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**The State of Israel
Ministry of the Interior
Registrar of Non-Profit Organizations
Auditing Department**

November 26, 2000
2000-443

To: The Accountants

**Criteria for Preliminary Audit of Non-Profit Organizations for the Purpose of
Issuing Certification of Proper Management for 2000/01**

**Requirements for the Issuing of Certification of Proper Management for
2000/01:**

1. Filing of financial reports for the previous four years.
(For certification for the year 2000 – financial reports from 1995 to 1998;
for certification for the year 2001 – financial reports from 1996 to 1999).
For last two financial reports, it should be verified that the reports have
original signatures of two Committee members (the signatures must be
identifiable as belonging to the Committee members) and of the
accountant (if the annual revenues of the organization exceed one million
NIS).

If the 1999 financial reports are prepared by an accountant, they must meet
Accounting Standard 69.

If the financial reports are prepared by an individual who is not an
accountant (bookkeeper, tax advisor, etc.) and the organization's annual
revenues exceed 100,000 NIS, they must also meet Accounting Standard
69.

2. The signed minutes of the General Assembly meeting in which the 1998 and
1999 financial reports were approved. (The minutes approving the 1998 and
1999 reports must have original signatures.)
3. The recommendation of the Auditing Committee for the years 1997 to 1999.

Election of Compulsory Institutions

4. The minutes of the General Assembly meeting which approved the
appointment of the Committee, the Auditing Committee (or accountant in its
stead), an accountant in accordance with clause 19c of the Law of Non-
Profit Organizations and authorized signatories.
Authorized signatories must be members of the Committee according to the
Standard Bylaws. If outdated bylaws are in effect which determine that only
one signatory is required, then this will be accepted. However, the Registrar
will not approve new bylaws that allow for only one signatory.

According to the Standard Bylaws, these minutes should be submitted to the Registrar at least once per year (even if there is no change in the composition of the institutions).

For organizations with special bylaws that do not mention the number of signatories, the Standard Bylaws will apply.

Organizations with special bylaws will present the minutes regarding the election of compulsory institutions. (This is conditional on the bylaws determining elections at least once every three years. If the bylaws determine a period of longer than three years, the Registrar should be notified.)

The minutes specified in clauses 2 and 4 must be signed by two members of the Committee.

These minutes can bear signatures that are not original on the condition that they are certified by a lawyer, accountant, tax advisor or the bookkeeper that prepared the financial reports (for organizations whose revenues are less than one million NIS).

5. A list of the organization's five highest wage earners, including grants and funding, for the years 1997-1999. The list should specify annual wage costs as well as gross and net salaries. (The list must specify the names of the wage earners unless a special request is made by the organization to Menahem Liberman, adv.)
An organization that distributes grants of the same amount is not required to specify the names of those receiving the grants.
Furthermore, a statement signed by two members of the Committee is required which specifies whether any of the Committee members receive a salary from the organization.
6. If it is suspected that the address of the organization has been changed, notification signed by two members of the Committee is required (an original copy is necessary).
7. It should be checked whether the organization's name has been changed significantly from its registered name.
8. An organization which was established before 1999 and which declares that it did not have any financial activity during 1998 and 1999, is not eligible to receive Certification of Proper Management for 2001.
9. Payment of Annual Fee – it should be verified that the organization paid the annual fee for 1998 and 1999. The fee for 2001 should be paid within two months of the request.
10. Regarding new organizations, you will receive a new set of procedures.