



# Giving Certificate Worksheet

## Calculating Your Contribution Level

This worksheet is provided for your convenience only. Do not send worksheet back. Each company has the option to use a computation method to best represent the conditions experienced by the company.

1. **Your pre-tax domestic earnings for either current year or prior year** \$ \_\_\_\_\_ (A)

2. **Contributions:**

- Cash (includes securities and real estate at fair market value) \$ \_\_\_\_\_
- In-kind contributions:
  - Product \$ \_\_\_\_\_
  - Direct and/or associated cost of employee volunteerism (*i.e., paid release time for volunteering*) \$ \_\_\_\_\_
  - Professional services \$ \_\_\_\_\_
  - Computer, printing, other services \$ \_\_\_\_\_
  - Donated furniture, office equipment \$ \_\_\_\_\_
  - Value of administrative costs charged for contribution program \$ \_\_\_\_\_

Total Contributions \$ \_\_\_\_\_ (B)

3. **Divide your contributions (line B) by your pre-tax domestic earnings (line A)** \_\_\_\_\_ %

- If the result is 2% to 4.9%, congratulations – you qualify for 2% recognition.
- If the result is 5% or more, congratulations – you qualify for 5% recognition.
- If the result is below the 2% or 5% level, you have the option to become a pledge firm if you choose to publicly state your intention to reach your 2% or 5% goal within three years. (Available to new participants only.)

## Sample Calculation

<b>Pre-tax Taxable U.S. Income</b>	\$ 1,000,000
Cash contributions	40,000
Cash value of goods, services and equipment contributed	7,000
Cash value of loaned executive	2,500
Value of administrative costs charged for contributions program	500
 Total Contribution	 \$ 50,000

**Formula:** 
$$\frac{\text{Contributions}}{\text{Pre-tax Taxable U.S. Income}} = \frac{\$50,000}{\$1,000,000} = 5\%$$

# Special Notes

- Contributions can be made to charities, projects and organizations generally listed under the IRS Code Section 501(c)3 or equivalent charitable purposes.
- The percentage target for corporations is based on domestic, pre-tax net earnings from the company's income statement. If the company calculates earnings by location, you may use local pre-tax earnings for this purpose. A rolling three-year average may be used for firms with wide swings in their business cycle as long as this method is consistently applied. Companies in certain industries, such as banks, insurance companies, utilities and branches of divisions of national companies doing business in Minnesota, may use customary business accounting methods to achieve the two percent or five percent target.
- Contributions by affiliated foundations, whose major asset is the company's stock, are eligible.
- For closely-held businesses, service corporations and partnerships, a combination of personal and business contributions is allowed. As a general rule, combined giving should be the equivalent of two percent or more of pre-tax earnings before deducting the principal owner's salary or partnership salaries and distributions.
- Not-for-profit organizations that derive 80% or more of their revenues from fees and reimbursement for services may participate in Keystone if their discretionary charitable contributions exceed 2% of their excess revenues over expenses.
- Companies wishing to include employee volunteerism as in-kind contribution may do so to the degree that the company is giving away something of value. Employee volunteerism hours that qualify must:
  - be calculated based on volunteer work that is conducted on the company's time
  - be calculated using actual cost or using the national average hourly rate of \$16.03 (source: United States Department of Labor - 2005.)