



Barzily & Co.

Certified Public Accountants
ברזילי ושות', דואי חשבון

Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai Brith (R.A.)

Financial Statements

as of December 31, 2022



Jerusalem: Har Hatzfira, 19 Haratzim St. 97775 Tel: 0732365200 Fax: 072-65251349 טל: 073-2366200 פקס: 072-6231349 ירושלים: הר הצופים, הר הצופים, רח' הרטום 19, 97775
Tel-Aviv: Migdal Shalom, 9 Atad Ha'even St. 65251 Tel: 072-35176383 Fax: 072-35176392 טל: 072-35176383 פקס: 072-35176392 תל אביב: מגדל שלום, רח' אהרן העם 9, 65251

www.barzily.co.il



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**Financial Statements
as of December 31, 2022**

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בדוללי ושות', רואי חשבון

Jerusalem, July 23, 2023

Report of Independent Auditors

to the Members of

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center
Formerly Bnai Brith (R.A.)**

We have audited the accompanying statements of financial position of Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai Brith (R.A.) (hereinafter - "the Association") as of December 31, 2022 and 2021, and the related statements of operations, changes in net Assets and cash flows for each of the years then ended. These financial statements are the responsibility of the Association's committee and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed by the Auditors. Regulations (Auditor's Modes of Performance)-1973. 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 the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 the Association as of December 31, 2022 and 2021, and the results of its operations, changes in net assets and cash flows for each of the years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

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A Member of MSI Worldwide



Jerusalem Tel: 02-6661340 Fax: 02-6661340 Tel: 02-6661340 Fax: 02-6661340
Tel Aviv Tel: 03-5176322 Fax: 03-5176322 Tel: 03-5176322 Fax: 03-5176322
www.barzily.co.il


**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)
Statements of Financial Position
(New Sheqels)**

	Note	As of December 31	
		2022	2021
Assets			
Current Assets			
Cash and cash equivalents	3	2,515,957	2,288,841
Short-term deposit		3,717,844	3,444,724
Accounts receivable	4	2,884,696	2,872,329
		<u>9,118,497</u>	<u>8,605,894</u>
Non Current Assets			
Investments in securities		2,111,089	2,287,233
Fixed assets, net	6	47,232,904	47,750,610
		<u>58,462,490</u>	<u>58,643,737</u>
Liabilities and Net Assets			
Current Liabilities			
Short-term debts and current maturities of long-term debts	5	50,976	-
Employees and payroll accruals		2,479,912	2,622,728
Suppliers and trade payables (including checks for cashing in the amount of approximately NIS 105 thousand, prior year - in the amount of approximately NIS 117 thousand)		772,940	793,619
		<u>3,303,828</u>	<u>3,416,347</u>
Non Current Liabilities			
Long-term loan	5	433,296	-
Accrued severance pay	7	1,092,000	943,000
Other long-term payables in regard to employees	8	324,000	317,000
		<u>1,849,296</u>	<u>1,260,000</u>
Net Assets			
Unrestricted net assets		5,976,462	6,116,780
For use in operations		47,232,904	47,750,610
Invested in fixed assets		53,209,366	53,867,390
Restricted net assets	9	100,000	100,000
Total net assets		<u>53,309,366</u>	<u>53,967,390</u>
		<u>58,462,490</u>	<u>58,643,737</u>

The accompanying notes are an integral part of the financial statements.

July 23, 2023

Date of approval of the Financial
Statements


Board Member

Tali Kaplan-
Meshorer


Board Member

1.2.2023 1.12.21

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)
Statements of Operations
(New Shekels)**

	Note	Year ended December 31	
		2022	2021
Turnover of Operations			
Ministry of Welfare		14,265,001	14,625,300
Ministry of Education		8,292,938	8,375,277
Contributions (including money equivalent of about 119 thousand NIS and about 68 thousand NIS this year and last year, respectively)		2,724,800	1,523,248
Revenues from services rendered - The Training and Treatment Center		1,610,986	1,272,943
Local councils		734,012	584,303
Ministry of Health		304,725	319,090
Other revenues		259,591	171,477
Amounts released from restricted net assets to investment in fixed assets		110,033	20,000
Ministry of Aliyah & Integration		-	42,400
		<u>28,302,086</u>	<u>26,934,038</u>
Cost of Operations			
Education and treatment expenses	10	(17,651,709)	(16,618,025)
Maintenance expenses	11	(5,506,762)	(5,236,810)
The Training and Treatment Center direct expenses	12	(1,763,801)	(1,751,907)
Depreciation		(1,583,152)	(1,536,694)
		<u>(26,505,424)</u>	<u>(25,143,436)</u>
Net income from operations		1,796,662	1,790,602
General and administrative expenses	13	(2,325,268)	(2,240,755)
Net expenses prior to financing		(528,606)	(450,153)
Net financial income (expenses)	14	(129,418)	110,356
Deficit for the year		<u>(658,024)</u>	<u>(339,797)</u>

The accompanying notes are an integral part of the financial statements.

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)
Statements of Changes in Net Assets
(New Shekels)**

	<u>Unrestricted Net Assets</u>		<u>Restricted Net Assets</u>	<u>Total</u>
	<u>Used in Operations</u>	<u>Invested in fixed assets</u>		
Balance as of January 1, 2021	5,313,877	48,893,310	100,000	54,307,187
Additions During the Year:				
Deficit for the year	(339,797)	-	-	(339,797)
Contributions and allocations	-	-	20,000	20,000
Reductions During the Year:				
Amounts released from net assets restricted to investment in fixed assets	-	-	(20,000)	(20,000)
Transfer of unrestricted amounts invested in fixed assets	(393,994)	393,994	-	-
Amounts transferred for depreciation	1,536,694	(1,536,694)	-	-
Balance as of December 31, 2021	<u>6,116,780</u>	<u>47,750,610</u>	<u>100,000</u>	<u>53,967,390</u>
Additions During the Year:				
Deficit for the year	(658,024)	-	-	(658,024)
Contributions and allocations	-	-	110,033	110,033
Reductions During the Year:				
Amounts released from net assets restricted to investment in fixed assets	-	-	(110,033)	(110,033)
Transfer of unrestricted amounts invested in fixed assets	(1,065,446)	1,065,446	-	-
Amounts transferred for depreciation	1,583,152	(1,583,152)	-	-
Balance as of December 31, 2022	<u>5,976,462</u>	<u>47,232,904</u>	<u>100,000</u>	<u>53,309,366</u>

The accompanying notes are an integral part of the financial statements.

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)
Statements of Cash Flows
(New Shekels)**

	Year ended December 31	
	2022	2021
Cash Flows from Operating Activities		
Deficit for the year	(658,024)	(339,797)
Adjustments to present cash flows provided by operating activities:		
Income and Expenses not Involving Cash Flows:		
Depreciation	1,583,152	1,536,694
Increase (Decrease) in accrued severance pay pay liabilities and other long-term payables in regard to employees	156,000	(276,000)
Increase (Decrease) in value of investments in securities, net	176,144	(118,955)
Amounts released from net assets restricted to investment in fixed assets	(110,033)	(20,000)
Changes in Asset and Liability Items:		
Decrease (Increase) in accounts receivable	(12,367)	492,348
Increase (Decrease) in employees and payroll accruals	(142,816)	26,272
Increase (Decrease) in suppliers and trade payables	(20,679)	108,477
Receipts for restricted net assets	110,033	20,000
Net Cash Provided by Operating Activities	<u>1,081,410</u>	<u>1,429,039</u>
Cash Flows from Investing Activities		
Increase in short-term deposit	(273,120)	(245,959)
Investment in fixed assets	(1,065,446)	(393,994)
Net Cash Used in Investing Activities	<u>(1,338,566)</u>	<u>(639,953)</u>
Cash Flows for Financing Activities:		
Receipt of long-term loan	509,760	-
Repayment of long-term loans	(25,488)	-
Net Cash Provided by Financing Activities	<u>484,272</u>	<u>-</u>
Increase in cash and cash equivalents	227,116	789,086
Cash and cash equivalents at the beginning of the year	2,288,841	1,499,755
Cash and cash equivalents at the end of the year	<u>2,515,957</u>	<u>2,288,841</u>

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)**
Notes to Financial Statements
(New Shekels)

Note 1 - General

- a. The Jerusalem Hills Therapeutic Center (JHTC) - Residential Treatment Center formerly Bnai Brith (R.S.) (hereinafter - "the Association") is registered under the Israel Associations Law of 1980.
- b. The Association's objectives are the operation of the therapeutic boarding school "The Children's Home" at 1 Mitzpe St., Kiryat Yearim, as well as the operation of "The Training and Treatment Center", that renders treatment, training and research services to the community.
- c. The Association is a "public institution" as defined in Section 9(2) of the Income Tax Ordinance.
- d. The Association received certification for satisfactory management for the year 2023.
- e. The Association has a permit to receive contributions in accordance with Section 46 of the Income Tax Ordinance.

Note 2 - Significant Accounting Policies

- a. The financial statements are prepared in "reported amounts" in accordance with Accounting Standard No. 12 of the Israeli Accounting Standards Board.
- b. These financial statements are prepared in accordance with Accounting Standard No. 40 (updated in 2021) of the Israeli Accounting Standards Board in regard to principles and reporting for non-profits, that determines and defines, inter alia, the following:

"Net assets that are unlimited by restrictions"-

That part of the net assets that has no limitation, temporary or fixed, designated by the contributors.

Unrestricted Net Assets are presented while differentiating between:

- Net assets intended for operations.
- Net assets invested in fixed assets.

"Net assets that are limited by restrictions"-

That part of the Association's net assets resulting from donations received or from another internal flow of assets, the use of which by the Association was limited by donor stipulations.

- c. Cash and cash equivalents

Cash and cash equivalents include demand deposits as well as unrestricted bank deposits the original maturity of which at the date of deposit did not exceed three months.

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)
Notes to Financial Statements
(New Shekels)**

Note 2 - Significant Accounting Policies (Cont.)

d. Fixed Assets

Acquisitions until December 31, 1997 were shown at a symbolic value. During 1998 a revaluation of assets that were in the hands of the Association until January 1, 1998 was performed. Commencing with 1998, the fixed assets are shown at cost net of the deduction for accumulated depreciation. Depreciation is computed at annual rates on the basis of the "straight line" method in accordance with the estimated useful lives of the assets, as follows:

Land	0%
Building located in Kiryat Yearim	2%
Renovations, furniture and electronic equipment	7%-33%
Solar network	15%
Vehicles	15%
Parks and toy installations	10%

e. Investment in securities

The investment in securities is shown at market value as of balance sheet date.

f. Exchange rates

Items linked to foreign currency are presented according to the Representative Exchange Rate at Balance Sheet Date as follows:

	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>Rate of Change for</u> <u>the year</u>
Dollar Exchange Rate	3.519	3.11	13.15%
Euro Exchange Rate	3.753	3.5199	6.62%
Canadian Dollar Exchange Rate	2.597	2.442	6.33%

g. Provision for doubtful accounts

The provision for doubtful accounts is computed mainly for specific accounts that, in the opinion of the Association's management, their collection is doubtful.

h. Basis of recognition of income and expenses

income from donations

- An unconditional donation received was recognized as income in the period in which it was received. The donations were classified as current donations or limited donations.
- A conditional contribution or conditional promise was recognized as income only when the conditional contribution or conditional promise became unconditional.
- Donations of fixed assets and donations of cash for investment in fixed assets were recognized as income in the Statements of Operations when the asset is ready for its intended use or during the limitation period set by the donor.

Other income and expenses were included on an accrual basis.

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)
Notes to Financial Statements
(New Shekels)**

Note 2 - Significant Accounting Policies (Cont.)

- i. Services received free of charge were recorded as income and as expenses according to their fair value, if the following three conditions were met:
 - a. Those services have substantial financial value on an overall basis, in relation to the scope of the non-profit's activity.
 - b. The fair value of those services can be estimated reliably.
 - c. The services are essential to the normal activities of the non-profit organisation. In the event that the services were not received, the non-profit organisations would be forced to purchase them in return for contributions.
- j. Assets received without consideration were recorded at their fair value at acquisition date, when the following two terms existed:
 - a. Those Assets have substantial financial value on an overall basis, in relation to the scope of the non-profit's activity.
 - b. The fair value of those services can be estimated reliably.
- k. Use of estimates in preparation of financial statements
 Use of estimates in preparation of financial statements Preparation of financial statements in accordance with generally accepted accounting principles in Israel requires management to make estimates and assumptions that have an effect on amounts of assets and liabilities presented in the financial statements, on disclosure in regard to conditional assets and contingent liabilities as well as the amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates.

Note 3 - Cash and cash equivalents

	As of December 31	
	2022	2021
Accounts in New Israeli Sheqels	2,188,068	1,726,022
Petty cash and cash float	166,137	104,136
Accounts in foreign currency	161,752	458,683
	2,515,957	2,288,841

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)**
Notes to Financial Statements
(New Shekels)

Note 4 - Accounts receivable

	As of December 31	
	2022	2021
Receivable revenue	1,578,527	1,850,495
Deposit in a renovations fund *	1,078,459	950,435
Credit cards	150,638	-
Prepaid expenses	71,291	64,027
Institutions	5,781	6,072
Employee advances	-	1,300
	2,884,696	2,872,329

* See Note 5.

Note 5 - Deposit in a renovations fund

Deposit in a fund intended for loans for renovations and the provision of special conditions (loans in amounts that exceed the amount of the deposit and without interest and linkage). The fund is registered in the trust of the Ministry of Welfare and the participating associations. The Association has the option to withdraw the deposit at any time.

During the reported year, a loan in the amount of NIS 510 was received for participation in financing the acquisition of the Yavil building and its equipment. The loan is non-interest bearing and is unlinked. For repayment in 120 installments.

The Association has the right to receive long-term free loans at any time. These loans are interest free and are to be used for development of the dormitory physical area. The amount of the loan is double the deposit and includes deduction of the balance of the loan liability. The loan liability will be deducted directly from payments of the Ministry to the Association in equal installments over a 10 year period.

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)**
Notes to Financial Statements
(New Shekels)

Note 6 - Fixed assets, net

	As of December 31			
	2022		*2021	
	Cost	Accumulated Depreciation	Depreciated Cost	Depreciated Cost
Land in Kiryat Yearim	9,257,661	-	9,257,661	9,257,661
Building in Kiryat Yearim (a)	48,721,408	13,081,666	35,639,742	35,991,788
Renovation, Furniture and Equipment - Kiryat Yearim	6,565,018	5,024,730	1,540,288	1,624,435
Furniture and Equipment - The Training and Treatment Center	156,937	110,329	46,608	49,897
Parks and Toy Installations in Kiryat Yearim	530,890	530,890	-	-
Vehicles	157,400	119,827	37,573	61,183
Solar network in Kiryat Yearim	1,309,673	974,480	335,193	389,807
Basic Inventory (b)	375,839	-	375,839	375,839
	<u>67,074,826</u>	<u>(19,841,922)</u>	<u>47,232,904</u>	<u>47,750,610</u>

* Reclassified.

- a. The Association constructed a building on the land in Kiryat Yearim that was received from "Jewish Women International". This building is used for the Association's operations. Part of the building costs was received by the Association as a contribution from "Jewish Women International".
- b. During 1998, the basic inventory of the Association was evaluated by an assessor who valued it at approximately NIS 375 thousand (in reported amounts).
- c. In prior years, the Association operated a Center for youth in a building on Blumenfeld Street in Jerusalem. Half the asset was registered in the TABU in the name of the Jerusalem Fund and the balance is registered in the name of the contributor who is not demanding any rental fees. In August 2020 the Association discontinued this operation. The Association has rights to part of the consideration upon sale of the building in accordance with an agreed formula. The financial statements do not show these rights since their value cannot properly be estimated.

Note 7 - Accrued severance pay

The Associations liability for severance pay is fully provided by the provision shown in the financial statements as well as by current payments to the severance pay funds and personal insurance policies for employees. Amounts in the severance pay funds and insurance policies are not included in the financial statements since they are not controlled or managed by the Association.

Note 8 - Other long-term payables in regard to employees

The liability for redemption of sick leave for employees who attain retirement age is computed in accordance with management estimates.

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)
Notes to Financial Statements
(New Shekels)**

Note 9 - Restricted net assets

	Balance as of January 1, 2022	Contributions and Allocations	Utilized For Operations	Utilized For Acquisition of Fixed Assets	Balance as of December 31, 2022
Yehudis Elitzur z"l	100,000	-	-	-	100,000
Contribution For projects and renovations	-	110,033	-	(110,033)	-
	<u>100,000</u>	<u>110,033</u>	<u>-</u>	<u>(110,033)</u>	<u>100,000</u>

Note 10 - Education and treatment expenses

	Year ended December 31	
	2022	2021
Payroll and related items for teachers, educators, guidance counselors and therapists	16,423,352	15,634,833
Allowances and transport of children	342,758	317,668
Cultural activities and day camps	291,292	195,937
Counseling, guidance, treatment expenses and other	207,470	169,378
Teaching necessities and professional literature	188,483	108,596
Work-related travel	117,035	113,506
Gifts to employees	48,583	43,028
Payments to host families	32,736	35,079
	<u>17,651,709</u>	<u>16,618,025</u>

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)**
Notes to Financial Statements
(New Shekels)

Note 11 - Maintenance Expenses

	Year ended December 31	
	2022	2021
Payroll and related items	2,276,248	2,354,593
Food supplies (less employees' participation in the amount of approximately NIS 111 thousand and NIS 108 thousand this year and last year, respectively)	1,020,590	899,129
Utilities	551,255	486,017
Security services	483,509	468,877
Repairs, renovations and painting	329,482	261,315
Laundry	222,379	203,612
Sanitation	164,443	150,610
Insurance and taxes	151,125	129,566
Agriculture and gardening	124,269	100,240
Medical	123,320	128,824
Vehicle maintenance	45,042	43,294
Clothing and shoes	15,100	10,733
	<u>5,506,762</u>	<u>5,236,810</u>

Note 12 - The Training and Treatment Center direct expenses

	Year ended December 31	
	2022	2021
Payroll and related items	1,043,385	982,805
Professional services and general expenses	562,016	607,502
Rent	158,400	161,600
	<u>1,763,801</u>	<u>1,751,907</u>

**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)
Notes to Financial Statements
(New Shekels)**

Note 13 - General and Administrative Expenses

	Year ended December 31	
	2022	2021
Payroll and related items (includes salaries and social benefits to a related party in the amount of approximately NIS 364 and NIS 343 thousand this year and last year, respectively)	1,634,984	1,649,630
Office expenses	314,905	312,489
Public relations and advertising	260,751	110,765
Legal	52,385	42,120
Professional services	41,700	70,196
Banking	18,268	21,733
Taxes, fees and other	2,275	33,822
	2,325,268	2,240,755

Note 14 - Net financial income (expenses)

	Year ended December 31	
	2022	2021
Profit (Loss) from revaluation of securities	(176,144)	118,956
Interest revenues (expenses), net	46,726	(8,600)
	(129,418)	110,356