



Annual Report 2022



Table of Contents

Foreword	4
A Year of Reaffirmations	6
The Story of the Children's Hospital in Bethlehem	10
Medical Highlights	16
Continuous Thrive for Quality Healthcare	22
A Word of Appreciation	26
Donors and Partners	27
Financial Performance	28
Independent Auditor's Report	32

Foreword

Sybille Oetliker, Managing Director of Children's Relief Bethlehem



It is with great pleasure and enthusiasm that I am writing the introduction for the Caritas Baby Hospital (CBH) annual report.

In 2022, CBH concluded seventy years of service for Palestinian children. During the same year, the hospital's operating association - Children's Relief Bethlehem - completed sixty years of support for the hospital.

The small project that began with humble, individual relief efforts has now become a concrete reality of quality medical care within the Palestinian healthcare system. It is my utmost honour to be part of this long-standing close and respectful cooperation between the Palestinian and European people.

Additionally, the year's accomplishments culminated with the launching the implementation of the hospital's new strategic plan 'CBH 2025 - Reinventing the Future'. The significance of this new plan is characterized by making courageous decisions, similar to the ones of the early founders, to introduce new services. The times and context have changed; however, persistent challenges remind us of the importance of rebirth. We are hopeful that within the near future, CBH will revive to achieve its full potential in support of the Palestinian children and community.

While we are investing progressively in more specialized medical services, we are equally building the local human capacities to remain the cornerstone for the hospital's development and sustainability. This aligns with our mission of delivering quality medical services by a high caliber team.

Looking back on seven decades of hard work, commitment, and humanitarian efforts, I would like to convey my deepest appreciation and gratitude to all the contributors who made and continue to make Caritas Baby Hospital possible.



A Year of Reaffirmations

Issa Bandak, Chief Executive Officer



The year 2022 was marked by the launch of the implementation of Caritas Baby Hospital's (CBH) new strategic plan, CBH 2025 - Reinventing the Future, as we celebrated seven decades of steadfast service to the children of Palestine. These key events reaffirmed our commitment to the young patients, their families, and all the supporters of CBH.

Furthermore, this year provided us with an opportunity to reassess the hospital's operations in the aftermath of the COVID-19 pandemic. Our primary objective was to strengthen financial sustainability and ensure the continuity of the hospital's mission to deliver high-quality medical care to children in Palestine.

CBH 2025 - Reinventing the Future

The development of CBH's new strategic plan was a collaborative effort involving the hospital's team, its key partner Children's Relief Bethlehem, and various other stakeholders.

Vision

Better health for all children in Palestine.

Mission

Improve health outcomes of children in Palestine through specialized and safe services delivered by a high caliber team.

To establish CBH's new vision, an extensive organizational assessment was conducted, considering the prevailing socio-political and economic context. The resulting vision encompasses the well-being of all children in Palestine, extending CBH's reach beyond its current catchment area in the southern part of the West Bank. It emphasizes CBH's pivotal role in

shaping pediatric healthcare at the national level. As a result, the new vision recognizes and embraces CBH's responsibility as an active participant within the Palestinian healthcare system.

The revised mission statement emphasizes CBH's obligation to delivering measurable improvements in health outcomes through a results-oriented approach. We acknowledge the significance of specialized care in pediatric medicine and strive to provide exceptional services in this field. CBH's unwavering focus on safety and quality underscores its dedication to ensuring the highest standards of care for young patients. We also recognize the indispensable role of the hospital's devoted team as service providers, who play a pivotal part in fulfilling its mission.

Last year, substantial progress was made to align efforts and enhance CBH's internal structure, standards, and policies to effectively work towards achieving CBH's mission in the immediate and long-term future.

Seven Decades of Medical and Humanitarian Care

It is truly gratifying to witness the remarkable evolution of an initiative that began with limited resources, aiming to provide basic medical care for children in Bethlehem refugee camps after the Nakba, into a renowned pediatric medical facility in Palestine.

Today, CBH is a distinguished referral center for pediatric intensive care medicine, pediatric neurology, and pediatric pulmonology, addressing crucial healthcare needs among the Palestinian pediatric population. To maintain the highest levels of efficiency, the hospital operates with the devoted support of over two hundred and fifty staff members. By applying internationally accepted standards and the latest information technology modules, the CBH team is able to accommodate seventy inpatients and over one hundred visitors to the outpatient department on a daily basis.

Additionally, in line with CBH's forward-looking strategy, we are actively working towards expanding our subspecialty offerings in the near future. One such development on the horizon is the introduction of pediatric day surgery, a pioneering initiative that will make our hospital the first of its kind, exclusively catering to surgical procedures for children. This

expansion reflects CBH's commitment to meeting the unique healthcare requirements of children and further enhancing its specialized care capabilities.

It is imperative to emphasize the integral role of CBH in knowledge sharing and its educational contributions alongside healthcare services. Throughout the years, our hospital has actively cultivated its educational mission by establishing robust partnerships with various Palestinian universities, healthcare facilities, and government institutions, including the Palestinian Medical Council. We take immense pride in the well-established learning environment at CBH, which offers Palestinian doctors, as well as medical, nursing, and paramedical students, a valuable opportunity to learn and grow. This experience enables them to share the exemplary CBH care model both within the Palestinian community and on an international scale.

Concluding Remarks

I would like to extend my heartfelt thanks to our patients and their parents, who entrust Caritas Baby Hospital with their care. I am also grateful to the staff of CBH for their compassion and expertise, which improve the well-being of the children of Palestine. My personal appreciation extends to CBH donors for their vital role in sustaining CBH services for those in need. I would also like to acknowledge the Senior Management and Board of Children's Relief Bethlehem, CBH's esteemed partner and main supporter. It is through your collective efforts, unwavering dedication, and generous contributions that Caritas Baby Hospital is achieving significant milestones”.



The Story of the Children's Hospital in Bethlehem

The Beginnings

1948 In the aftermath of the establishment of the State of Israel or the Nakba, a significant number of Palestinians were displaced and found themselves living in impoverished conditions within refugee camps.

1949 Hedwig Vetter was dispatched to Palestine by Caritas Switzerland to evaluate the situation. During her visit, she encountered Dr. Antoine Dabdoub, a local physician who tirelessly worked in makeshift clinics within Bethlehem's refugee camps. Dr. Dabdoub witnessed the alarming proliferation of epidemics among children.

1950 Ms. Vetter and Dr. Dabdoub collaborated to establish the "Caritas Outpatient Clinic" in Bethlehem's old town. This pivotal initiative laid the groundwork for what would eventually evolve into Caritas Baby Hospital.

1952 Fr. Ernest Schnydrig, representing Caritas Switzerland, journeyed to Bethlehem to evaluate the progress of Caritas work and explore further commitments. In the same year, Fr. Schnydrig launched a campaign in Switzerland and Germany to secure financial support, aiming to expand the pediatric services offered by the Outpatient Clinic. His objective was to ensure that no child in the birthplace of Jesus would be deprived of medical assistance ever again.



The Birth of Caritas Baby Hospital

1953 Caritas Baby Hospital began its operations with fourteen cots in a single room rented from the Arab Hospital, which is now known as Beit Jala Governmental Hospital.

1955 Thanks to continuous secured funds from Europe, the hospital was able to relocate to a larger facility known as the French hospital, now called Holy Family Hospital. This new location had 25 beds and a basic laboratory.

1963 Father Schnydrig founded the Christian agency, Children's Relief Bethlehem (CRB), in Lucerne. The primary aim of CRB was to ensure the sustainability of Caritas Baby Hospital.

1966 Caritas Baby Hospital moved to a significantly larger facility within the Antonian Charitable Society, where it expanded to 54 beds and acquired other essential facilities. During this period, Caritas Baby Hospital received its first incubator as a generous donation from German and Swiss benefactors.



Community Empowerment

1968 The Sisters of the Holy Cross in Menzingen, the first religious community, arrived at Caritas Baby Hospital.

1969 The serving sisters played a significant role in the establishment of CBH's nursing school, providing theoretical and practical training for young Palestinian women interested in pursuing a career in nursing.

1975 The Franciscan Elizabethan Sisters of Padua arrived in Bethlehem, succeeding the Sisters of Menzingen. The presence of the Franciscan sisters became an integral part of the local community and significantly contributed to improving medical and nursing services for sick children over a span of 45 years.



A New Era

1978 Inauguration of Caritas Baby Hospital own hospital building on the land of the Custody of the Holy Land.

1981 Establishing the first primary health care center in the village of Nahalin, which allowed to expand CBH services beyond the hospital's premises.

1984 A new annex building was constructed to house the outpatient clinic, social services department, and a day nursery for staff children to enhance CBH capabilities and community support.

1991 CBH ensured the safety of the children under their care, despite the challenges posed by the Gulf War, by offering medical treatment in a makeshift clinic within the hospital's shelter.

1998 The neonatal ward underwent significant improvements. It was relocated to a new area and expanded to accommodate 14 incubators and 11 cots, enhancing CBH's capacity to provide specialized care for newborns and infants.



Specialized and Quality Medical Care

2010 The opening of the new extension building for the hospital to accommodate the outpatient clinics, Physiotherapy department, offices and workshops. This expansion was in response to the growing demand for specialized pediatric outpatient services.

2013 The Intensive Care Unit (ICU) was introduced to provide medical care for critically sick babies and children.

2018 CBH became the first hospital in Palestine to achieve the third level of the Patient Safety Friendly Hospital Initiative (PSFHI) of the WHO.

2019 CBH opened the Pediatric Observation Unit (POU) to cater to patients requiring treatment that can be reasonably completed within 24 hours.

2020 CBH led the local efforts in combating the COVID-19 through promoting the local capacities in infection control and diagnostic services.

Also, CBH concluded the privacy enhancement project as part of its commitment to improving the medical and psychosocial care for severely sick children.

2021 CBH welcomed the Sisters of Charity who are known globally for their contributions in the field of social work.

2022 CBH launched its new Strategic Plan “CBH 2025, reinventing the future” with a renewed promise to remain faithful to the Palestinian children through expanding its services and maintaining the quality care.





Medical Highlights

Dr. Hiyam Marzouqa Awad, Chief Medical Officer

Looking back at last year’s statistics, our team successfully served over 47,000 patients across various departments of the hospital. I am delighted to announce that this implies a complete recovery to pre-pandemic levels of operations and services. It serves as further evidence of the local community’s trust in CBH and reinforces our commitment to maintaining medical excellence and providing quality services.

The overall statistics were driven by an 18% increase in the number of inpatients (+500), but more significantly, a 9% increase in outpatients (+3,500). The second half of the year saw a higher influx of patients in both the outpatient department and the inpatient wards due to the return of seasonal pediatric flu and respiratory diseases.

Significant Numbers

Total Outpatient Visits	43,586
Total Inpatient Admissions (ICU: 341)	3,770
Average Length of Stay (Nights)	4.6
Physiotherapy Sessions	7,985
Laboratory Tests	144,221
Radiology and Special Tests	13,867



Main Diseases

Respiratory diseases remain the most common diagnoses in CBH, accounting for more than 40% of all cases. This is due to their broad range, encompassing both infectious and non-infectious syndromes such as Asthma, bronchiolitis, bronchopulmonary dysplasia (BPD), children's interstitial lung disease (child), congenital pulmonary airway malformation (CPAM), cystic fibrosis, respiratory syncytial virus (RSV), and other viral infections.

The second most prevalent diagnosis in 2022 was Digestive System Diseases, with over 4,000 cases. This rise (+2,700 cases) was primarily driven by the unusually high rate of infectious gastroenteritis and colitis, including Rotavirus, during the summer season.

Neurological Diseases rank as the third most frequent diagnosis in CBH, with over 3,000 cases. These conditions are typically chronic and non-seasonal, resulting in neurology patients being regular and long-term attendees. In 2022, there was a notable increase of 59% in the number of neurology patients, amounting to an additional 1,000 cases. CBH has established a strong reputation as a referral center for neurological cases, contributing to this structural increase in patient numbers.

Psychosocial Support

The dedicated social workers at Caritas Baby Hospital remain committed to supporting children, mothers, and families. In 2022, the Department of Social Services (DSS) provided psychosocial support and subsidized medical treatment to over 3,000 patients and their families.

Despite the challenges posed by the pandemic, the social workers were able to resume their full capacity in conducting home visits and counseling sessions for patients and families, thus maintaining the hospital's pre-pandemic level of medical performance. This was particularly crucial as more patients and families sought assistance with socioeconomic issues, marriage problems, trauma, and the adverse effects of the pandemic.

Moreover, the DSS team played an active role in raising awareness and providing education for patients and affected families. They organized health days and facilitated support group sessions for patients with chronic and rare diseases, including children with diabetes and Epidermolysis bullosa (EB).



Maintaining and Upgrading the Hospital's Infrastructure

In 2022, essential renovation and upgrade works were carried out in the neonatal ward, which receives approximately 950 babies each year. The primary objective of this project was to enhance the patient care environment and ensure compliance with new local building life safety codes and electrical standards. This was achieved by cladding the walls with easily cleanable uPVC wall guarding sheets. Additionally, firefighting water sprinklers were installed, and uninterrupted power supply outlets were added.



From an operational standpoint, several new equipment were installed, with a particular focus on the intensive care unit and the laboratory. Notably, the laboratory acquired a blood culture machine (Bactec) and an automated bacterial identification system. These two machines play a vital role in supporting the microbiology section of the laboratory. Their purpose is to identify bacteria present in patients' samples and enable the efficient testing of antibiotics' sensitivity with minimal hands-on time for our staff. Moreover, they contribute to reducing human errors and decreasing the turnaround time from sample collection to result. Most importantly, these newly introduced systems assist CBH doctors in prescribing the appropriate antibiotics promptly, thereby facilitating successful treatment and reducing patient morbidity.

Promoting Neuropediatric Services in Palestine

Last year, our medical team led the second Neuropediatric Symposium, which served as the concluding event of the "Clinic Partnership" project between Caritas Baby Hospital and Tübingen University Hospital. This educational gathering facilitated the exchange of expertise and knowledge among eight distinguished international subspecialists and local professionals, focusing on various neurological conditions affecting children, such as epilepsy, cerebral palsy, and metabolic and genetic disorders.

Over the past fifteen years, Caritas Baby Hospital has made major advancements in the development of its Neuropediatric services. Today, the hospital stands as a leading referral center for hundreds of children with chronic neurological syndromes. Through its efforts, the hospital plays a crucial role in promoting the diagnosis and treatment of neuropediatric patients, contributing to the overall well-being of Palestinian children.



Continuous Thrive for Quality Healthcare

Suhair Qumsieh, Chief Nursing Officer

Throughout the year, serious efforts were made to maintain appropriate staffing levels to ensure optimal patient care by the nursing team. The recruitment of new nurses was followed by a comprehensive orientation program that was thoughtfully implemented to seamlessly integrate these new nurses into the CBH organizational structure. This program also promoted the nurses' competence in delivering quality patient care and encouraging their productive integration as valuable members of the healthcare team.

Moreover, to continually elevate the expertise and skills of our nursing personnel, a range of training and career development initiatives were implemented.

Structural Changes

Last year, the investment in our nursing team yielded fruitful results through strategic structural changes. We successfully insourced three



From left to right: Jackie El Shaer - Intensive Care Unit Manager, Jihad Al Yateem - Neonatal Ward Manager, Lana Rishmawi - Pediatric Ward "A" Manager, Suhair Qumsieh - Chief Nursing Officer, Katy Abu Sada - Pediatric Ward "B" Manager, Reem Hazboun - Outpatient Department Manager



managers, each leading the nursing teams in the intensive care unit, outpatient department, and one pediatric ward.

Furthermore, we recruited a staff nurse to fill the crucial neurophysiology technologist position, ensuring the continued provision of highly demanded subspecialized neuropediatric services at CBH.

In our commitment to infection prevention and control, we internally recruited another nurse to serve as the infection preventionist. This role focuses on safeguarding patients and healthcare providers from avoidable infections, while also developing policies and procedures for standardized patient care and maintaining a safe hospital environment.

An additional structural change involved integrating dietary services under the responsibilities of the neonatal ward manager, with the support of a CBH nutritionist. This collaboration led to the development of evidence-based dietary guidelines tailored to specific patient nutritional requirements, promoting practices that support breastfeeding for hospitalized babies. The dietary services team also ensures that babies receive appropriate formulas when breastfeeding is not possible.

Training for Patient Care and Quality Assurance

We aspire for CBH nursing staff to consistently provide high-quality care, through adhering to evidence-based practices and hospital protocols. Our focus is to create a nurturing and child-friendly environment to support the physical and emotional well-being of our young patients.

Therefore, CBH nurses took part in vital training courses last year that would promote their knowledge and skills. The training topics varied between COVID-19 situational update, infection prevention and control (IPC) minimum standards, pediatric advanced life support (PALS), emergency medication, and phlebotomy which aimed to improve the knowledge of the procedure and skills necessary to draw blood and other specimens.

The nurses also were enrolled in learning activities that would improve the efficiency of work including training on newly introduced medical equipment, medical waste management, and proper utilization of the hospital information system (APEX). Additionally, CBH nurses participated in positive energy sessions designed especially for front-line staff experiencing high levels of stress and emotional situations.

On a higher educational level, within the COVID-19 Emergency Response Project, two nurses were certified as healthcare quality practitioners and two nurses as healthcare infection preventionist by the Health Care Accreditation Council (HCAC).



Empowering Mothers

The Mothers' Residency Department (MRD) team was able to host and empower over 3,000 mothers' during their stay in CBH with their admitted children.

Through a combination of private counseling sessions and daily educational activities, the MRD team, in collaboration with CBH staff, focused on enhancing the knowledge and skills of these mothers on various aspects of mother and child health.

The educational activities covered a wide range of important topics, including caring for sick children, managing febrile convulsions, implementing safety measures at home, the importance of vaccinations, managing dehydration in children, maintaining hand hygiene, dental care for children, ensuring proper nutrition, promoting antimicrobial stewardship, addressing COVID-19 and Rotavirus concerns, managing fever, fostering successful breastfeeding, raising awareness about breast cancer, and understanding kangaroo care.

However, the MRD team went beyond just physical health topics and also addressed psychosocial issues that are crucial to effective parenting. These lectures included discussions on child abuse prevention, the impact of technology on children's development, and ways to cope with postpartum depression.

A Word of Appreciation

We would like to sincerely express our heartfelt appreciation to all the donors of Caritas Baby Hospital who have supported the hospital directly or through the Children's Relief Bethlehem's offices in Europe. Your unwavering support and boundless generosity have made a substantial difference in the lives of countless children and families. Through your kindness, you have brought hope and healing to those who are facing challenging circumstances.

Additionally, we would like to extend our deepest gratitude to the over one hundred groups who have taken the time to visit Caritas Baby Hospital during their trips to the Holy Land. Your willingness to engage with the CBH team and learn about the hospital has created a strong sense of community and support that is truly invaluable.



Donors and Partners

Katholische Kirchengemeinde St. Fam	Katholische Kirchengemeinde St. Marien Köln-Weiden
Fondation Hope (Fondation De Luxembourg)	Caritas Baby Hospital Foundation - USA
Catholic Relief Services (CRS)	United States Agency for International Development
Arab Palestinian Investment Company (APIC)	Rostropovich Vishnevskaya Foundation
The Equestrian Order of the Holy Sepulchre of Jerusalem - Swiss Lieutenancy	The Equestrian Order of the Holy Sepulchre of Jerusalem - German Lieutenancy
The Equestrian Order of the Holy Sepulchre of Jerusalem - Canada Toronto Lieutenancy	The Equestrian Order of the Holy Sepulchre of Jerusalem - North Central USA Lieutenancy
American Near East Refugee Aid (ANERA)	Palestine American Medical Association (PAMA)
Diözese Bozen-Brixen	Diözese Freiburg
Roth Privatstiftung	BEAM - Beit Al-Makdes Health Services
Anci Marci	Augusta Victoria Hospital
Peres Center for Peace	Lemix Co. Ltd.
Medipharm	Mario Conti Travel Fellowship
Act Medical	

Financial Performance

Christine Hazboun Sacca, Chief Finance Officer



Overview

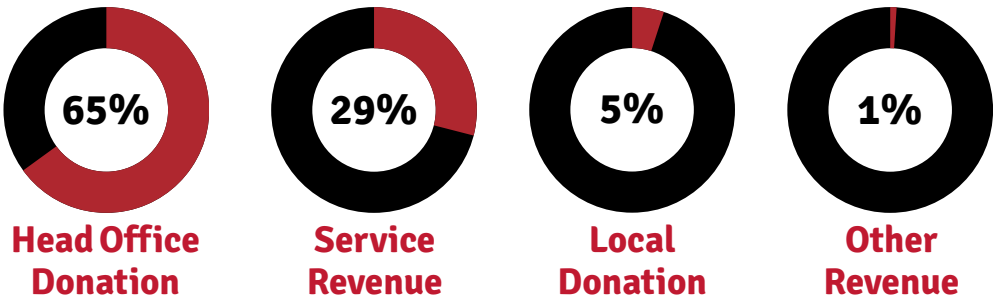
Caritas Baby Hospital (CBH) has successfully concluded another strong financial year, experiencing a notable 7% increase in local revenue. This progress marks a significant step forward in our efforts to enhance self-financing. The primary factor driving this growth was the substantial rise in the number of treatments administered to our patients. Additionally, we implemented price updates to accommodate

the overall surge in service costs, which further contributed to the improvement in revenue.

1. Revenue Summary

The total revenue for the year amounted to 38.2 million ILS. This figure encompasses 24.6 million ILS, which was generously donated through Children’s Relief Bethlehem in Europe. The remaining 13.6 million ILS was derived from local sources, including donations, projects, patient services, and other revenue streams.

Revenue by Source



1.1 Revenue from Donations and Projects

Local donations and revenue from projects totaled 2.2 million ILS. It is worth noting that CBH hosted an increased number of groups towards the end of 2022 which positively affected the local cash donations. However, the revenue for this year was slightly lower compared to the previous year. This can be justified with the conclusion of the COVID-19 Emergency Response Project, which had been a significant contributor to our local income since 2020.

1.2 Revenue from Patient Services

Gross patient service revenue for the year reached 12.4 million ILS, representing an increase of 1.3 million compared to 2021. This growth can be accredited to several key factors. Firstly, the intensive care unit (ICU) maintained full occupancy, resulting in a significant increase in ICU hospital days, totaling 678. Additionally, there was a rise in the number of visits to the outpatient department (OPD) and a parallel increase in the number of lab tests conducted, both contributing to the overall revenue boost.

Moreover, another significant factor contributing to the local income growth was the adjustment of fees for certain services such as admissions to paediatric wards, lab tests, and mothers’ accommodation. These updates were made last year to ensure that our fees align more closely with market rates. This proactive measure played a vital role in boosting our revenue from local sources.

Revenue from self-paid patients demonstrated a notable increase compared to the previous year, accounting for 53% of our service revenue. The Ministry of Health (MoH) and military services accounted for the second-highest revenue share, contributing 29%, while UNRWA (patient share and premium) represented 11% of the revenue. Other insurance companies also contributed more to our income, representing 5% of the total, while unbilled revenue made up 2%.

After factoring in social discounts, MoH applied discounts, and employee discounts, the net service revenue amounted to 11.2 million ILS.



As anticipated, given the high occupancy, price adjustments and our full commitment towards those in need, hospital fee discounts and social support for deprived children and families amounted for around 1.6 million ILS, marking an increase of 12% from previous year.

2. Expenses

The total expenses for the year amounted to 36.7 million ILS, reflecting an increase of 1.8 million ILS compared to the previous year. This rise in expenses can be attributed to the following factors:

1. Payroll Increase

The cost of living adjustments, reinstatement of positions that were not filled during the COVID-19 pandemic, the separation of the neonatal wards from the ICU ward, and the decision to increase the nurse-patient ratio for patient safety reasons contributed to the higher payroll expenses.

2. Reserve for Bad Debt

In order to account for delayed cash flows from the Ministry of Health (MoH), we increased the reserve for bad debt. This step was taken to ensure proper financial planning and mitigate any potential risks.

3. General Cost Increases

There was a general increase in the costs associated with both medical and non-medical supplies. These rising expenses are a result of market dynamics and the need to maintain the highest standards of patient care.

Despite these increases, we remained within the approved budget range for the year, demonstrating our commitment to responsible financial management.



Independent auditor's report to the Executive Committee of Kinderhilfe Bethlehem (KHB) and the management of Caritas Baby Hospital (CBH) – Bethlehem

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Caritas Baby Hospital - Bethlehem ("the Hospital") as at 31 December 2022, and the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Caritas Baby Hospital's financial statements comprise:

1. The statement of financial position as at 31 December 2022.
2. The statement of activities for the year then ended.
3. The statement of changes in net assets for the year then ended.
4. The statement of cash flows for the year then ended.
5. The notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Hospital in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



Independent auditor's report to the Executive Committee of Kinderhilfe Bethlehem (KHB) and the management of Caritas Baby Hospital (CBH) – Bethlehem

Other information

Management is responsible for the other information. The other information comprises all the information included in the Annual Report of the Hospital for 2022 (but does not include the financial statements and our auditor's report thereon). The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information, and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management 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, management is responsible for assessing the Hospital'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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Hospital's financial reporting process.



Independent auditor's report to the Executive Committee of Kinderhilfe Bethlehem (KHB) and the management of Caritas Baby Hospital (CBH) – Bethlehem

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 ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit 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 Hospital's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by



Independent auditor's report to the Executive Committee of Kinderhilfe Bethlehem (KHB) and the management of Caritas Baby Hospital (CBH) – Bethlehem

management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers - Palestine
License No. 207/2012

Yacoub Alloun
License No. 106/2012

May 4, 2023

Ramallah, Palestine

Statement of Financial Position (ILS)

As at 31 December

	2022	2021
Assets		
Non-current assets		
Property, plant and equipment	29,235,214	31,038,364
Right of use assets	961,770	980,536
Total non-current assets	30,196,984	32,018,900
Current assets		
Inventory	2,844,574	2,647,727
Patient and other receivables	13,468,796	11,304,047
Prepaid expenses	354,878	221,676
Cash and cash equivalents	3,346,786	1,927,385
Total current assets	20,015,034	16,100,835
Total assets	50,212,018	48,119,735
Net assets and liabilities		
Net assets	26,482,876	25,127,009
Liabilities		
Non-current liabilities		
Reserve for severance pay	21,378,262	21,175,757
Lease liability	1,019,765	1,022,371
Total non-current liabilities	22,398,027	22,198,128
Current liabilities		
Trade and other payables	1,328,509	792,156
Lease liability	2,606	2,442
Total current liabilities	1,331,115	794,598
Total liabilities	23,729,142	22,992,726
Total net assets and liabilities	50,212,018	48,119,735

Statement of Activities (ILS)

For the years ended 31 December

	2022	2021
Revenues		
Patient service revenue	11,198,159	10,350,933
Contribution from head office	22,969,948	21,585,605
Other contributions	3,542,850	3,874,247
Other revenues	381,463	145,912
Restricted revenues	150,945	460,029
Total revenues	38,243,365	36,416,726
Expenses by department		
Administrative departments	11,583,795	11,264,719
Medical departments	19,517,999	18,381,919
Housekeeping departments	3,851,735	3,466,163
Educational departments	544,815	504,768
Social departments	1,244,984	1,354,277
Total expenses	36,743,328	34,971,846
	1,500,037	1,444,880
Other losses	76,300	4,136
Finance costs	67,870	68,023
Increase in net assets for the year	1,355,867	1,372,721

Statement of Changes in Net Assets (ILS)

For the years ended 31 December

	2022	2021
Net assets, beginning of year as originally stated	25,127,009	23,754,288
Increase in net assets for the year	1,355,867	1,372,721
Net assets, end of year	26,482,876	25,127,009

Imprint

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Palestine

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