Children’s Relief Bethlehem Luzern

Report of the statutory auditor to the General Meeting on the financial statements 2018
Report of the statutory auditor
to the General Meeting of
Children’s Relief Bethlehem, Luzern

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Children’s Relief Bethlehem, which comprise the balance sheet, profit and loss statement, cash flow statement, statement of changes in capital and notes, for the year ended 31 December 2018. Pursuant to Swiss GAAP FER 21, the information in the performance report is not subject to an orderly audit.

Board’s responsibility
The Board is responsible for the preparation of the financial statements in accordance with Swiss GAAP FER, the requirements of Swiss law and the association’s articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2018 give a true and fair view of the net assets, financial position and results of operations in accordance with Swiss GAAP FER and comply with Swiss law and the association’s articles of incorporation.
Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 69b paragraph 3 CC in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

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

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

PricewaterhouseCoopers AG

Valentin Studer  
Audit expert  
Auditor in charge

Mark Wilhelm  
Audit expert

Luzern, 10 April 2019

Enclosure:

- Financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in capital and notes)
## Balance Sheet

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>CHF</th>
<th>%</th>
<th>CHF</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Cash and cash equivalents</td>
<td>6'988'859</td>
<td>7'968'829</td>
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<tr>
<td>2</td>
<td>Money-market investments</td>
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<td>7'296'658</td>
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<td>3</td>
<td>Securities with market price</td>
<td>11'937'453</td>
<td>8'660'696</td>
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<td></td>
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<tr>
<td>4</td>
<td>Receivables from goods and services</td>
<td>210'092</td>
<td>204'511</td>
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<tr>
<td>5</td>
<td>Other short-term receivables</td>
<td>2'709'965</td>
<td>2'296'797</td>
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<td>6</td>
<td>Prepayments and accrued income</td>
<td>103'185</td>
<td>85'754</td>
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<td></td>
<td><strong>Total assets</strong></td>
<td>26'962'342</td>
<td>100.0%</td>
<td>26'513'245</td>
<td>100.0%</td>
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<tr>
<td></td>
<td><strong>Non-current assets</strong></td>
<td></td>
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<tr>
<td>7</td>
<td>Financial assets</td>
<td>2</td>
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<td>2</td>
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<td>8</td>
<td>Tangible fixed assets</td>
<td>13'001</td>
<td>1</td>
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<tr>
<td></td>
<td><strong>Total assets</strong></td>
<td>26'975'345</td>
<td>100.0%</td>
<td>26'513'248</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

|      | **LIABILITIES AND EQUITY**                        |       |      |       |      |
|      | **Current liabilities**                            |       |      |       |      |
| 4    | Payables from goods and services                   | 407'648 | 349'126 |      |      |
| 9    | Current interest-bearing liabilities               | 107'898 | 499'611 |      |      |
| 10   | Other short-term liabilities                       | 44'186 | 33'106 |      |      |
| 11   | Accrued liabilities and deferred income            | 63'000 | 68'782 |      |      |
|      | **Total liabilities**                              | 6'501'732 | 24.1% | 6'605'625 | 24.9% |
|      | **Fund capital**                                   |       |      |       |      |
| 0    | Fund capital                                       | 318'640 | 1.2% |      |      |
|      | **Total fund capital**                             | 6'501'732 | 24.1% | 6'924'265 | 26.1% |
|      | **Organisation capital**                           |       |      |       |      |
| 19   | Tied capital                                      | 19'200'000 | 18'400'000 |      |      |
| 1'273'613 | Free capital                                      | 1'188'983 | 19'588'983 | 73.9% |      |
|      | **Total liabilities and equity**                   | 26'975'345 | 100.0% | 26'513'248 | 100.0% |
## PROFIT AND LOSS STATEMENT

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>Previous year</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations received from fund-raising campaigns</td>
<td>12</td>
<td>11'740'934</td>
<td>11'967'497</td>
<td></td>
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<tr>
<td>tied donations</td>
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<td>3'395'80</td>
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<td>free donations</td>
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<td>11'401'354</td>
<td>11'463'035</td>
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<tr>
<td>Net proceeds from sales of goods and services</td>
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<td>2'145'865</td>
<td>2'285'491</td>
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<td>hospital fees</td>
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<td>2'056'827</td>
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<td>other proceeds</td>
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<td>89'038</td>
<td>178'800</td>
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<td><strong>Total operating income</strong></td>
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<td>14'252'988</td>
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<tr>
<td></td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
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<tr>
<td><strong>Project expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Caritas Baby Hospital</strong></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Personnel expenses</td>
<td></td>
<td>-6'143'750</td>
<td>-6'067'354</td>
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<tr>
<td>Changes in provisions for severance payments</td>
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<td>-158'879</td>
<td>-232'830</td>
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<tr>
<td>Contribution to reserve foundation</td>
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<td>-400'000</td>
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<td>Travel expenses</td>
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<td>Other operating expenses</td>
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<td>-1'467'427</td>
<td>-1'365'335</td>
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<td>Maintenance costs</td>
<td>15</td>
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<td>-677'637</td>
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<td>Depreciations on tangible assets</td>
<td>16</td>
<td>-647'270</td>
<td>-491'758</td>
<td></td>
</tr>
<tr>
<td>Individual support / support for mothers</td>
<td></td>
<td>-577'314</td>
<td>-626'187</td>
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<td>Rata operating and personnel expenses</td>
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<td>-278'970</td>
<td>-290'165</td>
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<td><strong>Project expenditure for Caritas Baby Hospital</strong></td>
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<td>-10'080'287</td>
<td>-10'174'385</td>
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<td></td>
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<td>-71.4%</td>
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<tr>
<td><strong>Project expenses in the Holy Land</strong></td>
<td>17</td>
<td>-575'557</td>
<td>-799'141</td>
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<tr>
<td></td>
<td></td>
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<td><strong>Total project expenditure</strong></td>
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<td></td>
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<td><strong>Fundraising expenses</strong></td>
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<tr>
<td>Fundraising expenses</td>
<td>18</td>
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<td>-1'504'868</td>
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<tr>
<td><strong>Total fundraising expenses</strong></td>
<td></td>
<td>-1'826'585</td>
<td>-1'504'868</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-13.2%</td>
<td>-10.6%</td>
<td></td>
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<tr>
<td><strong>Administrative expenses</strong></td>
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<td></td>
</tr>
<tr>
<td>Personnel expenses</td>
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<td>-269'698</td>
<td>-262'738</td>
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<tr>
<td>Operating expenses</td>
<td>19</td>
<td>-189'456</td>
<td>-192'021</td>
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<td>Maintenance cost</td>
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<td>-34'938</td>
<td>-59'213</td>
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<tr>
<td>Other operating expenses</td>
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<td>0</td>
<td>0</td>
<td></td>
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<tr>
<td><strong>Total administrative expenses</strong></td>
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<td>-494'092</td>
<td>-513'972</td>
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<td></td>
<td></td>
<td>-3.6%</td>
<td>-3.6%</td>
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<td><strong>Total financial expenses</strong></td>
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<td>-12'976'521</td>
<td>-12'992'366</td>
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<tr>
<td></td>
<td></td>
<td>-93.4%</td>
<td>-91.2%</td>
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<tr>
<td><strong>Operating result</strong></td>
<td></td>
<td>910'278</td>
<td>1'260'622</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.6%</td>
<td>8.8%</td>
<td></td>
</tr>
</tbody>
</table>
## Operating result

<table>
<thead>
<tr>
<th></th>
<th>910'278</th>
<th>6.6%</th>
<th>1'260'622</th>
<th>8.8%</th>
</tr>
</thead>
</table>

### Financial result

<table>
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<tr>
<th></th>
<th>20</th>
<th>479'247</th>
<th>1'231'176</th>
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<tr>
<td>Financial income</td>
<td>21</td>
<td>-823'536</td>
<td>-416'998</td>
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<tr>
<td>Financial expenses</td>
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<tr>
<td>Total financial result</td>
<td>-344'288</td>
<td>-2.5%</td>
<td>814'178</td>
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### Extraordinary result

<table>
<thead>
<tr>
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<th>2'459</th>
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</thead>
<tbody>
<tr>
<td>Extraordinary income</td>
<td>0</td>
<td>2'459</td>
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<tr>
<td>Extraordinary expenses</td>
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<td>0</td>
</tr>
<tr>
<td>Total extraordinary result</td>
<td>0</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

### Result before change in fund capital

<table>
<thead>
<tr>
<th></th>
<th>565'990</th>
<th>4.1%</th>
<th>2'077'259</th>
<th>14.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in fund capital</td>
<td>318'640</td>
<td>2.3%</td>
<td>-211'940</td>
<td>-1.5%</td>
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</tbody>
</table>

### Result before allocation to fund capital

<table>
<thead>
<tr>
<th></th>
<th>884'630</th>
<th>6.4%</th>
<th>1'865'319</th>
<th>13.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in tied capital</td>
<td>-800'000</td>
<td>-5.8%</td>
<td>-1'800'000</td>
<td>-12.6%</td>
</tr>
<tr>
<td>Change in free capital</td>
<td>-84'630</td>
<td>-0.6%</td>
<td>-65'319</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

### Annual result

|                | 0 | 0.0% | 0 | 0.0% |
### CASH FLOW STATEMENT
(Funds: liquid funds, money-market investments)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual result before fund result</td>
<td>884'630</td>
<td>1'865'319</td>
</tr>
<tr>
<td>Change in fund capital</td>
<td>-318'640</td>
<td>211'940</td>
</tr>
<tr>
<td>Immediate write-offs on tangible fixed assets CBH</td>
<td>647'270</td>
<td>491'758</td>
</tr>
<tr>
<td>Decrease / release of provisions</td>
<td>224'000</td>
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<td>Amortization of financial assets</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Accounting profits or losses on securities</td>
<td>606'211</td>
<td>-409'450</td>
</tr>
<tr>
<td>Sales of securities</td>
<td>1'353'323</td>
<td>11'342'344</td>
</tr>
<tr>
<td>Purchase of securities</td>
<td>-5'236'291</td>
<td>-12'906'238</td>
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<tr>
<td>Changes in accounts receivable</td>
<td>-418'749</td>
<td>-611'826</td>
</tr>
<tr>
<td>Changes in prepayments and accrued income</td>
<td>-17'431</td>
<td>70'597</td>
</tr>
<tr>
<td>Changes in current liabilities</td>
<td>-327'893</td>
<td>438'682</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>-2'603'570</td>
<td>493'127</td>
</tr>
<tr>
<td><strong>Investment activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in tangible fixed assets</td>
<td>-660'270</td>
<td>-491'758</td>
</tr>
<tr>
<td>Granting / repayment of loans</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash flow from investment activities</strong></td>
<td>-660'270</td>
<td>-491'758</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
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<td></td>
</tr>
<tr>
<td>Change in non-current financial assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Increase / decrease in liquid funds</strong></td>
<td>-3'263'840</td>
<td>1'369</td>
</tr>
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</table>
(Funds: liquid funds, money-market investments)

### Liquid funds (fund)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Balance in liquid funds as of 1. January</td>
<td>15'265'487</td>
<td>15'264'118</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>-2'603'570</td>
<td>493'127</td>
</tr>
<tr>
<td>Cash flow from investment activities</td>
<td>-660'270</td>
<td>-491'758</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Balance in liquid funds as of 31. December</strong></td>
<td>12'001'647</td>
<td>15'265'487</td>
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</table>
### Statement of Changes in Capital

#### Organisation capital 2018

<table>
<thead>
<tr>
<th>Tied capital</th>
<th>Initial inventory CHF</th>
<th>Allocation transfers (external) CHF</th>
<th>Internal transfers (external) CHF</th>
<th>Appropriation CHF</th>
<th>Total change inventory CHF</th>
<th>Final inventory CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit line for Holy Land projects</td>
<td>800'000</td>
<td>0</td>
<td>800'000</td>
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<tr>
<td>Currency fluctuations</td>
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<td>2'500'000</td>
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<tr>
<td>Catastrophe reserve</td>
<td>300'000</td>
<td>300'000</td>
<td>-300'311</td>
<td>0</td>
<td>300'000</td>
<td></td>
</tr>
<tr>
<td>Construction, maintenance, refurbishment CBH</td>
<td>2'000'000</td>
<td>900'000</td>
<td>700'000</td>
<td>700'000</td>
<td>2'700'000</td>
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<td>Reserve for operating costs CBH</td>
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<td>200'000</td>
<td>11'200'000</td>
<td></td>
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<tr>
<td>Hospital development CBH</td>
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<td>-100'000</td>
<td>1'700'000</td>
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<tr>
<td>Tied capital</td>
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<td>1'200'311</td>
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<td>800'000</td>
<td>19'200'000</td>
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#### Free capital

<table>
<thead>
<tr>
<th>Free capital</th>
<th>Initial</th>
<th>Allocation transfers (external) CHF</th>
<th>Internal transfers (external) CHF</th>
<th>Appropriation CHF</th>
<th>Total change inventory CHF</th>
<th>Final inventory CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free capital (accumulated)</td>
<td>1'188'983</td>
<td>884'630</td>
<td>-1'200'311</td>
<td>400'311</td>
<td>84'630</td>
<td>1'273'613</td>
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<tr>
<td>Annual result</td>
<td>1'188'983</td>
<td>884'630</td>
<td>-1'200'311</td>
<td>400'311</td>
<td>84'630</td>
<td>1'273'613</td>
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</tbody>
</table>

#### Total organisation capital

<table>
<thead>
<tr>
<th>Initial</th>
<th>Allocation transfers (external) CHF</th>
<th>Internal transfers (external) CHF</th>
<th>Appropriation CHF</th>
<th>Total change inventory CHF</th>
<th>Final inventory CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>19'588'983</td>
<td>884'630</td>
<td>-1'200'311</td>
<td>400'311</td>
<td>84'630</td>
<td>20'473'613</td>
</tr>
</tbody>
</table>

#### Fund capital 2018

<table>
<thead>
<tr>
<th>Project med. development CBH</th>
<th>Initial inventory CHF</th>
<th>Allocation transfers (external) CHF</th>
<th>Internal transfers (external) CHF</th>
<th>Appropriation CHF</th>
<th>Total change inventory CHF</th>
<th>Final inventory CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>318'640</td>
<td>-318'640</td>
<td>0</td>
<td>-318'640</td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Total fund capital

<table>
<thead>
<tr>
<th>Initial</th>
<th>Allocation transfers (external) CHF</th>
<th>Internal transfers (external) CHF</th>
<th>Appropriation CHF</th>
<th>Total change inventory CHF</th>
<th>Final inventory CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>318'640</td>
<td>0</td>
<td>-318'640</td>
<td>0</td>
<td>-318'640</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Organisation capital 2018

<table>
<thead>
<tr>
<th>Tied capital</th>
<th>Initial inventory CHF</th>
<th>Allocation transfers (external) CHF</th>
<th>Internal transfers (external) CHF</th>
<th>Appropriation CHF</th>
<th>Total change inventory CHF</th>
<th>Final inventory CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit line for Holy Land projects</td>
<td>2'000'000</td>
<td>-1'200'000</td>
<td>800'000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency fluctuations</td>
<td>2'500'000</td>
<td>0</td>
<td>2'500'000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catastrophe reserve</td>
<td>300'000</td>
<td>299'879</td>
<td>-299'879</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction, maintenance, refurbishment CBH</td>
<td>1'800'000</td>
<td>200'000</td>
<td>200'000</td>
<td>2'000'000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves for operating costs</td>
<td>10'000'000</td>
<td>1'000'000</td>
<td>1'000'000</td>
<td>11'000'000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospital development</td>
<td>0</td>
<td>1'800'000</td>
<td>1'800'000</td>
<td>1'800'000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tied capital</td>
<td>16'600'000</td>
<td>0</td>
<td>2'099'879</td>
<td>-299'879</td>
<td>1'800'000</td>
<td>18'400'000</td>
</tr>
</tbody>
</table>

#### Free capital

<table>
<thead>
<tr>
<th>Free capital</th>
<th>Initial</th>
<th>Allocation transfers (external) CHF</th>
<th>Internal transfers (external) CHF</th>
<th>Appropriation CHF</th>
<th>Total change inventory CHF</th>
<th>Final inventory CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free capital (accumulated)</td>
<td>1'123'664</td>
<td>1'865'319</td>
<td>-2'099'879</td>
<td>299'879</td>
<td>65'319</td>
<td>65'319</td>
</tr>
<tr>
<td>Annual result</td>
<td>1'123'664</td>
<td>1'865'319</td>
<td>-2'099'879</td>
<td>299'879</td>
<td>65'319</td>
<td>1'188'983</td>
</tr>
</tbody>
</table>

#### Total organisation capital

<table>
<thead>
<tr>
<th>Initial</th>
<th>Allocation transfers (external) CHF</th>
<th>Internal transfers (external) CHF</th>
<th>Appropriation CHF</th>
<th>Total change inventory CHF</th>
<th>Final inventory CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>17'723'664</td>
<td>1'865'319</td>
<td>0</td>
<td>0</td>
<td>1'865'319</td>
<td>19'588'983</td>
</tr>
</tbody>
</table>

#### Fund capital 2017

<table>
<thead>
<tr>
<th>Project med. development CBH</th>
<th>Initial inventory CHF</th>
<th>Allocation transfers (external) CHF</th>
<th>Internal transfers (external) CHF</th>
<th>Appropriation CHF</th>
<th>Total change inventory CHF</th>
<th>Final inventory CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>106'700</td>
<td>211'940</td>
<td>0</td>
<td>0</td>
<td>211'940</td>
<td>318'640</td>
<td></td>
</tr>
</tbody>
</table>

#### Total fund capital

<table>
<thead>
<tr>
<th>Initial</th>
<th>Allocation transfers (external) CHF</th>
<th>Internal transfers (external) CHF</th>
<th>Appropriation CHF</th>
<th>Total change inventory CHF</th>
<th>Final inventory CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>106'700</td>
<td>211'940</td>
<td>0</td>
<td>0</td>
<td>211'940</td>
<td>318'640</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS 2018

ACCOUNTING BASIS

Children’s Relief Bethlehem’s main activity consists of financing the Caritas Baby Hospital (CBH) in the accounts of Children’s Relief Bethlehem and disclosed as direct project expenses (hospital expenses) or as income (hospital charges, fees) in the Children’s Relief Bethlehem’s profit and loss statement.

Accounts are kept in Swiss Francs. The accounting of the Caritas Baby Hospital in Bethlehem uses the local currency (Israeli shekels). Assets and liabilities in foreign currencies are translated as at the balance sheet date. Expenses and income are translated to foreign currencies using the annual average exchange rates. Translation differences are recorded in the profit and loss statement under financial result.

The following exchange rates were applied:

<table>
<thead>
<tr>
<th></th>
<th>2018 Closing rate</th>
<th>2018 Average rate</th>
<th>2017 Closing rate</th>
<th>2017 Average rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
<td>0.9819</td>
<td>0.9765</td>
<td>0.9750</td>
<td>0.9859</td>
</tr>
<tr>
<td>EUR</td>
<td>1.1258</td>
<td>1.1534</td>
<td>1.1681</td>
<td>1.1129</td>
</tr>
<tr>
<td>ILS</td>
<td>0.2638</td>
<td>0.2800</td>
<td>0.2807</td>
<td>0.2800</td>
</tr>
</tbody>
</table>

The accounting principles used for Children’s Relief Bethlehem are in accordance with the entire Accounting and Reporting Recommendations (Swiss GAAP FER, especially Swiss GAAP FER 21). The financial statements give a true and fair view of net asset, financial positions and results of operations. Additionally the financial statements meet the Swiss Code of Obligation (CO) and corresponds to the requirements of the Centre for Social Welfare (ZEWO).

Accounting principles used

Generally, the historical or production costs principle applies to the accounting, which is based on the principle of individual valuation of assets and liabilities. The most important accounting principles are presented in the following. Unless stated otherwise, valuations are at market value as at balance sheet date. The same accounting and valuation principles were applied as in the previous year.

Cash and cash equivalents

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

Money-market investments

This item contains short and medium-term money market instruments (fixed-term deposits, call deposits, deposit accounts) which were invested in Switzerland or Germany.

Securities

The item securities consists of bonds, shares, structured products, investment funds and precious metals. They are valued at market value on the balance sheet date. Any accrued interest is included in prepayments and accrued income.

Derivative financial instruments

To control the cash and cash equivalents in foreign currency CHB is able to incur foreign option and forwards. These businesses are disclosed in the appendix using the franchise according to Swiss GAAP FER 27, paragraph 8.

Accounts receivable

This item contains mainly receivables from affiliated organisations relating to donations not yet disbursed, as well as other receivables. They are recorded in the balance sheet at their nominal value net of an appropriate valuation adjustment for doubtful receivables.
**Prepayments and accrued income**
This item mainly encompasses prepaid expenses and accrued interest on fixed-term deposits.

**Tangible fixed assets**
Tangible fixed assets contain the hospital property in Bethlehem including all equipment, medical appliances, office equipment and movable property. The children’s hospital in Bethlehem is located in a conflict zone. Tangible fixed assets (building and movable property) in Bethlehem are therefore exposed to a significant risk of loss (destruction, unstable political environment, expropriation, etc.). This above-average risk of loss has been accounted for by valuing tangible fixed assets at one pro-memoria Swiss franc, in accordance with Swiss GAAP FER 2. It would be too risky to perform planned straight-line depreciations on the basis of an estimated useful life in the following years, not least due to uncertain financing. Movable property of CHB’s office in Lucerne are not recorded in the balance sheet but directly charged to the income statement.

Therefore, investments in construction projects are capitalised as buildings under construction and only fully depreciated once construction is complete.

An inventory has been made of all movable property. Please refer to Section 8, Information on individual items of the balance sheet.

**Current liabilities**
This item includes all invoices outstanding as at balance sheet date for services that have already been rendered. Valuation is made at nominal value.

**Accrued liabilities and deferred income**
This item includes liabilities resulting from the factual and temporal accrual of individual expenses and income items. Valuation is made at nominal value.

**Non-current provisions**
This item includes 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 balance sheet date.

**Ring-fenced fund**
This position includes donations which have been earmarked for specific purposes of Children’s Relief Bethlehem. Until they have been used in their entirety, these proceeds are considered to be contractual liabilities towards donators.

**Tied and free organisation capital**
This item includes the funds that may be used within 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 all purposes reconcilable with Children’s Relief Bethlehem’s objectives.

**Cash flow statement**
The cash flow statement considers the cash funds (liquid funds, call and fixed-term deposits). It discloses the changes in these funds, classifying them into operating, investment and financing activities. The indirect approach is used for the cash flow statement.

**Statement of changes in capital**
The statement of changes in capital shows the development of the individually allocated and ring-fenced funds and the capital of the organisation.
Affiliated organisations / institutes

The following organisation / institute is considered to be affiliated:

- Deutscher Caritas-Verband, Freiburg im Breisgau, Germany (DCV)
- Employee benefit fund of Children’s Relief Bethlehem, Lucerne
- Reserve foundation of Children’s Relief Bethlehem, Lucerne (independent pension fund)

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.

Pursuant to Swiss GAAP FER, the dioceses in Switzerland, the archdiocese Freiburg i.Br. and other dioceses in Germany are not considered to be affiliated. This also applies to the following associations:

- "Aiuto Bambini Betlemme" domiciled in Verona, Italy (founded in November 2005)
- "Kinderhilfe Bethlehem Österreich” domiciled in Vienna, Austria (founded in October 2007)
- "Children’s Relief Bethlehem UK” domiciled in Cornwall, England (founded in September 2009)

These above-mentioned associations are legally independent and pursue the same goal as Children’s Relief Bethlehem, Lucerne.

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

Transactions with closely related parties:

**Settlement account of German Caritas Association e.V. Freiburg**

<table>
<thead>
<tr>
<th>Date</th>
<th>Euro</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2018</td>
<td>1'366'141</td>
<td>1'481'526</td>
</tr>
<tr>
<td>Donations received</td>
<td>3'885'064</td>
<td>4'184'423</td>
</tr>
<tr>
<td>Donations ring-fenced for specific purposes</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Direct costs</td>
<td>-432'636</td>
<td>-489'808</td>
</tr>
<tr>
<td>Remittance to Children’s Relief Bethlehem</td>
<td>4'818'569</td>
<td>5'176'141</td>
</tr>
<tr>
<td>Balance as of 31.12. in Euro</td>
<td>1'568'569</td>
<td>1'366'141</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>1.1258</td>
<td>1.1681</td>
</tr>
<tr>
<td>Balance as of 31.12. in CHF</td>
<td>1'765'895</td>
<td>1'595'789</td>
</tr>
</tbody>
</table>

**Current account of Employee benefit fund of Children’s Relief Bethlehem, Lucerne**

<table>
<thead>
<tr>
<th>Date</th>
<th>CHF</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2018</td>
<td>-160'422</td>
<td>-213'365</td>
</tr>
<tr>
<td>Debit employee’s pension fund CBH</td>
<td>189'286</td>
<td>121'794</td>
</tr>
<tr>
<td>Debit administrative expenses of third parties</td>
<td>22'883</td>
<td>28'375</td>
</tr>
<tr>
<td>Debit payment transfers</td>
<td>160'500</td>
<td>213'65</td>
</tr>
<tr>
<td>Credit contributions to pension fund CBH</td>
<td>-318'467</td>
<td>-309'688</td>
</tr>
<tr>
<td>Credit interest</td>
<td>-1'678</td>
<td>-903</td>
</tr>
<tr>
<td>Balance as of 31.12.</td>
<td>-107'898</td>
<td>-160'422</td>
</tr>
<tr>
<td>Description</td>
<td>31.12.2018</td>
<td>Previous year</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Balance as of 1.1.</td>
<td>-339'189</td>
<td>71'701</td>
</tr>
<tr>
<td>Debit compensation payments CBH</td>
<td>144'440</td>
<td>51'240</td>
</tr>
<tr>
<td>Debit administrative expenses of third parties</td>
<td>8'246</td>
<td>8'898</td>
</tr>
<tr>
<td>Debit payment transfers</td>
<td>400'000</td>
<td>-71'701</td>
</tr>
<tr>
<td>Contribution Children's Relief Bethlehem</td>
<td>0</td>
<td>-400'000</td>
</tr>
<tr>
<td>Debit interest</td>
<td>-37</td>
<td>673</td>
</tr>
<tr>
<td><strong>Balance as of 31.12.</strong></td>
<td><strong>213'460</strong></td>
<td><strong>-339'189</strong></td>
</tr>
</tbody>
</table>
### NOTES TO THE BALANCE SHEET

#### 1. Current assets

<table>
<thead>
<tr>
<th></th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>CHF</td>
<td>3'580'441</td>
<td>5'583'658</td>
</tr>
<tr>
<td>EUR</td>
<td>1'345'831</td>
<td>845'186</td>
</tr>
<tr>
<td>USD</td>
<td>405'680</td>
<td>188'261</td>
</tr>
<tr>
<td>Caritas Baby Hospital Bethlehem (Shekel + US Dollar)</td>
<td>1'656'907</td>
<td>1'351'724</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>6'988'859</strong></td>
<td><strong>7'968'829</strong></td>
</tr>
</tbody>
</table>

#### 2. Money-market investments

<table>
<thead>
<tr>
<th></th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Fixed investment of money in CHF</td>
<td>460'000</td>
<td>2'550'000</td>
</tr>
<tr>
<td>Fixed investment of money in Euro</td>
<td>0</td>
<td>2336</td>
</tr>
<tr>
<td>Fixed investment of money in US$</td>
<td>2'749'320</td>
<td>1'998'750</td>
</tr>
<tr>
<td>Investment account in CHF</td>
<td>1'803'468</td>
<td>1'003'454</td>
</tr>
<tr>
<td>Deposit account PostFinance in CHF</td>
<td>0</td>
<td>1'719'568</td>
</tr>
<tr>
<td>Deposit account PostFinance in Euro</td>
<td>0</td>
<td>22'550</td>
</tr>
<tr>
<td><strong>Total money-market investments</strong></td>
<td><strong>5'012'788</strong></td>
<td><strong>7'296'658</strong></td>
</tr>
</tbody>
</table>

#### 3. Securities with market price

<table>
<thead>
<tr>
<th></th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Equity instruments CHF</td>
<td>1'622'661</td>
<td>1'222'659</td>
</tr>
<tr>
<td>Equity instruments EUR</td>
<td>237'209</td>
<td>113'592</td>
</tr>
<tr>
<td>Bonds CHF</td>
<td>3'212'792</td>
<td>1'114'100</td>
</tr>
<tr>
<td>Bonds US$</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Structured products CHF</td>
<td>141'765</td>
<td>148'680</td>
</tr>
<tr>
<td>Structured products US$</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Investment funds CHF</td>
<td>4'619'442</td>
<td>3'566'476</td>
</tr>
<tr>
<td>Investment funds EUR</td>
<td>43'859</td>
<td>46'021</td>
</tr>
<tr>
<td>Investment funds US$</td>
<td>1'554'995</td>
<td>1'687'889</td>
</tr>
<tr>
<td>Derivate products CHF</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Precious metals US$</td>
<td>504'730</td>
<td>761'279</td>
</tr>
<tr>
<td><strong>Total securities with market price</strong></td>
<td><strong>11'937'453</strong></td>
<td><strong>8'660'696</strong></td>
</tr>
</tbody>
</table>

#### 4. Receivables from goods and services

<table>
<thead>
<tr>
<th></th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Patient receivables CBH</td>
<td>1'254'844</td>
<td>1'572'214</td>
</tr>
<tr>
<td>Provisions for doubtful receivables</td>
<td>-1044'752</td>
<td>-1'367'703</td>
</tr>
<tr>
<td><strong>Total receivables from goods and services</strong></td>
<td><strong>210'092</strong></td>
<td><strong>204'511</strong></td>
</tr>
</tbody>
</table>

Patient receivables are recorded at their nominal value net of an appropriate valuation adjustment for doubtful receivables.

#### 5. Other short-term receivables

<table>
<thead>
<tr>
<th></th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>From German Caritas Association e.V., Freiburg, Germany (closely related party)</td>
<td>1'765'895</td>
<td>1'595'789</td>
</tr>
<tr>
<td>From Reserve foundation of Children’s Relief Bethlehem (closely related party)</td>
<td>213'460</td>
<td>0</td>
</tr>
<tr>
<td>Withholding tax credits</td>
<td>49'809</td>
<td>34'841</td>
</tr>
<tr>
<td>Other credit balances Caritas Baby Hospital</td>
<td>678'744</td>
<td>661'568</td>
</tr>
<tr>
<td>Other credit balances Switzerland</td>
<td>2'057</td>
<td>4'599</td>
</tr>
<tr>
<td><strong>Total other short-term receivables</strong></td>
<td><strong>2'709'965</strong></td>
<td><strong>2'296'797</strong></td>
</tr>
</tbody>
</table>
6. Prepayments and accrued income

<table>
<thead>
<tr>
<th></th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Accrued income Caritas Baby Hospital</td>
<td>25'840</td>
<td>25'142</td>
</tr>
<tr>
<td>Other Prepayments and accrued income</td>
<td>77'345</td>
<td>60'612</td>
</tr>
<tr>
<td>Total prepayments and accrued income</td>
<td>103'185</td>
<td>85'754</td>
</tr>
</tbody>
</table>

7. Financial assets

<table>
<thead>
<tr>
<th></th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Student and other training loans</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

The student and other training loans were written-off to CHF 1 each, as the collectability is uncertain.

8. Tangible fixed assets

<table>
<thead>
<tr>
<th>Tangible fixed assets 2018</th>
<th>1.1.2018</th>
<th>Purchase</th>
<th>Disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Purchase values</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caritas Baby Hospital building</td>
<td>23'308'772</td>
<td>13'000</td>
<td>0</td>
</tr>
<tr>
<td>Equipment, movable property Caritas Baby Hospital</td>
<td>10'090'081</td>
<td>647'243</td>
<td>-15'237</td>
</tr>
<tr>
<td></td>
<td>33'398'853</td>
<td>660'243</td>
<td>-15'237</td>
</tr>
<tr>
<td>Accumulated value adjustments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caritas Baby Hospital building</td>
<td>23'308'771</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Equipment, movable property Caritas Baby Hospital</td>
<td>10'090'081</td>
<td>647'243</td>
<td>-15'237</td>
</tr>
<tr>
<td></td>
<td>33'398'852</td>
<td>647'243</td>
<td>-15'237</td>
</tr>
<tr>
<td>Tangible fixed assets, net accounting value</td>
<td></td>
<td>1</td>
<td>13'001</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tangible fixed assets 2017</th>
<th>1.1.2017</th>
<th>Purchase</th>
<th>Disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Purchase values</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caritas Baby Hospital building</td>
<td>23'308'772</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Equipment, movable property Caritas Baby Hospital</td>
<td>9'658'165</td>
<td>491'758</td>
<td>-59'842</td>
</tr>
<tr>
<td></td>
<td>32'966'937</td>
<td>491'758</td>
<td>-59'842</td>
</tr>
<tr>
<td>Accumulated value adjustments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caritas Baby Hospital building</td>
<td>23'308'771</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Equipment, movable property Caritas Baby Hospital</td>
<td>9'658'165</td>
<td>491'758</td>
<td>-59'842</td>
</tr>
<tr>
<td></td>
<td>32'966'936</td>
<td>491'758</td>
<td>-59'842</td>
</tr>
<tr>
<td>Tangible fixed assets, net accounting value</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
The hospital and its installations are valued symbolically at one Swiss franc as they are located in a conflict zone (also see comments related to the accounting principles). All investments in ongoing building projects are capitalised during the construction phase and amortised upon completion of the building. The building in construction created accumulated costs of CHF 13'000.

As at 31.12.2018, the imputed residual value for CBH’s equipment and movable property amounts to without the hospital building CHF 2'760'000 (previous year CHF 2'830'000) and the hospital building is worth an imputed residual value of about CHF 6'940'000 (previous year CHF 7'430'000).

All tangible fixed assets are unencumbered and thus freely available to Children’s Relief Bethlehem.

9. Current interest-bearing liabilities

<table>
<thead>
<tr>
<th>From Reserve Foundation Children’s Relief Bethlehem (closely related party)</th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>0</td>
<td>339'189</td>
<td></td>
</tr>
<tr>
<td>From Employee benefit fund of Children’s Relief Bethlehem (closely related party)</td>
<td>107'898</td>
<td>160'422</td>
</tr>
<tr>
<td>Total current interest-bearing liabilities</td>
<td>107'898</td>
<td>499'611</td>
</tr>
</tbody>
</table>

10. Other short-term liabilities

<table>
<thead>
<tr>
<th>Project liabilities</th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>44'186</td>
<td>33'106</td>
<td></td>
</tr>
</tbody>
</table>

| Total other short-term liabilities | 44'186 | 33'106 |

11. Non-current provisions

<table>
<thead>
<tr>
<th>Provisions for severance liabilities to CBH</th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book Value</td>
<td>Created</td>
<td>Used</td>
</tr>
<tr>
<td>1.1.2018</td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>5'655'000</td>
<td>460'002</td>
<td>-301'124</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Provisions, previous year</th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book Value</td>
<td>Created</td>
<td>Used</td>
</tr>
<tr>
<td>5'655'000</td>
<td>441'601</td>
<td>-208'771</td>
</tr>
</tbody>
</table>

These provisions were used 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 end of the year, the compensation liabilities were as follows:

<table>
<thead>
<tr>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>in US$</td>
<td>5'963'957</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>0.9858</td>
</tr>
<tr>
<td>in CHF</td>
<td>5'879'000</td>
</tr>
</tbody>
</table>

As of 31.12.2018, the foundation’s reserve of Children’s Relief Bethlehem disposes of freely available assets amounting to approximately CHF 2.268m (previous year: CHF 2.175m).
### 12. DONATIONS

**Donations received from fund-raising campaigns**

<table>
<thead>
<tr>
<th>Country</th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>4'481'033</td>
<td>4'656'792</td>
</tr>
<tr>
<td>Switzerland</td>
<td>5'594'427</td>
<td>5'666'538</td>
</tr>
<tr>
<td>Italy</td>
<td>726'944</td>
<td>663'917</td>
</tr>
<tr>
<td>Austria</td>
<td>236'120</td>
<td>151'686</td>
</tr>
<tr>
<td>Great Britain</td>
<td>1'691'5</td>
<td>0</td>
</tr>
<tr>
<td>Bethlehem</td>
<td>685'495</td>
<td>828'564</td>
</tr>
</tbody>
</table>

**Total donations received from fund-raising campaigns**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11'740'934</td>
<td>11'967'497</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>of which tied</th>
<th>of which free</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>339'580</td>
<td>11'401'354</td>
</tr>
<tr>
<td></td>
<td>504'462</td>
<td>11'463'035</td>
</tr>
</tbody>
</table>

### 13. Other operating income

<table>
<thead>
<tr>
<th>Source</th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital fees</td>
<td>2'056'827</td>
<td>2'106'691</td>
</tr>
<tr>
<td>Annual contributions</td>
<td>4'150</td>
<td>2'250</td>
</tr>
<tr>
<td>Proceeds from embroidery CBH</td>
<td>48'268</td>
<td>21'441</td>
</tr>
<tr>
<td>Other proceeds CBH</td>
<td>31'193</td>
<td>145'084</td>
</tr>
<tr>
<td>Other operating income</td>
<td>5'427</td>
<td>10'025</td>
</tr>
</tbody>
</table>

**Total, other operating income**

|               | 2'145'865  | 2'285'491    |

<table>
<thead>
<tr>
<th></th>
<th>of which hospital fees</th>
<th>of which other income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2'056'827</td>
<td>89'038</td>
</tr>
<tr>
<td></td>
<td>2'106'691</td>
<td>178'800</td>
</tr>
</tbody>
</table>

### 14. Other operating expenses CBH

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating equipment</td>
<td>145'721</td>
<td>124'986</td>
</tr>
<tr>
<td>Medicaments, laboratory and medical supplies</td>
<td>885'011</td>
<td>803'110</td>
</tr>
<tr>
<td>Office materials, telephone, postage, printing, administrative expenses</td>
<td>49'799</td>
<td>58'423</td>
</tr>
<tr>
<td>Technical, medical and legal consulting</td>
<td>62'185</td>
<td>39'858</td>
</tr>
<tr>
<td>Expenses from embroidery</td>
<td>51'381</td>
<td>24'748</td>
</tr>
<tr>
<td>Audits in Bethlehem</td>
<td>10'845</td>
<td>13'067</td>
</tr>
<tr>
<td>IT project expenses</td>
<td>48'119</td>
<td>69'532</td>
</tr>
<tr>
<td>Property insurance</td>
<td>68'883</td>
<td>74'379</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>145'483</td>
<td>157'232</td>
</tr>
</tbody>
</table>

**Total, other operating expenses related to CBH**

|               | 1'467'427  | 1'365'335    |

### 15. Maintenance costs CBH

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles and transportation</td>
<td>37'056</td>
<td>48'427</td>
</tr>
<tr>
<td>Maintenance / repairs of operating equipment</td>
<td>151'293</td>
<td>175'921</td>
</tr>
<tr>
<td>Electricity, heating, water</td>
<td>413'038</td>
<td>392'249</td>
</tr>
<tr>
<td>Rents</td>
<td>23'391</td>
<td>25'576</td>
</tr>
<tr>
<td>Maintenance of hospital building and other maintenance costs</td>
<td>149'438</td>
<td>35'464</td>
</tr>
</tbody>
</table>

**Total maintenance costs CBH**

|               | 774'216   | 677'637       |
### 16. Depreciations on tangible fixed assets CBH

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Depreciations on furniture, equipment CBH</td>
<td>647’243</td>
<td>491’758</td>
</tr>
<tr>
<td>Depreciations on hospital building CBH</td>
<td>27</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total depreciations on tangible fixed assets CBH</strong></td>
<td>647’270</td>
<td>491’758</td>
</tr>
</tbody>
</table>

### 17. Project expenses in the Holy Land

<table>
<thead>
<tr>
<th>Country</th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palestine</td>
<td>444’146</td>
<td>360’076</td>
</tr>
<tr>
<td>Israel</td>
<td>0</td>
<td>95’373</td>
</tr>
<tr>
<td>Lebanon</td>
<td>0</td>
<td>150’901</td>
</tr>
<tr>
<td>Syria</td>
<td>131’411</td>
<td>192’791</td>
</tr>
<tr>
<td><strong>Total project expenses in the Holy Land</strong></td>
<td>575’557</td>
<td>799’141</td>
</tr>
</tbody>
</table>

Project expenses in the Holy Land are exclusively contributions to third-party organisations and in individual cases to the German Caritas Association e.V. In 2018 totally 10 (PY: 14) projects from third-party organisations were financially supported.

### 18. Fundraising expenses

<table>
<thead>
<tr>
<th>Country</th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>-292’722</td>
<td>-340’155</td>
</tr>
<tr>
<td>Switzerland</td>
<td>-946’656</td>
<td>-613’555</td>
</tr>
<tr>
<td>Other countries</td>
<td>-108’119</td>
<td>-64’877</td>
</tr>
<tr>
<td>Rata personnel and operating expenses</td>
<td>-479’088</td>
<td>-486’281</td>
</tr>
<tr>
<td><strong>Total fundraising expenses</strong></td>
<td>-1’826’585</td>
<td>-1’504’868</td>
</tr>
</tbody>
</table>

Non-financial donations (medical tools, medicine, milk powder) are accounted with caution and are included in the total of donations "Bethlehem" with CHF 17’275 (previous year CHF 20’458). Other donations like clothes are not accounted because of the immense expenditure and the fact that they do not influence the annual result.

Clearly assignable personnel and operating expenses are assigned to the fundraising expenses (new ZEWO-Method from 01.01.2018).

### 19. Other administrative expenses

<table>
<thead>
<tr>
<th>Expense type</th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property costs (rents, incidental costs, cleaning)</td>
<td>19’373</td>
<td>14’955</td>
</tr>
<tr>
<td>Translation costs</td>
<td>50’445</td>
<td>46’196</td>
</tr>
<tr>
<td>Financial statements, FER, reporting, audit</td>
<td>45’234</td>
<td>42’580</td>
</tr>
<tr>
<td>General Assembly, meetings</td>
<td>32’253</td>
<td>39’790</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>42’151</td>
<td>48’500</td>
</tr>
<tr>
<td><strong>Total other administrative expenses</strong></td>
<td>189’456</td>
<td>192’021</td>
</tr>
</tbody>
</table>
### 20. Financial income

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income from bank balances and money-market investments</td>
<td>50'066</td>
<td>45'187</td>
</tr>
<tr>
<td>Income from securities</td>
<td>185'640</td>
<td>165'816</td>
</tr>
<tr>
<td>Gains on securities</td>
<td>8'500</td>
<td>756'948</td>
</tr>
<tr>
<td>Net currency gains</td>
<td>235'041</td>
<td>0</td>
</tr>
<tr>
<td>Unrealised currency gains*)</td>
<td>0</td>
<td>263'225</td>
</tr>
<tr>
<td><strong>Total financial income</strong></td>
<td><strong>479'247</strong></td>
<td><strong>1'231'176</strong></td>
</tr>
</tbody>
</table>

* based on the assessment of currencies held in the balance sheet as at year's end

### 21. Financial expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expenses, deposit fees</td>
<td>28'801</td>
<td>28'433</td>
</tr>
<tr>
<td>Securities transactions charges</td>
<td>19'627</td>
<td>55'784</td>
</tr>
<tr>
<td>Asset management costs</td>
<td>44'355</td>
<td>37'815</td>
</tr>
<tr>
<td>Losses on securities</td>
<td>627'976</td>
<td>257'846</td>
</tr>
<tr>
<td>Net currency losses</td>
<td>0</td>
<td>37'120</td>
</tr>
<tr>
<td>Currency losses, non-realised *)</td>
<td>102'777</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total financial expenses</strong></td>
<td><strong>823'536</strong></td>
<td><strong>416'998</strong></td>
</tr>
</tbody>
</table>
Additional Information

Compensation for members of the governing bodies
The Board members of Children’s Relief Bethlehem render their services on a voluntary basis. Expenses incurred in the context of their Board activity are reimbursed (out-of-pocket expenses). In 2018, a total of CHF 3’498 (2017: CHF 3’623) was refunded to the members of the Board. Therefrom the president received CHF 1160 (2017: CHF 607). The Board members do not receive any other compensation.

Since there is only one person charged with the management there is no disclosure of her remuneration (according to SWISS GAAP FER 21, margin number 45).

Donations in kind and voluntary work
Children’s Relief Bethlehem receives donations in kind, such as medical equipment, movable property, drugs and milk powder for the Caritas Baby Hospital in Bethlehem. These donations in kind are valued prudentially and disclosed accordingly in the financial statements (cf. Section 15 “Donations”). Further donations in kind, such as clothes, are not included in the financial statements. The expenses for recording such donations in kind would be disproportionately high and their accounting would have no impact on the result as they only make up a small part of the total of donations.

In 2018 five doctors worked for the Caritas Baby Hospital in Bethlehem. They performed voluntary work for about 75 days. In 2017, four doctors performed voluntary work for about 104 days.

Employee benefit fund
Employees with a permanent contract with the Caritas Baby Hospital are insured against the financial consequences of old age, disability and death with Children’s Relief Bethlehem’s personnel welfare foundation. Both the retirement and the risk benefits are paid 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 pay one half each (4%; PY: 4%). In 2018, expenses for Caritas Baby Hospital employee benefit foundation amounted to CHF 159’747 (2017: CHF 156’609). No actuarial calculations (applying the accrued benefit valuation method) need to be made due to the defined contributions. There are no liabilities from the termination of employment contracts for which no provisions are available, and no employer contribution reserves, either. Furthermore, there are no reserves for the employer’s contribution. As at 31 December 2017, the cover ratio for the employee benefit fund was 129.9% (2017: 135.8%).

Number of full-time employees

<table>
<thead>
<tr>
<th></th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of employees</td>
<td>Number of FTE</td>
</tr>
<tr>
<td>Caritas Baby Hospital, Bethlehem</td>
<td>257</td>
<td>242.3</td>
</tr>
<tr>
<td>Office, Luzern</td>
<td>9</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>266</td>
<td>247.9</td>
</tr>
</tbody>
</table>
Residual amount of liabilities from sale-like leasing transactions expiring in more than twelve months

<table>
<thead>
<tr>
<th>Description</th>
<th>31.12.2018</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right of use for four parcels of land in Bethlehem (starting 20.02.1975 for 99 years) till 20.02.2074; remaining financial liability (not discounted):</td>
<td>in ILS 3’937’000</td>
<td>4’008’000</td>
</tr>
<tr>
<td></td>
<td>Rate 0.28</td>
<td>0.28</td>
</tr>
<tr>
<td></td>
<td>CHF 1’102’000</td>
<td>1’122’000</td>
</tr>
<tr>
<td>Fixed rental agreement for headquarters office in Lucerne until 31.01.2021; remaining financial liability (not discounted):</td>
<td>CHF 120’200</td>
<td>177’800</td>
</tr>
<tr>
<td>Fixed rental agreement for a printer at the headquarters office in Lucerne until 30.11.2021; remaining financial liability (not discounted):</td>
<td>CHF 15’400</td>
<td>20’700</td>
</tr>
</tbody>
</table>

Contingent liabilities
Children’s Relief Bethlehem has not entered into any contingent liabilities

Assets under reservation of ownership
All assets are unencumbered and therefore discretionary. There aren’t any reservations of ownership

Derivative financial instruments
Children’s Relief Bethlehem may maintain foreign exchange options and forwards to smoothen out currency fluctuations in its cash and cash equivalents. As at 31.12.2018 and 31.12.2017 there were no open transactions.

Fees paid to the auditor
For the audit of the financial statements including the audit of the Caritas Baby Hospital in Bethlehem fees of CHF 33’301 (2017: CHF 34’069) were paid to the auditors. The auditors didn’t perform any other services.

Risk assessment
The Board of Directors reviewed and updated the risk assessment at the Board’s meeting of 21.11.2018. The Board of Director followed the Manager’s evaluation of twelve weighted top-risks.

Events occurring after the balance sheet date
There aren’t any events occurring after the balance sheet date that significantly influence the financial statement 2018.

Approval of the financial statements
The financial statements 2018 were approved by the Board of Directors the 10. April 2018 and passed to the general assembly.
PERFORMANCE REPORT 2018

Children’s Relief Bethlehem in Lucerne was founded in January 1963 by Caritas Switzerland and the German Caritas Association.

Name and domicile: Children’s Relief Bethlehem, Lucerne
Legal form: Association according to art. 60 seqq. Swiss Civil Code
Statutes: dated 31 January 1963, amended on 8 June 2005/14 June 2012/13 June 2013

Purpose and goals

Children’s Relief Bethlehem maintains the following non-profit operations:
- a children’s hospital in Bethlehem, called Caritas Baby Hospital (CBH),
- a training centre for care-givers, and
- maternity centres and a team of social workers

Children’s Relief Bethlehem provides health care and social development projects in villages referred to as “field work”. These activities are carried out on the entire territory of the Holy Land, irrespective of political borders. In times of war or a catastrophe, Children’s Relief Bethlehem offers emergency aid to the extent its means permit. Children’s Relief Bethlehem may conduct its own development projects or participate in other projects.

Rendered services

<table>
<thead>
<tr>
<th>Rendered services</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caritas Baby Hospital, Bethlehem</td>
<td>10'080'287</td>
<td>10'174'385</td>
</tr>
<tr>
<td>Project expenses in the Holy Land</td>
<td>575'557</td>
<td>799'141</td>
</tr>
</tbody>
</table>

Board of Directora

Name

Hardegger Sibylle, Kerns *)
Penkert-Tchitnga Judith, D-Freiburg
Biermayer-Götzmman Jutta Renate, D-Seckach
Bleyer Eugen Dr., D-Freiburg
Hauser-Süss Brigitte, Brig-Glis
Kempf Anette, D-Offenburg
Klitsch-Ott Christoph, D-Freiburg
Lauener Fred, Mendrisio
Maffazioli Marco, I-Verona
Maissen Sandra Dr., Bern
Nobel Ludovic, Freiburg *)

Function and connection to closely related parties

Chairman, Delegate of the Diocese of Basel
Vicepresident, Arch-Diocese of Freiburg
Delegate of the German Caritas Association (DCV)
Delegate of the Altenwerk of the Arch-Diocese of Freiburg
Delegate of the German Caritas Association (DCV)
Delegate of the German Caritas Association
Delegate of the Aiuto Bambini Betlemme association
Single member
Delegate of the Diocese of Lausanne

*) as employer’s representative in the foundation board of the Employee benefit fund of Children’s Relief Bethlehem, Lucerne

The foundation board of the Employee benefit fund of Children’s Relief Bethlehem, Lucerne is identical to the CRB’s Board of Directors.

The board members are elected for a period of two years.
Guest status in advisory capacity
Heinzmann Renate, D-Freiburg

Executive Management

Oetliker Carera Sybille  Managing Director

Hospital Management Caritas Baby Hospital:
Issa Jiries Youssef Bandak  Chief Executive Officer
Marzouqa Hiyam Dr.  Medical Director
Hazboun Saca Christine  Finance Director
Attalah Araj  Support Services Director
Refosco Maria Pia Sr. (until 31. July 2018)  Nursing Director
Corradin Lucia Sr. (from 1. August 2018)  Nursing Director

Auditors
PricewaterhouseCoopers AG, Lucerne

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