



# CHALLENGES OF ISRAELI NONPROFIT ORGANIZATIONS IN THE U.S.

גיוס תרומות מהשוק האמריקאי

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With you today...



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# Agenda

## Challenges of Israeli Nonprofit Organizations in the U.S.

- *Tax Implications*
- *Year-End reporting*
- *Fundraising and Oversight*
- *Top US Nonprofit Trends*
- *BDO USA and BDO Israel Collaboration*
- *Nonprofit Standards: A Benchmarking Survey*

# Tax Implications

- *IRS Risk Matrix for the Charitable Sector - IRS is concerned about grants made outside the US on schedule F as foreign grants. IRS uses a risk based approach matrix.*
- *Earmarking - with a US donor, making contributions to Israeli organizations, they do not get a deduction in the U.S. IRS views those funds as contributed directly to organization in Israel rather than US org and lose the deduction. Discretion and control must be made with US and be well documented.*

# Year End Reporting

- *Fiscal year end vs. calendar year end and creation of new entities*
- *Ability to present stand alone financial statements for both parent and consolidated subsidiary with different year ends*
- *For both reporting and fundraising purposes*

# Fundraising and Oversight

- *U.S. Nonprofit organizations need to demonstrate effective governance and oversight of the Israel nonprofit they support*
- *Compliance with donor restrictions*
- *Cannot channel funds outside of charitable purpose*
- *Federal awards - subrecipient monitoring*
- *What types of monitoring does the US nonprofit do?*
  - *Office/branch in Israel, site visits, hire Israeli audit firm*

# Top U.S. Nonprofit Trends

1. *Navigating Political Uncertainty*
2. *Budget Cuts - Federal, State and Local Governments*
3. *Mergers, Partnerships and Joint Ventures*
4. *Technology - Augmented Reality, Automation, Crowdfunding*
5. *Cybersecurity*
6. *Donor Engagement*
7. *Changes in Charitable Giving Platform*
8. *Employee Engagement/Retention*
9. *Board Members as Advocates/Developers*
10. *Sustainability not Starvation*

# BDO USA and BDO Israel Collaboration

- *Cloud based audit software*
- *Nonprofit expertise in both countries*
- *Training and thought leadership*
- *US GAAP vs. Israeli GAAP conversion*



# Nonprofit Standards: A Benchmarking Survey

1. *Organizations Risk Falling Into the Starvation Cycle*
2. *Technology - but with ROI*
3. *Regulatory and Legislative Challenges Growing*
4. *Mission + Compensation = Employee Satisfaction*
5. *Unique Challenges for Health and Human Service Organizations*

# Questions

