

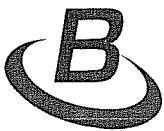
**Hillel - The Right to Choose (R.S.)**

**Financial Statements as of December 31 2020**

**Hillel - The Right to Choose (R.S.)**

**Financial Statements as of December 31 2020**

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**Barzily & Co.**

Certified Public Accountants  
ברזילי ושות', דוא"ר חשבון

Jerusalem, July 8 2021

## Report of Independent Auditors to the Members of Hillel - The Right to Choose (R.S.)

We have audited the accompanying balance sheets of Hillel - The Right to Choose (R.S.) (hereafter - "the Society") as of December 31, 2020 and 2019 and the related statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Society's board of directors 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 under the Auditors' Regulations (Mode 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 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 aspects, the financial position of the Society as of December 31, 2020 and 2019, and the results of its operations and changes in net assets for the years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

*Barzily & Co.*  
Barzily & Co.  
Certified Public Accountants  
A Member of MSI Worldwide



**Hillel - The Right to Choose (R.S.)**  
**Balance Sheets**  
**NIS**

	<u>Note</u>	<u>As at December 31</u>	
		2020	2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,112,187	1,786,141
Deposits with others		98,027	168,353
Accounts receivable	3	1,968,251	1,395,941
		4,178,465	3,350,435
<b>Long-Term Assets</b>			
Rent deposits and long-term loan		135,916	135,916
		802,312	926,532
<b>Fixed Assets, Net</b>			
	4	802,312	926,532
		5,116,693	4,412,883
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Checks payable		61,258	238,700
Suppliers and service renderers		136,289	171,645
Accounts payable	5	842,815	567,653
Deferred income		500,200	500,000
		1,540,562	1,477,998
<b>Unrestricted Net Assets</b>			
For Operations Undesignated by the Society		551,129	77,810
For Operations Designated by the Society	7	2,222,690	1,930,543
Used for Fixed Assets		802,312	926,532
		5,116,693	4,412,883

July 8 2021  
Date of approval

*[Signature]*  
Member of the  
Board of Directors

*[Signature]*  
Member of the  
Board of Directors

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

*ARIE ROSE*

*[Signature]*  
Eran

**Hillel - The Right to Choose (R.S.)**  
**Statements of Operations**  
**NIS**

		<b>Year ended December 31</b>	
	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Turnover of Operations</b>			
Contributions		9,748,913	7,657,429
Ministry of Social Affairs and Social Services	8	3,505,875	2,979,046
Cash equivalent contributions	9	861,205	580,436
Revenues from operations and other items		5,447	46,735
Participation in expenses		-	3,020
Dues		17,150	17,245
		14,138,590	11,283,911
<b>Cost of Operations (*)</b>	10	(11,726,931)	(10,051,014)
Net Revenues from Operations		2,411,659	1,232,897
<b>General and Administrative Expenses (*)</b>	11	(1,770,413)	(1,373,483)
<b>Net Income (Loss) for the Year</b>		641,246	(140,586)

(\*) Reclassified.

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

**Hillel - The Right to Choose (R.S.)**  
**Statements of Changes in Net Assets**  
**NIS**

	<u>Unrestricted Net Assets</u>			<u>Total</u>
	<u>For Operations Undesignated by the Society</u>	<u>For Operations Designated by the Society</u>	<u>Used for Fixed Assets</u>	
<b><u>Balance as of January 1 2019</u></b>	475,816	1,768,707	830,948	3,075,471
<b><u>Additions During the Year:</u></b>				
Deficit for the year	(140,586)	-	-	(140,586)
Amounts designated by the Society	(5,437,131)	5,437,131	-	-
Amounts released from designation to performance	5,275,295	(5,275,295)	-	-
Transfer of unrestricted amounts used for fixed assets	(228,030)	-	228,030	-
Amounts transferred for coverage of depreciation expenses	132,446	-	(132,446)	-
	<u>(398,006)</u>	<u>161,836</u>	<u>95,584</u>	<u>(140,586)</u>
<b><u>Balance as of January 1 2020</u></b>	<u>77,810</u>	<u>1,930,543</u>	<u>926,532</u>	<u>2,934,885</u>
<b><u>Additions During the Year:</u></b>				
Net income for the year	641,246	-	-	641,246
Amounts designated by the Society	(5,293,444)	5,293,444	-	-
Amounts released from designation to performance	5,001,297	(5,001,297)	-	-
Transfer of unrestricted amounts used for fixed assets	(90,711)	-	90,711	-
Fixed asset received without consideration	(12,550)	-	12,550	-
Amounts transferred for coverage of depreciation expenses	227,481	-	(227,481)	-
	<u>473,319</u>	<u>292,147</u>	<u>(124,220)</u>	<u>641,246</u>

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

**Hillel - The Right to Choose (R.S.)**  
**Notes to Financial Statements**  
**NIS**

**Note 1 - General**

- a. Hillel - The Right to Choose (R.S.) - ("the Society") was established and started operating in 1991, under the Societies Law (1980). During August 2020 the Society changed its name to Hillel The Right to Choose (R.S.).
- b. The Society's objectives include: assistance to individuals and to families that request help from the Society of their own accord in order to leave the Haredi lifestyle and be absorbed by free society, to render legal and economic advice and assistance and to assist them to integrate into society.
- c. The Society operates in the following stations:
  1. Jerusalem - in the administrative offices.
  2. Jerusalem - branch responsible for operations in Jerusalem.
  3. Jerusalem - in two apartments rented by the Society, an apartment for males and an apartment for females.
  4. Jerusalem - in an emergency shelter where the individuals seeking assistance reside.
  5. Central area - branch responsible for operations in the area.
  6. Central area - in two apartments rented by the Society, an apartment for males and an apartment for females.
  7. Haifa - in a branch that is responsible for operations in the area.
  8. Safed - During 2020 a new branch was opened, after preparation in 2019.
- d. The Society was recognized as a "Public Institution" in accordance with Section 9(2) of the Income Tax Ordinance.
- e. The Society has a permit to receive contributions as a public institution in accordance with Section 46 of the Income Tax Ordinance.
- f. The Society received certification for satisfactory management from the Societies Registrar for the year 2021.
- g. During the Corona epidemic, the Society continued its operations and adjusted to the new reality commencing March 2020.

**Note 2 - Significant Accounting Policies**

- a. These financial statements, prepared in accordance with Standard 40 of The Israel Accounting Standards Board include, inter alia, as follows:

"Unrestricted Net Assets"- that portion of net assets of the Society, the usage of which has not been restricted, temporarily or permanently, by donors.

Unrestricted Net Assets are presented differentiating between:
  - Use for operations undesignated by the Society.
  - Use for operations designated by the Society.
  - Used for fixed assets.
- b. Basis for recognition of income and expenses -

Income and expenses are recorded on the accrual basis, except for income from contributions, that is recorded on the cash basis.
- c. Cash and cash equivalents -

Cash and cash equivalents include bank deposits the original maturity of which at the date of deposit did not exceed three months and are unrestricted in regard to usage.

**Hillel - The Right to Choose (R.S.)**  
**Notes to Financial Statements**  
**NIS**

**Note 2 - Significant Accounting Policies (Cont.)**

d. Fixed Assets -

Fixed assets are shown at cost net of accumulated depreciation. The depreciation is computed at annual equal rates on the straight-line basis over the estimated useful lives of the assets.

Annual rates of depreciation are as follows:

Computers	33%
Electronic equipment	15% - 25%
Furniture and Equipment	6% - 10%
Leasehold Improvements	10%

e. Cash-equivalent contributions -

Items and services received without consideration as contributions are included in the financial statements as revenues and expenses in accordance with their fair value, on condition that they have a significant cash value, their fair value can be assessed, and, in the event that they were not received by the Society, they would have to be acquired with consideration. See also Note 9.

f. Use of estimates in preparation of financial statements -

Preparation of financial statements in accordance with accepted accounting principles in Israel requires management to make estimates and assumptions that affect amounts of assets and liabilities presented in these financial statements, as well as disclosure in regard to contingencies and amounts of revenues and expenses for the reported periods.

Actual results may differ from these abovementioned estimates.

g. Information in regard to the CPI and the representative exchange rates -

	<u>31.12.2020</u>	<u>31.12.2019</u>
Exchange rate for U.S. dollar	3.215	3.456
Exchange rate for the Euro	3.944	3.878
CPI (points) - according to known CPI	100.1	101.81

**Note 3 - Accounts receivable**

	<u>As at December 31</u>	
	<u>2020</u>	<u>2019</u>
Amounts receivable from the Ministry of Social Affairs and Social Services	1,296,000	857,482
Prepaid expenses	284,486	371,434
Deposits in regard to rentals	75,100	95,100
Credit cards	297,605	56,715
Loans to individuals	4,210	15,210
Other revenues receivable	10,850	-
	<u>1,968,251</u>	<u>1,395,941</u>



**Hillel - The Right to Choose (R.S.)**  
**Notes to Financial Statements**  
**NIS**

**Note 4 - Fixed Assets, Net**

	As at December 31			
	2020		2019	
	Cost	Accumulated Depreciation	Depreciated Cost	Depreciated Cost
Computers	139,946	75,804	64,142	56,552
Electronic equipment	160,937	50,779	110,158	92,374
Furniture and equipment	228,114	37,933	190,181	274,725
Leasehold improvements	694,751	256,920	437,831	502,881
	1,223,748	421,436	802,312	926,532

**Note 5 - Accounts payable**

	As at December 31	
	2020	2019
Employees and institutions in regard to salaries	615,469	559,738
Expenses Payable	223,696	7,915
Other payables	3,650	-
	842,815	567,653

**Note 6 - Liability for Severance Pay**

In order to fulfill its obligations for compensation and for pension in regard to retirement, the Society currently deposits, in regard to a majority of its employees, in a compensation fund and in insurance policies. The Society has arranged with these entities and, therefore, has been freed from the obligation of completing the compensation for a majority of its employees where the accumulated amounts will not cover the full liability towards them (Section 14 of the Severance Pay Law). The reserve shown on the Society's books is intended to cover the difference in liability for a small number of employees that were included in the arrangement during the course of their employment rather than from the start of their employment.

**Hillel - The Right to Choose (R.S.)**  
**Notes to Financial Statements**  
**NIS**

**Note 7 - Net Assets for Use in Operations as Designated by the Society**

	2019		2020	
	<b>Balance as of December 31 2019</b>	<b>Amounts Designated by the Society</b>	<b>Amounts Released from Designation to Performance</b>	<b>Balance as of December 31 2020</b>
Fund for distribution of scholarships	888,021	2,083,426	(2,142,925)	828,522
Joint Venture with the Ministry of Social Affairs and Social Services (1)	<u>1,042,522</u>	<u>3,210,018</u>	<u>(2,858,372)</u>	<u>1,394,168</u>
	<u>1,930,653</u>	<u>5,293,444</u>	<u>(5,001,297)</u>	<u>2,222,690</u>

(1) See also Note 8 .

**Note 8 - Ministry of Social Affairs and Social Services**

a. The Society is in contact with the Ministry of Social Services in regard to two areas:

Apartments:

The Society operates an emergency shelter and four transfer apartments utilizing a contract for rendering services. Assigning of the tenants requires authorization from the Ministry of Social Services which allocates, upon consultation with the Society , the allotted period for each tenant. Payment from the Ministry of Social Services is received on the actual occupancy basis and in accordance with the price that was determined by the Ministry of Social Services and this is updated from time to time.

Centers for Group Advice:

The Society operates four advisory centers as a joint venture with the Ministry of Social Services. The Ministry pays the Society for operating these centers 49% of its recognized expenses, on the basis of a predetermined budget. Actual expenses of the Centers are higher than the amount recognized by the Ministry of Social Services.

b. Revenues and expenses of the joint venture

	<b>Year ended December 31</b>	
	2020	2019
Expenses of the joint venture (included in cost of operations)	(2,858,372)	(3,108,070)
Received from the Ministry of Social Affairs and Social Services for the joint venture*	<u>1,206,105</u>	<u>935,582</u>
Funded by the Society	<u>(1,652,267)</u>	<u>(2,172,488)</u>

(\*) From an amount of NIS 3,505,875 for 2020 and an amount of NIS 2,979,046 for the prior year

**Hillel - The Right to Choose (R.S.)**  
**Notes to Financial Statements**  
**NIS**

**Note 9 - Cash equivalent contributions**

- a. Cash equivalent products and services -  
The contributions include ready-made meals and activities received without payment. Value of the contributions, estimated based on their fair value, at an inclusive amount of approximately NIS 304 thousand during the reported year and approximately 2.2 thousand during the prior year. During 2020, the Society received NIS 13 thousand as revenues from a fixed asset received without consideration.  
The Society includes the value of these contributions as revenues and expenses, as detailed in Note 2e.
- b. Value of the work of volunteers -  
The Society has volunteers working in activities for the benefit of the individuals leaving the Haredi lifestyle. Volunteers engage in many tasks, such as social workers, activity coordinators, counselors for the various activities, etc. The services rendered are considered a cash equivalent contribution. The financial statements include cash equivalent contributions as stated in Note 2e, only in regard to services that may be reliably measured. Value of the contribution is approximately NIS 545 thousand and NIS 578 thousand, during the reported and prior year, respectively.

**Note 10 - Cost of Operations (\*)**

	<b>Year ended</b>	
	<b>December 31</b>	
	<u>2020</u>	<u>2019</u>
Salaries and related items (1) (2) (*)	3,786,663	3,358,774
Scholarships for the students	2,142,925	2,215,550
Activities for the individuals leaving the Haredi lifestyle (1)	580,933	1,371,635
Housing for the individuals leaving the Haredi lifestyle	884,528	858,366
Value of the work of volunteers	544,687	578,226
Operation of treatment centers (1)	777,281	643,431
Assistance grants for the individuals leaving the Haredi lifestyle (3)	1,858,241	695,082
Advertising and increase of awareness	673,911	239,716
Depreciation	173,794	88,023
Cash value of products	303,968	2,211
	<u>11,726,931</u>	<u>10,051,014</u>

(\*) Reclassified.

- (1) An amount of approximately NIS 2,858 thousand and NIS 3,108 thousand from these expenses during 2020 and 2019, respectively, is in regard to the joint venture. See also Note 8.
- (2) Includes an offset in the amount of NIS 25,375 received as a grant for encouragement of employers.
- (3) From these expenses, an amount of approximately NIS 1,145 thousand is in regard to Corona expenses. The Society distributed food coupons and other products.

**Hillel - The Right to Choose (R.S.)**  
**Notes to Financial Statements**  
**NIS**

**Note 11 - General and Administrative Expenses (\*)**

	Year ended December 31	
	2020	2019
Salaries and related items (*)	1,045,446	1,024,794
Office and office maintenance	29,935	62,227
Fundraising for contributions	391,553	74,636
Rent	47,815	46,961
Professional services	67,367	31,171
Depreciation	53,688	44,454
Hospitality and gifts	37,694	25,777
Banking and fees for credit cards	36,145	14,534
Fees and other	2,183	3,134
Communication	4,895	1,252
Insurance	53,692	44,543
	1,770,413	1,373,483

(\*) Reclassified.

**Note 12 - Guarantees and Deposits**

a. The Society gave a bank guarantee in the amount of approximately NIS 70 thousand in the framework of the joint venture with the Ministry of Social Affairs and Social Services. See also Note 8.

**Note 13 - Statement of Cash Flows**

A statement of cash flows was not prepared since it does not contribute significant additional information to what is already stated in the financial statements.