The State of Iowa has undertaken several recent initiatives to promote the formation and growth of Community Foundations and charitable giving. One of these efforts is the County Endowment Fund legislation (HF2302 of the 2004 Session.) This bill provides that, beginning in the year 2005, 1% of the state’s gambling revenues will be distributed to the 86 Iowa counties that do not have gambling facilities. These funds will be deposited and distributed through Qualified Community Foundations or Affiliates that address the needs of the county. Each county will receive $50,000 to $60,000 per year and the amount is expected to grow with gambling revenues over time.

The organizations receiving these funds must be "Qualified Community Foundations," or Affiliates of Qualified Community Foundations. These terms have specific meanings under the legislation. They are public, non-profit organizations that have demonstrated that they meet the National Standards for such organizations. The funds must be used for permanent endowments for charitable purposes.

The funding for this program will be handled by the Iowa Department of Revenue, in collaboration with the Iowa Department of Economic Development.
**TIMING**
The legislation creating the County Endowment Fund is already in effect. However, funding for the County Endowment Fund will accumulate during this fiscal year (July 1, 2004 through June 30, 2005). It is anticipated by the Department of Revenue that the first distribution of funds to Qualified Community Foundations will occur in the Fall of 2005.

**PURPOSE**
The County Endowment Fund is **not** just a mechanism to distribute gambling proceeds to counties that do not currently receive many of those dollars. It is intended to encourage the formation of Qualified Community Foundations or Affiliates, which hopefully serve a broader and longer-term purpose than just being a conduit for gambling proceeds.

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**How To Qualify**

In order to qualify for receipt of funds, an entity must either be an Affiliate of a Qualified Community Foundation or a Qualified Community Foundation. In either case, the legislation specifies that the entity should “address countywide needs.” According to the National Standards that must be met (and maintained), the Governing Group of the organization must be “broadly representative of the community it serves.” For purposes of the County Endowment Fund, this would mean that the Governing Group should be broadly representative of a County (or Counties), both in terms of geography, and in terms of the personal background of its members.

**What is a Community Foundation?**

A Community Foundation is a tax-exempt, independent, publicly-supported philanthropic organization that operates for the long-term benefit of a defined geographic area. Some of the defining characteristics are:

- It has an independent governing body representing the broad interest of the area served, with members serving limited terms and without compensation;
- It continually interacts with the community(ies) it serves, determining the area’s needs and priorities;
- It typically seeks gifts and donations from a wide range of donors, in addition to any public programs that may be available, and provides services to assist those donors in fulfilling their philanthropic interests;
- It invests the funds it receives, and uses some of the proceeds to make grants to charitable agencies and activities that address “community” needs (single-purpose ”fund drives” are too narrow in scope to be considered Community Foundations);
- It performs financial reviews or audits on itself and reports regularly to the IRS and other regulatory agencies regarding its activities and performance.

An organization can become eligible for receipt of the County Endowment Funds by either:

- Becoming an affiliate of an existing Qualified Community Foundation; or
- Creating a new county-wide or multi-county Qualified Community Foundation.

**What is an Affiliate?**

An Affiliate organization contracts with an experienced Foundation to provide the staffing, paperwork and typically pay approximately 1% - 2% per year for those services. The Affiliate has a Governing Body that works with local donors and agencies and directs the distribution of funds back to the county or counties they represent.

Although the central Qualified Community Foundation invests the funds, the Affiliate’s Governing Body is instrumental in deciding which agencies and causes will receive grants from the Affiliate’s fund.

A complete list of the benefits of affiliation can be found on the IDED Endow Iowa website (www.iowasmartidea.com/endowiowa).

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**FOR ADDITIONAL INFORMATION**

For more information about Qualified Community Foundations, or how to form an Affiliate organization, contact the Iowa Department of Economic Development, or go to the IDED or Endow Iowa website:

http://www.state.ia.us/ided/ or http://www.iowasmartidea.com/endowiowa/