of Armenia provides teaching, research, and service programs that prepare students to address the needs of Armenia and the surrounding region for sustainable development, in a setting that values and develops academic excellence, free inquiry, scholarship, leadership, and service to society.

Since 1991, AUA has developed to become a model institution of higher education in Armenia, offering Masters programs in Engineering, Business Management, Political Science, Public Health, International and Comparative Law, and the Teaching of English as a Foreign Language (TEFL). It continues to pursue its mission by undertaking new challenges and innovative programs. This year was an exceptional year for each of the academic programs, which have grown in quality and persevere to improve their educational outcomes. We highlight below accomplishments and new developments in each of the academic programs and various university projects.

ENGINEERING

Major accomplishments of the School during the 2000 academic year included the offering of a Minor in Information Technology program. The Minor consists of a minimum of five courses on such topics as information systems analysis, design of databases, Java and C++ programming, and human-computer interfaces. This program responds to the urgent needs of the software industry in Armenia in a modest way within budgetary constraints of the School. Growing enrollment in this program is anticipated and we have plans to start a full Master of Science degree.

Together with the Computer Services Department and the University Extension, the School was successful in obtaining a grant of \$100,000 from the International Science and Technology Center (ISTC) for an Information Technology Training course. During a period of 10 months, 112 individuals with ties to the former Soviet defense industry were trained in introductory courses on Java and C++ programming, databases and web tools. With this training program, AUA remains on the forefront of changes with the economic recovery of the country.

BUSINESS AND MANAGEMENT

During the 1999-2000 academic year the Deans and the faculty of the School of Business and Management focused their efforts in reviewing and recommending academic changes. In January, the admissions standards for the MBA program were changed in order to improve the quality of entering students and to admit more mature and experienced students, as well as, to minimize the threat of saturating the market with MBAs. In June, the faculty recommended several changes to enhance students' learning of theoretical concepts. The most significant was the decision to replace lectures with cases and projects. Although this newly focused effort is very time

consuming, both the full-time and visiting faculty are committed to emphasize case usage along with guest speakers and projects.

In the Spring Semester of 2000, the Center for Business Research and Development (CBRD) was reopened and revitalized. Their first project was to conduct consumer analysis for Kotayk, the French Beer Company. During a three-month period of comprehensive consumer analysis, CBRD conducted surveys on consumer/beer drinkers and non-drinkers, their wants and needs, likes and dislikes, purchase behavior and pattern, and perceptions of Kotayk. The results of the study led Kotayk to re-evaluate and introduce a new bottle design, information content, and positioning strategy. As CBRD is revitalized, new programs are being developed to assist with the Armenian economy's development.

POLITICAL SCIENCE AND INTERNATIONAL AFFAIRS

In March 2000, the Board of Trustees of the American University of Armenia approved the appointment of Professor Douglas H. Shumavon as AUA's new Dean of Political Science and International Affairs. Not new to AUA, Prof. Shumavon has taught at AUA on several occasions and is acutely familiar with the political system and culture of Armenia. He has extensive international teaching and consulting experience, in addition to numerous publications in the field. He succeeds Professor Nikola Shahgaldian who recently retired from the deanship due to health reasons. Professor Shahgaldian pioneered the Political Science program and guided it successfully into the 21st Century. Under Dean Shumavon's leadership, the School reviewed its admissions criteria, in addition to reviewing its budget in order to determine the feasibility of offering elective courses in the 2001 academic year.

The Center for Policy Analysis continued to provide the School's best students with opportunities for direct participation in hands-on research. Two new full-time staff members, both top political science graduates, were hired. The Center continued to be self-financing and is strengthening its relationship with the Transition Policy Network. Major projects included the Earthquake Zone Housing Certificate Monitoring Project and the Government Transparency and Citizen Participation in Local Government Project. Both projects are subcontracts with the Urban Institute funded by USAID. During the past two years, CPA has signed more than \$120,000 in subcontracts with the Urban Institute.

PUBLIC HEALTH

The Master of Public Health (MPH) Program launched its 3rd MPH class and 5th overall cohort in February of this year. Throughout the year, this group of students has continued to impress and amaze the visiting faculty as each and every student has excelled in most every class. Faculty from the Johns Hopkins University, in particular, have been impressed by the students' performance as compared to their peers in the United States.

January 2000 marked the beginning of a new mode of operation for the Center for Health Services and Research (CHSR). The CHSR has seen a virtual tripling in its activities and contract research income this year, largely due to three major projects: the

Nork Projects, the Garo Meghriyan Eye Institute, and the Johns Hopkins University projects. The Nork Projects are a series of integrated projects at the Nork Marash Cardiology Center focused on developing quality assurance and quality improvement systems in an institution already recognized for its surgical excellence. The long-term goal of the project is to assist the Center in qualifying for JCAHO (Joint Commission on Accreditation of Healthcare Organizations) accreditation. An endowment established in honor of Garo Meghriyan is designed to promote integration and coordination of vision services through primary and secondary prevention activities. The JHU projects are a set of related tasks in support of the implementation and evaluation of a national health information education communication campaign being implemented by the Population Communication Service of Johns Hopkins.

ENGLISH

During the academic year 2000, the following curricular modifications were made in the Intensive English Program (IEP) based on research data derived from extensive survey of faculty and students' assessments of the effectiveness, efficiency, and relevance of IEP courses: 1) Revision of the tutorial and writing syllabi, which now include the topic of business ethics; 2) Orientation for newly admitted IEP students (both exempt and non-exempt); 3) Preparation of a handbook for newly admitted IEP students; 4) Promotion of the status of IEP students; for example, representation on the Student Council; and 5) Established computer courses for IEP students with the cooperation of the Computer Department.

Under external funding agreements to increase Armenia's professional resources in Teaching English as a Foreign Language (TEFL), the Department selected, oriented, and directed graduate studies for four Armenian MA TEFL degree candidates in the US, two at the Monterey Institute of International Studies, Monterey, CA, and two at the University of Maryland, Baltimore County. Three of these have returned to their previous teaching and curriculum development duties at AUA and one has returned to her previous position in Vanadzor, Armenia. All four significantly increase and enhance Armenia's professional resources in TEFL and are available to assist both AUA and the Ministry of Education in future efforts to increase the effectiveness of teacher education, curriculum, textbook, and test development in English language instruction in Armenia.

LAW

AUA's Department of Law had a year of significant growth in year 2000 under the leadership of Professor Stephen R. Barnett, who was appointed in December 1999 as AUA's new Dean of Law. Prof. Barnett is a distinguished academic of UC Berkeley's Boalt Hall School of Law, where he holds the Elizabeth J. Boalt professorship. He succeeded Professor Richard M. Buxbaum, also of the Boalt Hall faculty, who helped establish the AUA Law Program in 1996.

In July 2000, the AUA Board of Trustees approved the School's proposal to award a new degree, a Master of Comparative Legal Studies (M.C.L.S.), in addition to the Master of Laws degree (LL.M.) that the Department has always awarded. The M.C.L.S. will be awarded to students whose prior degree, before coming to AUA, was

in a subject other than law. At least half of every entering class, however, will continue to consist of students who have prior law degrees and are pursuing the LL.M. degree.

EXTENSION

Since its inception in 1992, AUA's Extension Program has served as the University's interface with the local communities. Our seven-level English Program alone attracts some 750 students a year. This year the World Bank hired our services to offer an advanced workshop to their staff members. We also offered a full-day workshop for non-governmental organizations in the area of Civil Society and Social Change. Our lectures have run the gamut from Music, Poetry, Architecture, Emigration, National Consciousness, Conflict Resolution, Political Lobbying, to the Celebration of 1700 Years of Christianity as a State Religion in Armenia.

One of our long-term goals is to extend educational opportunities into the various regions of Armenia. This year a short-term solution was found with the offering of courses in Gyumri on weekends. This establishes a presence in Armenia's second largest city and provides greater access to educational opportunities.

ENVIRONMENT AND CONSERVATION

AUA's environment and conservation programs, established and operated with the support of the Sarkis Acopian Endowed Chair, continue to make their impact in local and international communities. During the past year, the Environmental Research and Management Center continued to improve its educational and research programs. Due to its strong reputation gained by organizing annual environmental education workshops, representatives of a parliamentary committee drafting Armenia's Law on Environmental Education contacted ERMC for advice as it began to implement the law. ERMC held a series of advisory meetings with one representative of the committee, and will organize a meeting, in cooperation with the Organization for Security and Cooperation in Europe, to bring together international funding agencies to discuss potential funding for pilot projects and textbook writing. This opportunity to work closely with government to effect national actions reinforces AUA's role in the community and furthers its mission in Armenia.

ERMC's research programs continue to progress each year. This year the Birds of Armenia Project published its [A Field Guide to the Birds of Armenia](#) in the Armenian language. The Field Guide, Handbook, and Reference Map to the Birds of Armenia are a significant resource for building environmental awareness in Armenia, and the Birds of Armenia project is now engaged in community outreach to promote birding as an avenue to a larger awareness of the problems of habitat preservation in Armenia. Additionally, ERMC has built upon its NATO Linkage Grant to continue its research in the area of toxic metals contamination and has used its Geographic Information System (GIS) capabilities in metals research and in preparation of the State of the Environment Reports for Armenia 2000.

University-Wide Projects

DIGITAL LIBRARY



What better way to make the cultural heritage of Armenia and the wealth of Armenian literature available and accessible to the public, readers, students of Armenian culture and Armenologists than to digitize the classical texts of Armenian literature, history, and science. During the year 2000, AUA project managers worked with researchers from the Matenadaran and the National Academy of Sciences and completed the digitization of over 400 pieces of Classical Armenian literature. This library will allow not only researchers and specialists of ancient manuscripts the ability to study the centuries old pieces of work, but will also allow the average person to peruse primary sources of Armenian history and literature which otherwise would have remained in restricted library facilities. What used to take years of research, volumes of copies, endless time and money, is now available electronically and in a matter of minutes.

ACCREDITATION

After receiving eligibility status in November 1999 from the accrediting agency, WASC (Western Association of Schools and Colleges), AUA immediately began to plan the self-study process, which is the heart of the application for candidacy. This is the first time WASC has considered an institution that does not offer degree programs within territorial United States. Eligibility is the first step in the process toward accreditation, but is not a formal status with the Senior College Commission. AUA is continuing its pursuit of accreditation as it finalizes its self-study in 2001.

The Self-Study provides an opportunity within the AUA community for broad based deliberation on the current state of the institution, its successes in fulfilling its mission, its areas of special strength and those in need of improvement, as well as the direction for development in the years ahead. WASC standards define normative expectations and characteristics of excellence and provide a framework for self-study. Ultimately, the report of the self-study provides the basis for demonstrating that AUA is in compliance with WASC Commission Standards.

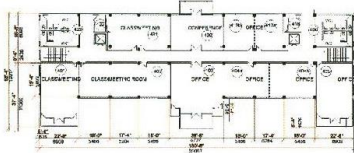
In January 2000, a Steering Committee was appointed to organize the self-study process. In May 2000, an accreditation retreat was held to solicit valuable information about AUA from students, faculty and staff and to provide insight to the Task Forces for their reports. In October 2000, a three-member WASC team conducted a preliminary visit to AUA. The purpose of the team's visit was to gain familiarity with AUA's facilities, programs, and operations, and to confirm that AUA is on track for the official visit of a WASC team in October 2001. The visit was successful on both counts. Currently, Task Forces are in the process completing their draft responses to the standards.

AUA CENTER

The AUA Center is a \$5.7 million, 7,800 square meter, multi-purpose educational and business facility, located in central Yerevan, which will enable AUA to host large meetings and conferences as well as house a number of activities of its research and development centers. Designed by a joint team of American and Armenian architects, the AUA Center offers the comfort and convenience expected by international business people.



AUA Center Fourth Floor Plan



In accordance with the original AUA Center concept, the Center has a modern, Western character with strong flavoring from the local culture. The AUA Center is equipped with the latest communications technology including a dedicated T1/E1 high-speed data/voice communication line. Other distinctive features of the Center include central heating and air conditioning, independent electricity (110 volt

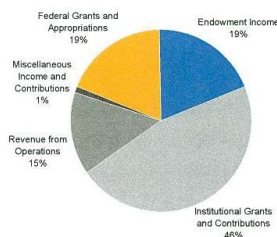
and 220 volt), custom wall-to-wall carpeting, acoustical tile standard ceilings, two elevators, on-site parking, 24-hour security, and custodial/housekeeping services. Conference facilities include numerous meeting rooms furnished with comfortable Italian furniture, a 200-person auditorium as well as a complete selection of audio-visual equipment. The spacious office suites have been individually tailored to the tenants' needs and specifications.

The official opening of the Center will take place in the Fall of 2001. While providing support to the research and business community of Armenia, the AUA Center will also provide employment opportunities for its own students and graduates. The Center is anticipated to be self-financed and become a significant source of funding for development of the University.



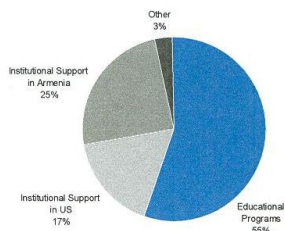
Financial Highlights

2000 Revenue Budget (\$2.74 Million)



AUA's financial activity for the year 2000 was marked by success and may be characterized as a year of increasing financial support and growth. Federal Grants and Appropriations in support of the Core Academic Programs amounted to \$521 thousand. This was the first year in which AUA received monthly income from the \$9.58 million Endowment granted by the United States Government. Income from this endowment will continue to be an important source to sustain the development of the Core Academic Programs of the university throughout the coming years. We continued to receive steady support from the endowment held by the Armenian General Benevolent Union (AGBU), with total receipts amounting to \$810 thousand this year. Other generous donations from private individuals, institutions and foundations also secured this year's progress. The support and commitment lent to the University by all its funders has been remarkable, and correspondingly the University's achievements significant.

2000 Expenditure Budget (\$2.74 Million)



As we move into the second decade of AUA's operation, we continue to focus on long-term development and institutionalization of our operations. This year we created challenging new positions and recruited a talented pool of managers to work towards that end. **Nancy Loshkajian**, Executive Director of Development and Public Affairs, joins us on a part-time basis after five successful years as the Executive Director of Development at the University of California, Santa Cruz; **Arpie Balian**, Director of Institutional Development, will be designing, planning and implementing special projects, one of which is

to recruit students from both Armenia and the surrounding region, with an initial focus on Georgia, Lebanon, and Iran. She joins us after nine years as Director of the Office of Planning, Budget and Evaluation in the U.S. Department of Commerce, Patent and Trademark Office; **Gevorg Goyunian**, Financial Analyst, received his Master of Business Administration from the State University of New York at Binghamton. After completing a six-month internship in our Corporation's office in Oakland, he relocated to AUA in December 2000. All three new positions lay the groundwork for AUA's future development and its pursuit of quality assurance across administrative and management lines.

Report of Independent Accountant

BPM

BURR, PILGER & MAYER
Accountants and Consultants

**INDEPENDENT AUDITORS' REPORT ON THE
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS**

To the Board of Trustees
American University of Armenia Corporation
Oakland, California

We have audited the accompanying statement of financial position of American University of Armenia Corporation (a California nonprofit organization) as of December 31, 1999, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and the 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 American University of Armenia Corporation as of December 31, 1999, and the change in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 2000 on our consideration of American University of Armenia Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic statements of American University of Armenia Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



San Francisco, California
May 10, 2000

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