

Case Discussions

Business Case #5: Charitable Giving

You have responsibility for recommending organizations to receive charitable contributions from the \$10,000 budget your plant has to work with. Because you have lived in the area longer than the others on the committee, they rely on your judgment when making final proposals.

It is nearing year-end and you still have \$5,000 available that won't be carried into the next year, so you are facing a "use it or lose it" scenario. You are considering two requests:

- 1) The daycare near the plant where a number of employees leave their children has asked for a one-time grant of \$7,500 to provide equipment for a nursery converted from a storage room. If they can't secure the funding, they will not be able to accept any additional children. There are a number of current employees on the waiting list.
- 2) Your new boss has learned about the funds available. He is president of the athletic board of the school. A debate team wants to travel to London for an international competition. The main connection is that one of the four debaters is his son. He is pressuring you to provide the \$5,000 to help with travel costs for the school-sponsored group.

Both organizations meet the legal requirements for receiving gifts.

What is the "right" contribution?