



BROIDE & CO.
Certified Public Accountants (Isr.)

TAKE A CLOSE LOOK AT YOUR NON-PROFITS

Dear Client,

The world of non-profits (often referred to as the "third sector") has undergone major regulatory changes in recent years; these include

the Registrar of Amutot, the Tax Authority, the Accountant General's office and various other regulatory or financial bodies. This requires

a level of compliance (and awareness) which the non-profit sector has still to develop.

We strongly advise careful review of these new amendments plus the existing ones too. As can be seen from paragraphs A & B below,

these regulations are comprehensive and far-reaching, possibly impractical for smaller amutot. It is our considered opinion that an internal

auditor is an absolute must for any non-profit organization.

In June of this year, new amendments to the Law of Amutot were approved which impact strongly on non-profits; these include:

A. THE DUTIES OF THE AUDIT COMMITTEE (OR AUDIT BODY.)

1. Examine the proper functioning of the Amutah and its organs ("institutions"), including conformity with aims.
2. Examine the efficient and budgetary (financial) achievement of aims/goals.
3. Monitoring of implementation of decisions of the general assembly (meeting) and executive committee.
4. Suggesting ways of correcting deficiencies in the management of the amutah.
5. Examination of the financial matters of the amutah, its books of account and payroll payments, including the use of funds for furthering the aims of the amutah.
6. Examination of any other topic related to the activities of the amutah.
7. Presentation of conclusions following the above examination and review to the executive committee and annual general meeting of the amutah.

B. LIMITATION ON GENERAL & ADMINISTRATION EXPENSES

The Treasury directive of some years ago which limits general and administration expenses to a certain percentage of turnover has now been incorporated in the Law of Amutot.

C. NEW DATE FOR SUBMISSION OF FINANCIAL STATEMENTS & EXECUTIVE REPORT

As of the 2007 financial reports to be submitted in 2008 the final date for submission is June 30th but extensions may be granted.

D. REPORT OF THE EXECUTIVE COMMITTEE

1. This will be submitted annually, with the financial statements. (applicable from 2007 reports)
2. Details required include:

- (a) Main activities for advancing aims during the year, including reference to data in the financial statements.
- (b) Description of the organization chart, including names of office-holders.
- (c) Details of "Related party" organizations.
- (d) Volume of main services in the amutah.
- (e) Main use of donations during the year.
- (f) Costs of collecting donations.
- (g) Details of transfers of moneys and assets-without compensation-not within the framework of the aims of the amutah.
- (h) Details of property transactions.
- (i) Details of transactions with related parties.
- (j) Any demand from an authorised outside party to correct deficiencies.
- (k) Irregular events, including resignation of CEO, material changes in the "target" audience/group or areas of activity.
- (l) Details of the geographical spread of the activities.
- (m) Any material matter that occurred in the year under review.
- (n) Any updates in the above from changes between the year-end and the date of presenting this report to the annual general meeting.

Do note that this is abridged to some extent and is based on the Hebrew original. It is strongly recommended that professional advice be sought before any action is taken.

Chag Sameach.

Warm Regards,
Jeff
BROIDE & CO
CPA(Isr.)
Tel:972-2-561 1323
Fax:972-2-566 9555
www.broide.com