



Barzily & Co.

Certified Public Accountants

ברזילי ושות', רואי חשבון

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

Financial Statements as of December 31 2022



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Hillel - The Right to Choose (R.S.)
Financial Statements as of December 31 2022

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Jerusalem, November 20 2023

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

We have audited the accompanying Statements of Financial Position sheets of Hillel - The Right to Choose (R.S.) (hereafter - "the Society") as of December 31, 2022 and 2021 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, 2022 and 2021, 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).



שרה יסר
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A Member of MSI Worldwide



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Hillel - The Right to Choose (R.S.)
Statements of Financial Position
NIS

		As at December 31	
	Note	2022	2021
Assets			
Current Assets			
Cash and cash equivalents		2,457,467	2,275,961
Short term deposit		1,153,491	-
Accounts receivable	3	1,896,463	2,288,974
		5,507,421	4,564,935
Non-Current Assets			
Rent Deposits	4	120,703	293,870
Fixed Assets, Net	5	747,697	789,814
		868,400	1,083,684
		6,375,821	5,648,619
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	6	1,119,512	1,670,905
Suppliers and service renderers		63,177	30,283
Checks payable		-	25,000
		1,182,689	1,726,188
Long-term liabilities			
Liability for Severance Pay	7	-	-
Unrestricted Net Assets			
For Operations Undesignated by the Society		991,267	1,628,956
For Operations Designated by the Society	8	3,454,168	1,503,662
Used for Fixed Assets		747,697	789,813
		5,193,132	3,922,431
		6,375,821	5,648,619
November 20 2023			
Date of approval	Member of the Board of Directors אלי צחור	Member of the Board of Directors מאיר שטייגמן	

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

* Reclassified

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

		Year ended December 31	
	Note	2022	2021
Turnover of Operations			
Contributions		11,681,536	10,792,350
Ministry of Social Affairs and Social Services	9	4,402,698	3,564,144
Cash equivalent contributions		711,518	650,815
Member's dues		17,390	13,100
Others revenues	10	161,715	132,801
		<u>16,974,857</u>	<u>15,153,210</u>
Cost of Operations	11	<u>13,698,127</u>	<u>13,095,326</u>
Net Revenues from Operations		3,276,730	2,057,884
General and Administrative Expenses	12	2,006,029	1,711,584
Net Income (Loss) for the Year		<u>1,270,701</u>	<u>346,300</u>

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

	Unrestricted Net Assets			
	For Operations Undesignated by the Society	For Operations Designated by the Society	Used for Fixed Assets	Total
Balance as of January 1 2021	551,129	2,222,690	802,312	3,576,131
<u>Additions During the Year:</u>				
Deficit for the year	346,300	-	-	346,300
Amounts designated by the Society	(3,843,379)	3,843,379	-	-
Amounts released from designation to performance	4,562,407	(4,562,407)	-	-
Transfer of unrestricted amounts used for fixed assets	(142,686)	-	142,686	-
Amounts transferred for coverage of depreciation expenses	155,185	-	(155,185)	-
Balance as of December 31 2021	1,628,956	1,503,662	789,813	3,922,431
<u>Additions During the Year:</u>				
Deficit for the year	1,270,701	-	-	1,270,701
Amounts designated by the Society	(5,671,429)	5,671,429	-	-
Amounts released from designation to performance	3,720,923	(3,720,923)	-	-
Transfer of unrestricted amounts used for fixed assets	(123,064)	-	123,064	-
Amounts transferred for coverage of depreciation expenses	165,180	-	(165,180)	-
Balance as of December 31 2022	991,267	3,454,168	747,697	5,193,132

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. Haifa - in apartment rented by the Society, an apartment for males.
 9. Moving the Safed branch to Rosh Pina-in a branch that is responsible for operations in the area.
 10. Beer Sheva- in apartment rented by the Society, an apartment for males.
- 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 2023.

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>31.12.2022</u>	<u>31.12.2021</u>
Exchange rate for U.S. dollar	3.519	3.110
Exchange rate for the Euro	3.753	3.519

Note 3 - Accounts receivable

	<u>As at December 31</u>	
	<u>2022</u>	<u>2021</u>
Amounts receivable from the Ministry of Social Affairs and Social Services	1,094,326	859,470
Prepaid expenses	335,832	229,084
Credit cards	466,305	285,420
Loans to individuals	-	40,000
Other revenues receivable	-	875,000
	<u>1,896,463</u>	<u>2,288,974</u>

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

Note 4 - Rent Deposits

	As at December 31	
	2022	2021
Deposits in regard to rentals	99,916	175,016
Deposits for purchases and contracts	20,787	20,735
Deposits with others	-	98,119
	120,703	293,870

Note 5 - Fixed Assets, Net

	As at December 31			
	2022		2021	
	Cost	Accumulated Depreciation	Depreciated Cost	Depreciated Cost
Computers	230,200	162,740	67,460	60,747
Electronic equipment	200,136	101,477	98,659	102,988
Furniture and equipment	268,223	71,705	196,518	190,521
Leasehold improvements	790,939	405,879	385,060	435,558
	1,489,498	741,801	747,697	789,814

Note 6 - Accounts payable

	As at December 31	
	2022	2021
Employees and institutions in regard to salaries	807,712	779,375
Expenses Payable	311,800	889,530
Other Payables	-	2,000
	1,119,512	1,670,905

Note 7 - 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 8 - For Operations Designated by the Society

	As at December 31			
	2022			
	Joint venture	The Scholarships Fund	Community counseling centers	Total
Balance as of January 1 2022	-	1,503,662	-	1,503,662
Amounts designated	1,567,098	2,704,331	1,400,000	5,671,429
Amounts released from designation to performance	(1,567,098)	(2,153,825)	-	(3,720,923)
Balance as of December 31 2022	-	2,054,168	1,400,000	3,454,168

Note 9 - 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 49% of the recognized expenses for operating these centers, 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

	Year ended December 31	
	2022	2021
Expenses of the joint venture (included in cost of operations)	(3,704,980)	(2,611,304)
Received from the Ministry of Social Affairs and Social Services for the joint venture*	1,567,098	1,279,539
Funded by the Society	2,128,296	1,331,765

Hillel - The Right to Choose (R.S.)
Notes to Financial Statements
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Note 10 - Others revenues

	Year ended December 31	
	2022	2021
Income from Ogen	139,000	120,000
Participation in expenses	22,715	12,801
	<u>161,715</u>	<u>132,801</u>

Note 11 - Cost of Operations

	Year ended December 31	
	2022	2021
Salaries and related items (*)	5,570,498	4,827,660
Scholarships for the students	2,153,825	1,888,700
Advertising and increase of awareness (*)	1,416,773	1,709,038
Activities for the individuals leaving the Haredi lifestyle (*)	1,275,101	1,431,165
Housing for the individuals leaving the Haredi lifestyle (*)	1,206,838	913,854
Operation of treatment centers	685,283	870,981
Value of the work of volunteers	677,216	650,815
Assistance grants for the individuals leaving the Haredi lifestyle	618,050	715,125
Depreciation	94,543	87,988
	<u>13,698,127</u>	<u>13,095,326</u>

(*) See note 9b regarding joint venture.

Note 12 - General and Administrative Expenses

	Year ended December 31	
	2022	2021
Salaries and related items	1,558,968	1,326,089
Professional services	94,072	84,118
Depreciation	70,637	67,197
Insurance	57,745	56,690
Office and office maintenance	51,747	42,630
Banking and fees for credit cards	50,767	46,445
Rent	48,000	48,000
Hospitality and gifts	38,285	29,969
Fundraising for contributions	28,819	-
Communication	4,266	6,714
Fees and other	2,723	3,732
	<u>2,006,029</u>	<u>1,711,584</u>