

Children's Relief Bethlehem

Lucerne

Report of the statutory auditor
to the General Meeting

on the financial statements 2023



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 2023, the statement of operations, the 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 2023 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 financial statements that 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.

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Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Valentin Studer
Licensed audit expert
Auditor in charge

Stephan Häfliger
Licensed audit expert

Lucerne, 1 May 2024

Enclosure:

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

BALANCE SHEET

	Notes	31.12.2023 CHF	%	Prior year CHF	%
ASSETS					
Current assets					
Cash and cash equivalents and money market investments	2.1	16,088,013		12,778,154	
Short-term investments with a quoted market price	2.2	14,254,858		13,313,960	
Receivables from goods and services	2.3	3,349,687		3,375,510	
Other current receivables	2.4	1,855,671		1,831,281	
Accrued income and prepaid expenses	2.5	135,284		100,226	
		35,683,513	100.0%	31,399,131	100.0%
Non-current assets					
Financial assets	2.6	0		2	
Property, plant and equipment	2.7	1		1	
		1	0.0%	3	0.0%
Total Assets		35,683,514	100.0%	31,399,134	100.0%
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables services	2.8	163,281		331,427	
Other current liabilities	2.9	63,122		13,827	
Accrued expenses and deferred income	2.10	86,228		70,123	
		312,631	0.9%	415,376	1.3%
Non-current liabilities					
Long-term provisions	2.11	5,160,000		5,982,000	
		5,160,000	14.4%	5,982,000	19.1%
Total liabilities		5,472,631	15.3%	6,397,376	20.4%
Fund capital					
Restricted-use funds CBH		4,700,465		3,072,771	
Restricted-use funds expansion of day surgery		1,472,060		0	
		6,172,525	17.3%	3,072,771	9.8%
Total liabilities and fund capital		11,645,156	32.6%	9,470,147	30.2%
Organisation capital					
Tied capital		20,800,000		19,186,210	
Free capital		3,238,358		2,742,777	
		24,038,358	67.4%	21,928,987	69.8%
Total liabilities and equity		35,683,514	100.0%	31,399,134	100.0%

STATEMENT OF OPERATIONS

	Notes	2023 CHF	%	Prior year CHF	%
Operating income					
Donations		10,723,346		9,094,759	
Bequests		3,397,571		1,303,178	
Total income from donations and bequests	3.1	14,120,917		10,397,937	
Proceeds from sales of goods and services		2,877,165		3,260,643	
Total proceeds from sales of goods and services	3.2	2,877,165		3,260,643	
Total operating income		16,998,082	100.0%	13,658,580	100.0%
Operating expenses					
Project expenses		-2,138,234		-2,164,028	
Personnel expenses	3.3	-7,734,197		-8,083,185	
Administrative expenses		-2,304,428		-2,031,974	
Depreciation and amortisation		-304,243		-304,147	
Total operating expenses	3.4	-12,481,102	-73.4%	-12,583,334	-92.1%
Operating result		4,516,980	26.6%	1,075,246	7.9%
Financial result	3.5	675,990	4.0%	-2,128,518	-15.6%
Extraordinary, non-recurring or prior-period result	3.6	16,155	0.1%	3,473	0.0%
Annual result before change in funds and capital		5,209,125	30.6%	-1,049,799	-7.7%
Allocation of restricted-use funds CBH		-10,186,636		-9,105,551	
Allocation of restricted-use funds expansion of day surgery		-1,472,060		0	
Appropriation of restricted-use funds CBH		8,558,942		9,077,467	
Appropriation of restricted-use funds expansion of day surgery		0		0	
Change in fund capital		-3,099,754	-18.2%	-28,084	-0.2%
Annual result before change in capital		2,109,371	12.4%	-1,077,883	-7.9%

CASH FLOW STATEMENT

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

	2023	Prior Year
	CHF	CHF
Cash flow from operating activities		
Annual result before allocation to organisational capital	2,109,371	-1,077,883
Change in fund capital	3,099,754	28,084
Immediate depreciation of PP&E CBH	304,243	287,161
Increase (+)/decrease (-) in provisions	-822,000	-217,000
Accounting profit (-)/loss (+) on securities	-687,652	2,423,884
Disposal of securities	2,185,723	3,767,200
Purchase of securities	-2,438,968	-3,798,178
Increase (-)/ decrease (+) in accounts receivable	1,433	-412,302
Increase (-)/ decrease (+) in prepayments and accrued income	-35,058	-5,958
Increase (+)/decrease (-) in current liabilities	-102,746	91,628
Cash flow from operating activities	3,614,100	1,086,636
Investing activities		
Investments in non-current assets	-304,243	-287,161
Granting/repayment of loans	2	0
Cash flow from investing activities	-304,241	-287,161
Capital surplus / requirement	3,309,859	799,475
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	3,309,859	799,475
(Funds: Cash and cash equivalents and money-market investments)		
Cash and cash equivalents (funds)		
Cash and cash equivalents as at 1 January	12,778,154	11,978,679
Cash flow from operating activities	3,614,100	1,086,636
Cash flow from investing activities	-304,241	-287,161
Cash flow from financing activities	0	0
Balance of cash and cash equivalents as of 31.12.	16,088,013	12,778,154

STATEMENT OF CHANGES IN CAPITAL

Fund capital 2023	Opening balance	Allocated (external)	Internal transfer	Appropriated (external)	Total change	Closing balance
	CHF	CHF	CHF	CHF	CHF	CHF
Restricted-use funds CBH	3,072,771	11,658,696	-1,472,060	-8,558,942	1,627,694	4,700,465
Restricted-use funds expansion of day surgery	0	0	1,472,060	0	1,472,060	1,472,060
Total restricted-use funds	3,072,771	11,658,696	0	-8,558,942	3,099,754	6,172,525
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
Organisation capital 2023	Opening balance	Allocated (external)	Internal transfer	Appropriated (external)	Total change	Closing balance
	CHF	CHF	CHF	CHF	CHF	CHF
Projects in Bethlehem and region	400,000	376,186	-120,000	-256,186	0	400,000
Disaster fund	300,000	144,981	0	-194,981	-50,000	250,000
Currency fluctuations	2,200,000	800,000	0	0	800,000	3,000,000
Construction, maintenance, refurbishment CBH	3,000,000	0	-1,000,000	0	-1,000,000	2,000,000
Reserve for operating costs CBH	13,000,000	350,000	0	0	350,000	13,350,000
Hospital development	286,210	0	-286,210	0	-286,210	0
Expansion CBH/Expansion of services	0	393,790	1,406,210	0	1,800,000	1,800,000
Tied capital	19,186,210	2,064,957	0	-451,167	1,613,790	20,800,000
Free capital (accumulated)	2,742,777	-2,064,957	0	451,167	-1,613,790	1,128,987
Profit/loss for the year		0	2,109,371	0	2,109,371	2,109,371
Free capital	2,742,777	-2,064,957	2,109,371	451,167	495,581	3,238,358
Total organisation capital	21,928,987	0	2,109,371	0	2,109,371	24,038,358

At the end of 2023, a new fund "Expansion of CBH/Expansion of Services" was opened in CRB's organisational capital. This fund will finance the expenses for the expansion of the hospital in order to expand the services offered. With the board resolutions of March 30, 2023 and November 30, 2023, the following resources were allocated to this fund: a) CHF 1,000,000 from the "Construction, maintenance, refurbishment CBH" fund, b) CHF 120,000 from the "Projects in Bethlehem and region" fund, c) the balance of the "Hospital development" fund, which is dissolved at the end of 2023: CHF 286,210. In total, the Expansion CBH/Expansion of services fund will be augmented by CHF 1,406,210. Further allocations will be made from future annual results whenever possible. The CRB fund regulations were revised and approved accordingly at the board meeting on November 30, 2023.

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
Disaster 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
Profit/loss 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

NOTES TO THE FINANCIAL STATEMENTS 2023

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 (in CHF):

	2023		Prior year	
	Closing rate	Average rate	Closing rate	Average rate
USD	0.8416	0.9146	0.9218	0.9508
EUR	0.9297	0.9857	0.9835	1.0052
ILS	0.2337	0.2511	0.2618	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 note 8, in 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 Accrued expenses and deferred 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)
- Pension 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 pension fund insures employees of Caritas Baby Hospital against old age, invalidity and death. The Reserve Foundation of Children's Relief Bethlehem provides voluntary, special benefits for employees working at the Caritas Baby Hospital, which supplement those of the Pension Fund Foundation.

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.

Transactions with related parties:

Clearing account of Deutscher Caritas-Verband e.V. D-Freiburg		31.12.2023	Prior year
Balance as at 1.1.	EUR	1,309,739	1,528,005
Donations received	EUR	4,566,786	3,666,421
Direct costs	EUR	-476,597	-443,781
	EUR	5,399,927	4,750,645
Remittances to CRB	EUR	-3,700,000	-3,440,906
Balance as at 31.12. in EUR	EUR	1,699,927	1,309,739
Exchange rate		0.9297	0.9835
Balance as at 31.12. in CHF	CHF	1,570,191	1,288,128
		(Credit balance)	(Credit balance)
Current account of Pension Fund Foundation CRB, Lucerne		31.12.2023	Prior year
Balance as at 1.1.		59,953	-13,217
Debit - pension fund CBH	CHF	337,147	389,268
Debit - administrative costs third parties	CHF	43,857	42,187
Debit/credit payment transfers	CHF	-59,953	13,217
Credit contributions to pension fund CBH	CHF	-396,383	-372,562
Debit/credit - interest	CHF	-1,130	1,060
Balance as at 31.12.	CHF	-16,508	59,953
		(Debit balance)	(Credit balance)
Current account of Reserve Foundation of Children's Relief Bethlehem, Lucerne		31.12.2023	Prior year
Balance as at 1.1.		111,057	104,372
Debit - severance payments CBH	CHF	96,154	80,994
Debit - critical illness payments CBH	CHF	0	14,804
Debit - administrative costs third parties	CHF	18,888	13,684
Debit/credit payment transfers	CHF	-111,057	-104,372
Debit/credit - interest	CHF	1,750	1,575
Balance as at 31.12.	CHF	116,792	111,057
		(Credit balance)	(Credit balance)

NOTES TO BALANCE SHEET

	31.12.2023	Prior year
	CHF	CHF
2.1 Cash and cash equivalents and money market investments		
CHF	9,977,425	7,290,640
EUR	1,993,725	2,336,779
USD	2,998,011	2,213,635
ILS	1,118,851	937,100
Total cash and cash equivalents and money market investments	16,088,013	12,778,154
2.2 Short-term investments with a quoted market price		
Equity instruments CHF	1,451,211	1,196,964
Investment funds CHF	11,805,719	11,489,482
Investment funds EUR	287,023	108,527
Investment funds USD	710,906	518,986
Total short-term investments with a quoted market price	14,254,858	13,313,960
2.3 Receivables from goods and services		
Receivables due from patients Caritas Baby Hospital	4,529,278	4,592,798
Contingency reserve Caritas Baby Hospital	-1,179,591	-1,217,289
Total Receivables from goods and services	3,349,687	3,375,510
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)	1,570,191	1,288,128
Pension fund CRB (related party)	-16,509	59,953
Reserve Foundation CRB (related party)	116,792	111,057
Withholding tax	97,086	55,272
Other - Caritas Baby Hospital	88,111	316,871
Total other current receivables	1,855,671	1,831,281
2.5 Accrued income and prepaid expenses		
Other - Caritas Baby Hospital	68,168	76,490
Other - Offices	67,116	23,736
Total accrued income and prepaid expenses	135,284	100,226
2.6 Financial assets		
Study and training loan Caritas Baby Hospital	0	2
Total financial assets	0	2

The student and training loans have been written off due to uncollectibility.

2.7 Property, plant and equipment

Property, plant and equipment 2023	1.1.2023	Addition	Disposal	31.12.2023
	CHF	CHF	CHF	CHF
Purchase value				
Building - Caritas Baby Hospital	23,800,630	34,480	0	23,835,110
Equipment, movable property - Caritas Baby Hospital	12,065,315	269,763	-122,128	12,212,950
	35,865,945	304,243	-122,128	36,048,060
Accumulated valuation adjustments				
Building - Caritas Baby Hospital	23,800,629	34,480	0	23,835,109
Equipment, movable property - Caritas Baby Hospital	12,065,315	269,763	-122,128	12,212,950
	35,865,944	304,243	-122,128	36,048,059
Property, plant and equipment, net carrying amount	1	0	0	1
Property, plant and equipment 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
Property, plant and equipment, 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 31.12.2023, the imputed residual value of the equipment and movable property of Caritas Baby Hospital (not including the hospital building) amounts to about CHF 950,000 (prior year CHF 1,302,163) and the hospital building has an imputed residual value of about CHF 5,590,000 (prior year CHF 6,883,698).

All property, plant and equipment is unencumbered and thus freely available to Children's Relief Bethlehem.

	31.12.2023	Prior year
	CHF	CHF
2.8 Trade payables services		
Other - Caritas Baby Hospital	104,947	270,223
Other - Offices	57,029	47,904
Social security	1,305	13,300
Total trade payables services	163,281	331,427
2.9 Other current liabilities		
Projects in Bethlehem and region	63,122	13,827
Total other current liabilities	63,122	13,827
2.10 Accrued expenses and deferred income		
Other - Caritas Baby Hospital	3,266	5,123
Other - Offices	55,861	45,000
Governing bodies	27,100	20,000
Total accrued expenses and deferred income	86,228	70,123

2.11 Long-term provisions	Carrying amount 1.1.2023	Increase	Usage	Reversal	Carrying amount 31.12.2023
Provisions for severance payment obligations CBH staff (in CHF)	5,982,000	0	0	-822,000	5,160,000
Prior year (in CHF)	6,199,000	0	0	-217,000	5,982,00

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:

	31.12.2023	Prior year
Severance payment obligations in ILS	22,079,997	21,365,382
Exchange rate (prior year: FTA closing rate)	0.2337	0.2800
Severance payment obligations in CHF	5,160,000	5,982,000

NOTES TO THE STATEMENT OF OPERATIONS

	2023 CHF	Prior year CHF
3.1 Income from donations and bequests		
Switzerland	8,432,425	5,325,677
Germany	4,485,881	3,802,446
Italy	442,392	435,596
Austria	146,126	168,404
Palestine	614,094	665,814
Total donations and bequests by origin	14,120,917	10,397,937
Restricted use - Caritas Baby Hospital	10,006,545	9,105,551
Restricted use - Expansion of day surgery	1,472,060	0
Free - Projects in Bethlehem and region	2,642,312	1,292,386
Total donations and bequests by	14,120,917	10,397,937
Non-financial donations are valued prudently and included in the total "Bethlehem" donations in the amount of CHF 47,234 (prior year CHF 67,148).		
3.2 Proceeds from sales of goods and services		
Hospital charges, consultation fees	2,826,593	3,214,767
Annual contributions of members	4,068	4,175
Other operating income CBH	44,268	39,662
Other operating income CRB	2,236	2,039
Total proceeds from sales of goods and services	2,877,165	3,260,643
3.3 Personnel expenses		
Personnel expenses for projects and services	7,220,499	7,583,756
Personnel expenses for fundraising and publicity work	334,736	307,375
Personnel expenses for administrative activities	178,962	192,054
Total personnel expenses	7,734,197	8,083,185

3.4 Operating expenses

3.4.1 Detailed operating expenses	2023 CHF		Prior year CHF	
Project and service expenses CBH				
Project expenses Caritas Baby Hospital	1,687,067		1,934,822	
Personnel expenses	7,196,295		7,559,922	
Administrative expenses	845,812		813,188	
Depreciation and amortisation	304,243		304,147	
Total project and service expenses CBH	10,033,416	80.4%	10,612,079	84.4%
Project and service expenses Bethlehem and region				
Project expenses Bethlehem and region	451,167		229,206	
Personnel expenses	24,205		23,834	
Administrative expenses	2,163		2,392	
Total project and service expenses Bethlehem and region	477,535	3.8%	255,432	2.0%
Fundraising and publicity work				
Personnel expenses	334,736		307,375	
Administrative expenses	1,261,199		990,464	
Total fundraising and publicity work	1,595,936	12.8%	1,297,839	10.3%
Administrative expenses				
Personnel expenses	178,962		192,054	
Administrative expenses	195,254		225,930	
Total administrative expenses	374,215	3.0%	417,984	3.3%
Total operating expenses	12,481,102	100.0%	12,583,334	100.0%

Fundraising and publicity work represented 12.8% and administrative expenses 3.0% 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	2023 CHF	Prior year CHF
Project expenses Caritas Baby Hospital		
Operating equipment	143,652	175,001
Drugs	631,550	776,937
Laboratory	244,261	303,653
Medical need	20,074	19,145
Meals for patients/mothers	40,680	34,869
Vehicles and transport expenses	31,458	38,054
Other operating expenses	73,646	84,877
Social assistance	394,994	447,170
Change in inventories	106,751	55,117
Total project expenses Caritas Baby Hospital	1,687,067	1,934,822

	2023 CHF	Prior year CHF
Project expenses Bethlehem and region		
Occupied Palestinian Territories (West Bank, East Jerusalem, Gaza Strip)	304,550	159,019
Israel	78,331	0
Lebanon	18,286	70,187
Syria	50,000	0
Total project costs Bethlehem and region	451,167	229,206
Personnel expenses Caritas Baby Hospital		
Wage costs and social insurance	6,773,476	7,211,185
Change in provision for severance payments	167,008	53,485
Other personnel expenses	255,810	295,252
Total personnel expenses Caritas Baby Hospital	7,196,295	7,559,922
Personnel expenses Bethlehem and region		
Wage costs and social insurance	22,553	21,650
Other personnel expenses	1,652	2,184
Total personnel expenses Bethlehem and region	24,205	23,834
General and administrative expenses Caritas Baby Hospital		
Office space expenses	36,350	38,729
Maintenance, repairs, replacement of operating equipment	193,202	138,107
Property insurance	55,247	61,025
Energy and other expenses	361,020	404,966
Administrative and IT costs	199,993	170,361
Total general and administrative expenses Caritas Baby Hospital	845,812	813,188
General and administrative expenses Bethlehem and region		
Office space expenses	2,072	2,078
Maintenance, repairs, replacement of operating equipment	2	10
Energy and other expenses	89	105
Administrative and IT costs	0	200
Total general and administrative expenses Bethlehem and region	2,163	2,392
Depreciation of PP&E Caritas Baby Hospital		
Direct depreciation of furniture, equipment, software	269,763	287,161
Direct depreciation of hospital buildings	34,480	16,987
Total depreciation of PP&E Caritas Baby Hospital	304,243	304,147
Total project and service expenses	10,510,951	10,867,511

3.4.3 Fundraising and publicity work

	2023	Prior year
Personnel expenses	334,736	307,375
Office space expenses	25,429	25,168
Administrative and IT costs	0	18,159
Fundraising Switzerland	694,603	422,166
Fundraising Germany	480,213	472,038
Fundraising Palestine	22,790	20,148
Fundraising Italy	19,951	14,622
Fundraising Austria	18,214	18,163
Total fundraising and publicity work	1,595,936	1,297,839

Administrative expenses in Germany are recognised in the "Fundraising Germany" line item.

3.4.4 Administrative expenses

Personnel expenses	178,962	192,054
Office space expenses	14,617	14,371
Maintenance, repairs, replacement of operating equipment	12	70
Property insurance	9,800	10,359
Energy and other expenses	628	724
Administrative and IT costs	170,197	200,407
Total administrative expenses	374,215	417,984

3.5 Financial result**Financial expenses**

Interest expenses, disbursements	19,589	10,606
Securities expenses	90,788	109,894
Price losses on short-term securities	6	2,432,188
Realised currency losses	442,694	0
Unrealised currency losses	236,829	167,069
Total financial expenses	789,907	2,719,758

Financial income

Interest income	120,544	41,227
Income from short-term securities	256,122	149,410
Price gains on short-term securities	100,223	5,566
Unrealised currency gains	989,008	270,485
Realised currency gains	0	124,552
Total financial income	1,465,898	591,240

Total financial result	675,990	-2,128,518
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3.6 Extraordinary, non-recurring or prior-period result

Compensation account credit balance	514	676
SwissLife subsidy 2019 - 2022	12,944	0
Collective health insurance credit balance	2,699	2,318
Property insurance credit balance	0	479
Extraordinary expenses from disposal of fixed assets	-2	0
Total extraordinary, non-recurring or prior-period result	16,155	3,473

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 2023, a total of CHF 1,245 (PY: CHF 1,655) 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).

Pension fund

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 Pension Fund 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 2023, the expenses for Caritas Baby Hospital's occupational pension fund foundation amounted to CHF 198,191 (PY: CHF 186,281).

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 the employer-paid contribution reserves. As at 31 December 2022, the coverage ratio of the pension fund was 133.9% (PY: 132.9%).

Number of full-time employees

	31.12.2023		Prior year	
	No. of employees	No. of FTE	No. of employees	No. of FTE
Caritas Baby Hospital, Bethlehem	261	245.0	257	242.0
Office, Lucerne	9	6.3	10	6.6
Total	270	251.3	267	248.6

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:

		31.12.2023	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	3,585,912	3,656,224
Residual amount of the financial liability (not discounted)	Rate	0.2511	0.2800
Fixed rental and service contract for printer (colour system) Office, Lucerne until 31.03.2026;	CHF	900,423	1,023,743
Residual amount of the financial liability (not discounted)	CHF	13,400	19,400
Fixed lease and service contract for inserter Office, Lucerne until 31.12.2024;	CHF	4,800	7,100
Residual amount of the financial liability (not discounted)			

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 31.12.2023 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 44,722 (Vorjahr PY: 38,259).

Risk assessment

The Board of Directors reviewed and updated the risk assessment at the Board's meeting on 23.11.2023. To this end, the Board of Directors followed management's assessment of top risks weighted and presented in as a matrix.

Events occurring after the balance sheet date

We are not aware of any events occurring after the balance sheet date that significantly influence the 2023 financial statements.

Approval of the financial statements

The 2023 financial statements were approved by the Board of Directors as of 9 April 2024 and submitted to the general assembly.

PERFORMANCE REPORT 2023

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: Kinderhilfe Bethlehem, Luzern (KHB)
 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 261 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	2023 CHF	Prior year CHF
Project expenses Caritas Baby Hospital	10,729,734	10,612,079
Project expenses Bethlehem and region	477,535	255,432

Board of Directors

Name	Function / Links to related parties	Mandate period
Hardegger Sibylle, Solothurn*)	President, Diocese of Basel	06.2022 - 06.2024
Freiseis Fabian, D-Freiburg	VP / Archdiocese of Freiburg	06.2022 - 06.2024
Angehrn Michael, Binningen		06.2022 - 06.2024
Biermayer Jutta Renate, D-Seckach	KFD of the Archdiocese of Freiburg	06.2022 - 06.2024
Fasel Hugo, St. Ursen *)	Delegate of Caritas Switzerland	06.2022 - 06.2024
Hackethal Stephanie, Glarus Süd		06.2023 - 06.2024
Klitsch-Ott Christoph, D-Freiburg	Delegate of Deutscher Caritas-Verband	06.2022 - 06.2024
Mordasini Carlo Andrea, Bern		06.2022 - 06.2024

*) Employer's representative on the Foundation Board of the pension fund of Children's Relief Bethlehem, Lucerne. The Board members are elected for a period of two years.

Executive Management**Name**

Oetliker Carera Sybille

Function

Executive management

Caritas Baby Hospital management:

Bandak Issa

Chief Executive Officer

Marzouqa Awad Hiyam

Chief Medical Officer

Saca Christine

Chief Financial Officer

Araj Atalla

Chief Operating Officer

Qumsiyeh Suhair

Chief Nursing Officer

Auditors

PricewaterhouseCoopers AG, Lucerne

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