



Barzily & Co.

Certified Public Accountants
ברזילי ושות', רואי חשבון

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

Financial Statements as of December 31 2023



Jerusalem: Har Hotzvim, 19 Hartom st. 97775 Tel. 0732366200, Fax. 972-2-6231340 טל. 073-2366200, פקס. 02-6231340 ירושלים: הר חוצבים, רח' הרטום 19, 97775
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	<u>Page</u>
Independent Auditors' Report	2
Statements of Financial Position	3
Statements of Operations	4
Statements of Changes in Net Assets	5
Notes to Financial Statements	6-11



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Jerusalem, November 12 2024

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, 2023 and 2022 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, 2023 and 2022, 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).

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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**

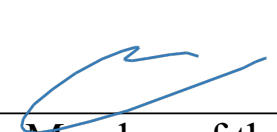
		As at December 31	
	Note	2023	2022
Assets			
Current Assets			
Cash and cash equivalents	3	3,745,733	2,457,467
Marketable securities		1,622,155	-
Accounts receivable	4	1,756,610	1,896,463
Short term deposit		-	1,153,491
		7,124,498	5,507,421
Non-Current Assets			
Rent Deposits	5	218,015	120,703
Fixed Assets, Net	6	1,578,076	747,697
		1,796,091	868,400
		8,920,589	6,375,821
Liabilities and Net Assets			
Current Liabilities			
Suppliers and service renderers		121,810	63,177
Accounts payable	7	1,916,901	1,119,512
		2,038,711	1,182,689
Unrestricted Net Assets			
For Operations Undesignated by the Society		1,624,359	991,267
For Operations Designated by the Society	8	3,679,443	3,454,168
Used for Fixed Assets		1,578,076	747,697
		6,881,878	5,193,132
		8,920,589	6,375,821

November 12 2024

Date of approval



Member of the
Board of Directors



Member of the
Board of Directors

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

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

		Year ended	
		December 31	
	Note	2023	2022
Turnover of Operations			
Contributions		14,365,302	11,681,536
Ministry of Social Affairs and Social Services	9	4,407,012	4,402,698
Iron Swords Income Tax Grant		297,304	-
Others revenues	10	240,072	161,715
Member's dues		19,840	17,390
In Kind volunteers		747,960	677,215
Cash value of activities		80,703	34,303
		20,158,193	16,974,857
Cost of Operations	11	16,411,968	13,698,127
Net Revenues from Operations		3,746,225	3,276,730
General and Administrative Expenses	12	2,102,925	2,006,029
Net Income for the year prior to financing		1,643,300	1,270,701
Financing Income, net -		45,446	-
Net Income for the Year		1,688,746	1,270,701

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
<u>Balance as of January 1 2022</u>	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
<u>Additions During the Year:</u>				
Deficit for the year	1,688,746	-	-	1,688,746
Amounts designated by the Society	(5,749,601)	5,749,601	-	-
Amounts released from designation to performance	5,524,326	(5,524,326)	-	-
Transfer of unrestricted amounts used for fixed assets	(1,028,832)	-	1,028,832	-
Amounts transferred for coverage of depreciation expenses	198,453	-	(198,453)	-
Balance as of December 31 2023	1,624,359	3,679,443	1,578,076	6,881,878

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 two apartments rented by the Society, an apartment for males and an apartment for females.
 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.
 11. Beer Sheva - branch responsible for operations in Beer Sheva.
 12. Herzliya - in an emergency shelter where the individuals seeking assistance reside.
- 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 2024.
- G.** On October 7, 2023, following the attacks on Israel and the security situation, the Israeli government declared a "Swords of Iron" war. As a result, it established various restrictions, including areas where there are restrictions on the movement of citizens, restrictions on various gatherings, changes in the activity of the education system, etc., as well as the recruitment of many citizens for reserve service. No significant economic effects are evident.

Note 2 - Significant Accounting Policies

- A.** The financial statements are prepared in accordance with the format established for Accounting Standard No. 40 of the Israel Accounting Standards Board.

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

Note 2 - Significant Accounting Policies (Cont.)

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.

D. 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.

E. 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%

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.

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

Note 2 - Significant Accounting Policies (Cont.)

G. 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.

H. Information in regard to the CPI and the representative exchange rates

	<u>31.12.2023</u>	<u>31.12.2022</u>
USD Exchange Rate	3.627	3.519
Euro Exchange Rate	4.012	3.573
Consumer price index (in points) - base index 2006	133	129

Note 3 - Cash and cash equivalents

	<u>As at December 31</u>	
	<u>2023</u>	<u>2022</u>
Shekels	3,543,715	2,441,435
Foreign currency	172,540	-
Petty cash	29,478	16,032
	<u>3,745,733</u>	<u>2,457,467</u>

Note 4 - Accounts receivable

	<u>As at December 31</u>	
	<u>2023</u>	<u>2022</u>
Amounts receivable from the Ministry of Social Affairs and Social Services	1,181,956	1,094,326
Prepaid expenses	232,302	335,832
Credit cards	342,352	466,305
	<u>1,756,610</u>	<u>1,896,463</u>

Note 5 - Rent Deposits

	<u>As at December 31</u>	
	<u>2023</u>	<u>2022</u>
Deposits in regard to rentals	188,416	99,916
Deposits for purchases and contracts	29,599	20,787
	<u>218,015</u>	<u>120,703</u>

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

Note 6 - Fixed Assets, Net

	As at December 31			
	2023		2022	
	Cost	Accumulated Depreciation	Depreciated Cost	Depreciated Cost
Computers (*)	267,071	211,400	55,671	67,460
Electronic equipment	236,276	129,927	106,349	98,659
Furniture and equipment	464,768	93,763	371,005	196,518
Leasehold improvements (*)	1,550,215	505,164	1,045,051	385,060
	2,518,330	940,254	1,578,076	747,697

(*) In 2022 includes a money value of 26,754.

Note 7 - Accounts payable

	As at December 31	
	2023	2022
Employees and institutions in regard to salaries	1,064,784	807,712
Expenses Payable	682,590	311,800
Deferred income	169,527	-
	1,916,901	1,119,512

Note 8 - For Operations Designated by the Society

	As at December 31			
	2023			
	Joint venture	The Scholarships Fund	Community counseling centers	Total
Balance as of January 1 2023	-	2,054,168	1,400,000	3,454,168
Amounts designated	2,002,676	1,746,925	2,000,000	5,749,601
Amounts released from designation to performance	(2,002,676)	(2,121,650)	(1,400,000)	(5,524,326)
Balance as of December 31 2023	-	1,679,443	2,000,000	3,679,443

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

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 2 emergency shelters and 7 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 5 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	
	2023	2022
Expenses of the joint venture (included in cost of operations)	(4,403,078)	(3,704,980)
Received from the Ministry of Social Affairs and Social Services for the joint venture*	2,002,676	1,567,098
Funded by the Society	2,400,402	2,128,296

Note 10 - Others revenues

	Year ended December 31	
	2023	2022
Income from Ogen	228,957	139,000
Participation in expenses	11,115	22,715
	240,072	161,715

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

Note 11 - Cost of Operations

	Year ended	
	December 31	
	2023	2022
Salaries and related items (*)	7,144,211	5,570,498
Scholarships for the students	2,121,650	2,153,825
Advertising and increase of awareness	1,596,596	1,416,773
Housing for the individuals leaving the Haredi lifestyle	1,465,106	1,202,038
Activities for the individuals leaving the Haredi lifestyle (*)	1,234,566	1,274,101
Operation of treatment centers	665,613	683,534
Assistance grants for the individuals leaving the Haredi lifestyle	652,210	618,050
Expenses for Iron Swords War	582,008	-
Depreciation	121,343	94,543
In Kind volunteers	747,962	677,216
Cash value of activities (**)	80,703	7,549
	<u>16,411,968</u>	<u>13,698,127</u>

(*) See note 9b regarding joint venture.

(**) In 2022, an additional amount of money of 26,754 was recorded in fixed assets.

Note 12 - General and Administrative Expenses

	Year ended	
	December 31	
	2023	2022
Salaries and related items	1,527,906	1,558,968
Professional services	106,427	94,072
Fundraising for contributions	101,885	28,819
Depreciation	77,110	70,637
Banking and fees for credit cards	72,211	50,767
Insurance	65,142	57,745
Rent	50,557	48,000
Hospitality and gifts	47,594	38,285
Office and office maintenance	45,560	51,747
Communication	5,098	4,266
Fees and other	3,435	2,723
	<u>2,102,925</u>	<u>2,006,029</u>

Note 13 -