

Endow Iowa Tax Credit and County Endowment Fund Programs - 2014

A Report to the Governor and the Iowa Legislature

Submitted by the Iowa Council of Foundations
and the Iowa Economic Development Authority

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Thriving Philanthropy Equals Thriving Communities

For more than a decade, the state of Iowa has been recognized as a national leader in philanthropy for legislating two innovative programs focused on increasing charitable activity to enhance the quality of life for Iowans, supporting the nonprofit infrastructure, and meeting local needs. Both programs, the *Endow Iowa Tax Credit Program* and the *County Endowment Fund Program*, are implemented through community foundations across the state.

Bolstered by the innovation and foresight of our legislators, Iowa today is home to a vibrant network of community foundations that award millions each year in support of charitable activities across the state. Philanthropy is an integral part of the economic and social life of our region, building social capital, funding vital services, and solving problems. The impact of these programs on your constituents can be seen in after-school programs, scholarships for deserving students, pieces of history that have been preserved, innovative community leadership programming, food pantries, transportation solutions for the disabled, and in countless other ways.

The Iowa Economic Development Authority and the Iowa Council of Foundations collaborate on the marketing and administration of Endow Iowa and the County Endowment Fund Program. We are pleased to present this report on the activities of both programs in 2014.

Endow Iowa Tax Credit Program

Endow Iowa Tax Credits are state tax credits provided to Iowa taxpayers (individuals or businesses) who donate to permanent endowment funds at qualified community foundations or community affiliate organizations serving the communities of Iowa. The Iowa Code (15E.305(2)) authorizes \$6 million for Endow Iowa Tax Credits annually.

The following is a summary of the credits awarded in calendar year 2014.

- Approximately \$6 million in Endow Iowa tax credits were awarded;
- Tax credit applications showed almost \$24 million in charitable giving was leveraged by the credits;
- The donations went to at least 103 different community foundations and community affiliate organizations;
- The \$24 million in donations was comprised of 3,898 separate donations.

Year	Donation Amount				Total Donations
	\$1,000 or less	\$1,001 - \$30,000	\$30,001 - \$100,000	Over \$100,000	
2014	2,865	935	63	35	3,898
2013	2,098	848	86	36	3,068
2012	2,153	832	54	35	3,074
2011	1,849	663	59	25	2,596
2010	1,491	457	49	28	2,025
2009	1,346	481	43	17	1,887
2008	1,297	483	68	30	1,878
2007	655	318	45	20	1,038
2006	423	177	37	18	655
2005	391	251	37	20	699

Of the 3,898 total donations made in 2014, 286 were from business establishments (corporations) or from financial institutions. The remaining 3,612 donations were from individual donors.

The legislation requires that at least 10% of the donations be in amounts of \$30,000 or less. Dividing the donations into categories of less than or more than \$30,000 gives the following:

- 97% (equaling 3,800 donations for a total of \$7,567,846) of the donations were made in individual donations of \$30,000 or less;
- 3% (equaling 98 donations for a total of \$23,999,980) of the donations were made in individual donations of more than \$30,000.

Since the inception of the Endow Iowa Tax Credit Program, Iowa Community Foundations have leveraged more than \$167,585,784 in permanent endowment fund gifts. The contributions were made through more than 21,017 donations.

County Endowment Fund Program

The County Endowment Fund Program was established by HF 2302 in the 2004 Legislative Session. While it is separate from the Endow Iowa Program, the programs have similar goals — to build the community foundation infrastructure to encourage additional philanthropy throughout the state, ultimately leading to increased local charitable assets and retention of wealth for the benefit of Iowa communities now and into the future.

The program is funded by a percentage of the state's commercial gaming tax revenue. Initially, the amount was one half of one percent (0.5%) of the gaming tax revenue; this was increased to eight-tenths of one percent (0.8%) in 2006. These funds are distributed annually to participating community foundations and affiliate community foundations associated with counties without a state-issued gaming license. The legislation requires that each organization put 25% of the funds received each year into a permanent endowment fund, and distribute the other 75% to charitable causes and/or organizations in their service area.

2014 Distribution

In 2014, the total amount available was \$10,753,889. Three percent of that amount (\$320,519) was provided to the state's Lead Philanthropic Entity, the Iowa Council of Foundations, and \$70,000 was provided to the Iowa Economic Development Authority for activities in support of the program and community foundation work. The remaining funds (\$10.4 million) were distributed among the 85 community foundations and/or community affiliate organizations that participate in the program; each organization received \$121,922.

Grant Awards Snapshot

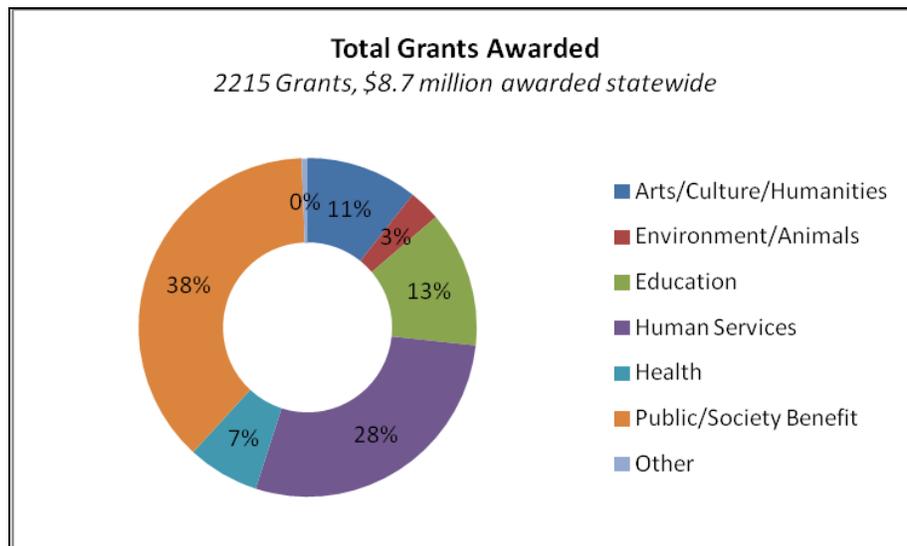
The annual distribution from the County Endowment Fund Program to the community foundations occurs in the early fall. The majority of the community foundations have not completed distributing grants from these funds at the start of the legislative session. Therefore, the grant information summarized below reflects the grants awarded from the 2013 distribution.

Each fall, the Iowa Council of Foundations (ICoF) and the Iowa Economic Development Authority collect reports on grantmaking activities and asset growth from each of the community foundations involved in the program. Throughout the fall of 2013 and most of 2014, local community foundation governing bodies collectively reviewed 2,918 applications from charitable organizations representing a variety of programs and projects that reflect local needs, including education, animal welfare, the environment, human services, the arts, and community beautification.

In the reports, the community foundations were required to note whether a funded project was a capital or program-based award; and where each grant fit within a range of focus areas (Arts/Culture, Education, etc.) as shown in the chart below. According to the information provided

by the community foundations participating in this program, 57% of the total County Endowment Fund grants were awarded to capital projects and 43% were awarded to programming.

Focus Areas of 2014 County Endowment Fund Grants*



*Totals based on reports completed by participating community foundations.

More detailed information on each participating community foundation and lists of grant awards can be found in “*Building Iowa’s Communities Through Philanthropy: A Snapshot of the 2013/2014 County Endowment Fund Program & Grants Made by Casino Nonprofit Organizations*,” a report produced by the Iowa Council of Foundations and the Iowa Gaming Association. This report will be distributed to legislators in February and will also be available online via www.iowacommunityfoundations.org and on file with the Iowa Economic Development Authority.

Iowa Community Foundations Initiative

The success of Endow Iowa and the County Endowment Fund Program is dependent on a strong community foundations network. To that end, the *Iowa Community Foundations Initiative* has become a core program area for the Iowa Council of Foundations (ICoF) in its role as the state’s Lead Philanthropic Entity (LPE)—a designation the organization has held since 2004. The Initiative is focused not only on administering and marketing the Endow Iowa and the County Endowment Fund Programs; but also supporting the network of community foundations and affiliate community foundations across the state. This is accomplished through a variety of strategies to both *directly promote* these programs and *to strengthen the community foundation field* to ensure their effective implementation. Below are highlights from this work in 2014. (For more information about the Iowa Council of Foundations, please visit www.IowaCouncilofFoundations.org.)

Building Awareness Among Potential Donors and Nonprofit Partners

This includes continued efforts to distribute targeted advertisements and public service announcements about the Endow Iowa Tax Credit Program and community foundations through a variety of media outlets, including Iowa Public Radio, Iowa Public Television, *ia* magazine, *The Iowan* magazine, the statewide edition of the *Des Moines Business Record (Business Record Iowa)*, and *Business Record* online.

Targeted Outreach to Professional Advisors

The professional advisor community (attorneys, accountants, estate planners, financial planners, and financial advisors) continues to be a key audience for outreach and education about Iowa Community Foundations. In 2014, the ICoF continued to promote the Endow Iowa Tax Credit Program and Iowa community foundations through several marketing and educational opportunities. This included advertisements in the *Iowa Lawyer magazine*; the *Iowa CPA Society* monthly print and online newsletter; and through various financial websites through a new partnership with Des Moines Register Media. The ICoF was also a sponsor of the Iowa CPA Society's annual Exempt Organizations Conference and distributed materials on the Endow Iowa Tax Credit Program to attendees.

Strengthening the Community Foundation Field

In its role as LPE, the ICoF continued to offer a wide variety of educational opportunities specifically tailored to the needs of Iowa community foundations.

Statewide Conferences

In 2014, the ICoF hosted two statewide conferences for Iowa community foundations and affiliate community foundations:

- In February, nearly 100 attendees (staff and volunteers) representing 36 Iowa community foundations convened in Des Moines for a day-long event featuring educational sessions on such topics as rural asset development, highlights from the Iowa Department of Revenue's Endow Iowa Tax Credit Evaluation Study, public policy and legal issues for community foundations, and data on Adverse Childhood Experiences (ACEs) in Iowa.
- In November, nearly 100 attendees (staff and volunteers) representing 38 Iowa community foundations came together for another day-long conference featuring keynote speaker Justin Marcoux from the Monitor Institute. Marcoux shared findings of the 18-month "What's Next for Community Philanthropy" initiative and introduced a new set of tools developed to help community foundations innovate and adapt in a rapidly changing local and global context. Breakout sessions included, *Reflections on the 2014 Election Results and The Impact on Philanthropy*; *How to Reach Professional Advisors, From a Professional Advisor*; *Leading Locally – Community Foundations and Their Convening Role*; and an overview of the national Campaign for Grade-Level Reading.

Regional Trainings

Throughout the year, the ICoF sponsored free educational sessions for community foundation affiliates in locations around Iowa. Led by national expert Judy Sjostedt, Executive Director of the Parkersburg Area Community Foundation in West Virginia, the sessions focused on practical, time-tested approaches to marketing and fundraising for community foundation endowments in rural areas. More than 70 affiliate volunteers participated in sessions in Atlantic, New Hampton, Mason City, Cedar Falls, Manchester, Osceola, and Pella.

Informed Grantmaker Series

In 2014, the ICoF launched the *Informed Grantmaker Series*, an occasional series featuring articles, webinars, and in-person training opportunities focused on Iowa issues and how the philanthropic sector can help. Educational sessions are open to members of the Iowa Council of Foundations and representatives (board, staff, and volunteers) from Iowa community foundations. To date, the series has featured such topics as the challenges facing Iowans around long term care; research data on the true cost of living in Iowa from the Iowa Policy Project; data on Adverse Childhood Experiences (ACEs) in Iowa; the Service Enterprise initiative from the Iowa Commission on Volunteer Service; the Home Base Iowa initiative; and the Campaign for Grade-Level Reading.

ICoF/ IGA Publication on the County Endowment Fund Program

As referenced earlier, the ICoF partners with the Iowa Gaming Association to produce a publication providing detailed information on the County Endowment Fund Program and the grants awarded in each of the 85 counties. The 2013/2014 report will be released in February 2015 and will include grant information and summary statements for the grants awarded by the Community Foundations participating in the program as well as information about the community foundations governing body members, contact names, total assets, and overall asset growth. The report also features a section on the grantmaking activities of the nonprofit gaming license holders across the state.

The Resource of the Week

Every two weeks, the ICoF shares updates, best practices, resources, and highlights from local community foundations through an electronic newsletter titled *Resource of the Week*. This tool provides materials for community foundations to use locally (such as promotional materials for Community Foundation Week), announcements of upcoming educational sessions, sample brochures and event templates from other community foundations, articles featured in local publications, and more.

www.iowaCommunityFoundations.org

The ICoF continued to expand the web presence for Iowa community foundations through the iowacommunityfoundations.org website. All the advertising the ICoF does on behalf of Iowa community foundations leads the audience to this site, which includes information about the Endow Iowa Tax Credit Program and the County Endowment Fund Program as well as a “Find Your Local Community Foundation” section featuring a searchable map by county name, zip code, or region of Iowa. Iowa community foundations can also elect to have their entire web presence hosted within this site, which makes having a web presence more accessible for growing organizations.

Finally, the site also includes a password-protected Knowledge Center in which curated resources are stored, including educational materials and marketing templates. All community foundation volunteers, board members, and staff are granted access to Knowledge Center by request.

Staff-Like Capacity Support

The Iowa Council of Foundations supported eleven staffing capacity grants to Iowa community foundations throughout 2014. Funds were used to help growing community foundation affiliates focus their efforts on endowment growth through the work of paid staff/contractors. Activities associated with this work have included community presentations; local board engagement; individual donor visits; professional advisor outreach; and partnerships with nonprofits, chambers of commerce, economic development groups, schools, and more.

VISTA Program for Iowa Community Foundations

In 2014, the Iowa Council of Foundations completed the final year of a three-year federal grant for a statewide AmeriCorps VISTA program for Iowa community foundations. The purpose of the program was to provide support to community foundations— through VISTA volunteers – to capture the transfer of wealth and build the capacity of local community foundation volunteers to grow endowments. In 2014, the ICoF-sponsored program deployed nine VISTAs to six community sites around the state. Each full-time position worked to build the capacity of local community foundation volunteers, connect with community organizations about the power of endowment building, grow planned giving awareness and documented expectancies, and, ultimately, increase the overall capacity and growth potential of community foundations. The work of the 2014 VISTA members was such a success, three of them have gone on to become full-time employees at their host sites. Over the course of the three-year program, ICoF VISTA members assisted Iowa

community foundations in leveraging over \$9 million in cash resources and conducted nearly 200 outreach sessions to share information about the transfer of wealth and grant opportunities from local community foundations

Collaboration with the Iowa Economic Development Authority (IEDA)

The IEDA continues to administer the Endow Iowa Tax Credit Program and the County Endowment Fund program. The IEDA maintains information on its website relating to these programs, including Frequently Asked Questions, a Status Update on Tax Credits, and other related information. The IEDA works closely with the Lead Philanthropic Entity (ICoF), as well as other agencies to support the various philanthropic initiatives in Iowa. IEDA staff work with the ICoF as a resource for answering technical questions related to Endow Iowa, charitable giving vehicles, and community foundations. The ICoF provides the IEDA with a platform for distributing communications through the community foundation network and in gathering the required annual board resolutions for participation in the Endow Iowa Tax Credit Program.

Summary

Iowa's community foundation sector continues to experience tremendous growth, due in large part to the legislature's continued support for the Endow Iowa Tax Credit Program and the County Endowment Fund Program. As of the end of FY 14 (June 30, 2014), Iowa's community foundations reported 24% growth in permanent endowment assets over FY 13 (from \$520,150,005 to \$645,791,986).

In 2015, the Iowa Council of Foundations and the Iowa Economic Development Authority will continue to support the success of these programs and the community foundation infrastructure by exploring new opportunities for outreach, education, and information-sharing. In Iowa, thriving philanthropy equals thriving communities . . . For **good**. For **Iowa**. For **ever**.