

Children's Relief Bethlehem

Lucerne

Report of the statutory auditor
to the General Meeting

on the financial statements 2022



Report of the statutory auditor to the General Meeting of Children's Relief Bethlehem

Lucerne

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Children's Relief Bethlehem, which comprise the balance sheet as at 31 December 2022, and the statement of operations, cash flow statement, the statement of changes in capital for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law as well as the association's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Association in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board's responsibilities for the financial statements

The Board is responsible for the preparation of the financial statements, which give a true and fair view in accordance with Swiss GAAP FER, the provisions of Swiss law and the association's articles of incorporation, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

PricewaterhouseCoopers AG, Robert-Zünd-Strasse 2, Postfach, 6002 Luzern, Switzerland
Telefon: +41 58 792 62 00, www.pwc.ch

Report on other legal and regulatory requirements

In accordance with article 69b paragraph 3 CC in connection with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Valentin Studer
Licensed audit expert
Auditor in charge

Carmen Stocker
Licensed audit expert

Luzern, 15 May 2023

Enclosure:

- Financial statements (balance sheet, statement of operations, cash flow statement, statement of changes in capital and notes)

BALANCE SHEET

	Notes	31.12.2022 CHF	%	Prior year CHF	%
ASSETS					
Current assets					
Cash and cash equivalents and money market investments	2.1	12,778,154		11,978,679	
Short-term investments with a quoted market price	2.2	13,313,960		15,706,867	
Receivables from goods and services	2.3	3,375,510		2,772,719	
Other current receivables	2.4	1,831,281		2,021,769	
Accrued income and prepaid expenses	2.5	100,226		94,268	
		31,399,131	100.0%	32,574,302	100.0%
Non-current assets					
Financial assets	2.6	2		2	
Property, plant and equipment	2.7	1		1	
		3	0.0%	3	0.0%
Total assets		31,399,134	100.0%	32,574,305	100.0%
LIABILITIES AND EQUITY					
Current liabilities					
Payables from goods and services	2.8	331,427		211,040	
Current interest-bearing liabilities	2.9	0		13,217	
Other current liabilities	2.10	13,827		34,491	
Accrued expenses and deferred income	2.11	70,123		65,000	
		415,376	1.3%	323,748	1.0%
Non-current liabilities					
Long-term provisions	2.12	5,982,000		6,199,000	
		5,982,000	19.1%	6,199,000	19.0%
Total liabilities		6,397,376	20.4%	6,522,748	20.0%
Fund capital					
Restricted-use funds CBH		3,072,771		3,044,687	
		3,072,771	9.8%	3,044,687	9.3%
Total liabilities and fund capital		9,470,147	30.2%	9,567,435	29.4%
Organisation capital					
Tied capital		19,186,210		20,236,210	
Free capital		2,742,777		2,770,660	
		21,928,987	69.8%	23,006,870	70.6%
Total liabilities and equity		31,399,134	100.0%	32,574,305	100.0%

STATEMENT OF OPERATIONS

	Notes	2022 CHF	%	Prior year CHF	%
Operating income					
Donations		9,094,759		10,014,062	
Bequests		1,303,178		1,203,385	
Total income from donations and bequests	3.1	10,397,937		11,217,447	
Proceeds from sales of goods and services		3,260,643		3,068,368	
Total proceeds from sales of goods and services	3.2	3,260,643		3,068,368	
Total operating income		13,658,580	100.0%	14,285,815	100.0%
Operating expenses					
Project expenses		-2,164,028		-2,210,649	
Personnel expenses	3.3	-8,083,185		-7,593,046	
Administrative expenses		-2,031,974		-2,380,446	
Depreciation and amortisation		-304,147		-262,248	
Total operating expenses	3.4	-12,583,334	-92.1%	-12,446,389	-87.1%
Operating result		1,075,246	7.9%	1,839,427	12.9%
Financial result	3.5	-2,128,518	-15.6%	728,428	5.1%
Extraordinary, non-recurring or prior-period result	3.6	3,473	0.0%	974	0.0%
Annual result before change in funds and capital		-1,049,799	-7.7%	2,568,829	18.0%
Allocation of restricted-use funds CBH		-9,105,551		-10,342,629	
Appropriation of restricted-use funds CBH		9,077,467		8,794,206	
Change in fund capital		-28,084	-0.2%	-1,548,423	-10.8%
Annual result before change in capital		-1,077,883	-7.9%	1,020,406	7.1%

CASH FLOW STATEMENT

(Funds: Cash and cash equivalents and money-market investments)

	2022	Prior
	CHF	year
		CHF
Cash flow from operating activities		
Annual result before allocation to organisational capital	-1,077,883	1,020,406
Change in fund capital	28,084	1,548,423
Immediate depreciation of non-current assets CBH	287,161	262,248
Increase (+)/decrease (-) in provisions	-217,000	518,000
Accounting profit (-)/loss (+) on securities	2,423,885	-1,189,002
Disposal of securities	3,767,200	12,596,784
Purchase of securities	-3,798,178	-12,632,560
Increase (-)/ decrease (+) in accounts receivable	-412,302	-362,174
Increase (-)/ decrease (+) in prepayments and accrued income	-5,958	40,899
Increase (+)/decrease (-) in current liabilities	91,628	-1,024,167
Cash flow from operating activities	1,086,636	778,857
Investing activities		
Investments in non-current assets	-287,161	-262,248
Granting/repayment of loans	0	0
Cash flow from investing activities	-287,161	-262,248
Financing activities		
Increase/decrease in non-current financial assets	0	0
Cash flow from financing activities	0	0
Increase/decrease in cash and cash equivalents	799,475	516,609
(Funds: Cash and cash equivalents and money-market investments)		
Cash and cash equivalents (funds)		
Cash and cash equivalents as at 1 January	11,978,679	11,462,069
Cash flow from operating activities	1,086,636	778,857
Cash flow from investing activities	-287,161	-262,248
Cash flow from financing activities	0	0
Balance of cash and cash equivalents as of 31.12	12,778,154	11,978,679

STATEMENT OF CHANGES IN CAPITAL

Fund capital 2022	Opening balance	Allocated (external)	Internal transfer	Appropriated (external)	Total change	Closing balance
	CHF	CHF	CHF	CHF	CHF	CHF
Restricted-use funds CBH	3,044,687	9,105,551	0	-9,077,466	28,084	3,072,771
Total restricted-use funds	3,044,687	9,105,551	0	-9,077,466	28,084	3,072,771
Fund capital 2021	Opening balance	Allocated (external)	Internal transfer	Appropriated (external)	Total change	Closing balance
	CHF	CHF	CHF	CHF	CHF	CHF
Restricted-use funds CBH	1,496,264	10,342,629	0	-8,794,206	1,548,423	3,044,687
Total restricted-use funds	1,496,264	10,342,629	0	-8,794,206	1,548,423	3,044,687
Organisation capital 2022	Opening balance	Allocated (external)	Internal transfer	Appropriated (external)	Total change	Closing balance
	CHF	CHF	CHF	CHF	CHF	CHF
Projects in Bethlehem and region	500,000	155,432	0	-255,432	-100,000	400,000
Emergency fund	300,000	0	0	0	0	300,000
Currency fluctuations	3,150,000	1,248,655	0	-2,198,655	-950,000	2,200,000
Construction, maintenance, refurbishment CBH	3,000,000	0	0	0	0	3,000,000
Reserve for operating costs CBH	13,000,000	0	0	0	0	13,000,000
Hospital development	286,210	0	0	0	0	286,210
Tied capital	20,236,210	1,404,087	0	-2,454,087	-1,050,000	19,186,210
Free capital (accumulated)	2,770,660	-1,404,087	0	2,454,087	1,050,000	3,820,660
Result for the year	0	0	-1,077,883	0	-1,077,883	-1,077,883
Free capital	2,770,660	-1,404,087	-1,077,883	2,454,087	-27,883	2,742,777
Total organisation capital	23,006,870	0	-1,077,883	0	-1,077,883	21,928,987
Organisation capital 2021	Opening balance	Allocated (external)	Internal transfer	Appropriated (external)	Total change	Closing balance
	CHF	CHF	CHF	CHF	CHF	CHF
Projects in Bethlehem and region	640,790	26,187	0	-166,978	-140,791	500,000
Emergency fund	311,242	115,493	0	-126,735	-11,242	300,000
Currency fluctuations	3,000,000	283,549	0	-133,549	150,000	3,150,000
Construction, maintenance, refurbishment CBH	2,700,000	300,000	0	0	300,000	3,000,000
Reserve for operating costs CBH	12,200,000	800,000	0	0	800,000	13,000,000
Hospital development	588,729	0	0	-302,519	-302,519	286,210
Tied capital	19,440,761	1,525,229	0	-729,780	795,449	20,236,210
Free capital (accumulated)	2,545,702	-1,525,229	0	729,780	-795,449	1,750,253
Result for the year	0	0	1,020,406	0	1,020,406	1,020,406
Free capital	2,545,703	-1,525,229	1,020,406	729,780	224,957	2,770,660
Total organisation capital	21,986,464	0	1,020,406	0	1,020,406	23,006,870

NOTES TO THE FINANCIAL STATEMENTS 2022

1.1 Basic principles

Children's Relief Bethlehem (CRB) finances for the main part the Caritas Baby Hospital (CBH) in Bethlehem. CRB maintains its own accounting system on site. At year-end, the figures are integrated in the financial accounting of CRB and consolidated in the operating statement of CRB.

Accounts are kept in Swiss francs (CHF). The accounting of the Caritas Baby Hospital in Bethlehem uses the local currency (Israeli shekels or ILS). Assets and liabilities recorded in foreign currencies are translated using the closing exchange rate as at the balance sheet date. Expenses and income recorded in foreign currencies are translated using the annual average exchange rate. Foreign currency translation differences are recorded through profit and loss in the financial result.

The following exchange rates were used:

	2022		Prior year	
	Closing rate	Average rate	Closing rate	Average rate
USD	0.9218	0.9508	0.9166	0.9116
EUR	0.9835	1.0052	1.0371	1.0803
ILS	0.2618	0.2800	0.2927	0.2800

The financial reporting is done in accordance with the requirements of Swiss GAAP FER and, in particular, Swiss GAAP FER 21, providing a true and fair view of the financial position, the cash flows and the results of operations. Further, the financial statements comply with Swiss law and the principles and guidelines of the ZEWO Foundation.

1.2 Accounting principles

In principle, the financial statements apply the acquisition or production cost method. This is based on the individual valuations of the assets and liabilities. The main accounting principles are presented below. Unless indicated otherwise, valuations represent the market values as at the balance sheet date.

1.2.1 Cash and cash equivalents

This item includes cash in hand, postal and bank accounts. In Israel, cash and cash equivalents are subject to transfer restrictions. However, since these funds are freely available in Israel, they are recorded at market value.

1.2.2 Money-market investments

This item includes investments in short- and medium-term money-market instruments (fixed-term deposits, call deposits, deposit accounts) in Switzerland or Germany.

1.2.3 Securities

Securities consists of bonds, shares, structured products, investment funds and precious metals. They are measured at the market value as at the balance sheet date. Any accrued interest is included in prepayments and accrued income.

1.2.4 Derivative financial instruments

Children's Relief Bethlehem may enter into foreign exchange option and forward transactions for the purpose of managing its cash and cash equivalents. These transactions are disclosed in the notes using the option according to Swiss GAAP FER 27.8.

1.2.5 Accounts receivable

This item consists mainly of accounts receivable due from related parties relating to donations that have not yet been disbursed as well as other receivables. They are recorded at their nominal value less an appropriate allowance for doubtful debts.

1.2.6 Accrued income and prepaid expenses

This item consists mainly of advance payments and accrued interest on fixed-term deposits.

1.2.7 Non-current assets

Non-current assets comprise the hospital building in Bethlehem, including all equipment, medical devices, office equipment and movable property. The children's hospital in Bethlehem is located in a conflict zone. Non-current assets (the building and movable property) in Bethlehem are therefore exposed to a significant loss risk (destruction, unstable political environment, expropriation, etc.). The higher-than-average loss risk is accounted for by valuing non-current assets at a pro memoria value of CHF 1 in accordance with Swiss GAAP FER 2. It would be too risky to apply scheduled depreciation based on an estimated useful life in subsequent years, not least due to uncertainty regarding funding. Movable property at CRB's office in Lucerne is not recorded as an asset but directly charged to profit and loss.

Therefore, investments for construction projects are capitalised as buildings in construction and they are written off only when the construction phase has ended.

An inventory of all movable property is available. Please refer to the notes to specific items on the balance sheet.

1.2.8 Current liabilities

This item includes all invoices outstanding as at balance sheet date for services that have already been rendered. Measurement is at nominal value.

1.2.9 Prepayments and accrued income

This item comprises liabilities resulting from the individual expense and income positions recorded according to the accrual principle and matching of cost and revenue. Measurement is at nominal value.

1.2.10 Provisions

This item comprises provisions created for existing liabilities for which an outflow of funds is likely. The amount of the provision is based on the Board of Directors' estimate and reflects the outlook of future expenses as at the balance sheet date.

1.3 Cash flow statement accounting principles

The cash flow statement considers the cash funds (cash and cash equivalents, money-market investments). The cash flow statement presents the changes in these funds, classifying them into operating, investing and financing activities. The indirect method is used for the cash flow statement.

1.4 Statement of changes in capital

The statement of changes in capital presents the development of each of the individual restricted-use funds and the organisation capital.

1.4.1 Restricted-use funds

This position includes donations which have been earmarked for specific purposes of Children's Relief Bethlehem. These funds represent a performance obligation to the donors until they have been fully appropriated.

1.4.2 Tied and free organisation capital

This item comprises the funds that may be used within the scope of the statutory purpose of Children's Relief Bethlehem. Tied capital includes funds not subject to a restraint on disposal by third parties and which are ring-fenced for a designated purpose by the Board of Directors of Children's Relief Bethlehem. The free capital may be used at the Children's Relief Bethlehem Board's discretion for projects that correspond to the purpose of Children's Relief Bethlehem.

1.5 Related party organisations/institutions

The following organisation/institution is considered a related party:

- Deutscher Caritas-Verband, Freiburg im Breisgau, Germany (DCV)
- Employee benefits fund foundation of Children's Relief Bethlehem, Lucerne
- Reserve Foundation of Children's Relief Bethlehem, Lucerne (patronal foundation)

DCV processes the donations in Germany on behalf of Children's Relief Bethlehem. The employee benefit fund insures employees of Caritas Baby Hospital against old age, invalidity and death.

In accordance with Swiss GAAP FER, the dioceses in Switzerland, the archdiocese Freiburg i.Br. and other dioceses in Germany are not considered related parties. This also applies to the following associations:

- "Aiuto Bambini Betlemme" based in Verona, Italy (founded in November 2005)
- "Kinderhilfe Bethlehem Österreich" based in Vienna, Austria (founded in October 2007)

The above associations are legally independent and pursue the same purpose as Children's Relief Bethlehem in Lucerne.

Children's Relief Bethlehem has neither subsidiaries nor partner organisations over which it exerts or could exert a controlling influence arising from joint control and management.

Transactions with related parties:

Clearing account of Deutscher Caritas-Verband e.V. D-Freiburg	31.12.2022	Prior year
Balance as at 1.1.	EUR 1,528,005	1,997,941
Donations received	EUR 3,666,421	3,889,255
Direct costs	EUR -443,781	-460,097
	EUR 4,750,645	5,427,099
Remittances to CRB	EUR -3,440,906	-3,899,094
Balance as at 31.12. in EUR	EUR 1,309,739	1,528,005
Exchange rate	0.9835	1.0371
Balance as at 31.12. in CHF	CHF 1,288,128	1,584,694
	(Credit balance)	(Credit balance)
Current account of employee benefits fund foundation CRB, Lucerne	31.12.2022	Prior year
	CHF	CHF
Balance as at 1.1.	-13,217	-56,193
Debit - employee benefits CBH	389,268	304,835
Debit - administrative costs third parties	42,187	24,454
Debit - payment transfers	13,217	56,193
Credit contributions to employee benefits fund CBH	-372,562	-342,912
Debit/credit - interest	1,060	4,064
Balance as at 31.12.	59,953	-13,217
	(Credit balance)	(Debit balance)
Current account of Reserve Foundation Children's Relief Bethlehem, Lucerne	31.12.2022	Prior year
	CHF	CHF
Balance as at 1.1.	104,372	-424,716
Debit - severance payments CBH	80,994	100,618
Debit - critical illness payments CBH	14,804	0
Debit - administrative costs third parties	13,674	5,023
Debit/credit - payment transfers	-104,372	424,716
Debit/credit - interest	1,575	-1,269
Balance as at 31.12.	111,057	104,372
	(Credit balance)	(Credit balance)

NOTES TO BALANCE SHEET

	31.12.2022	Prior year
	CHF	CHF
2.1 Cash and cash equivalents and money market investments)		
CHF	7,290,640	5,291,686
EUR	2,336,779	2,431,346
USD	2,213,635	3,715,979
ILS	937,100	539,668
Total cash and cash equivalents and money market investments	12,778,154	11,978,679
2.2 Short-term investments with a quoted market price		
Equity instruments CHF	1,196,964	1,642,290
Investment funds CHF	11,489,482	10,956,747
Investment funds EUR	108,527	153,636
Investment funds USD	518,986	1,399,950
Bonds CHF	0	1,554,244
Total short-term investments with a quoted market price	13,313,960	15,706,867
2.3 Receivables from goods and services		
Receivables due from patients Caritas Baby Hospital	4,592,798	3,853,870
Contingency reserve Caritas Baby Hospital	-1,217,289	-1,081,152
Total receivables from goods and services	3,375,510	2,772,719
Receivables due from patients are recorded at nominal value less impairment.		
2.4 Other current receivables		
Deutscher Caritas-Verband e.V., D-Freiburg (related party)	1,288,128	1,584,694
Employee benefit fund CRB (related party)	59,953	0
Reserve Foundation CRB (related party)	111,057	104,372
Withholding tax	55,272	50,430
Other - Caritas Baby Hospital	316,871	282,274
Total other current receivables	1,831,281	2,021,769
2.5 Prepayments and accrued income		
Other - Caritas Baby Hospital	76,490	62,069
Other - Offices	23,736	32,198
Total prepayments and accrued income	100,226	94,268
2.6 Financial assets		
Study and training loan Caritas Baby Hospital	2	2
Total financial assets	2	2

The study and other training loans were written down to a pro memoria value of CHF 1 as their recoverability is uncertain.

2.7 Non-current assets

Non-current assets 2022	1.1.2022	Addition	Disposal	31.12.2022
	CHF	CHF	CHF	CHF
Purchase value				
Building - Caritas Baby Hospital	23,800,630	0	0	23,800,630
Equipment, movable property - Caritas Baby Hospital	12,070,163	287,161	-292,008	12,065,315
	35,870,793	287,161	-292,008	35,865,945
Accumulated valuation adjustments				
Building - Caritas Baby Hospital	23,800,629	0	0	23,800,629
Equipment, movable property - Caritas Baby Hospital	12,070,163	287,161	-292,008	12,065,315
	35,870,792	287,161	-292,008	35,865,944
Non-current assets, net carrying amount	1	0	0	1
Non-current assets 2021	1.1.2021	Addition	Disposal	31.12.2021
	CHF	CHF	CHF	CHF
Purchase value				
Building - Caritas Baby Hospital	23,790,718	9,912	0	23,800,630
Equipment, movable property - Caritas Baby Hospital	11,856,506	213,657	0	12,070,163
	35,647,224	223,569	0	35,870,793
Accumulated valuation adjustments				
Building - Caritas Baby Hospital	23,790,717	9,912	0	23,800,629
Equipment, movable property - Caritas Baby Hospital	11,856,506	213,657	0	12,070,163
	35,647,223	223,569	0	35,870,792
Non-current assets, net carrying amount	1	0	0	1

The hospital buildings and equipment are disclosed at a pro memoria value of CHF 1 as the Caritas Baby Hospital is located in a conflict zone (see also comments in the section on accounting principles). Investments in ongoing building projects are capitalised during the construction phase and fully written off upon completion of the construction work.

As at 31.12.2022, the imputed residual value of the equipment and movable property of Caritas Baby Hospital (not including the hospital building) amounts to CHF 1,302,163 (prior year CHF 1,592,000) and the hospital building has an imputed residual value of about CHF 6,883,698 (prior year CHF 7,099,000).

All non-current assets are unencumbered and thus freely available to Children's Relief Bethlehem.

	31.12.2022 CHF	Prior year CHF
2.8 Payables from goods and services		
Other - Caritas Baby Hospital	270,223	111,663
Other - Offices	47,904	93,142
Social security	13,300	851
Governing bodies	0	5,385
Total payables from goods and services	331,427	211,040
2.9 Current interest-bearing liabilities		
Reserve Foundation CRB (related party)	0	0
Employee benefits fund foundation CRB (related party)	0	13,217
Total current interest-bearing liabilities	0	13,217
2.10 Other current liabilities		
Other	0	0
Projects in Bethlehem and region	13,827	34,491
Total other current liabilities	13,827	34,491
2.11 Accrued liabilities and deferred income		
Other - Caritas Baby Hospital	5,123	0
Other - Offices	45,000	45,000
Governing bodies	20,000	20,000
Total deferred income and accrued expenses	70,123	65,000

2.12 Non-current provisions	Carrying amount 1.1.2022	Increase	Appropriation	Reversal	Carrying amount 31.12.2022
Provisions for severance payment Obligations CBH staff	6,199,000	0	0	-217,000	5,982,000
Prior year	5,681,000	518,000	0	0	6,199,000

These provisions were created for severance payments owed to local employees of CBH upon termination of an employment contract with Caritas Baby Hospital as stipulated by Palestinian law. Provided the funds are available, the patronal foundation reserve of Children's Relief Bethlehem may also disburse these severance payments to the Caritas Baby Hospital employees. As at year-end, the severance payment obligations were as follows:

		31.12.2022	Prior year
Severance payment obligations	in ILS	21,365,382	21,174,363
Exchange rate (prior year: FTA closing rate)		0.2800	0.2927
Severance payment obligations	in CHF	5,982,000	6,199,000

NOTES TO THE STATEMENT OF OPERATIONS

	2022 CHF	Prior year CHF
3.1 Income from donations and bequests		
Switzerland	5,325,677	5,602,880
Germany	3,802,446	4,216,342
Italy	435,596	555,761
Austria	168,404	173,998
Palestine	665,814	668,466
Total donations and bequests by origin	10,397,937	11,217,447
Restricted use - Caritas Baby Hospital	9,105,551	10,342,629
Free - Projects in Bethlehem and region	1,292,386	874,818
Total donations and bequests by appropriation	10,397,937	11,217,447
<p>Non-financial donations (medical devices, drugs, powdered milk) are valued prudently and included in the total "Palestine" donations in the amount of CHF 67,148 (prior year CHF 10,629). Other in-kind donations (such as clothing) are not recorded in the accounts because of the unreasonable effort this would require and because they do not have an impact on the annual result.</p>		
3.2 Proceeds from sales of goods and services		
Hospital charges, consultation fees	3,214,767	3,032,176
Annual contributions of members	4,175	4,325
Other operating income CBH	39,662	29,356
Other operating income CRB	2,039	2,511
Total proceeds from sales of goods and services	3,260,643	3,068,368
3.3 Personnel expenses		
Personnel expenses for projects and services	7,583,756	7,088,965
Personnel expenses for fundraising and publicity work	307,375	318,992
Personnel expenses for administrative activities	192,054	185,089
Total personnel expenses	8,083,185	7,593,046

3.4 Operating expenses

3.4.1 Detailed operating expenses	2022 CHF		Prior year	
Project and service expenses CBH				
Project expenses Caritas Baby Hospital	1,934,822		1,940,995	
Personnel expenses	7,559,922		7,066,812	
Administrative expenses	813,188		907,853	
Depreciation and amortisation	304,147		262,248	
Total project and service expenses CBH	10,612,079	84.4%	10,177,907	81.8%
Project and service expenses Bethlehem and region				
Project expenses Bethlehem and region	229,206		269,654	
Personnel expenses	23,834		22,153	
Administrative expenses	2,392		1,905	
Total project and service expenses Bethlehem and region	255,432	2.0%	293,712	2.4%
Fundraising and publicity work				
Personnel expenses	307,375		318,992	
Administrative expenses	990,464		1,301,519	
Total fundraising and publicity work	1,297,839	10.3%	1,620,511	13.0%
Administrative expenses				
Personnel expenses	192,054		185,089	
Administrative expenses	225,930		169,170	
Total administrative expenses	417,984	3.3%	354,259	2.8%
Total operating expenses	12,583,334	100.0%	12,446,389	100.0%

Fundraising and publicity work represented 10.3% and administrative expenses 3.3% of the expenditure. These key ratios are collected in accordance with the requirements of Swiss GAAP FER 21 and with the guidelines of the ZEWO Foundation for the calculation of the administrative expenses of non-profit organisations.

3.4.2 Project and service expenses	2022 CHF	Prior year CHF
Project expenses Caritas Baby Hospital		
Operating equipment	175,001	156,397
Drugs	776,937	744,030
Laboratory	303,653	280,236
Medical need	19,145	18,513
Meals for patients/mothers	34,869	42,265
Vehicles and transport expenses	38,054	43,667
Other operating expenses	84,877	68,156
Social assistance	447,170	400,271
Change in inventories	55,117	187,460
Total project expenses Caritas Baby Hospital	1,934,822	1,940,995

	2022 CHF	Prior year CHF
Project expenses Bethlehem and region		
Occupied Palestinian Territories (West Bank, East Jerusalem, Gaza Strip)	159,019	141,427
Israel	0	92,920
Lebanon	70,187	35,308
Total project costs Bethlehem and region	229,206	269,654
Personnel expenses Caritas Baby Hospital		
Wage costs and social insurance	7,211,185	6,650,647
Change in provision for severance payments	53,485	157,524
Other personnel expenses	295,252	258,642
Total personnel expenses Caritas Baby Hospital	7,559,922	7,066,812
Personnel expenses Bethlehem and region		
Wage costs and social insurance	21,649.85	20,752.45
Other personnel expenses	2,184.35	1,400.60
Total personnel expenses Bethlehem and region	23,834	22,153
General and administrative expenses Caritas Baby Hospital		
Office space expenses	38,729	43,054
Maintenance, repairs, replacement of operating equipment	138,107	127,849
Property insurance	61,025	50,134
Energy and other expenses	404,966	386,023
Administrative and IT costs	170,361	300,793
Total general and administrative expenses Caritas Baby Hospital	813,188	907,853
General and administrative expenses Bethlehem and region		
Office space expenses	2,078	1,824
Maintenance, repairs, replacement of operating equipment	10	0
Energy and other expenses	105	80
Administrative and IT costs	200	0
Total general and administrative expenses Bethlehem and region	2,392	1,905
Depreciation of non-current assets Caritas Baby Hospital		
Direct depreciation of furniture, equipment	287,161	213,657
Direct depreciation of hospital buildings	16,987	48,591
Total depreciation of non-current assets Caritas Baby Hospital	304,147	262,248
Total project and service expenses	10,867,511	10,471,619
3.4.3 Fundraising and publicity work		
Personnel expenses	307,375	318,992
Office space expenses	25,168	25,072
Administrative and IT costs	18,159	89,833
Fundraising Switzerland	422,166	632,365

	2022 CHF	Prior year CHF
Fundraising Germany	472,038	511,572
Fundraising Palestine	20,148	13,643
Fundraising Italy	14,622	15,036
Fundraising Austria	18,163	13,997
Total fundraising and publicity work	1,297,839	1,620,511

Administrative expenses in Germany are now recognised in the "Fundraising Germany" line item and not as administrative and IT costs. The prior year figure has been adjusted accordingly.

3.4.4 Administrative expenses

Personnel expenses	192,054	185,089
Office space expenses	14,371	15,006
Maintenance, repairs, replacement of operating equipment	70	0
Property insurance	10,359	10,240
Energy and other expenses	724	662
Administrative and IT costs	200,407	143,263
Total administrative expenses	417,984	354,259

3.5 Financial result

Financial expenses

Interest expenses, fees	-10,606	-10,765
Securities expenses	-109,894	-127,668
Price losses on short-term securities	-2,432,188	-24,104
Realised currency losses	0	-91,969
Unrealised currency losses	-167,069	-360,476
Total financial expenses	-2,719,758	-614,983

Financial income

Interest income	41,227	4,406
Income from short-term securities	149,410	161,104
Price gains on short-term securities	5,566	1,177,902
Unrealised currency gains	270,485	0
Realised currency gains	124,552	0
Total financial income	591,240	1,343,412

Total financial result	-2,128,518	728,428
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3.6 Extraordinary, non-recurring or prior-period result

Compensation office credit balance	676	594
Airplus credit balance	0	380
Collective health insurance credit balance	2,318	0
Property insurance credit balance	479	0
Total extraordinary, non-recurring or prior-period result	3,473	974

ADDITIONAL INFORMATION

Compensation of the members of the governing bodies

The Board members of Children's Relief Bethlehem provide their services on a voluntary basis. Expenses incurred by Board members in the exercising the Board's duties are reimbursed (out-of-pocket expenses). In 2022, a total of CHF 1,655 (PY: CHF 1,218) was refunded to the members of the Board. The Board members do not receive any other compensation.

Since only one person is charged with management duties, there is no disclosure of their remuneration (in accordance with Swiss GAAP FER 21.45).

Employee benefits

Employees with a permanent employment contract with the Caritas Baby Hospital are insured against the financial consequences of old age, disability and death with Children's Relief Bethlehem's employee benefits foundation. Both the retirement benefits and the risk benefits are paid out in the form of a one-time, lump-sum compensation, and the amount of these benefits is based on the existing retirement savings assets (defined contribution plan). These benefits are financed by means of a savings contribution in the amount of 8% (PY: 8%) of the insured salary. The employer and the employee contribute one half each (4%; PY: 4%). In 2022, the expenses for Caritas Baby Hospital's occupational pension fund foundation amounted to CHF 186,281 (PY: CHF 177,729).

Actuarial calculations using the accrued benefit valuation method are not required for defined contribution plans. There are no liabilities arising from the termination of employment contracts for which no provisions are available. Furthermore, there are no employer-paid contribution reserves. As at 31 December 2022, the coverage ratio of the employee benefit fund was 132.9% (PY: 148.9%).

Number of full-time employees

	31.12.2022		Prior year	
	No. of employees	No. of FTE	No. of employees	No. of FTE
Caritas Baby Hospital, Bethlehem	257	242.0	244	228.6
Office, Lucerne	10	6.6	10	6.2
Total	267	248.6	254	234.8

Residual amount of the liabilities from sale-like leasing transactions and other leasing obligations that expire or may be terminated in more than twelve months as of the balance sheet date.

		31.12.2022	Prior year
Right of use for four plots of land in Bethlehem (as of 20.02.1975 for 99 years) until 20.02.2074;	ILS	3,656,224	3,726,500
Residual amount of the financial liability (not discounted)	Rate	0.28	0.28
	CHF	1,023,743	1,043,500
Fixed rental and service contract for printer (colour system) Office, Lucerne until 31.03.2026;			
Residual amount of the financial liability (not discounted)	CHF	19,400	25,300
Fixed lease and service contract for inserter Office, Lucerne until 31.12.2024;			
Residual amount of the financial liability (not discounted)	CHF	7,100	9,500

Contingent liabilities

Children's Relief Bethlehem has no contingent liabilities.

Assets under reservation of ownership

All assets are unencumbered and therefore freely available. There are no assets under reservation of ownership.

Derivative financial instruments

Children's Relief Bethlehem may enter into foreign exchange option and forward transactions for the purpose of managing its cash and cash equivalents. No transactions were open as at the balance sheet date of 31.12.2022 nor as at the prior year reporting date.

Auditor's fees

The fees relating to the audit of the financial statements, including for the Caritas Baby Hospital in Bethlehem, amounted to CHF 22,609.70 (PY: CHF 20,307.95). The auditors provided other services relating to data protection for fees in the amount of CHF 7,539.

Risk assessment

The Board of Directors reviewed and updated the risk assessment at the Board's meeting on 23.11.2022. To this end, the Board of Directors followed management's assessment of 12 top risks.

Events occurring after the balance sheet date

We are not aware of any events occurring after the balance sheet date that significantly influence the 2022 financial statements.

Approval of the financial statements

The 2022 financial statements were approved by the Board of Directors as of 30 March 2023 and submitted to the general assembly.

PERFORMANCE REPORT 2022

Children's Relief Bethlehem in Lucerne was founded in January 1963 by Caritas Switzerland and the Deutschen Caritas-Verband (German Caritas Association).

Name and registered office: Children's Relief Bethlehem, Lucerne (CRB)
 Legal form: Association according to art. 60ff Swiss Civil Code
 Articles of association: dated 31 January 1963 with amendments to the Articles on 08.06.2005/14.06.2012/13.06.2013/05.06.2019

Purpose and goals

Children's Relief Bethlehem, based in Lucerne, is a non-profit association and runs the Caritas Baby Hospital in Bethlehem, Palestine. The association thus ensures medical care for all children in Bethlehem and the surrounding area. All of them have the right to equivalent medical services. In addition, within the bounds of its financial possibilities, the association supports projects to the benefit of mothers and children in Bethlehem and the region and provides emergency aid.

Tens of thousands of children and babies are given in-patient or out-patient treatment at the Caritas Baby Hospital every year. All children receive help, regardless of their origin and religion. The treatment concept also involves parents in the recovery process and the hospital has a well-developed social service. With 250 local employees the Caritas Baby Hospital is an important employer in the region. The Caritas Baby Hospital strengthens the local healthcare sector and is one of the leaders in training doctors and caregivers in the field of paediatrics.

Services rendered	2022 CHF	Prior year CHF
Project expenses Caritas Baby Hospital	10,612,079	10,177,907
Project expenses Bethlehem and region	255,432	293,712

Board of Directors

Name	Links to related parties
Hardegger Sibylle, Basel *)	President, Diocese of Basel
Biermayer-Götzmann Jutta Renate, D-Seckach	KFD of the Archdiocese of Freiburg
Fasel Hugo, St. Ursen *)	Delegate of Caritas Switzerland
Freiseis Fabian, D-Freiburg	Vice President, Archdiocese of Freiburg
Klitsch-Ott Christoph, D-Freiburg	Delegate of Deutscher Caritas-Verband
Mordasini Carlo Andrea, Bern	
Angehrn Michael, Binningen	

*) Employer's representative on the Foundation Board of the employee benefits fund of Children's Relief

Bethlehem, Lucerne The Board members are elected for a period of two years until June 2024.

Executive Management**Name**

Oetliker Carera Sybille

Function

Executive management

Caritas Baby Hospital management:

Bandak Issa

Chief Executive Officer

Marzouka Hiyam

Medical Director

Saca Christina

Finance Director

A'raj Atalla

Support Services Director

Qumsieh Suhair

Nursing Director

Auditors

PricewaterhouseCoopers AG, Lucerne

For all other disclosures, please refer to the annual report which forms an integral part of the performance report.