



BUSINESS GUIDE TO GIVING

A Guidebook for Southern Nevada Businesses

Why Give?

Section I, page 2

What is a Business Giving Program?

Section II, page 3

Deciding What To Give

Section III, page 4

Setting a Budget

Tax Benefits

Deciding Where To Give

Section IV, page 6

How to Give

Section V, page 8

Setting up a Decision Making Process

Evaluating Requests

Company Volunteering

Reviewing Your Program

Section VI, page 10

Community Issues

Section VII, Appendix A, page 13

Sample Employee or Customer Checklist

Section VII, Appendix B, page 14

Policy Worksheet

Section VII, Appendix C, page 15

Sample Policy Statement

Section VII, Appendix D, page 16

Information About Taxes

Section VII, Appendix E, page 17

Sample Charitable Request Form

Section VII, Appendix F, page 19

Resources for Giving

Section VII, Appendix G, page 20

SOUTHERN NEVADA BUSINESSES PLAY
A VITAL ROLE IN MAINTAINING THE
QUALITY OF LIFE IN OUR COMMUNITIES.
BUSINESSES PROVIDE JOBS AND
ECONOMIC STABILITY. THEY PROVIDE
CHARITABLE SUPPORT TO MANY
PROJECTS AND PROGRAMS THAT ENRICH
OUR LIVES ON A DAILY BASIS.

While business owners are often eager to respond to community needs, many do not have a specific plan for guiding the distribution and use of their charitable contributions.

In the same way that a business plan helps a company stay on course toward its financial goals, a charitable giving program - however informal - can help a business achieve a number of goals for itself and the community in which it operates.

Creating a charitable giving program isn't complicated. It can be as simple as sitting down and writing out what is important to you. Or it may take the form of a more organized series of meetings that include owners, managers and employees. A little effort up front can help assure that your contributions are used effectively, in the way you intended.

This guide was created to help you set up and carry out a charitable giving program by taking you through the basic steps - from deciding why to give; determining where to give; allocating what to give; and finally, assessing your program.



Section I: Why Give?

Charitable giving is good for everyone involved.

Giving is good for business

Support for local causes helps businesses develop positive images, reinforce relationships with customers, and provide opportunities to involve community leaders and officials. According to a national survey:

- *65% of Americans would switch to a brand associated with a good cause, price and quality being equal.*
- *87% of Americans have a more positive image of companies that support a cause they care about.*

Giving is good for the community

Vibrant healthy communities have a healthy network of charitable and educational organizations supported by volunteer time and financial contributions of private citizens and businesses. When the local community suffers, businesses suffer—they have problems attracting and retaining employees and customers. Leaders understand that a high quality of life in Southern Nevada goes hand-in-hand with a healthy business environment.

Giving builds company morale, cohesiveness and stability

Contributing to organizations that are important to your employees enables Southern Nevada businesses to promote a more positive work environment and to build pride in the company's role within the community. In addition, by providing opportunities for employees to contribute, such as release time for volunteering or matching employees' gifts to charity, companies attract and retain employees.

According to a national survey:

- *90% of workers whose employers support a particular cause feel proud of their company's values versus 56% of those whose employers are not committed to a cause.*
- *87% of employees at companies with cause marketing – marketing related to corporate contributions – feel a strong sense of loyalty to their employers.*

Giving Demonstrates Leadership

Strong business leaders are also leaders in the community. A business owner who stands up for a cause can inspire others to get involved and encourages confidence and optimism.

Giving is Rewarding Personally

It feels good to see your contributions actively improving your neighborhood, particularly when the money supports a cause you know to be important. Whether it's funding important research projects, helping the homeless, sponsoring a scholarship program, or providing support for an inspiring art exhibit – indulge your passion for giving.

Section II: What is a Business Giving Program?

A business giving program is your commitment that you will contribute to causes that are important to you, your business and your community.

It can be structured as formally or as informally as you like, depending on the size of your business, the level of your contributions, and the number of people participating in the decision-making process.

The basic steps that can be used to establish a giving program for your business are:

1. Clarify your goals.

What do you hope to accomplish with your charitable giving program?

2. Set up a process.

Determine what to give and how much.
Establish a giving policy statement.

3. Set up criteria for evaluating requests.

Determine what information you will require about an organization, cause or project that is requesting your donation.

4. Identify the tax benefits.

Understand what can you deduct as a charitable contribution and how much can you deduct.

5. Set a budget.

How much do you want to give?

6. Review your program.

Set aside time at least once a year to review your program and make adjustments if necessary.

Section III: Deciding What To Give

There are many options available for charitable business contributions. The most common are:

Direct Cash Donation

A direct cash grant is the most common type of contribution companies make. A company can deduct charitable grants from corporate taxes up to 10 percent of pre-tax net profits.

A company can increase the impact of a small charitable giving budget while encouraging giving from other sources, including employees, by incorporating the following ideas into its giving program:

Dollars for doers

This giving program makes cash grants to organizations where employees volunteer a certain amount of time. For example, the company might make a \$100 donation for every 40 hours of volunteer time.

Challenge Grants

Challenge grants are a specific grant making strategy designed to leverage additional resources for a project or program. The company makes a grant on the condition that the recipient raises funds from other sources, usually within a specific time frame.

There are several ways your company can support causes and organizations in addition to cash grants. Offering non-cash giving options enables your company to better achieve its program goals and meet more community needs than can be met by cash giving alone.

In-kind contributions/donations

Donations of goods or services can expand your company's charitable giving. These contributions can consist of products, supplies, property or excess inventory.

They can also include services such as printing, website development, and use of meeting rooms. In-kind gifts are tax deductible within certain limits.

Employee Engagement

There are many ways to engage employees in workplace giving opportunities ranging from the United Way capital campaign to sponsoring company teams in fundraising walks and runs.

Determining a budget

You will want to budget how much the business will contribute. Establishing a budget gives you a framework in which to make your giving decisions and an easy way to keep track of your contributions throughout the year.

The amount that companies choose to give is very subjective. The amount your company budgets will depend on your business and your personal goals and comfort level.

Most companies use one of two approaches to determine their level of giving:

Percentage of pre-tax net income

The giving budget is based on a pre-established formula calculated as a percentage of pre-tax net profits. In small companies the average is around 1 percent; however it can range as high as 10 percent.

Past experience adjusted for profitability

The corporate financial plan includes an annual giving budget. In formulating the budget each year, companies take into account issues such as current revenue and profit projections; availability of other resources; and spending patterns of other companies in the area.



Here are some questions to consider when establishing a budget:

- How much of our contributions is tax deductible?
- How much money did our company contribute last year and in previous years?
- Can we afford to give more?
- Would we like to give more?
- How much of our total giving budget do we want to give directly or how much should we contribute in the form of matches for employee gifts?
- Will the entire budget be centralized or will there be any funds managed within other departments or business lines?

Tax Benefits

For most businesses, the question of what is tax deductible and the limits on deductions are fairly straightforward. However, it is important to check with your accountant or a tax specialist if you have any questions about your contributions.

Before you establish a charitable giving budget, you will want to know how much of your contributions you can deduct for tax purposes. Appendix E contains a summary of tax information showing various deduction limits for business as well as the deductibility of various types of charitable contributions.



Section IV: Deciding Where To Give

The key to a successful giving program is in knowing what kinds of activities and programs you will support—and why. One way to do this is by determining where your company's interests and those of the community intersect.

By clarifying your criteria and informing your employees and your community, you can:

- Reduce the time and effort spent deciding which organizations to support.
- Respond more easily to solicitations.
- Limit the number of unwanted requests you receive.
- Assure that your contributions are used for causes that you care about, in ways that you care about.
- Make your contributions more meaningful and effective.

Businesses use a variety of different criteria to decide how they will distribute their money (as well as time and in-kind contributions) for charitable purposes. The two most important are:

Your Goals

Why do you want to have a charitable contributions program? What result are you hoping to achieve from the program?

Desired use of your funds

Do you wish to earmark your contributions for ongoing operations, for specific projects, or for the creation of something tangible such as equipment or a building?

Many small and mid-sized companies focus their giving programs on particular populations or specific issues. After targeting the area of giving, contributions can then fall into broad categories such as: health and human services, economic development, and the arts. By focusing your charitable giving, you can make a far greater impact with your dollars.

The following questions will assist you in establishing goals and identifying how you wish to use your funds.

1. Decide which of the following goals are most important to you.

Use your top three choices to guide your charitable contributions.

- A Support organizations that align with your overall business goals.
- B Support organizations that work on issues we care about (e.g. animals, the arts, education or the environment).
- C Support the organizations where your employees volunteer or contribute.
- D Support organizations that are important to your customers.
- E Support locally based organizations that rely on community contributions and volunteers.

2. If you have Selected A as one of your top three goals, turn to Appendix A for a list of community issues and agencies that may align with your business interests.

3. If you have chosen B or C in your top three goals and would like to find out what issues are important to the company's employees and customers, then ask them to fill out the Checklist in Appendix B.

4. Do you want your contributions to:

- A Create something that is tangible and lasting, such as building an addition to a community center or adding lights to a baseball field.
- B Support ongoing work of local organizations.
- C Help start a new project or organization.
- D Be used for more than one of the above.

5. Do you want to:

- Consolidate your contributions by giving larger amounts to just one or two organizations.
- Contribute smaller donations to a broader range of projects and programs.

When you have answered the previous questions and, if applicable, Appendix A and B, you are ready to complete the Policy Worksheet (Appendix C).

After completing the worksheet, you may want to use your answers to create a formal policy statement for distribution to employees and customers. Appendix D contains a sample policy statement for your reference.



Section V : How to Give

It helps to have a system for considering charitable contributions, including written internal guidelines for documentation, decision-making, and response. This reduces time, effort, and cost while eliminating confusion both inside and outside of the company.

Typically a business either identifies certain organizations that will receive annual contributions, responds to requests from the community, or does a combination of both. The following is a series of questions that may help you clarify your giving process:

1. Who will make the decisions about contributions?

- The owner(s)
- The manager(s)
- A committee that includes (check all that apply):
 - Owner(s)
 - One or more managers
 - One or more employees
 - Someone responsible for marketing, advertising, or public relations

2. How often will you make decisions about contributions?

- Once a year
- Twice a year
- Quarterly
- As needed, depending on frequency and number of requests

3. If you take requests from the community, who will you accept requests from?

- Employees
- Customers
- Anyone in the community

4. Who will be responsible for collecting requests and ushering them through the consideration process?

- All requests should be directed to the owner.
- All requests should be directed to a specific manager
- All requests should be directed to the chair of the contributions committee

5. Do you want to produce written criteria describing the kind of projects and programs your company supports?

- Yes No

6. How will you accept requests?

- In writing
- Over the phone
- In person
- All of the above

7. Are there any types of organizations you will *not* fund?

Evaluating Requests

Evaluating requests for support is similar to evaluating other business opportunities: the process requires common sense and answers to a few basic questions.

- Make sure the organization is a tax exempt nonprofit according to the Internal Revenue Service. Ask for a copy of the IRS Letter of Determination showing that the organization is a 501(c)3 tax exempt organization.
- Ask how the money will be used. Ask for specifics, such as how many people will benefit from your \$1,000 contribution.
- Determine whether the organization can effectively accomplish its goals. Look for:
 - An active board of directors
 - Broad community support in the form of volunteers and contributors.
 - An easy to understand budget and financial statements.
 - Reasonable administrative and fundraising costs.
 - A track record of past success and a good reputation in the community.
- How does this organization and/or the cause fit with your goals?
- Is an employee or customer a supporter or the beneficiary of this agency?
- How does it acknowledge its donors?
How visible is it in the community?

See Appendix F for a sample Charitable Request Form which contains the questions that many funders ask.

Company Volunteering

Promoting volunteerism is a great way to augment your company's business giving program.

According to a 1999 survey of more than 2,500 U.S. companies conducted by The Points of Light Foundation and The Conference Board, responding executives agreed that company volunteer programs advance business goals:

- *74% agreed that volunteerism increases employee productivity*
- *93% agreed that volunteerism builds employee teamwork skills*
- *94% agreed that volunteerism improves a company's public image*

Company volunteering makes your financial contributions even more satisfying when you are able to give to organizations you know well through volunteering. It also takes into account the fact that people have different interests, skills and time availability. Regardless of an individual's capacity, there will always be a volunteer opportunity for that person. The Volunteer Center of Southern Nevada (www.volunteernevada.org) is an outstanding resource for finding the right volunteer opportunities for your company.

Section VI: Reviewing Your Program

It is a good idea to review your giving program at least once a year. Your answers to the following questions will be helpful in making sure you are on track with your goals and ensure that your contributions are making the impact you intended.

Are you comfortable with the amount of money you are giving? Does it fit your budget?

Yes No

If you gave a little more, would it make a significantly greater impact on your chosen charity?

Yes No

How well do you feel your giving program has met the goals you set?

Are you able to track how your company's money was spent after you made a contribution?

Yes No

Can you see results from your contribution?

Yes No

How have the company's employees responded?

Enthusiastically No response
 Disagree with choices Other

Did you receive adequate acknowledgement for your contribution(s)?

Yes No

Has the agency (agencies) to which you contributed kept in touch with you effectively?

Yes No

Do you want to become more involved with any of the organizations?

Yes No

Are there contributions you will not repeat?

Yes No

Which ones? _____

Why? _____

Are there any new issue areas or projects to which you would like to contribute?

Which contributions will you repeat?

Are there any nonprofits that you plan to support again where employee involvement would further leverage your contribution?

Section VII: Appendixes

Appendix A

Community Issues

Appendix B

Sample Employee or Customer Checklist

Appendix C

Policy Worksheet

Appendix D

Sample Policy Statement

Appendix E

Information About Taxes

Appendix F

Charitable Request Form
(Questions Funders Ask)

Appendix G

Resources for Giving

Appendix A:

Community Issues that May Align with Your Businesses' Interests

| WE ARE INTERESTED IN: | WE SHOULD CONSIDER GIVING TO AGENCIES SUCH AS: |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| People in crisis (out of work, need food, have no place to live, are victims of natural disasters, are victims of domestic abuse etc). | <i>Local food banks, homeless shelters, The Red Cross, domestic violence shelters</i> |
| Promoting arts, culture, and other “enriching” institutions that contribute to a community’s quality of life. | <i>Art and history museums, religious and spiritual organizations, performing arts groups</i> |
| Children and youth programs | <i>Youth sports teams, Boys and Girls Clubs, after school programs, mentoring programs, YMCA/YWCA</i> |
| Education for children and adults | <i>Colleges and universities, local school projects, scholarship funds</i> |
| Health promotion | <i>Hospitals and clinics, American Cancer Society, hospices, local AIDS support organizations</i> |
| Environmental preservation and enhancement | <i>Volunteer effort for clean-up or habitat restoration, local or state organizations that promote education and public policy around the environment, land trusts that buy and preserve land</i> |
| Civic/community | <i>Downtown improvement projects, League of Women Voters, neighborhood associations</i> |

Appendix B: Sample Employee or Customer Checklist

We at _____
(company name) are reviewing our charitable contribution policy. In doing so, we are interested in finding out what issues are most important to our employees and customers.

Please help us by taking a minute to fill out this brief questionnaire. Your feedback will help direct our contributions wisely and effectively.

Please mark 1, 2 and 3 next to the three issues that are most important to you. If you know of a specific agency, program, or project in this category that you would like to see us support, please write the name in the available space.

- People in crisis (out of work, needing food or a place to live, victims of abuse, etc.)**
An organization/program that does good work in this area is:

- Enriching institutions (art and history museums, choirs, religious organizations, public gardens, etc.)**
An organization/program that does good work in this area is:

- Children and youth programs**
An organization/program that does good work in this area is:

- Education (such as local school projects, colleges and universities, private schools, scholarship programs)**
An organization/program that does good work in this area is:

- The environment (volunteer efforts for clean-up or habitat restoration, local or state environmental organizations)**
An organization/program that does good work in this area is:

- Civic/community (downtown improvement projects, etc.)**
An organization/program that does good work in this area is:

- Health promotion (hospitals, hospices, AIDS support groups, etc.)**
An organization/program that does good work in this area is:

- Additional worthy causes or organizations:**

Appendix C: Policy Worksheet

When you have answered the questions in Section IV, and, if applicable, Appendix A and B, you are ready to complete this policy worksheet. A written policy forms the basis for all company decisions about charitable contributions.

The _____ believes in contributing to the community in which we do business.

The primary goals of our giving program are:

1. _____

2. _____

3. _____

The issues we care about most are: (from Appendix A and B)

1. _____

2. _____

3. _____

Our contributions should be used to:

- Create something that is tangible and lasting, such as building an addition to a community center or adding lights to a public ball field;
- Support ongoing work of local organizations;
- Help start a new project or organization;
- Used for all three:
_____ % for ongoing operations
_____ % for start-ups and
_____ % for lasting projects.

We want to (*choose one*):

- Focus our contributions on a few agencies
- Distribute our contributions more broadly throughout the community.

Appendix D: Sample Policy Statement

Established in 1981, the ABC Company works to promote the health and well-being of the communities where ABC's clients and employees work and live. Our aim is to complement the pro bono and voluntary contributions of our owners and employees with significant financial resources. In the best tradition of service, we believe that every employee should have the opportunity to engage actively in bringing community needs to our attention and to supplement the Company's work with their own individual contributions to that work.

The ABC Company supports a wide range of civic, cultural, and charitable endeavors including:

- Regional hospitals and local chapters of national health organizations
- “Bridge” funding for disadvantaged families and individuals,
- Homeless shelters, community enrichment programs, social service centers, and food programs,
- Higher and continuing education programs
- Artistic and cultural events and organizations.

“An unwavering commitment to the welfare of the communities in which we live and work has been a hallmark of the ABC Company”

— *John P. Smith, CEO - ABC Company*

Appendix E: Information About Taxes

Following is a simplified summary of tax information. It does not cover all types of charitable giving but is meant to give an overview of the many options available to businesses.

Deduction Limits for Businesses

Before you establish a charitable giving budget, you will want to know how much of your contributions you can deduct for tax purposes. The following guidelines illustrate the tax benefits you can receive from your charitable giving program.

If a business other than a C Corporation has more than one owner, the business's deductions are distributed among the owners.

Make sure that every organization to which you contribute has been approved as a tax-exempt organization by the IRS. In most cases, this will be a 501(c)(3) organization. If the organization doesn't have an appropriate IRS designation, you will not be able to deduct your contribution.

What is a Charitable Contribution?

Not all contributions are created equal in the eyes of the Internal Revenue Service. It is helpful to know what contributions are eligible for full or partial tax deduction.

The IRS treats business expenses differently from charitable contributions, so it's important to be precise about claiming deductions.

The chart on the following page summarizes IRS regulations. Be sure to consult a professional tax advisor as tax regulations are subject to change.

| BUSINESS STRUCTURE | WHO RECEIVES DEDUCTION | ALLOWABLE DEDUCTION |
|---------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| C Corporation | Corporation | <i>Up to 10 percent of business's taxable income in the year of the donations. Contributions over 10 percent can be carried over for five years.</i> |
| S Corporation | Individual owner(s) | <i>Up to 50 percent of individual's adjusted gross income in the year of the donations.* There is generally a five-year carryover.</i> |
| Partnership | Individual owners | <i>Up to 50 percent of individual's adjusted income in the year of the donations.* There is generally a five-year carryover.</i> |
| Sole Proprietorship | Individual owner | <i>Up to 50 percent of individual's adjusted income in the year of the donations.* There is generally a five-year carryover.</i> |

**This information is based on cash contributions to 501(c)(3) corporations. Contributions of other types of property or to foundations and some organizations with different IRS tax designations offer different tax benefits.*

| TYPE OF CONTRIBUTION | CHARITABLE DEDUCTION | BUSINESS EXPENSE |
|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Direct cash donation to charity | Yes, however, if you receive any benefit in return, you must subtract the value of that benefit from the amount of your deduction. (See example 1) | No |
| Cash given to charities designated by employees (such as matching gifts) | Yes | No |
| Sponsorship | Yes, if not directly related to business. Indirect benefit may be permissible. | Yes, if directly related to business |
| Purchase of ad in non profit publication | Yes, if ad is acknowledgement of sponsorship rather than commercial. | Yes, if you expect to earn at least the cost of the ad as a result of the publication |
| Gifts of Products | Yes, for the value of your costs - not market value. (See examples 2 and 3*) | No. Be sure not to deduct costs as both a business expense and a charitable deduction |
| Depreciable Property | Yes, generally fair market value less prior depreciation | No |
| Stocks | Yes, of both C and S corporations. Deductions generally can be made for fair market value if held by the donor for more than one year | No |

*However, inventory donations by C corporations to benefit the ill, the needy or infants, and gifts of scientific equipment used for research may be eligible for higher value deductions.

Example 1:

You purchase a ticket to a fundraising dinner for the local theater group. The ticket costs \$25. The value of the dinner is \$12.

- You can deduct the cost of the ticket less the value of the dinner as a charitable contribution, so your total deduction is \$13.

Example 2:

As the owner of a clothing store, you donate a dress to an auction to benefit a nonprofit organization. The dress cost you \$25, and you would sell it for \$50.

- You can claim the wholesale cost of the dress (\$25) as a charitable contribution.
- You cannot deduct the retail price that the dress would sell for in your store.
- You cannot deduct the wholesale cost as a business expense.

Example 3:

You own a restaurant and you offer to cater a reception at a local charity.

- You can deduct the wholesale cost of the food you purchase as a charitable contribution.

Appendix F: Charitable Request Form

Request to the _____
(*company name*) for a Charitable Contribution.

Name of organization _____

Contact person _____

1. Is the organization a 501(c)3 organization?

Please attach proof.

2. What size donation are you asking for?

3. For what purpose are you seeking a donation?

Please be specific.

4. Why is this important?

5. Who else is supporting your organization?

How much do you receive from other sources?

6. How many will benefit or be served by your program?

7. How will you measure whether or not you are successful?

8. Which other organizations in this community provide substantially similar services, and how does your program differ in emphasis and effectiveness?

9. Please attach a list of the members of the organization's board of directors.

10. Please attach a copy of a budget for the project and an overall agency operating budget.

Appendix G: Resources For Giving

For some people, one of the most difficult aspects of charitable giving is determining where to give their money. There are many worthwhile organizations in the community doing important work.

A common way in which people choose a charity is through their personal volunteer work with an organization, or through the recommendations of friends. There are also a growing number of resources available which can help you find a charity that provides programs and services reflecting values similar to your own, research nonprofits working in areas of particular interest to you, and learn more about a particular nonprofit before making a giving decision.

National Resources

- Better Business Bureau's Wise Giving Alliance offers information about specific nationally soliciting charities and publications to help donors make their giving decisions.
www.bbb.org
- GuideStar offers a database of more than 850,000 nonprofit organizations. You can get information about an organization's mission, goals, results, budget, staffing, and needs.
www.guidestar.org

Local Resources

- **Nevada Gives**
NevadaGives mission is to promote the importance of volunteerism and individual and corporate giving by serving as the informational source for philanthropy in Nevada.

www.nevadagives.org

- **Nevada Community Foundation**

The Nevada Community Foundation is committed to improving the lives of Southern Nevadans today and for future generations by matching act of caring to the many needs in our community.

www.nevadacf.org

- **United Way of Southern Nevada**

A local chapter of this national community service organization. Uniting people of diverse backgrounds and interests who work together to strengthen health and human services in Southern Nevada.

www.uwaysn.org

Funding for this guide was provided through a grant from New Ventures in Philanthropy in Washington, D.C.

Nevada Gives thanks the following New Ventures in Philanthropy partners for allowing us to use and adapt information from their business giving workbooks in the creation of the Business Guide to Giving for Southern Nevada: St. Louis Metropolitan Association for Philanthropy and Gateway to Giving, Association of Baltimore Area Grantmakers and the Baltimore Giving Project, Connecticut Council for Philanthropy and the Oregon Community Foundation.

Thank you to Southwest Gas for underwriting the printing of this booklet.



www.nevadagives.org