

Endow Iowa Tax Credit and County Endowment Fund Programs - 2018

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

The State of Iowa is recognized as a national leader in community-based philanthropy. This is due in large part to two innovative programs focused 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* and the *County Endowment Fund Program*, are implemented through local community foundations across the state.

The foresight of our legislators years ago, and the continued commitment to both programs since, is truly something to be celebrated. Iowa's vibrant network of community foundations award millions each year in support of nonprofits and charitable programs 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 tough problems. The impact of these programs on your constituents can be seen in after-school programs, scholarships for deserving students, preservation of Iowa history, innovative community leadership programming, food pantries, transportation solutions, and in countless other ways.

The Iowa Economic Development Authority administers these programs and the Iowa Council of Foundations serves as the Lead Philanthropic Entity to assist in 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 2018.

Endow Iowa Tax Credit

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 communities in 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 2018:

- Approximately \$6 million in Endow Iowa tax credits were awarded;
- tax credit applications showed almost \$24 million in charitable giving leveraged by the credits;
- at least 76 different community foundations and community affiliate organizations received donations; and
- the \$24 million in donations was comprised of 3,434 separate donations.

Of the 3,434 total donations made in 2018, 279 were from business establishments (corporations) or from financial institutions. The remaining 3,155 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:

- 96% (equaling 3,313 donations for a total of \$7,941,776.35) of the donations were made in individual donations of \$30,000 or less;
- 4% (equaling 121 donations for a total of \$16,058,223.34) 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 \$263,585,800.77 in permanent endowment fund gifts. These contributions were made through 35,732 donations.

Year	Donation Amount				
	\$1,000 or less	\$1,001 - \$30,000	\$30,001 - \$100,000	Over \$100,000	Total Donations
2018	2,354	959	84	37	3,434
2017	2,024	678	69	40	2,811
2016	2,971	958	83	30	4,042
2015	3,209	1,081	94	32	4,416
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	1,850	663	59	25	2,597
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
2004	83	93	13	10	199

County Endowment Fund Program

The County Endowment Fund Program was established by HF 2302 during the 2004 Legislative Session. While it is separate from Endow Iowa, the programs have similar goals. Both programs are focused on building the community foundation infrastructure to encourage additional philanthropy, which will ultimately lead to increased local charitable assets and retention of wealth for the benefit of Iowa communities now and into the future.

The County Endowment Fund 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 in the 84 counties without a state-issued gaming license. The legislation requires each organization allocate 25% of the funds received annually to a permanent endowment fund, and distribute the other 75% to charitable causes and/or nonprofit organizations in their service area through a grant process.

2018 Distribution

In 2018, the total amount available through this program was \$11,575,745. Three percent of that amount (\$347,272) was allocated to the state's Lead Philanthropic Entity, the Iowa Council of Foundations (ICoF), and \$70,000 was directed to the Iowa Economic Development Authority (IEDA) for administration of the program, and activities in support of community foundation work. The remaining funds (\$11.2 million) were distributed among the 84 community foundations and/or community affiliate organizations that participate in the program; each organization received \$135,202.

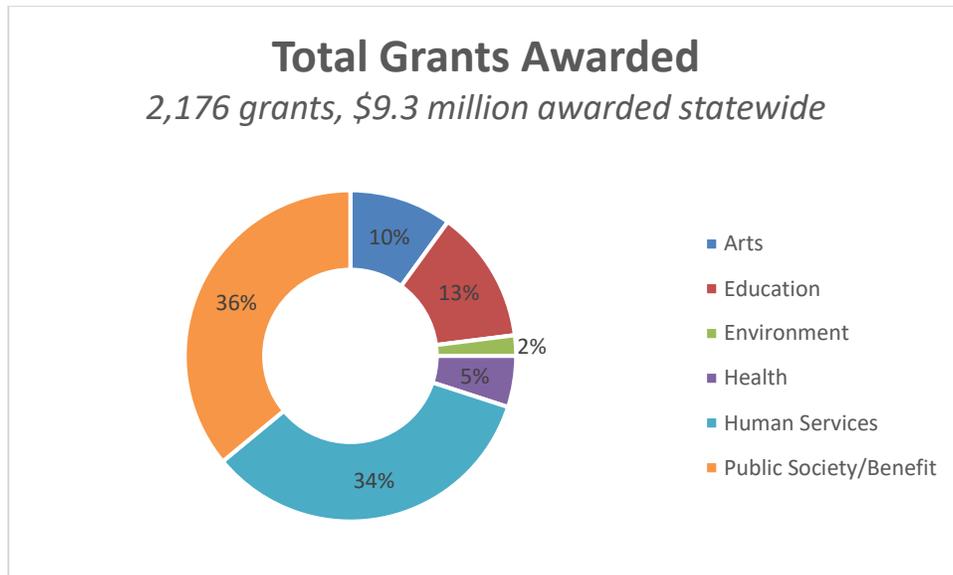
Grant Awards Snapshot

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 2017 distribution.

Throughout the fall of 2017 and most of 2018, local community foundation advisory committees collectively reviewed 2,981 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. Each fall, the ICoF and the Iowa Economic Development Authority collect annual reports on grantmaking activities and asset growth from each of the community foundations involved in the program.

In the reports, community foundations are required to note whether a funded project was a capital or program-based award and where each grant fits within a range of focus areas (arts and culture, education, etc.) as shown in the chart below. According to the information provided by the community foundations participating in this program, 40% of the total County Endowment Fund dollars were awarded to capital projects and 60% were awarded to programming in 2017.

Focus Areas of 2017 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 2017/2018 County Endowment Fund Program & Grants Made by Casino Nonprofit Organizations*, a report produced annually by the ICoF and the Iowa Gaming Association. This report will be distributed to legislators in early 2019 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 County Endowment Fund Programs, but also supporting the network of community foundations and affiliates 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 2018. (For more information about the Iowa Council of Foundations, please visit www.iowaCouncilofFoundations.org.)

Strategy #1: Building Awareness Among Potential Donors and Nonprofit Partners

Included in this area are continued efforts to distribute targeted advertisements and public service announcements about Endow Iowa in partnership with community foundations through a variety of

media outlets, including Iowa Public Radio, Iowa Public Television, ia Magazine, The lowan magazine, Iowa Farm Bureau's *Spokesman* publication, 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. In 2018, these ads had a consistent look and message across all media outlets.

Again this year, the Iowa Community Foundations Initiative, Endow Iowa and the County Endowment Fund Program were featured in the Des Moines Business Record's Pillars of Philanthropy publication which was distributed to donors at the Association of Fundraising Professionals National Philanthropy Day on November 15, 2018. This publication reached an additional 60,000 subscribers through print and online publications in roughly 75 Iowa counties.

Strategy #2: 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 2018, the ICoF continued to promote Endow Iowa 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 continued partnership with Des Moines Register Media. The ICoF also provided grant funding to several community foundations who hosted professional advisor seminars throughout the year. Many community foundations are hosting professional advisor seminars regularly in their regions.

Strategy #3: Strengthening the Community Foundation Field

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

Connect Community Foundations Annual Statewide Conference

In 2018, the ICoF hosted the annual Connect Community Foundations Conference, a statewide educational opportunity for Iowa community foundations and affiliate community foundations. On September 18, nearly 90 attendees (staff, advisory committee, board members and volunteers) representing 38 Iowa community foundations, came together in Johnston for networking sessions aimed at helping attendees learn new and different ways to continue to grow their community foundation and its philanthropic activities. The sessions focused on rewriting the narrative on rural Iowa, the federal Tax Cuts and Jobs Act impacts on charitable giving and strategic solutions for donors and community foundations, strategic planning, coordinating effective board meetings, the role of community foundations in disaster response and recovery, legal issues for community foundations, and the role community foundations can play in rural and urban economic development.

The conference also provided an opportunity for community foundations to share about their work with their peers and included an update on the 2019 legislative agenda. Community foundations continue to share positive feedback about the value of this annual event. Following the conference, the ICoF distributed over \$18,000 in Idea Implementation grants to 15 community foundations who attended. These grant dollars allow attendees to implement ideas they gained at the conference back in their home counties and communities. Additionally, speaker presentations and resources from the conference are available on the ICoF website for attendees to access throughout the year.

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 2018, the ICoF partnered with the Council on Foundations to host a Community Foundations Finance Training in Cedar Rapids. 19 Iowa Community Foundation staff members participated in the training. Evaluations on a scale from 1 (strongly disagree) to 5 (strongly agree) showed that attendees rated each portion of the training a 4+.

CF CEO Network

The Community Foundation CEO Network is comprised of Presidents/CEOs/Executive Directors representing 17 host and stand-alone community foundations across the state who meet National Standards for U.S. Community Foundations. ICoF assists in convening this group twice 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 works together to ensure growth, innovation and collaboration at community foundations across the state. Each meeting provides a learning opportunity for the Network. This year, the CEOs had opportunities to learn more about legislative issues impacting their sector, foundation openness practices to improve partnership with grantees in their communities, local economic development initiatives, and diversity, equity and inclusion work happening at Iowa community foundations.

Affiliate Liaison Network

In 2018, the Iowa Council of Foundations convened the Affiliate Liaison Network twice. This group is comprised of individuals who work at host community foundations and support their affiliate community foundations. The group convened in May and November of 2018 to discuss programming, outreach and fundraising strategies, board development, strategic grantmaking and rural development efforts. As a result of the spring meeting, the ICoF produced the *Iowa Community Foundations Initiative Guide to Effective Grantmaking* as a resource for community foundations across the state. The Guide shares best practices, an overview of the grantmaking

process and goals of grantmaking, and shines a light on smart strategies in action in Iowa particularly for those communities participating in the County Endowment Fund Program.

Community Foundation Services Coordinator

In April 2015, the Iowa Council of Foundations hired a contractor 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 representatives. Some of the Coordinator's 2018 activities have included:

- planned and executed educational programs including the annual Connect Community Foundations Conference, facilitated the Peer-Learning Call series, worked in partnership with the Council on Foundations to host the CF Finance Training, and coordinated the CEO Network and Affiliate Liaison Network meetings;
- served as a liaison to community foundation hosts and affiliates and to the ICoF;
- cultivated content, created and distributed the monthly e-newsletter *CF Snapshot*;
- participated in affiliate trainings or annual meetings hosted by community foundations throughout the state; and
- administered three grant programs available to community foundations through the Iowa Community Foundations Initiative.

The ICoF plans to utilize a Coordinator moving into 2019 to continue to support these efforts and develop new programs, services and supports.

Capacity Building Grants

The Iowa Council of Foundations administered 13 capacity building grants to Iowa community foundations throughout 2018. Funds were used to help community foundations and their affiliates focus their efforts on fund development and endowment growth. Activities associated with these grants included: professional development, strategic planning, staffing capacity, professional development, technology, community engagement, and building strategic partnerships. This grant program has both a Spring and Fall cycle to better serve community foundations.

Affiliate Training Mini-Grant Program

Iowa currently has more than 130 community foundations and a well-respected effective network, which continues to propel the state as a national leader in the community foundation field. The majority of affiliates are operated by active volunteers in local communities that work with one of 11 host community foundations serving as the legal entities and administrative supports for the affiliates. In an effort to support the education and training of community foundation and affiliate volunteers and staff around the state, ICoF launched an Affiliate Training Mini-Grant program last year. The program makes \$1,000 available per year to hosts to

convene their affiliates for local training opportunities close to home. These grants are to be used specifically for learning and educational or training opportunities for affiliate volunteers and/or staff.

Peer-Learning Call Series

In 2016, ICoF launched a Peer-Learning Call series, which continued in 2017 and 2018. The conference calls are an opportunity for community foundation host and affiliate staff and/or board members to learn from others in the field. Each call features a different topic and peers who share their experiences, best practices and sometimes pitfalls to avoid related to that month's topic. The calls are recorded and then made accessible on the ICoF website. This year's quarterly calls covered a range of topics including: grant success stories, communications and marketing strategies, strategies for events and outreach with professional advisors and finally a call for peers to share back their learnings from national and regional conferences they attended throughout the year. This popular series will continue in 2019.

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 participating counties. The 2017/2018 report will be released in January 2019 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 committee members, contact names, total assets, and overall asset growth. The publication includes various photos of projects and programs the CEFPP dollars have funded through the grantmaking efforts of community foundations throughout the state. The report also features a section on the grantmaking activities of the nonprofit gaming license holders across the state.

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), announcements of upcoming educational sessions, grant opportunities both regional and national in nature, articles featured in local publications, and more. In addition, the *CF Stories* blog was launched in 2016. The blog features the ICoF President and various guest bloggers writing about topics related to community foundation grantmaking, development efforts and public policy. In 2018, a new resource was added—Peer Pointers—to provide brief “fast facts” on work that has proven successful in building endowments at peer community foundations around the state. The idea is that learning from others in the field is often the best way to learn and implement new strategies.

Websites

The ICoF continues to connect donors to Iowa community foundations by hosting the iowacommunityfoundations.org website. All advertising the ICoF does on behalf of Iowa community foundations directs interested parties to this site. The website includes information about Endow Iowa and the County Endowment Fund Program as well as a “Find Your Local Community Foundation” homepage which features a searchable map by county name, zip code, or region of Iowa. In addition, the Iowa Council of Foundations continues to host www.IowaCouncilOfFoundations.org which is mobile responsive and houses a password-protected Knowledge Center in which curated resources are stored, including educational materials and marketing templates for community foundations. All community foundation volunteers, board members, and staff are granted access to the Knowledge Center. This site also includes an events calendar with ICoF as well as Iowa Community Foundations Initiative programming, making it a one-stop shop for 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 Iowa’s Lead Philanthropic Entity (ICoF), as well as other agencies to support the various philanthropic initiatives in the state. 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. The ICoF also tracks and ensures each host community foundation continues their accreditation with the National Standards for U.S. Community Foundations, a requirement of being able to participate in both state programs.

Summary

Iowa’s community foundation network continues to experience tremendous growth, due in large part to the legislature’s continued support for Endow Iowa and the County Endowment Fund Program. As of the end of FY18 (June 30, 2018), Iowa’s community foundations reported 6.89% growth in permanent endowment assets over FY17 (from \$780,704,896.49 to \$838,497,115.01).

In 2019, 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 collaboration. In Iowa, thriving philanthropy equals thriving communities . . . For good. For Iowa. Forever.