

Endow Iowa Tax Credit and County Endowment Fund Programs - 2015

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. These programs focus on increasing charitable activity to enhance the quality of life for Iowans, support nonprofit infrastructure and meet local needs. Both programs, the *Endow Iowa Tax Credit Program* and the *County Endowment Fund Program*, are implemented through local community foundations across the state.

Today, bolstered by the innovation and foresight of our legislators, Iowa is home to a vibrant network of community foundations that award millions each year in support of charitable programs across the state. Philanthropy is an integral part of the economic and social life of our state, 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, 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 2015.

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)) authorized \$6 million for Endow Iowa Tax Credits in 2015.

The following is a summary of the credits awarded in calendar year 2015.

- By the end of October 2015, \$6 million in Endow Iowa tax credits had been awarded.
- Tax credit applications showed almost \$24 million in charitable giving leveraged by the credits;
- At least 113 different community foundations and community affiliate organizations received donations;
- The \$24 million in donations was comprised of 4,421 separate donations.

Year	Donation Amount				Total Donations
	\$1,000 or less	\$1,001 - \$30,000	\$30,001 - \$100,000	Over \$100,000	
2015	3,214	1,080	95	32	4,421
2014	2,875	936	63	35	3,909
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 4,421 total donations made in 2015, 388 were from business establishments (corporations) or from financial institutions. The remaining 4,033 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 4,294 donations for a total of \$8,409,177) of the donations and were made in individual donations of \$30,000 or less;
- 3% (equaling 127 donations for a total of \$15,590,823) 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 \$191,585,801 in permanent endowment fund gifts. The contributions were made through more than 25,450 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 nonprofit organizations in their service area.

2015 Distribution

In 2015, the total amount available was \$10,615,567. Three percent of that amount (\$318,467.01) was provided to the state's Lead Philanthropic Entity, the Iowa Council of Foundations (ICoF), and \$70,000 was provided to the Iowa Economic Development Authority (IEDA) for activities in support of the program and community foundation work. The remaining funds (\$10.6 million) were distributed among the 84 community foundations and/or community affiliate organizations that participate in the program; each organization received \$126,376.

Grant Awards Snapshot

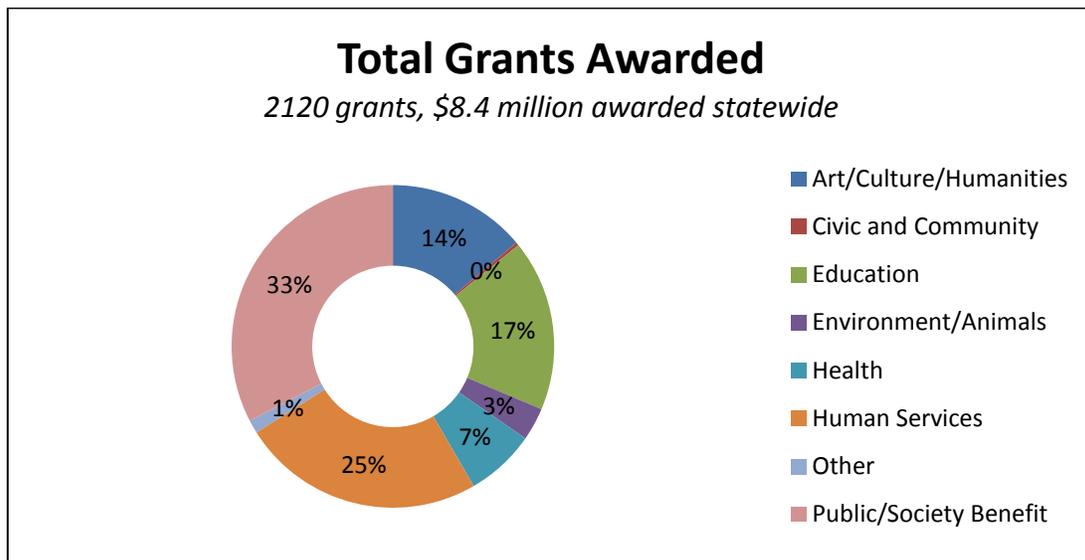
The annual distribution from the County Endowment Fund Program to the community foundations occurs in the early fall. The majority of the community foundations have not completed distributing grants from these funds at the start of the legislative session. Therefore, the grant information summarized below reflects the grants awarded from the 2014 distribution.

Each fall, the 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 2014 and most of 2015, local community foundation governing bodies collectively reviewed 2,996 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, 41% of the total County Endowment Fund grants were awarded to capital projects and 59% were awarded to programming.

Focus Areas of 2015 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 2014/2015 County Endowment Fund Program & Grants Made by Casino Nonprofit Organizations,” a report produced by the ICoF 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 2015. (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. These ads are targeted to reach potential donors in areas across the state and drive them to contact their local community foundation.

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 2015, 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 Endow Iowa 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 meet the needs of Iowa community foundations.

CONNECT Annual Statewide Conference

In 2015, the ICoF hosted the annual Connect Conference, a statewide educational opportunity for Iowa community foundations and affiliate community foundations. On October 28, nearly 100 attendees (staff, advisory board members and volunteers) representing 42 Iowa community foundations came together for networking sessions aimed at helping attendees learn and grow. The sessions focused on data/analytics, measuring impact, planned giving, communications and the 2016 legislative agenda. Community Foundations continue to share positive feedback about the value of this annual event. Following the conference, the ICoF distributed \$12,000 in Idea Implementation grants to community foundations who attended. These dollars allow attendees to implement ideas they gained at the conference back in their home counties and communities.

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. In 2015, the series featured topics about college readiness; preparing to host an online giving day; and the Campaign for Grade-Level Reading.

Monthly E-Newsletter

Each month, the ICoF shares updates, best practices, resources, and highlights from local community foundations through an electronic newsletter. This tool provides materials for community foundations to use locally (such as promotional materials for Community Foundation Week), announcements of upcoming educational sessions, grant opportunities both regional and national in nature, articles featured in local publications, and more.

CEO Network

The Community Foundation CEO Network is comprised of Presidents/CEOs/Executive Directors representing 14 host and stand-alone community foundations across the state. ICoF assists in convening this group three times each year to discuss host-affiliate relations, common and best practices, and to provide enriching discussion around the community foundation field, the Endow Iowa program, the County Endowment Fund program and a variety of other topics. This group has worked together to ensure growth, innovation and collaboration at community foundations across the state.

Community Foundation Services Coordinator

In April, the Iowa Council of Foundations hired a contract employee to serve as the Community Foundation Services Coordinator. The Coordinator's role is to identify, develop and implement programs and services to qualified community foundations and their affiliates throughout the state. The Coordinator has expanded the support ICoF can offer community foundations throughout the state and strengthened ICoF's relationships with community foundation and affiliate foundation representatives. Some of the Coordinator's 2015 activities have included:

- Planned and executed educational programs including the annual CONNECT Community Foundation Conference and the Community Foundation Boot Camp training.
- In partnership with the Community Foundation CEO Network, developed a common practices document to support host foundations.
- Served as a liaison to community foundation hosts and affiliates and to the ICoF.

The ICoF plans to utilize a Coordinator moving into 2016 to continue to support these efforts and develop new programs, services and supports.

Capacity Building Support

The Iowa Council of Foundations supported eight capacity building grants to Iowa community foundations throughout 2015. Funds were used to help community foundation affiliates focus their efforts on fund development and endowment growth. Activities associated with these grants included community presentations; local board engagement; strategic planning; individual donor visits; professional advisor outreach; land owner outreach; technology upgrades; marketing/communications efforts; and partnerships with nonprofits, chambers of commerce, economic development groups, schools, 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 interested parties to this site. The website 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.

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 84 counties. The 2014/2015 report will be released in February 2016 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 county advisory board 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.

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 15 (June 30, 2015), Iowa's community foundations reported 4.7% growth in permanent endowment assets over FY 14 (from \$645,791,986 to \$676,367,517.43).

In 2016, 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.