

# MINISTRY: SYSTEMIZING CORPORATE GIVING

## A Strategic Approach to Generosity

The COVID-19 pandemic has produced innumerable opportunities for generous companies to help flatten the curve in the short term and to address needs amplified by the crisis over the long term.<sup>1</sup> The philanthropic response has been striking, from the scale of capital committed by philanthropists (at least \$10.3 billion globally in May 2020), to the rapid speed at which it is being given, to the degree of collaboration with others.<sup>2</sup>

Surrounded by many worthy causes and such great need, prudent decision-making is imperative for stewards of God's resources. While some companies struggle to reestablish their financial footing, the temptation can be to cling to our cash in fear or caution. Other companies, moved to help struggling organizations that rely on volunteerism and philanthropy, are tempted to indulge every request that reaches the front desk.

The 2,300 references to money and possessions in the Bible suggest that God has much to say to us about stewardship, discipline, and giving. A corporate giving strategy enables us to filter opportunities, distribute financial gifts prudently, and experience the joy of biblical stewardship and eternal impact.

**How do you currently approach positioning your business to give?**

**Are you having the level of impact in charitable giving and ministry that you aspire to?**



**What are your challenges with having a charitable giving strategy?**

### Casting Vision and Engaging Experts

Leaders are smart, innovative, and focused on helping the business and employees succeed. Business leaders have the capacity to distribute significant resources over their lifetime and create compound effectiveness. But rarely do we have the time or knowledge to devote hours to thinking through tax implications and options for supporting charitable objectives. Engaging trusted advisors in the area of strategic generosity early and often ensures structures that support vision and maximize net impact.

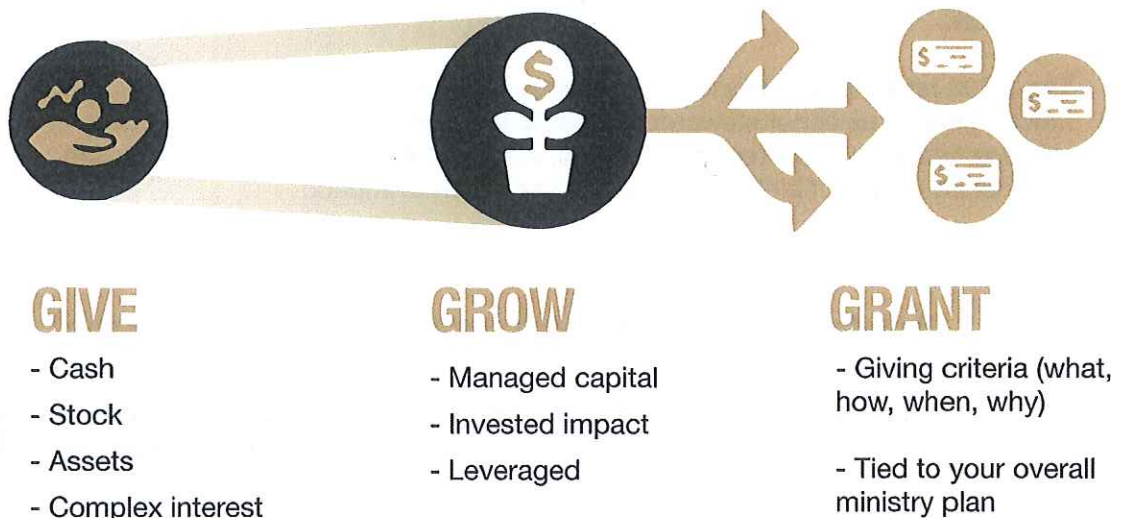
<sup>1</sup> Tracy Nowski, Maisie O'Flanagan, and Lynn Taliento, "A transformative moment for philanthropy," McKinsey & Company, May 21, 2020, <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/a-transformative-moment-for-philanthropy#>.

<sup>2</sup> According to Candid, which tracks major grants.

### Tax-Efficient Strategies:

Too many business owners express surprise and disappointment that they didn't know sooner the level of kingdom impact they could have and taxation they could avoid. How can we, as stewards of God's resources, leverage our investments in a business entity for good works? Often, 90% of our resource portfolio is in a form other than cash. We must strategize to leverage high-kingdom-impact approaches that utilize all of our assets. Leveraging appreciated assets such as securities, real estate, oil and gas mineral rights, agriculture, or business interests reduces taxes—and maximizes charitable giving. Even cash can be invested for impact to create compounded giving capacity in the future.<sup>3</sup>

Rather than giving cash straight to a need, we have several long-term strategies at our disposal to put our resources to work and maximize our giving.



#### 1. Gift a small interest.

Owners often think the only way to get a tax deduction is to give publicly traded stock. They do not realize that they can gift an interest percentage of their privately held business to secure the maximum charitable deduction allowed under existing tax rules. The benefit is twofold: a significant tax deduction and liquidity to distribute to charities and ministries of choice.

##### Example:

Company worth (FMV): \$100M

Share gifted into a charitable fund: 1%

Tax deduction: \$1M

Cost: \$0

Logic: Giving 1% of a company in a high-tax but profitable year doesn't affect cash flow. Even when the full deduction can't be used that year, it rolls forward for up to five years. This creates immediate liquidity and an ongoing giving engine.

<sup>3</sup> Groups like the Impact Foundation (<https://impactfoundation.org/>) allow direct investment and even donor-advised funds to invest into for-profit ventures.



## **2. Contribute to a Donor-Advised Fund (DAF).**

A Donor-Advised Fund, a.k.a. a Giving Fund, acts like a “charitable bank account” with a third-party service provider like Waterstone or National Christian Foundation (NCF).<sup>4</sup> Donor-advised funds are beneficial to any giver with significant liquidity or non-cash assets (minerals, real estate, stocks, etc.)

This giving strategy allows donors to make a charitable contribution, receive an immediate tax deduction, and then recommend grants from the fund over time.<sup>5</sup> Because a donor-advised fund is classified as a public charity under the tax rules, contributions receive a full fair-market-value deduction, which means donors save more in taxes and give more to the charities. Contributors to a DAF can support numerous charities of their choice, even through a single charitable transaction.<sup>6</sup>

## **3. Create an employee benefit/corporate assistance program.**

Such programs are a tax-deductible way for business owners to provide assistance to employees with guidelines and boundaries.

How it works: A committee composed of managers, “social butterflies” with a pulse on the team’s needs, and chaplains reviews employees’ requests for assistance. They look for what’s going to make the biggest, longest-lasting difference (e.g., covering a mortgage payment vs. finding an affordable rental solution). Employee donations and employer matches are paid directly to the providers of goods and services. According to IRS guidelines, this strategy can broaden a company’s impact to recipients outside of the employee base to include subcontractors and 1099 contractors.<sup>7</sup>

## **4. Gift marketable securities.**

Rather than sell stock or mutual funds and then write a check, transfer them directly to a church, 501(c)(3), or a ministry’s broker/dealer where they have an investment account. Let the receiving organization sell it so there are no capital gains, and you save 20% right off the top.

## **5. Donate appreciated assets.**

Don’t sell and then give. Give a portion of an appreciated asset, and the receiver pays no tax.

## **6. Include your team.**

Employees will appreciate when leaders invite their input for where the money they help generate goes and which philanthropies the business supports. It brings more value to their daily work to know their efforts are not just enriching the owners and key shareholders but also are doing good works in their communities.

<sup>4</sup> Waterstone and National Christian Foundation are C12 Members and Strategic Affiliates that guide business leaders with tax-smart strategies and giving solutions to maximize their charitable impact.

<sup>5</sup> Leah Marianne Klett, “Charitable Giving: What You Need to Know About Christian Wealth Management,” *The Christian Post*, November 12, 2019, <https://www.christianpost.com/sponsored/charitable-giving-what-you-need-to-know-about-christian-wealth-management.html>.

<sup>6</sup> Michael King, “3 tips for building a generous business,” National Christian Foundation, August 3, 2020, <https://www.ncfgiving.com/stories/3-tips-for-building-a-generous-business/>; John Cortines and Cameron Doolittle, “Collaborative giving 101: Are you called to this?” National Christian Foundation, September 23, 2020, <https://www.ncfgiving.com/stories/are-you-called-to-collaborative-giving/>.

<sup>7</sup> Helping Hands, Inc., is a C12 Member and national organization that helped many companies implement community and employee assistance programs during the COVID-19 pandemic.

### *A Mindset That Maximizes Generosity*

**C12 Member: Alan Barnhart, President**

Since first assuming his leadership role, Alan has adopted innovative strategies to give generously and maximize kingdom impact.

**Company:** Barnhart Crane & Rigging Co.

**Employees:** 1,600

**Industry:** Heavy Lift/Industrial Construction

**Locations:** 50

**Years in Business:** 50

**Headquartered:** Memphis, TN



See *Appendix D* for a sample method for filtering giving requests.

### **Corporate Giving Strategy**

Use the following key questions to review and reflect on your overall corporate generosity.

What is our strategic giving framework?

- What percentage of our revenue/net operating income is our giving?
- What is our target sum of money?
- Is giving built into our P&L or discretionary?
- What can we give that is non-cash?

What are our giving principles?

- To whom or what do we give?
- What or how do we give?
- Why do we give?
- Are our giving principles documented and known?
- Are our giving principles anchored in mission, vision and core values?
- Do we match and/or invite others to join in?
- Do we give privately or publicly?

What is our giving game plan?

- Is most of our giving responsive to requests or proactive to vision?
- Do we define a process for evaluating giving opportunities?
- Is giving leveraged as part of our overall ministry strategy?

Create an inventory of your “giving assets,” which include not only money but also services, tools, and resources. What are some ways you could systematically leverage those for corporate giving?<sup>8</sup>



### Giving in Good Times and in Bad

Giving is part of the very nature of God. John 3:16 proclaims that God “gave” us the sacrificial gift of His only Son, Jesus. Each of us is responsible and accountable before God for how we approach our stewardship of His resources.

As Christians, the question is not *if* we are to give, but *how*; not how much we must give, but how much will we keep and spend. It's not about 10% versus 25%; it's about how we steward the 100%. That is what God is keenly interested in.<sup>9</sup> Christian leaders have the privilege opportunity to give not just for the tax benefits but to live out their faith in business, committed and compelled to be generous in good times and bad.

What will our corporate giving strategies reveal to the world around us? How can we create a sustainable system that focuses and enhances our kingdom impact?

My most critical to-do is: \_\_\_\_\_

\_\_\_\_\_

demonstrated by: \_\_\_\_\_

\_\_\_\_\_

because: \_\_\_\_\_

\_\_\_\_\_



<sup>8</sup> See the previous C12 ministry segment “Collaborating for Collective Impact” (October 2020) and Appendix B – Kingdom Concept for BaalM.

<sup>9</sup> See the previous C12 ministry segment “Stewarding Our Father’s Portfolio” (April 2017).





# GROVE APPLICATION



Sample information and proposal package for managed corporate giving<sup>10</sup>

## Vision, Mission, Values

### Our Vision

The GROVE Group will seek to advance the Kingdom of God through the effective funding of strategic ministry throughout the world.

### Our Mission

The GROVE Group desires to accelerate and strengthen evangelism, church planting, discipleship, leadership training, and ministry to the poorest of the poor. Our initiatives reflect the following geographic priorities:

10/40 Window	60%	Local Area	10%
International	20%	National	5%
Company Relate	5%		

### Our Values

1. We will work through evangelical Christian organizations and leaders that have a track record of effective performance in areas of strategic ministry.
2. These organizations will reflect godly leadership, strategic vision, a sense of urgency, clear focus and goals, high accountability, a commitment to partnership, and low overhead.
3. The way we conduct the grant-making process and resulting ministry relationships will reflect integrity, openness in communication, and be an expression of our respect for ministry partners.
4. Our grants will focus on:
  - Initiatives that reflect both long-term strategic vision and definable near-term to medium-term outcomes
  - Programs with explicit spiritual objectives vs. solely social/physical ones
  - Opportunities for high impact & leverage vs. sustaining funding
  - Initiatives where an urgent opportunity exists vs. business as usual
  - Supporting national leadership vs. western missionaries
  - Program initiatives vs. brick and mortar
  - Current & future programs vs. deficits
  - Opportunities for personal involvement

<sup>10</sup> C12 Member company Barnhart Crane and Rigging Co.

## Proposal Application

As a GROVE ministry partner, we ask that you prayerfully read and consider the following prior to completing your proposal application. This section clearly states what we support. If you are working in areas outside these guidelines, the likelihood of your proposal receiving a favorable review is extremely low.

### Organization name and contact information

#### Godly Leadership and Accountability

President:

Board Relationship:

- Attach to this application a list of all current board members, including their titles, roles, and contact information. Also, please include any board members that have vacated their seat(s) on the board in the past 24 months and the reason for their departure.
- Describe the interaction between the board and the organization's leadership.

### Project Description and Key Players

- Description of project, including primary beneficiaries/recipients of the proposed benefits/services?
- Who will lead the initiative? Include a brief bio.
- If you have outside advisors for this project, please describe their roles.
- What are the primary outcomes? For instance: life change, response, community development, church growth, etc.

### Impact

- Where is the geographic focus of this project (city, region, country)?
- What specific social, ethnic, or cultural people is served by this project (may be more than one)?
- As it relates to this project, apply an appropriate percentage to GROVE's primary mission categories (must total 100%)

% Evangelism

% Church Planting

% Discipleship

% Leadership Training

% Holistic Relief and Development

% Foundational Strategies

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100% TOTAL



- From your answer to the question above, describe in greater detail the category given the highest percentage. Specifically address the various stages in God's garden design (1 Cor. 3:5-9):
- Scouting the land/removing rocks
- Sowing seeds
- Cultivating the soil
- Reaping/Harvesting

### Goals and Metrics

- What other ministries/projects are contributing essential elements to the overall task?
- How will you define success, and what will be the measurable indicators of that success?
- Please attach the most recent measurements in the format you use.
- For this project, will evaluation be done internally or by using external entities?
- What is the total budget for this project, and how much are you asking GROVE Group to supply?
- What are the other sources of income for this project? (Name donors/foundations being asked if known)
- Is this a one-time or ongoing project?  
☐ One time      ☐ Ongoing
- If ongoing, how will the funding be sustained?

### Partnership

- What other organizations are providing similar services? What is your unique contribution, and why should it be supported?
- To what extent are you coordinating with other ministries doing work related to this project (geographical or type of work)?  
☐ Fully/ Frequently   ☐ Partially/Occasionally   ☐ Not at all/Not relevant  
 Explain Why:
- Are you in formal partnerships with other organizations/ministries to carry out this project?  
☐ Yes   ☐ No  
 If "yes," please describe:
- To what extent will you be working directly with indigenous local leaders in the project?
- How is prayer being mobilized in support of this project or ministry?

## Attachments

Please attach/send:

1. You may attach up to a maximum of three pages of material that you feel is relevant to the project and will help the GROVE Group team understand and make a decision on your preliminary application.
2. This material must be accompanied by a letter from the CEO of the organization stating their support of this project, its significance to the organization, and that: "there has been no change in the purpose, character, or method of operation subsequent to the issuance of the IRS letter(s), and the exemption remains in full force and effect. Nothing is known by the officers of the organization that would affect its exempt status."
3. Statement of faith
4. Vision/Mission/Value statement
5. "Testimonials" from those being served by your organization
6. Two people (with contact info) who will serve as outside references for your organization
7. Top ten largest donors with amounts in the last 12 months
8. Itemized budget for this project
9. Current year income/expense budget and current monthly financial statement (balance sheet/operating activity)
10. Current audited annual financial report
11. IRS determination letter, if not provided within the last 6 months

## INSIGHTS

### **Proactive Cash Management**

Cash flow is oxygen for the financial well-being of any business and is managed through the “big three:” accounts receivable, accounts payable, and inventory.

Prudent cash managers strive to improve working capital by ensuring visibility, collecting the right data, defining meaningful targets, and managing ongoing performance.

The three most common blind spots for leaders is being overleveraged, slow decision-making, and low visibility to real-time data.

Several methodologies and strategies are available for leaders to optimize cash flow.

### **Systemizing Corporate Giving**

Surrounded by many worthy causes and such great need, prudent decision-making is imperative for stewards of God’s resources.

A corporate giving strategy enables us to filter opportunities, distribute financial gifts prudently, and experience the joy of biblical stewardship and eternal impact.

Rather than giving cash straight to a need, we have several long-term strategies at our disposal to put our resources to work and maximize our giving.

## REFLECTIONS

### **Giving Freely and Generously**

How might I need to shift my heart and mindset toward generosity to be more aligned with God’s?

### **Proactive Cash Management**

Which of the three common blind spots do I tend to struggle with?

Which of the five buckets of cash optimization can I leverage to improve our cash flow fitness?

### **Systemizing Corporate Giving**

Does the way I manage money reflect that I view myself as a steward of God’s resources or as a consumer?

What will our motivations and charitable allocation strategies reveal to the world around us?

## SCRIPTURE STUDY

### **Giving Freely and Generously**

Exod. 20:9; Deut. 8:18; 1 Chron. 29:9-14; Ps. 24:1, 62:10, 144:1; Prov. 3:9; Eccles. 5:10; Mark 12:41-44; John 3:16; Rom. 13:1-2; 1 Cor. 6:19-20; 2 Cor. 9:6-8; Eph. 2:8-10; Col. 1:16-17; 1 John 4:8

### **Proactive Cash Management**

Prov. 10:4, 21:5, 27:23; Matt 25:14-30; Luke 14:28-30, 16:10-11; Rom. 13:8; James 4:14

### **Systemizing Corporate Giving**

Deut. 15:11; Matt. 6:19-21, 21:31-45; Luke 12:42-43; Acts 20:35; Rom. 12:3-8; 1 Tim. 6:17



## RECOMMENDED RESOURCES

### Books:

*Profit First: Transform Your Business from a Cash-Eating Monster to a Money-Making Machine*, by Mike Michalowicz

*The Great Game of Business: The Only Sensible Way to Run a Company*, by Jack Stack

*Entrepreneurial Finance, Third Edition: Finance and Business Strategies for the Serious Entrepreneur*, by Steven Rogers

*Creative Cash Flow Reporting: Uncovering Sustainable Financial Performance*, by Charles W. Mulford and Eugene E. Comiskey

*Master Your Business Cash Flow: Grow the Company You Love, Live the Life You Want Now*, by Albert J. Zdenek, Jr.

*God and Money: How We Discovered True Riches at Harvard Business School*, by John Cortines and Gregory Baumer

*Giving: Unlocking the Heart of Good Stewardship*, by John Ortberg

*Money, Possessions, and Eternity*, by Randy Alcorn

*Managing God's Money: A Biblical Guide*, by Randy Alcorn

*When Helping Hurts: How to Alleviate Poverty Without Hurting the Poor . . . and Yourself*, by Steve Corbett and Brian Fikkert

*Toxic Charity: How Churches and Charities Hurt Those They Help, And How to Reverse It*, by Robert D. Lupton

*Gospel Patrons: People Whose Generosity Changed the World*, by John Rinehart

*Giving It All Away... and Getting It All Back Again: The Way of Living Generously*, by David Green

*Practicing the King's Economy: Honoring Jesus in How We Work, Earn, Spend, Save, and Give*, by Michael Rhodes and Robby Holt

*The Generosity Factor: Discover the Joy of Giving Your Time, Talent, and Treasure*, by Ken Blanchard and S. Truett Cathy

*I Like Giving: The Transforming Power of a Generous Life*, by Brad Formsma

*Giving Outside the Box: Generous Now. Rich Forever*, by Dale Losch

### Ember Book Summaries:

*God and Money: How We Discovered True Riches at Harvard Business School*, by John Cortines and Gregory Baumer

*Profit First: Transform your business from a cash-eating monster to a money-making machine*, by Mike Michalowicz

*The E-Myth Revisited*, by Michael E. Gerber

### Videos:

Alan and Katherine Barnhart — Generous Giving (<https://generousgiving.org/media/videos/alan-and-katherine-barnhart>)

Monthly curated content available at RightNow Media @ Work

### Previous C12 Segments:

Necessary Endings — February 2019, Business

Pricing on Purpose, parts 1 and 2 — August and September 2018, Business

No Margin, No Mission — April 2017, Business

Building and Winning as a Team — May 2017, Business

Collaborating for Collective Impact — October 2020, Ministry

Stewarding Our Father's Portfolio — April 2017, Business

## TAKEAWAYS

Capture and collect your takeaways from this month in the space provided below.