
*American Friends:
US Philanthropic Support for Israel*

Update 2011

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Abstract

This study examined the trends of philanthropic support from 2006 to 2009 for 80 US-based non-profit organizations (NPO's) that fundraise in the US to support defined sets of services in Israel, typically focused on a specific organization. We examined the reported fundraising results for these “American Friends” organizations in four sectors: Arts and Culture, Education, Health, and Human Services, sourcing data primarily from the IRS Form 990 for each organization.

We conclude that giving to American Friends organizations from 2006 to 2009 followed the general pattern for US giving overall but in a much more exaggerated way, with higher peaks and lower troughs. Giving to the organizations in our sample decreased 16.02% from 2006 to 2009, with decreases in giving to higher education American Friends organizations driving much of this decline.

Introduction

Since the founding of the State of Israel, Israeli nonprofit organizations have obtained funds from supportive Americans, both Jews and others. More than \$1 billion in charitable support flows to Israel each year, making it one of the largest foreign targets of American donations. In 2009, 62% of philanthropy in Israel came from foreign, mostly American, donors, a decline from 71% in 2008.¹

Many Israeli nonprofits have established US-based entities under article 501c3 of the IRS Code that engage donors and collect funds for a specified set of services in Israel, typically focused on a specific organization. This allows supporters to give to an American NPO registered with the IRS and receive a tax deduction for their gift. These “American Friends” organizations mostly operate independently of the Jewish Federation system and other centralized fundraising efforts for Israel, such as the New Israel Fund. While no exact count of American Friends organizations exists, hundreds of them operate in the US, competing for increasingly scarce philanthropic dollars.

This is the second study published on this topic by The EHL Consulting Group, Inc, of suburban Philadelphia. The previous study, published in 2008, examined 80 American Friends organizations in four sectors, comparing their fundraising performance from 2001 and 2006 with that of US organizations by sector. That study concluded that from 2001 to 2006, giving to American Friends organizations outperformed parallel giving to US-based NPO's.

¹ Schmidt, Hillel. “Characteristics of the Israeli Philanthropy in the 21st Century: Motives and Barriers for Giving and Future Developments.” Jerusalem: Center for the Study of Philanthropy in Israel, Hebrew University, 2011. (<http://www.sw.huji.ac.il/upload/israeliphilanthropyenglish.pdf>)

The present study updates the 2008 report by examining data from 2006 to 2009 for a similar set of organizations, focusing on the following questions:

- Did giving to Israel continue to outpace parallel giving in the US? Why or why not?
- How did the “Great Recession” of 2007-2009 impact giving to Israel?
 - Which organizations were able to substantially increase donations during the recession, and why?
 - Which organizations experienced above-average declines in donations during the recession, and why?
- Is there a long-term decline in giving to Israel created by:
 - declining levels of Jewish affiliation and identification with Israel;
 - the perception of Israel as a first-world “Start-Up Nation” and not a charity case; or
 - the passing of the generation that lived through the Holocaust and Israel’s establishment?

Methodology

Since 1991, EHL Consulting Group has collaborated with more than 350 nonprofit organizations in the US, including a large number of Israel-based organizations that seek financial and leadership support from donors in America. Today, EHL Consulting works with several prominent Israel-based causes that rely on the firm’s expertise in raising money for Israeli organizations in the US. Through this study and its 2008 predecessor, the firm contributes to aggregate knowledge of the sector in which its clients operate.

We obtained the data for this study from the IRS Form 990 for the 80 organizations included in this report. Almost all registered nonprofit organizations in the US must file Form 990, which details their financial performance, and make it available for public inspection. We used IRS data from 2006 to 2009, the last years for which complete data are available due to the IRS’s filing deadlines. The data have not been adjusted for inflation. These organizations use different fiscal years, making the data not precisely comparable from organization to organization, but this should not materially impact the conclusions. (Many of the organizations begin their fiscal years in October, and we have classified data from October 2008 to September 2009 as 2009 data.) The data represent general contributions, excluding program, endowment, and other revenues. The money raised does not necessarily equal to the amount ultimately passed through to the corresponding organization in Israel, because the American organization deducts its own expenses and adds in endowment or other revenues.

The four sectors studied include Arts and Culture; Education; Health; and Human Services. We have not included giving to Israeli religious causes or organizations, such as synagogues and religious academies, because this is not as comparable to giving in the US. We have also focused

on fundraising for specific organizations in Israel, and not umbrella campaigns that fundraise for many organizations. The 80 organizations studied vary in size and constitute a representative sample of organizations in each sector. We assumed that including 20 organizations in each sector would capture the overall trend, and our sample included all of the major American Friends organizations. Most of the organizations (75%) were headquartered in New York State (mostly in New York City), with the rest scattered in other states including New Jersey, Maryland and California.

Thanks to greater availability of data, we replaced twelve of the organizations included in the last report in order to focus on organizations that primarily benefit Israelis. For example, we replaced Birthright Israel because its primary beneficiaries are Diaspora Jews, not Israelis. We also removed several organizations whose primary purpose was religious education.

We compared giving to American Friends organizations with giving in the US overall using data from the Giving USA 2011 report published by The Giving Institute, whose research partner is the Center on Philanthropy at Indiana University. Although our sample included all of the major American Friends organizations, we only examined 80 organizations, and idiosyncratic giving patterns to a few of them may have exaggerated the trends, especially when we compare them to Giving USA statistics based on hundreds of thousands of organizations' performance and macroeconomic data. However, our results remain significant because any 80 randomly selected organizations might consistently over- or under-perform the overall trend, yet ours did not.

Overall Analysis

The following graph represents overall giving to the 80 organizations that constituted our sample.

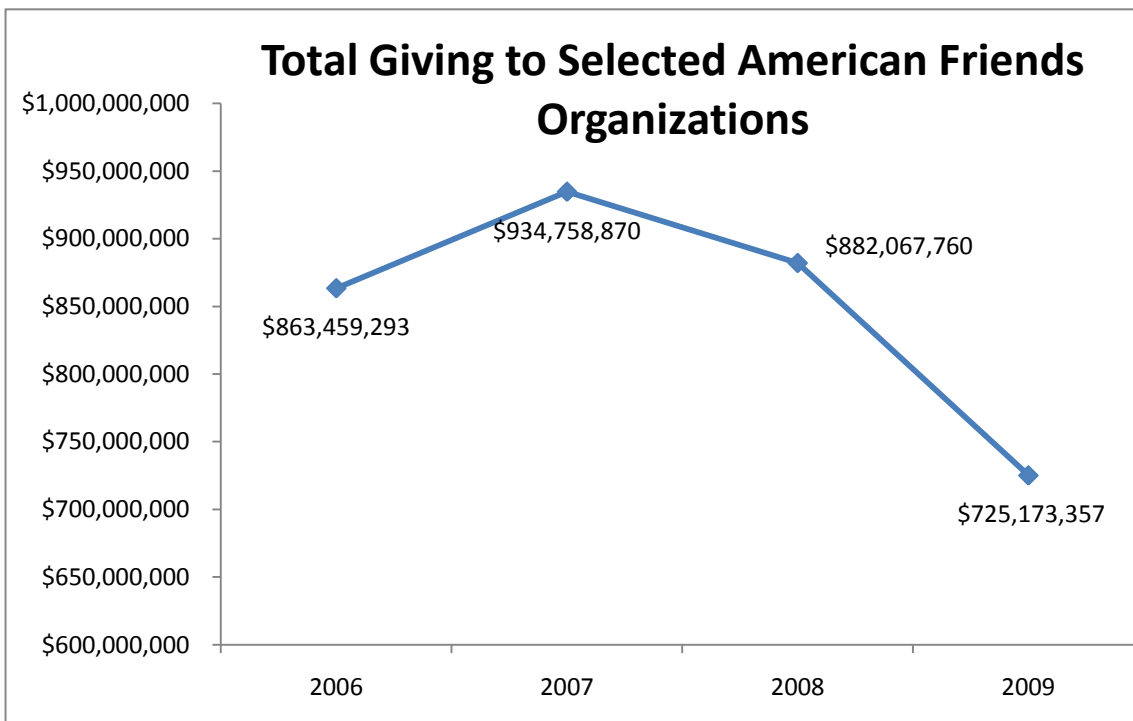


Figure 1

Clearly, giving declined significantly since the Great Recession began in 2007. Although giving increased 8.26% in 2007, which was also the high point of giving in the US overall, American Friends giving declined by 5.64% and 17.79% in the next two years, respectively. Overall, giving decreased by 16.02% in this period across the 80 organizations we studied, representing a \$138 million decline.

This table compares the percentage change in giving over the previous year for our sample of American Friends organizations with the total percent change in overall American giving for the four sectors we studied (Education, Human Services, Health, and Arts and Culture) as reported by Giving USA. This benchmark assesses how donations to causes in Israel changed relative to donations to similar causes in the US.

Four Sectors	2007	2008	2009	2006-2009 ²
<i>American Friends</i>	8.26%	-5.64%	-17.79%	-16.02
<i>US Giving Overall</i>	6.86%	-6.83%	-1.09%	-1.52

In 2007 and 2008, as the 2008 study found, giving to American Friends organization continued to outperform US giving overall, with a greater increase and a smaller decrease, respectively. However, in 2009, American Friends giving significantly lagged behind donations to US causes. This was driven by a significant drop in giving to American Friends organizations for Israeli universities in 2009, as described below. Over the four years, American Friends giving decreased significantly more than did US giving overall.

Sector Analysis

The following section analyzes giving to each sector. Figure 2 compares the four sectors. The Health and Human Services sectors move similarly in both real and relative terms, and Education is by far the largest sector, larger than the other three combined.

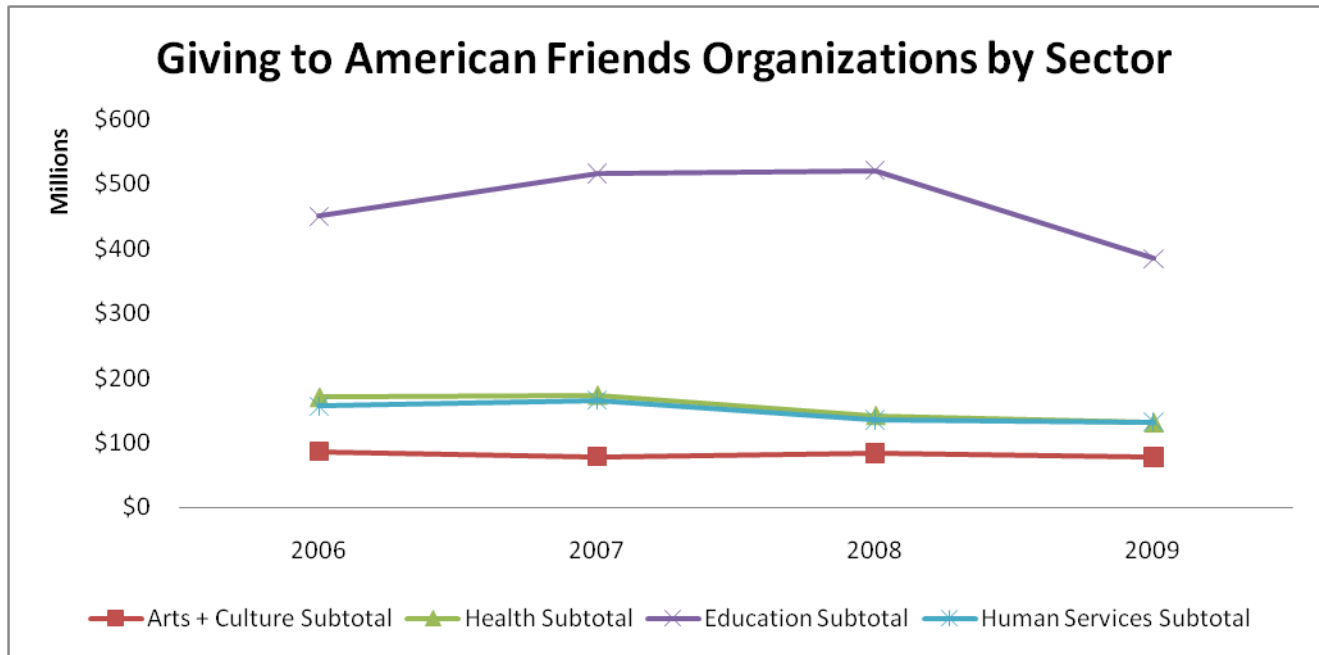


Figure 2

² This represents percent change of 2009 giving over 2006 giving $((2009 \text{ Giving} - 2006 \text{ Giving}) / 2006 \text{ Giving})$

Figure 3 shows the percentage of total giving to the 80 organizations in the sample taken up by each sector on average.

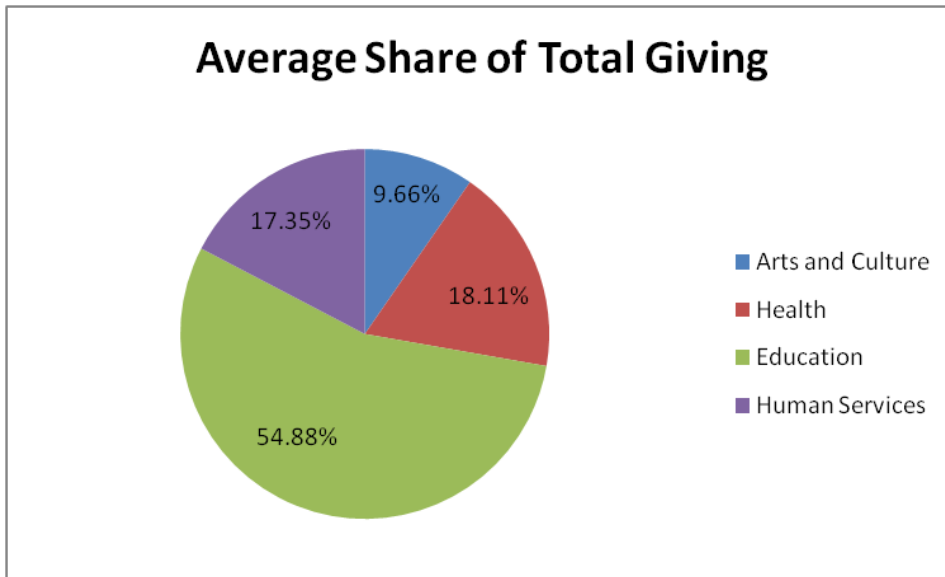


Figure 3

Arts and Culture

Giving USA defines the arts and culture sector as performing arts, museums, humanities organizations, historical societies, and media and communications charities.

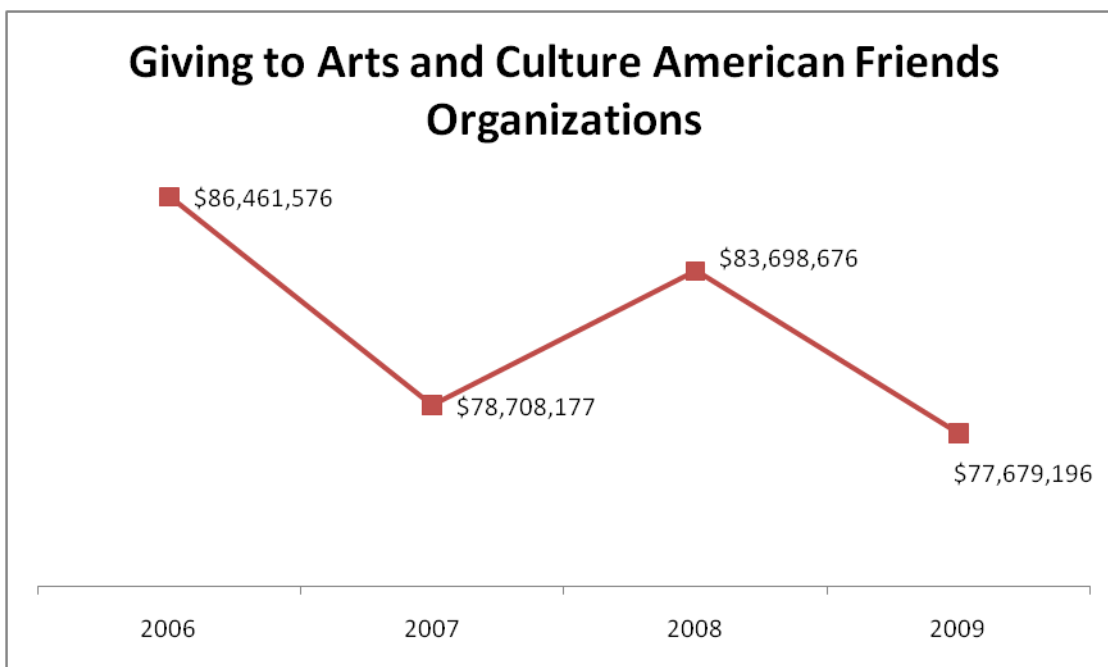


Figure 4

We examined 19 American Friends organizations in this sector, including major Israeli museums, performing arts groups, and other cultural organizations. This was the smallest of the four sectors, representing about 10% of giving to our sample of organizations each year. Their gifts received ranged from the low ten-thousands (Shtetl Foundation) to more than \$20 million (American Friends of the Israel Museum), averaging about \$4 million.

American Friends giving in this sector behaved erratically, increasing by 6.34% in 2008 in contrast to the general downward trend. The increase primarily resulted from three organizations—an orchestra, a science museum, and an archeological organization—that each increased their gifts received by more than 200%. A capital campaign for a new archeological museum in Jerusalem accounts for the increase to the latter organization. Giving fell by 8.97% and 7.19% in 2007 and 2009, respectively. Overall in this period, giving to American Friends Arts and Culture organizations decreased by 10.16%.

Standout organizations in this sector include the American Friends of the Batsheva Dance Company, whose giving grew by a whopping 720% over these four years; the America-Israel Friendship League, which grew by 102%; and the American Society for Yad Vashem, Friends of Israel Scouts, and American Friends of Beth Hatefutsoth, which each grew about 88%. Conversely, the Jerusalem Foundation, American Friends of the Ghetto Fighters’ Museum, the International Committee for the Dance Library of Israel, and the Shtetl Foundation all experienced loses in the 50-65% range over these four years. (These percentages compare 2006 giving with 2009 giving to understand how these organizations performed long-term.)

This table compares the percent change in giving over the previous year for our sample of American Friends organizations with the total percent change in overall American giving for Arts and Culture as reported by Giving USA. This comparison further reveals that 2008 was an exceptional year for American Friends organizations in this sector; in every other year, it significantly lagged behind US giving overall.

Arts and Culture	2007	2008	2009	2006-2009
<i>American Friends</i>	-8.97%	6.34%	-7.19%	-10.16%
<i>US Giving Overall</i>	7.80%	-6.40%	-1.80%	-0.95%

Education

Giving USA defines the Education sector as giving to higher education, private and public schools kindergarten through twelfth grade, libraries, alumni events, scholarship programs, and tutoring programs.

We examined 20 American Friends organizations, including the American Friends organization for every major Israeli university and some colleges (12 total), as well as organizations that support primary and secondary education or provide education-related social services like tutoring. Their 2009 giving ranged from \$315,000 (American Friends of Reut) to \$177 million (Bar-Ilan University³), with an average of \$19.2 million. By far the largest of the four sectors we studied, Education giving represented about 55% of the giving to the 80 organizations we studied.

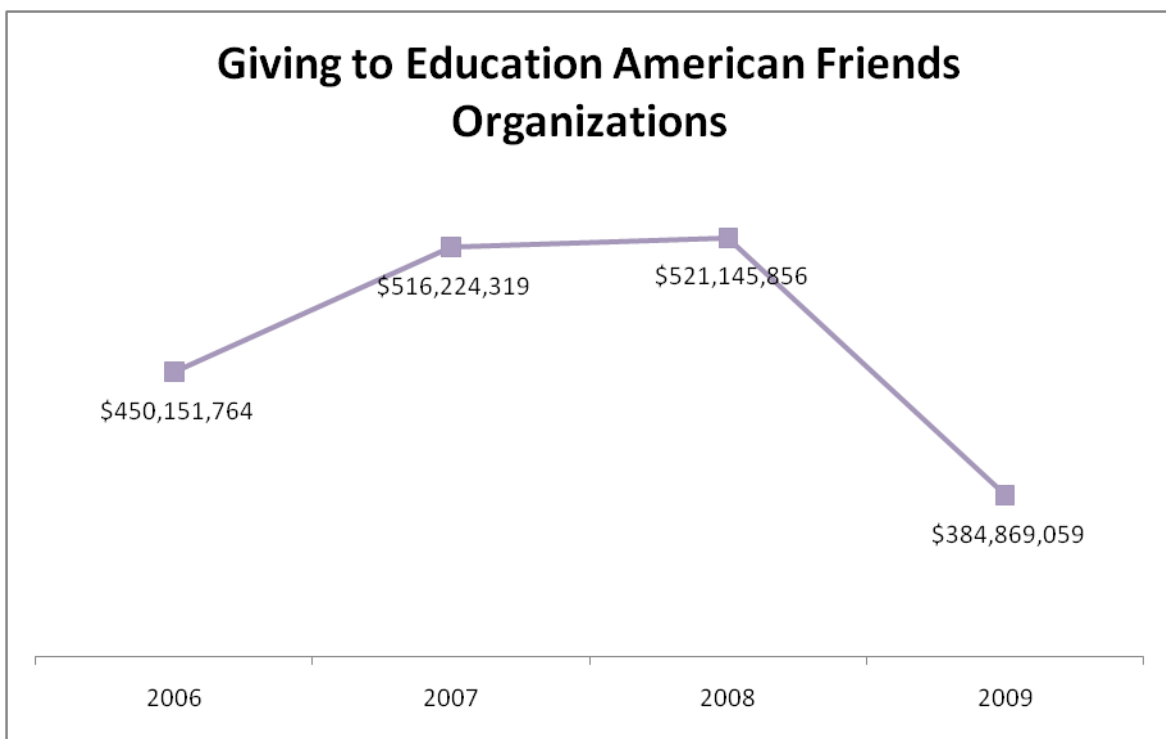


Figure 5

Giving in this period to American Friends organizations in education decreased by 14.50%. Increases of 14.69% and 0.95% in 2007 and 2008 respectively were offset by a 26.15% decline in 2009.

Large one-time gifts for capital and endowment campaigns often drive giving to higher education, whereas other sectors experience steadier giving. For example, American Society of the University of Haifa received about \$2 million in 2006, \$11 million in 2007, and \$4 million in 2008. This unusual spike in 2007 exemplifies this kind of large, one-time donation. As the

³ However, this figure represents the total contributions the university receives globally because the university and its American Friends organization file one joint Form 990. The second largest education American Friends organization is the American Society for Technion-Israel Institute of Technology, which raised \$69 million in 2009.

recession became more pronounced in 2009, donors likely hesitated to commit to such large gifts, leaving only the smaller annual, project-oriented giving that resulted in an overall decline. Also, most of the higher education organizations begin their fiscal years on October 1, so the 2009 data reflect the worst part of the recession and were not offset by improving conditions towards the end of calendar year 2009.

Standout organizations include the American Society of the University of Haifa, which saw an 85.09% increase in this period, and the Institute for the Advancement of Education in Jaffa (aka the Jaffa Institute) which saw a 61.85% increase. Organizations with significant losses over this period include American Friends of Tel Aviv University (65.14% decline) and American Friends of Open University (79.50% decline).

This table compares the percentage change in giving over the previous year for our sample of American Friends organizations in this sector with the total percent change in overall American giving for Education. Giving to American Friends organizations for Education continued to outpace giving to Education generally in the US, even increasing slightly when the sector as a whole was down 3%. However, once the major gifts began to disappear in 2009, American Friends giving fell significantly behind, which erased the growth of the previous two years for a net negative growth in this period.

Education	2007	2008	2009	2006-2009
<i>American Friends</i>	14.68%	0.95%	-26.15%	-14.50%
<i>US Giving Overall</i>	6.40%	-3.10%	-5.60%	-2.75%

Comparing US giving overall for higher education with that of the higher education organizations our sample reveals a similar decline. According to the Council for Aid to Education, higher education giving decreased 11.9% during the 2008-2009 school year, the largest decline since records began in 1957⁴. Similarly, the twelve higher education organizations in our sample experienced a 25.05% decline in 2009. Both of these large declines occurred because of the nature of giving to higher education as explained above.

The 2009 decline in giving to American Friends Education organizations represented about \$136 million, meaning that the difference between the two years is larger than each of the other sectors. This substantial drop in Education giving meant that giving to American Friends organizations would not begin to recover in 2009 as did giving generally.

⁴ Giving to Education, *Giving USA 2010*, 5

Health

Giving USA defines the Health sector as giving to hospitals, clinics, research, and general healthcare.

We studied twenty-one American Friends organizations in this sector, including major hospitals, medical research funds, and organizations that subsidize medical procedures for low-income Israelis or pay for medical treatment in Israel for people from developing countries. Giving in 2009 ranged from \$12,000 (Los Angeles Group for the Blind of Israel) to \$68 million (Hadassah Medical Relief Association), averaging about \$6.2 million. This sector represented about 18% of giving to the 80 organizations we studied.

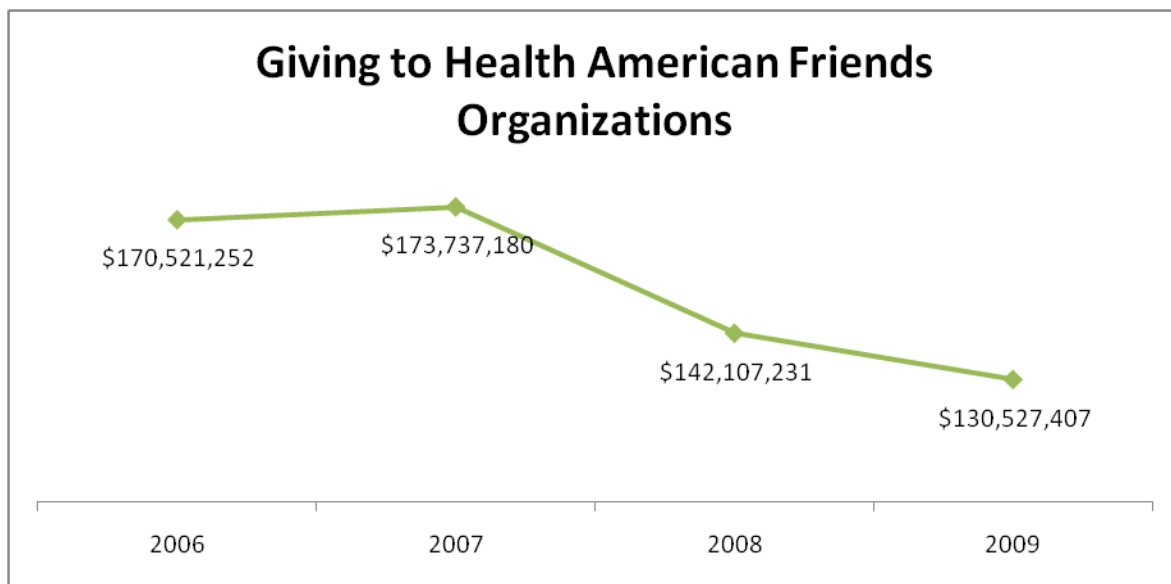


Figure 6

Health giving increased by 1.89% in 2007, only to decrease by 18.21% and 8.15%, creating an overall decrease of 23.45% in this period. Many organizations saw significant increases in giving in 2007, only to have them erased by equal or larger decreases in the following two years. Although most organizations in this sector experienced significant declines in giving, two organizations—a hospital and an organization that provides pediatric cardiac care in Israel to children from developing countries—were able to increase their giving by more than 100% over this period. Aggressive fundraising and a network of regional offices in the US enabled the hospital to quadruple its giving in 2007 into eight figures, which it was able to sustain over the next two years despite the general downward trend in giving. As Israeli government support for healthcare continues to decrease, more Israeli hospitals will likely set up similar operations in order to make up for reduced government support.

Hadassah Medical Relief Organization, part of the family of organizations that supports the Hadassah Medical Organization in Israel, experienced significant declines in giving, going from \$103.6 million in 2006 to only \$67.9 million in 2009, a decrease of 34.41%.

This table compares the percent change in giving over the previous year for our sample of American Friends organizations in this sector with the total percent change in overall American giving for Health. In every year, US giving overall to health outpaced giving to American Friends organizations, even increasing in 2009 when American Friends giving declined.

Health	2007	2008	2009	2006-2009
<i>American Friends</i>	1.89%	-18.21%	-8.15%	-23.45
<i>US Giving Overall</i>	5.40%	-6.50%	4.10%	2.55

Human Services

Giving USA defines the Human Services sector as giving to organizations that focus on youth development, sports, family and children’s services, emergency assistance, food, employment, disaster relief, and self-sufficiency.

Our sample included 20 diverse American Friends Human Services organizations. Many provide services to children or orphans, while others support soldiers, disabled veterans, the elderly, or people from low-income backgrounds. Their 2009 giving ranged from \$45 million (Friends of the Israel Defense Force) to \$256,000 (American Friends of Tzofiah-Machon Rifka Inc.), averaging \$6.6 million. This sector represented about 17% of giving to our sample.

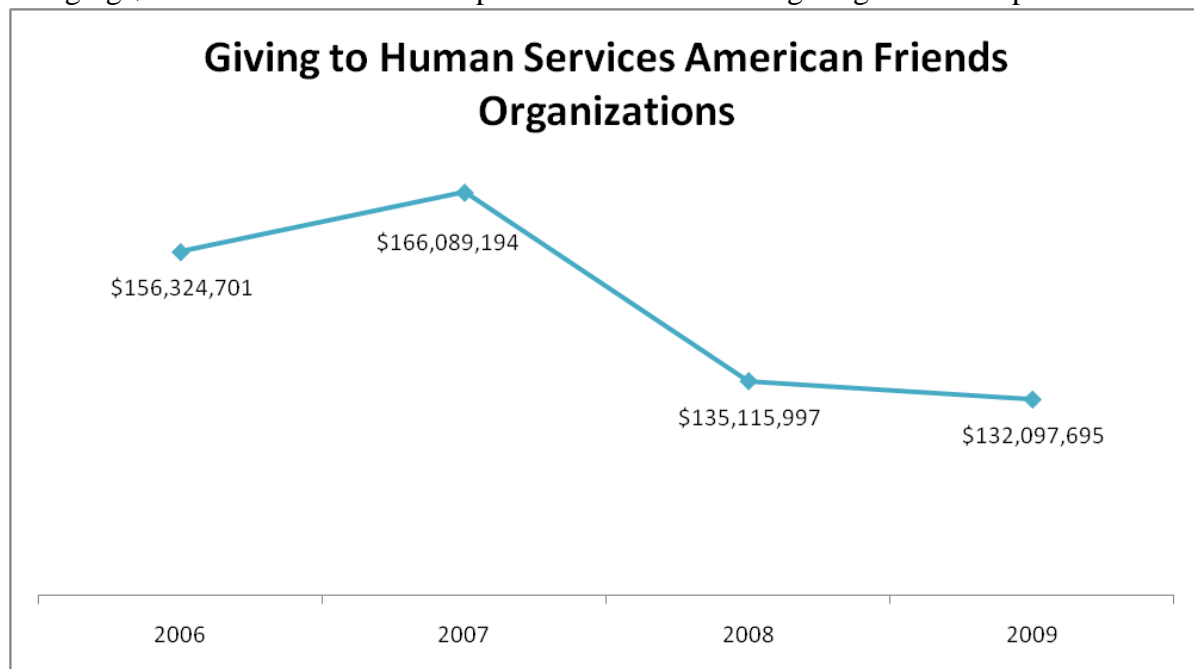


Figure 7

Human Services giving experienced a similar pattern of growth as did Health giving: increasing significantly in 2007 only to fall in the following two years. Human Services giving increased by 6.25% in 2007, falling by 18.65% and 2.23% in 2008 and 2009 respectively. Even though many organizations in this sector’s activities are more similar to educational organizations, in donors’ minds they are more similar to Health organizations and so the two sectors move in lockstep.

The organizations in the sample experienced a mixture of modest growth and modest declines, with an average change over this period of -9.14%. One standout organization is American Friends of Migdal Ohr, one of only four organizations in the sample to maintain positive growth during all four years we studied, growing a respectable 91.13% over this period, roughly a million dollars a year, in a sector otherwise exhibiting modest growth and decline. The organization offers a large menu of giving opportunities and endorsements from Israeli Prime Ministers and Presidents from across the political spectrum, and a robust fundraising operation in the US.

This table compares the percent change in giving over the previous year for our sample of American Friends organizations in this sector with the total percent change in overall American giving for Human Services. In every year we studied, American Friends giving lagged behind US giving overall by increasing less or decreasing more.

Human Services	2007	2008	2009	2006-2009
<i>American Friends</i>	6.25%	-18.65%	-2.23%	-15.50%
<i>US Giving Overall</i>	8.40%	-12.70%	2.30%	-3.22%

Discussion

The anonymous adage “Jews are like everyone else, only more so” seems apt here. Giving to American Friends organizations exhibited essentially the same patterns as giving generally in the US, but to a larger degree, with higher increases in growth years and sharper decreases in difficult years.

Figure 8 compares giving to American Friends organizations (AF = blue) with giving overall in the US (US = red). The US giving exhibits a bow-shaped pattern, declining in 2008 and recovering slightly in 2009. American Friends giving, for the most part, also exhibits the same bow-shaped pattern, but with a deeper low-point and a lesser recovery in 2009.

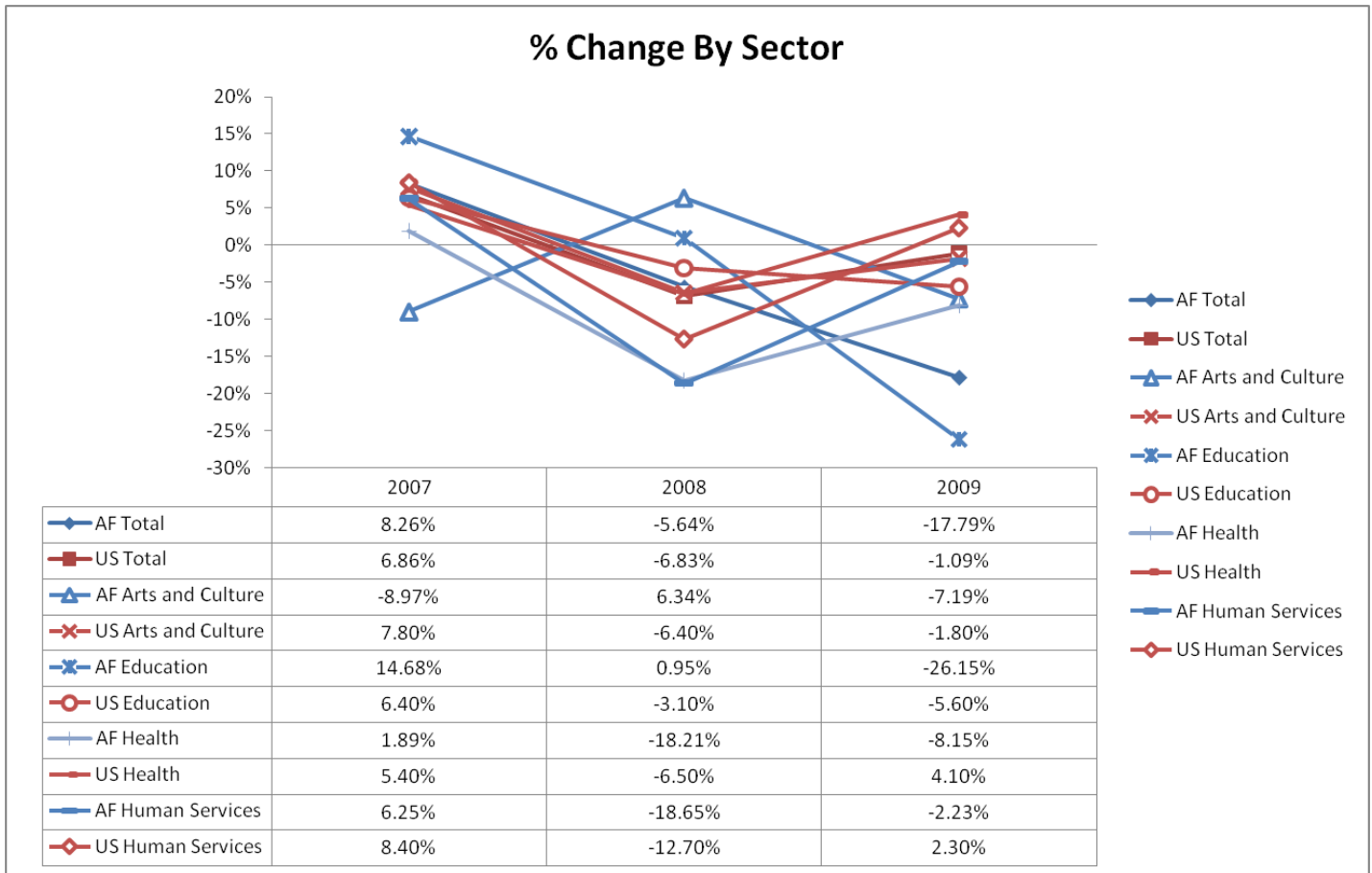


Figure 8

As the chart indicates, American Friends giving and US giving overall were highly correlated in both the Health and Human Services sectors, with a correlation coefficient (a percentage expressing the extent to which two data sets move together) in each sector of more than 90%. However, the correlation coefficient for the total figures was only 61%, indicating that one was not a great predictor for the other.

A significant drop in American Friends Education giving in 2009, which because of its size majorly impacts giving overall, meant that American Friends giving overall continued to decrease, but at a slower rate, rather than beginning to recover in 2009 as did US giving generally. As Figure 9 shows, the giving to the three sectors other than Education presents the same pattern for both American Friends giving and US giving overall, with a deeper trough for American Friends giving.

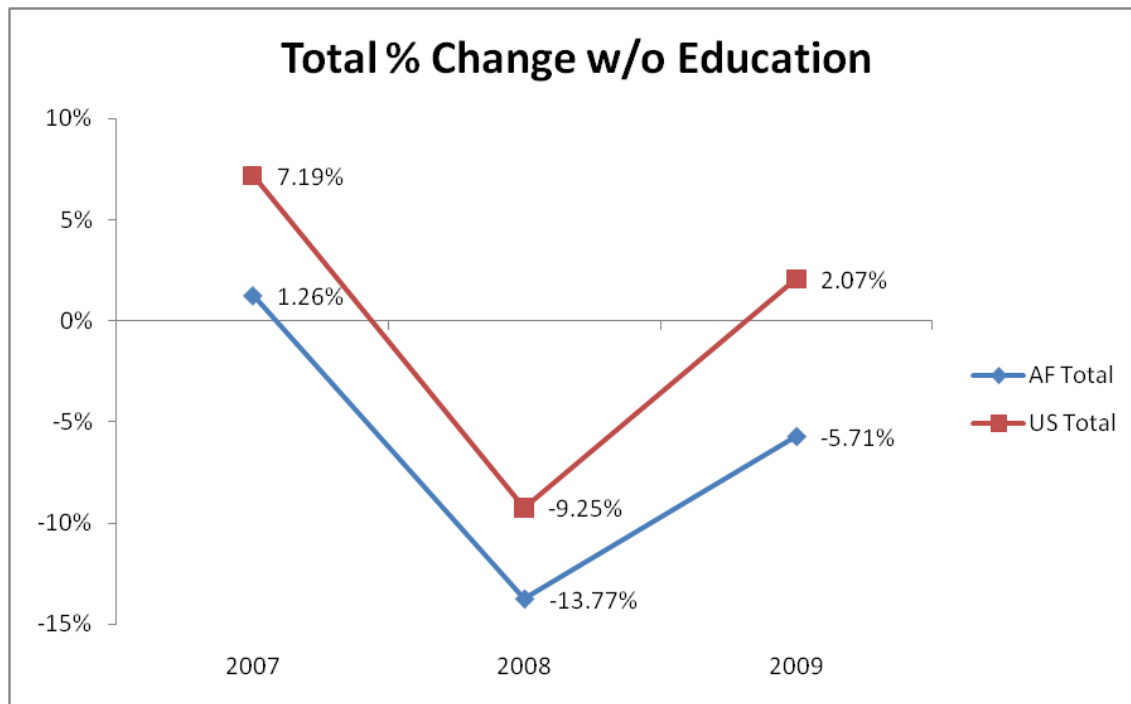


Figure 9

This confirms the results of the previous study, with slight modification: giving to American Friends organizations outpaced giving generally only because both were rising. As this study demonstrates, when giving overall declines, giving to American Friends organizations will decline to a larger extent. Therefore, we conclude that the American Friends sector experiences giving in basically the same way as does overall giving. In other words, giving to American Friends organizations would not increase (on the aggregate) during times of decreased giving overall. The good news is that during times of increasing giving in the US, American Friends

organizations (on the aggregate) can expect their giving to increase at a higher rate than giving overall.

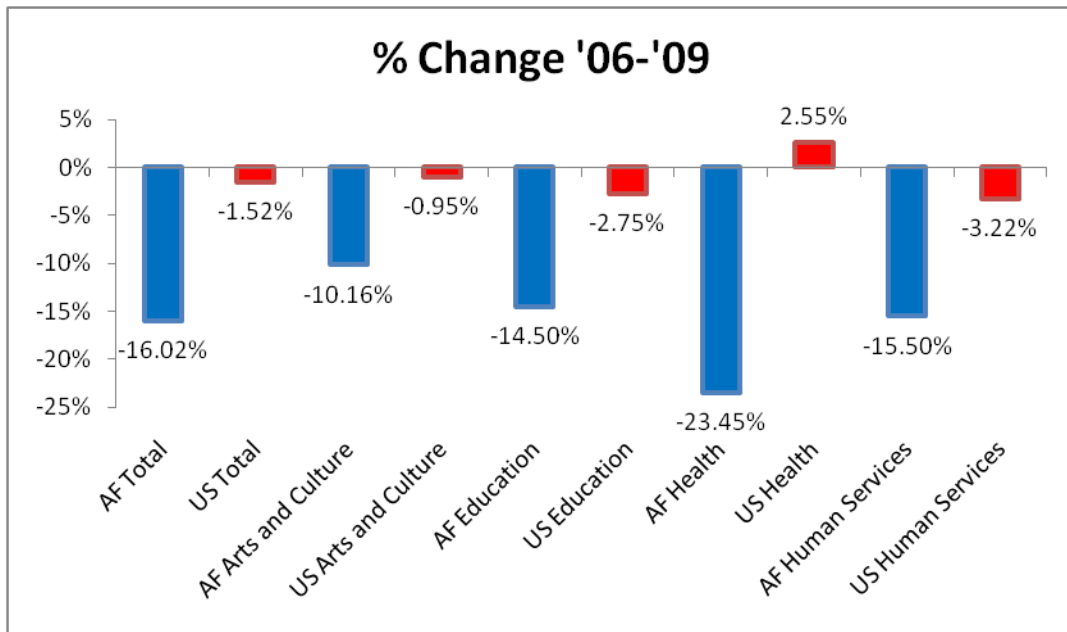


Figure 10

Taking a more long-term view confirms this pattern. Figure 10 compares the percent change in each sector between giving in 2006 and in 2009, which shows how giving had changed once the worst of the recession had passed. We see that, with the exception of the Health sector, giving in this period, both to American Friends organizations and overall, experienced negative growth, but that American Friends organizations' declines were significantly larger. Arts and Culture was the strongest sector for American Friends organizations, which was also the finding of the previous study.

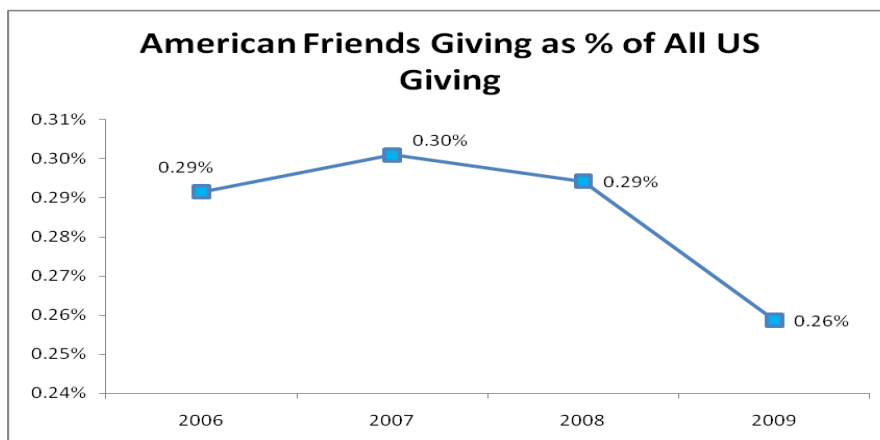


Figure 11

Examining American Friends giving as a percentage of US giving overall provides another method of analysis. If American Friends giving moved lockstep with giving overall, it would represent a constant proportion of overall giving. However, as Figure 11 shows, this proportion remained basically constant from 2006-2008 but decreased significantly in 2009, indicating that American Friends giving decreased to a larger extent that year (-17.79%) than did US giving overall (-6.5%).

The general bow-shaped pattern also holds when compared with international giving overall.

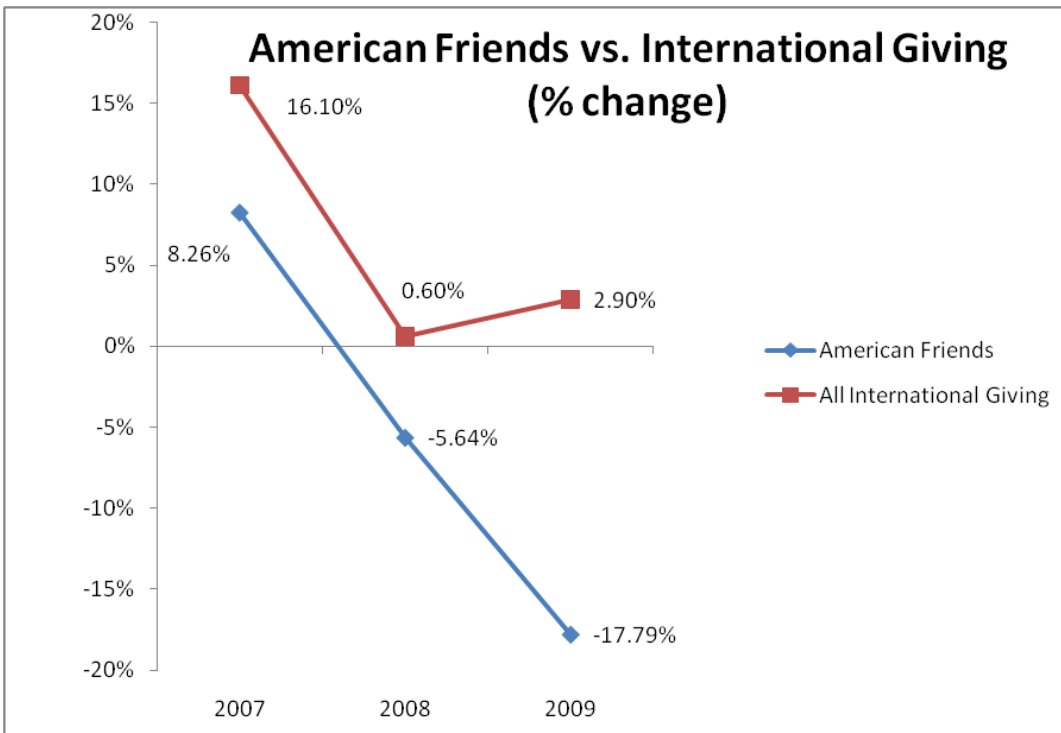


Figure 12

As Figure 12 shows, giving to American Friends organizations experienced sharper declines in 2008, failing to recover in 2009. We note the same bow-shaped pattern in International giving as elsewhere, which American Friends organizations would also exhibit had there not been such a large decline in American Friends Education giving. (International giving increased by such a large amount in 2007 mostly because of a renewed effort by foundations, led by philanthropic figures like Bill Gates, Bono, and Bill Clinton, to invest substantially in long-term improvements in developing countries.)

It is also relevant to compare American Friends giving with giving to United Israel Appeal, the legal entity that distributes most of the money raised by the Jewish Federation system for projects in Israel, primarily through the Jewish Agency for Israel and the American Jewish Joint Distribution Committee (JDC).

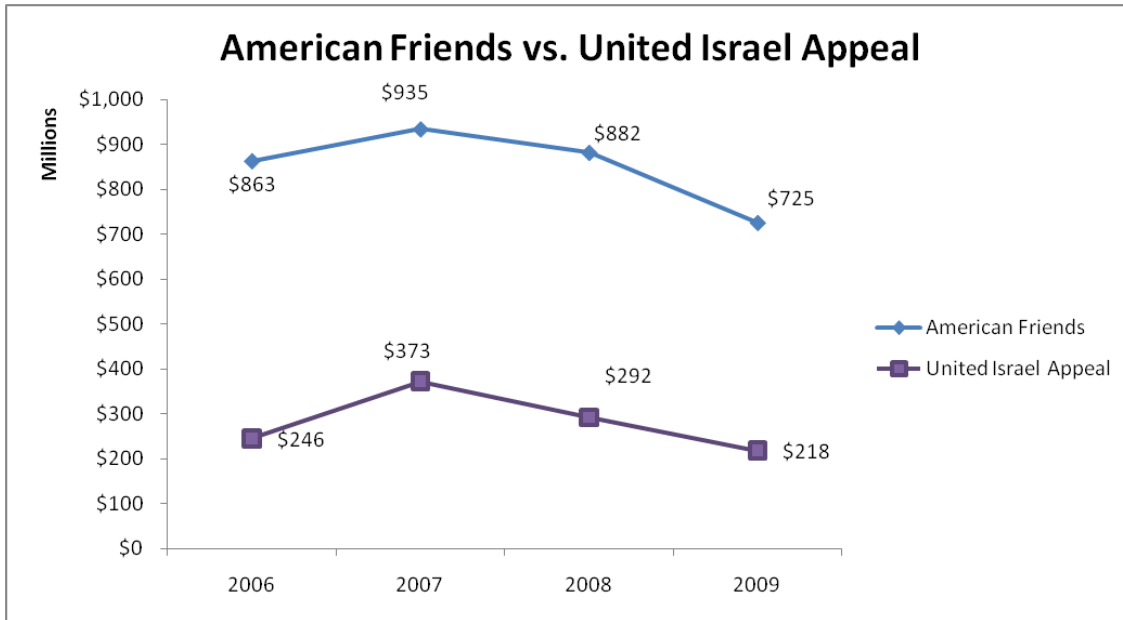


Figure 13

Figure 13 shows how both types of giving for Israel move similarly, although United Israel Appeal experienced larger year-to-year fluctuations. The large spike in 2007, which is really July 2006 to June 2007, represents the increase in giving sparked in part by the Second Lebanon War that began in July 2006. However, aggregate giving to American Friends organizations is about three times larger than giving through the Jewish Federation system, reflecting the continuation of a long-term shift away from federated giving programs to greater donor control over donations. This accounts for the proliferation of American Friends organizations in recent years, as Israeli nonprofits believe that they can recoup some of the available philanthropic dollars for Israel that the Jewish Federations can no longer raise.

% Change	2007	2008	2009	2006-2009
<i>American Friends</i>	8.26%	-5.64%	-17.79%	-16.02%
<i>United Israel Appeal</i>	51.61%	-21.53%	-25.29%	-11.12%

Predictions

While full data is not yet available for 2010, spot checks of limited available data indicate that giving began to recover in 2010. For example, American Friends of the Hebrew University, one of the largest and most prestigious American Friends organizations, increased their giving by a healthy 8.66% in 2010 after a 28.86% decline in 2009.

We predict that giving to American Friends organizations will continue to follow the overall trends in American giving generally. Overall American giving to the four sectors we studied increased 3.06% in 2010, so 2010 American Friends data should recover either by decreasing by a smaller percentage or by increasing slightly. However, a mathematical model to predict this more rigorously could not be developed based on the limited scope of this study.

Conclusions

We conclude that giving to American Friends organizations from 2006 to 2009 followed the general pattern for US giving overall but in a much more exaggerated way, with higher peaks and lower troughs.

Giving to American Friends organizations continued to grow in 2007 but plummeted in 2008, indicating that the Great Recession was in fact a major cause of the decline, not a long term decrease in interest in giving to American Friends organizations. Otherwise, the percent change figures for 2007 would not have been as high.

Recessions cause donors to contract their giving, forcing them to carefully consider their priorities and where their giving will make the greatest difference. During the Great Recession of 2008-2009, the Israeli economy was generally doing much better than the American economy, and Israel experienced relative peace compared with the first half of the 2000s. The following table compares GDP growth for the US and Israel, showing Israel's relative economic strength during this period, even before the Great Recession began.⁵

GDP Growth	2006	2007	2008	2009
<i>Israel</i>	5.70%	5.32%	4.26%	0.77%
<i>US</i>	2.67%	1.94%	-0.02%	-2.67%

Given this disparity, donors might have believed that the greater need was in the US and shifted their giving temporarily away from Israel. Furthermore, Israel's economic strength and its wealthy class of business tycoons and high-tech entrepreneurs have led some American donors to question why Israeli organizations require foreign support given Israel's domestic wealth.

⁵ Data from the World Bank (<http://data.worldbank.org/country>)

Changes in the profile of Jewish donors might also explain the shift away from Federated giving and the decline in giving to Israel in any form. Today's major donors are increasingly more entrepreneurial individuals whose peak earning years occur earlier in life (40s-50s), as opposed to an earlier generation of successful professionals whose peak earnings occurred later in life. (50s-60s).

In addition, this newer generation of donors is further removed from the aftermath of the Holocaust, the establishment of the State of Israel and the Six Day and Yom Kippur Wars, meaning they are less likely to automatically support any Israeli cause that asks for their money. Furthermore, prestigious nonprofits in the US, such as universities, museums, performing arts groups, and hospitals, that once would not accept the involvement of Jewish donors now welcome them with open arms.

When combined with the proliferation of nonprofits in the US generally, Jewish donors now have many more organizations competing for their philanthropic dollars. With their stronger entrepreneurial background, these donors will more carefully consider which of the many available nonprofits they will support, assessing where their gifts will have the most impact. As a result, they are more likely to give to specific organizations over federated campaigns and not privilege Israeli causes over their other giving.

However, the organizations we studied still raised hundreds of millions for Israeli causes even in the worst of times, offering a crucial source of foreign support that any country would be lucky to have. A few of the organizations we studied were even able to increase their giving during this period, proving that American Friends organizations with a carefully crafted case for giving and disciplined donor stewardship can experience substantial, even increased support even in a difficult giving climate.

Recommendations

The North American philanthropic arena today has many more groups competing for the gifts of new and increasingly entrepreneurial donor prospects. The number of nonprofits registered with the IRS grew 31.5% from 1999 to 2009⁶. Given the competitive atmosphere that American Friends organizations face, we recommend, based on our decades of experience in fundraising and work with nonprofit organizations of all types and sizes, the following best practices that will enable American Friends organizations to fundraise successfully in the US.

1. Organizations that inspire major donors see very significant changes in results.

⁶ National Center for Charitable Statistics (<http://nccsdataweb.urban.org/PubApps/profile1.php?state=US>)

*Today's major donors, many of whom have acquired greater wealth at a much younger age than their parents, have expanded their Jewish and global charitable horizons. Generally, this group has tended to seek out opportunities to use their charitable dollars to make a **tangible impact directly** on organizations or programs with which they identify strongly.*

2. While a compelling case for giving may attract a donor's interest, often the potential tangible results impact the size and scope of the gift.

Nonprofits should develop a menu of options to present to major donors, giving them a wide range of opportunities to fund. All nonprofits, regardless of their sector or whether they are U.S. based or Israel-based, find increased success when they offer direct giving opportunities, telling donors exactly how their donations will be used.

3. Nonprofit leadership must be more aggressive in stewarding past and current donors and to be continually identifying new donors.

Donors want to feel appreciated for their gift and should be continually nurtured by the organization. They should receive updates and information regarding the impact of their gift, other organizational accomplishments, and opportunities for further growth. Personal meetings with an organization's leaders often reinforce a donor's commitment to the organization.

4. Financial transparency is particularly important because it enables donors to have a clearer understanding of the organization's internal functions and helps them to build trust in the nonprofit.

Many non-domestic fundraising efforts have not recognized this factor adequately. Our examination of the Forms 990 reflected some inconsistencies regarding the reporting of data. More donors will refer to GuideStar and other reporting agencies in the future as they determine the financial vitality of the nonprofits they support. We found it much easier to access data on the organizations we studied in 2011 than we did in 2008, and the expectation that nonprofits provide financial transparency will only continue to increase.

5. Maintaining a positive relationship with donors can motivate them to continue to make contributions year after year.

Keep donors in the loop about the impact of their gifts and further giving opportunities. In conjunction with this, we recommend that off-shore nonprofits constantly look for new donors who may have a symbiotic interest in the nonprofit's mission, thereby working to increase the pool of potential donors.

6. Utilization of innovative technology is also an important way for nonprofit leadership to ensure donor stewardship and financial transparency.

There is no excuse for not having an up-to-date and active website and presence on social media outlets like Facebook and Twitter. While social media generally does not produce major donations, it provides another way to interface with donors and potential donors and to disseminate information about the organization. Also, a variety of software platforms helps nonprofits easily record and analyze giving.

A number of challenges specific to American Friends organizations remain.

1. While the task of communicating the needs and priorities for organizations located halfway across the globe is always a challenge, the increased level of communication and more frequent travel by prospective donors to Israel has often simplified the process. In presenting its case to donor prospects, however, the fundraising effort for Israel-based organizations needs to be increasingly innovative, stressing the direct impact that the organization and its programs make on Israeli society and the future of the State of Israel.
2. Organizational leadership based in Israel and in the U.S. also need to understand the importance of establishing relationships and maintaining connections with North American donors. The multi-million dollar gifts that they hear or read about result from years of stewardship and cultivation.
3. While there are many ways for nonprofits to report the results of the securing of pledges, we encourage all nonprofits to embrace financial transparency and to be even more forthcoming with regard to needs, costs, and priorities.
4. Israel's nonprofits need to understand the ways that American donors consider distributing their charitable dollars, especially recognizing that younger generations make charitable decisions in different ways.

Appendix A: List of American Friends Organizations Studied

Arts and Culture Sector

American Friends of the Israel Museum
Jerusalem Foundation Inc.
The Friends of the Israel Antiquities
Authority Inc.
American Friends of the Yitzhak Rabin
Center for the Study of Israel
American Friends of the Israel Philharmonic
Orchestra, Inc.
American Friends of the Tel Aviv Museum
of Art
American Society for Yad Vashem Inc
American Friends of the Israel National
Museum of Science
America-Israel Cultural Foundation, Inc.
American Friends of the Peres Institute for
Peace Inc.
American Friends of the Ghetto Fighters
House, Inc.
America-Israel Friendship League, Inc.
Friends of Israel Scouts Co, Inc.
Israel Bible Museum Inc.
American Friends of Beth Hatefutsoth
International Committee for the Dance
Library of Israel Inc.
Shtetl Foundation
Volunteers For Israel Inc.
American Friends of the Batsheva Dance
Company

Health Sector

Hadassah Medical Relief Association
American Red Magen David for Israel
American Committee for Shaare Zedek
Hospital in Jerusalem Inc.
Israel Cancer Research Fund, Inc.
Ezer Mizion, Inc.
Medical Development for Israel Inc

American Friends of Alyn Hospital, Inc.
American Friends of Rabin Medical Center
Inc.
American Friends of Kiryat Sanz Laniado
Hospital, Inc.
American Friends of the Rambam Medical
Center
Israel Special Kids Fund
American Friends of Sheba Medical Center-
Tel Hashomer Inc.
Israel Children's Cancer Foundation, Inc.
Save a Childs Heart Foundation US, Inc.
Children's Bridge of Zichron Menachem
Inc.
American Friends of Herzog Hospital, Inc.
American Physicians Fellowship for
Medicine in Israel
Israel Heart Fund, Inc.
Concerned Friends of Cystic Fibrosis Inc.
American Friends of Yad Chesed
Los Angeles Group for the Blind of Israel

Education Sector

American Society for Technion - Israel
Institute of Technology, Inc.
American Committee for the Weizmann
Institute of Science Inc.
Bar Ilan University in Israel
American Friends of the Hebrew University
Inc.
American Associates Ben-Gurion University
of the Negev Inc.
American Friends of the Tel Aviv
University Inc.
American Friends of I D C
American Friends of Shalom Hartman
Institute
American Society of the University of Haifa

Alexander Muss Institute for Israel
Education Inc.
American Friends of the Open University of
Israel
Arava Institute for Environmental Studies
North American Friends of Oranim
American Friends of Reut, Inc
The Institute for the Advancement of
Education in Jaffa
Hand in Hand American Friends of the
Center for Jewish-Arab Education in Israel
American Friends of Melitz
Leo Baeck Education Center Foundation
Boys Town Jerusalem Foundation of
America
Friends of the Jerusalem College of
Technology
Human Services Sector
Friends of the Israel Defense Forces
Hadassah The Women's Zionist
Organization of America Inc.

Eshel- The Association for the Plan and
Dev. Svcs for the Aged Israel
American Friends of Yad Eliezer Inc.
Friends of Yemin Orde Inc.
American Friends of Shalva Israel
Friends of Yad Sarah Inc.
The American Friends of Migdal Ohr
Eemunah of America
The American Friends of Beit Issie Shapiro
Inc.
One Family Fund
Israel Children's Centers Inc
Friends of Israel Disabled Veterans Inc. Beit
Halochem
US Friends of Yad Ezra
General Israel Orphans Home for Girls
Yad Chaya Inc.
American Friends of Selah Inc.
Jewish Opportunities Institute, Inc.
American Friends of Israel Elwyn
American Friends of Tzofiah-Machon Rifka
Inc.

Appendix B: Acknowledgements

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