



Barzily & Co.

Certified Public Accountants
ברזילי ושות', רואי חשבון

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

Financial Statements

as of December 31, 2023



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

**Financial Statements
 as of December 31, 2023**

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Jerusalem, July 14, 2024

**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, 2023 and 2022, 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, 2023 and 2022, 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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**Jerusalem Hills Therapeutic Centers (JHTC) - Residential Treatment Center Formerly Bnai
Brith (R.A.)
Statements of Financial Position
(New Sheqels)**

		As of December 31,	
	Note	2023	2022
Assets			
Current Assets			
Cash and cash equivalents	3	4,154,908	2,515,957
Short-term deposit		3,287,734	3,717,844
Accounts receivable	4	3,534,171	2,884,696
		<u>10,976,813</u>	<u>9,118,497</u>
Non Current Assets			
Investments in securities		2,210,428	2,111,089
Fixed assets, net	6	<u>46,395,357</u>	<u>47,232,904</u>
		<u>59,582,598</u>	<u>58,462,490</u>
Liabilities and Net Assets			
Current Liabilities			
Current maturities of long-term loan	5	50,976	50,976
Workers and institutions		2,462,495	2,479,912
Suppliers and service providers		666,849	772,940
		<u>3,180,320</u>	<u>3,303,828</u>
Non Current Liabilities			
Long-term loan	5	382,320	433,296
Accrued severance pay	7	1,087,000	1,092,000
Other long-term payables in regard to employees	8	306,000	324,000
		<u>1,775,320</u>	<u>1,849,296</u>
Net Assets			
Unrestricted net assets			
For use in operations		7,053,299	5,976,461
Invested in fixed assets		<u>46,395,358</u>	<u>47,232,905</u>
		<u>53,448,657</u>	<u>53,209,366</u>
Restricted net assets	9	<u>1,178,301</u>	<u>100,000</u>
Total net assets		<u>54,626,958</u>	<u>53,309,366</u>
		<u>59,582,598</u>	<u>58,462,490</u>

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

July 14, 2024
Date of approval of the Financial
Statements


Chairman of the
Committee


Board Member

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

		Year ended December 31,	
	Note	2023	2022
Turnover of Operations			
Ministry of Welfare		15,049,122	14,265,001
Ministry of Education		9,408,330	8,292,938
Contributions (including money equivalent of about NIS 66 thousand and about NIS 119 thousand this year and last year, respectively)		2,833,480	2,724,800
Revenues from services rendered - The Training and Treatment Center		1,755,102	1,610,986
Local councils		592,163	734,012
Ministry of Health		356,917	304,725
Other revenues		149,021	259,591
Amounts released from restricted net assets to investment in fixed assets		519,654	110,033
		<u>30,663,789</u>	<u>28,302,086</u>
Cost of Operations			
Education and treatment expenses	10	(18,895,043)	(17,651,709)
Maintenance expenses	11	(5,735,896)	(5,506,762)
The Training and Treatment Center direct expenses	12	(1,785,133)	(1,763,801)
Depreciation		(1,474,178)	(1,583,152)
		<u>(27,890,250)</u>	<u>(26,505,424)</u>
Net income from operations		<u>2,773,539</u>	<u>1,796,662</u>
General and administrative expenses	13	<u>(2,755,247)</u>	<u>(2,325,268)</u>
Net income (expenses) prior to financing		18,292	(528,606)
Net financial income (expenses)	14	<u>220,999</u>	<u>(129,418)</u>
Net income (Deficit) for the year		<u>239,291</u>	<u>(658,024)</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 Sheqels)

	<u>Unrestricted Net Assets</u>		<u>Restricted</u>	<u>Total</u>
	<u>Used in</u>	<u>Invested in</u>	<u>Net Assets</u>	
	<u>Operations</u>	<u>fixed assets</u>		
Balance as of January 1, 2022	6,116,780	47,750,610	100,000	53,967,390
Additions During the Year:				
Deficit for the year	(658,024)	-	-	(658,024)
Contributions and allocations	-	-	110,033	110,033
Deductions 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	(1,065,447)	1,065,447	-	-
Amounts transferred for depreciation	1,583,152	(1,583,152)	-	-
Balance as of December 31, 2022	5,976,461	47,232,905	100,000	53,309,366
Additions During the Year:				
income for the year	239,291	-	-	239,291
Contributions and allocations	-	-	1,597,955	1,597,955
Deductions During the Year:				
Amounts released from net assets restricted to investment in fixed assets	-	-	(519,654)	(519,654)
Transfer of unrestricted amounts invested in fixed assets	(636,631)	636,631	-	-
Amounts transferred for depreciation	1,474,178	(1,474,178)	-	-
Balance as of December 31, 2023	<u>7,053,299</u>	<u>46,395,358</u>	<u>1,178,301</u>	<u>54,626,958</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 Sheqels)**

	Year ended December 31,	
	2023	2022
Cash Flows from Operating Activities		
Net income (Deficit) for the year	239,291	(658,024)
Adjustments to present cash flows provided by operating activities:		
Income and Expenses not Involving Cash Flows:		
Depreciation	1,474,178	1,583,152
Increase (Decrease) in accrued severance pay liabilities and other long-term payables in regard to employees	(23,000)	156,000
Increase (Decrease) in value of investments in securities, net	(99,339)	176,144
Amounts released from net assets restricted to investment in fixed assets	(519,654)	(110,033)
Changes in Asset and Liability Items:		
Increase in accounts receivable	(649,475)	(12,367)
Decrease in employees and payroll accruals	(17,417)	(142,816)
Decrease in suppliers and trade payables	(106,091)	(20,679)
Receipts for restricted net assets	1,597,955	110,033
Net Cash Provided by Operating Activities	1,896,448	1,081,410
Cash Flows from Investing Activities		
Decrease (Increase) in short-term deposit	430,110	(273,120)
Investment in fixed assets	(636,631)	(1,065,446)
Net Cash Used in Investing Activities	(206,521)	(1,338,566)
Cash Flows for Financing Activities:		
Receipt of long-term loan	-	509,760
Repayment of long-term loan	(50,976)	(25,488)
Net Cash Provided by (used for) Financing Activities	(50,976)	484,272
Increase in cash and cash equivalents	1,638,951	227,116
Cash and cash equivalents at the beginning of the year	2,515,957	2,288,841
Cash and cash equivalents at the end of the year	4,154,908	2,515,957

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

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 2024.
- 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 Sheqels)

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 calculated 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>31.12.2023</u>	<u>31.12.2022</u>	<u>Rate of Change for the year</u>
Dollar Exchange Rate	3.627	3.519	3.07%
Euro Exchange Rate	4.012	3.753	6.9%
Canadian Dollar Exchange Rate	2.739	2.597	5.47%

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 Sheqels)**

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,	
	2023	2022
Accounts in New Israeli Sheqels	3,513,135	2,188,068
Petty cash and cash float	65,420	166,137
Accounts in foreign currency	576,353	161,752
	<u>4,154,908</u>	<u>2,515,957</u>

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

Note 4 - Accounts receivable

	As of December 31,	
	2023	2022
Receivable revenue	2,019,475	1,578,527
Deposit in a renovations fund *	1,207,666	1,078,459
Credit cards	233,054	150,638
Prepaid expenses	73,976	71,291
Institutions	-	5,781
	<u>3,534,171</u>	<u>2,884,696</u>

* 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 2022, 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.

Note 6 - Fixed assets, net

	As of December 31,			
	2023		2022	
	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)	48,739,260	14,097,560	34,641,700	35,639,742
Renovation, Furniture and Equipment – Kiryat Yearim	7,183,797	5,396,645	1,787,152	1,540,288
Furniture and Equipment – The Training and Treatment Center	156,937	118,475	38,462	46,608
Parks and Toy Installations in Kiryat Yearim	530,890	530,890	-	-
Vehicles	157,400	143,437	13,963	37,573
Solar network in Kiryat Yearim	1,309,673	1,029,093	280,580	335,193
Basic Inventory (b)	375,839	-	375,839	375,839
	<u>67,711,457</u>	<u>(21,316,100)</u>	<u>46,395,357</u>	<u>47,232,904</u>

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

Note 6 - Fixed assets, net (Cont.)

- 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.

Note 9 - Restricted net assets

	Balance as of January 1, 2023	Contributions and Allocations	Utilized For Operations	Utilized For Acquisition of Fixed Assets	Balance as of December 31, 2023
		-	-	-	
Yehudis Elitzur z"l	100,000	-	-	-	100,000
	<u>100,000</u>	<u>1,597,955</u>	<u>-</u>	<u>(519,654)</u>	<u>1,178,301</u>
Contribution For projects and renovations	-	<u>1,597,955</u>	-	<u>(519,654)</u>	<u>1,078,301</u>

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

Note 10 - Education and treatment expenses

	Year ended December 31,	
	2023	2022
Payroll and related items for teachers, educators, guidance counselors and therapists	17,863,950	16,423,352
Allowances and transport of children	336,674	342,758
Cultural activities and day camps	296,302	291,292
Counseling, guidance, treatment expenses and other	153,963	207,470
Teaching necessities and professional literature	105,510	188,483
Work-related travel	67,322	117,035
Gifts to employees	43,140	48,583
Payments to host families	28,182	32,736
	<u>18,895,043</u>	<u>17,651,709</u>

Note 11 - Maintenance Expenses

	Year ended December 31,	
	2023	2022
Payroll and related items	2,344,058	2,276,248
Food supplies (less employees' participation in the amount of approximately NIS 135 thousand and NIS 111 thousand this year and last year, respectively)	1,021,680	1,020,590
Security services	588,935	483,509
Utilities, water, electricity and gas	474,405	551,255
Repairs, renovations and painting	390,542	329,482
Laundry	250,746	222,379
Sanitation	162,963	164,443
Insurance and taxes	157,188	151,125
Medical	127,240	123,320
Agriculture and gardening	114,108	124,269
Clothing and shoes	58,548	15,100
Vehicle maintenance	45,483	45,042
	<u>5,735,896</u>	<u>5,506,762</u>

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

Note 12 - The Training and Treatment Center direct expenses

	Year ended December 31,	
	2023	2022
Payroll and related items	947,760	1,043,385
Professional services and general expenses	666,023	562,016
Rent	171,350	158,400
	<u>1,785,133</u>	<u>1,763,801</u>

Note 13 - General and Administrative Expenses

	Year ended December 31,	
	2023	2022
Payroll and related items (includes salaries and social benefits to a related party in the amount of approximately NIS 429 and NIS 364 thousand this year and last year, respectively)	2,056,278	1,634,984
Office expenses	303,463	314,905
Public relations and advertising	260,107	260,751
Legal	54,405	52,385
Professional services	44,109	41,700
Banking	22,220	18,268
Taxes, fees and other	14,665	2,275
	<u>2,755,247</u>	<u>2,325,268</u>

Note 14 - Net financial income (expenses)

	Year ended December 31,	
	2023	2022
Profit (Loss) from revaluation of securities	99,340	(176,144)
Interest revenues, net	121,659	46,726
	<u>220,999</u>	<u>(129,418)</u>

Note 15 - Significant Events During the Reported period -The "Swords of Iron" war

On October 7, 2023, the "Iron Swords" war broke out in Israel (hereinafter - "the war"). Despite the continuation of the war, As of the date of approval of these financial statements, based on the information in the organization possession, they estimates that this event will not have a significant effect on the scope and continuance of its operations.