



Charitable Funds Management Case Study:

How One Fortune 500 Company
Scaled Its Impact and Cut Costs
by More Than \$225,000



Managing Employee Charitable Payroll Contributions

According to [America's Charities' Snapshot 2017 report](#), 87% of companies understand there is an expectation to support causes that are important to employees. So for many employers, giving employees the opportunity to donate to charities through workplace giving is a no-brainer. **The big challenge is execution.**

46% of employees donate money through [employer-sponsored workplace giving programs](#), accounting for more than \$4 billion in charitable contributions each year. Workplace giving donors give on average five times more than traditional one-time donors, and because donations are typically deducted from paychecks all throughout the year, it's not only less of a burden to the donor, it provides nonprofits with support they can count on all year long. But how exactly does all of that money exchange hands?

After employees pledge their support to charities, how does the employer ensure secure, timely, and cost-efficient delivery of employee donations to the appropriate designated nonprofits? And just as importantly – WHO is responsible for completing this big undertaking?

Sometimes, companies attempt to facilitate employee giving programs and charitable funds management in-house thinking that it's the easiest and most cost-efficient way. However, a partner like America's Charities can minimize the time and real costs for payroll and other staff to manage giving programs and reduce the costs to nonprofits in managing individual donations received from employees. Processing costs can be as high as 25% for a nonprofit while combined funds distribution can reduce those costs to less than 10%. These reduced administrative costs result in savings to the company and more funds distributed to the nonprofit organizations being supported.

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Is Managing Donations In-House Cheaper? What This Fortune 500 Company Discovered:

One Fortune 500 company* was stunned when it calculated the cost of managing its company's in-house system for processing employee charitable payroll contributions. The company assumed it was making a fiscally prudent decision by managing this process itself. However, after analyzing what it took to manage its homegrown system, the company quickly learned its assumption was false.

It took the equivalent of 2.5 full-time employees to vet charities, process payments from the company's nearly 25,000 employees, and cut checks to the nonprofits. In turn, managing the company's workplace giving donations in-house was actually **costing it more than \$225,000 in indirect costs.**

Looking for ways to improve the program's efficiency and the impact of its employees' charitable contributions, the company decided to explore whether there was a better option. After shopping around, the company quickly found partnering with America's Charities to be the smart solution.

America's Charities' Funds Management Solutions offered a system that could manage charitable contributions from the company's employees more efficiently — and with much better results. Instead of using internal resources to manage this process, the company discovered it could rededicate those resources to other uses and create a much better experience for its employees and nonprofit partners. Rather than manage the company's workplace giving program in-house and invest in the technology and staff needed to process donations, the company decided to utilize America's Charities as an extension of its team.

Doing so enabled the company to scale its impact at a lower cost by leveraging a proven system that has collected, processed, and distributed contributions from thousands of employees in private and public sector workplaces across the country who make donations to more than 10,000 national and local charities.

**For confidentiality purposes we are keeping our Fortune 500 client's name private.*



Five Characteristics of an Effective Charitable Funds Distribution System:

Designed to integrate with multiple payroll systems, [America's Charities' funds distribution process](#) collects employees' designated contributions and then aggregates those contributions for each nonprofit recipient. Once those contributions are aggregated, America's Charities sends each nonprofit a quarterly payment — along with an accounting of how much money each company and each employee has contributed. It also provides receipts and acknowledgements to each donor, so employee donors feel confident that their donations are being processed according to their wishes and can see their support is making an impact. This process has resulted in lower overhead costs, faster payments, improved risk management, quality reporting, and superior support for companies, nonprofits, and donors.

Whether your company currently has its own in-house system for distributing charitable funds or is looking for a partner to manage charitable funds distribution, you should take the following five characteristics of an effective charitable funds distribution system into consideration.

“Nearly 4 in 5 workers say it is imperative or very important for nonprofits to report results and demonstrate impact.”

- Snapshot 2017



Lower Overhead Costs

How much time and how many people from your team does it take to manage and distribute donations?

By moving away from an in-house system, you can save money on staffing resources since you will no longer need to dedicate internal resources to manage payroll contributions and write checks to nonprofits. In turn, it will free up your team to manage other aspects of employee giving and engagement which can help you improve things like employee participation and overall funds raised.



Faster Payments

How quickly are nonprofits receiving funds from your program?

Under its in-house system, the Fortune 500 Company featured in the case study only had the capacity to send contributions to charities once a year. As a result, contributions from employees would get saved up in an account for an entire year, then processed and paid the following year. By moving to America's Charities' system, now the company's checks get cut to charities every quarter, meaning employees' contributions are getting to the organizations that need support much more quickly and efficiently.





Improved Risk Management

How long is your company holding on to donations and are you certain those funds are being distributed to reputable nonprofit organizations?

Moving to a system like America's Charities, which monitors the Internal Revenue Service Business Master File and thoroughly vets nonprofits, ensures that employee contributions are going to registered charities and not to organizations that have lost their tax-exempt status or are on the OFAC terrorist watch list. Not only does this take a huge burden off of companies in terms of verifying the qualifications of nonprofit organizations, it also removes the liability companies take on when holding charitable funds in an account.



Transparent & Customizable Reporting

Charitable funds management is a complex process, especially when you're managing a giving program for thousands of employees. Not only do you need to collect and process employee donations, you also must disperse those funds to charities, provide donor receipting and acknowledgement, and create reports for multiple stakeholder groups – nonprofits, donors, and corporate leadership.

It can be a challenge to reconcile the data at each step, but America's Charities has a proven method for efficiently processing information and providing meaningful, transparent reporting about that data for each stakeholder. This system ensures that each stakeholder gets accurate, timely information. For nonprofits, this means being able to better communicate and share impact with donors. For companies, this means being able to communicate results to employees and board members, and being able to optimize employee giving performance.



Best-in-Class Support

What kind of support do your employees and campaign coordinators currently receive during the donation process? Do you even have the resources to respond to all of your employees' questions during your giving program? And who can the recipient nonprofits turn to with questions after they receive funds from your organization?

With America's Charities serving as an extension of its team, this Fortune 500 Company gained extra support for its employee donors through America's Charities Donor Services team, which has received a steady 90 percent customer satisfaction rate from donors they assist and resolves 70 percent of issues within one hour. Employees can choose to connect with the team through multiple channels including, phone, web chat, mail, or submitting a help ticket online.

"When I get questions, I know I can just reach out to America's Charities' donor services team and get an answer. That's very important for me, especially with so many employees."

– America's Charities Fortune 500 Client



Get Started

Just as the Fortune 500 Company in this case study experienced, dozens of other employers have also chosen America's Charities as a partner for charitable funds management and have witnessed its strong track record of saving companies money and maximizing the value of donations distributed to nonprofits.

To learn more and tell us about your unique requirements, please visit: www.charities.org/funds-management or contact America's Charities Vice President of Business Development, Kim Young, at kyoung@charities.org or 703-674-5358.

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