

Endow Iowa Tax Credit and County Endowment Fund Programs - 2020

A Report to the Governor and the Iowa Legislature

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

January 2021



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 of dollars 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 on your constituents can be seen in after-school programs, historical preservation, community leadership programming, food pantries, transportation solutions, and in countless other ways.

During this year's COVID-19 pandemic, Iowa community foundations have served as strong community partners in meeting the unique challenges each of their communities has faced. Through December 31, 2020, Iowa community foundations have raised and/or committed \$9.4 million for COVID-19 relief, response and recovery efforts. Additionally, community foundations went beyond the money to help their communities adapt during this critical time—supporting nonprofits, schools, and small businesses through partnerships with local government agencies at the state and federal levels. We have been inspired watching this work unfold.

Further, following the August 10 derecho, several community foundations responded by establishing funds which raised close to \$2 million to assist with response and recovery in their respective communities. These funds are focusing on meeting the needs of persons in their community that are not being met by existing nonprofit, local, state and federal programs. Community foundations are uniquely positioned to respond quickly to disasters in their communities, having prepared and created funds in advance so that they may quickly begin receiving donations and distributing grants to provide support to communities.

This year, Iowa community foundations have found innovative ways to respond to pandemic and derecho response, and will continue to do so as we move into 2021. *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 2020.*

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 these tax credits annually.

The following is a summary of the credits awarded in calendar year 2020:

- 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 68 different community foundations and community affiliate organizations received Endow Iowa qualified donations; and
- The \$24 million in donations was comprised of 2,329 donations.

Of the 2,329 total donations made in 2020, 154 were from business establishments (corporations) or from financial institutions. The remaining 2,175 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 2,213 donations for a total of \$4,849,164.29) of the donations were made in individual donations of \$30,000 or less;
- 4% (equaling 116 donations for a total of \$19,150,824.22) 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 \$311,570,788.80 in permanent endowment fund gifts made through 41,256 donations.

| Year | Donation Amount | | | | Total Donations |
|-------------|------------------------|---------------------------|-----------------------------|-----------------------|------------------------|
| | \$1,000 or less | \$1,001 - \$30,000 | \$30,001 - \$100,000 | Over \$100,000 | |
| 2020 | 1,617 | 596 | 75 | 41 | 2,329 |
| 2019 | 2,191 | 875 | 95 | 35 | 3,196 |
| 2018 | 2,354 | 958 | 84 | 37 | 3,433 |
| 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 | 1,490 | 458 | 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 |

The Endow Iowa tax credit continues to be a very popular program. At the end of 2020, there were 2,401 applications eligible for 2020 tax credits that did not receive them. Those applications were put on the wait list for 2021 credits. Those applications totaled \$24 million in charitable giving. The last dollar of the \$6 million in 2020 tax credits was awarded on December 24, 2019. At the time of this report, there are no 2021 Endow Iowa tax credits available because the full \$6 million for 2021 has been reserved for applications on the waitlist. Currently, there are 131 applications eligible for 2020 tax credits that have been put on the 2022 wait list. This number will continue to grow as all gifts in 2021 will be added to the 2022 waitlist. This demand demonstrates the generosity of Iowans who are investing in the future of their communities and our state.

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 capacity 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 in 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.

2020 Distribution

In 2020, the total amount available through this program was \$9,475,431.40. \$70,000 was directed to the Iowa Economic Development Authority (IEDA) for administration of the program and three percent of the total (\$282,163.40) was allocated to the state's Lead Philanthropic Entity, the Iowa Council of Foundations (ICoF), to support administration of the programs and additional activities in support of community foundation work. The remaining funds (\$9.1 million) were distributed among the 84 community foundations and/or community affiliate organizations who participate in the program; each organization received \$108,610. Of those funds, 25% was directed towards the county's permanent endowment fund, while 75% will be granted out into the community to meet current needs.

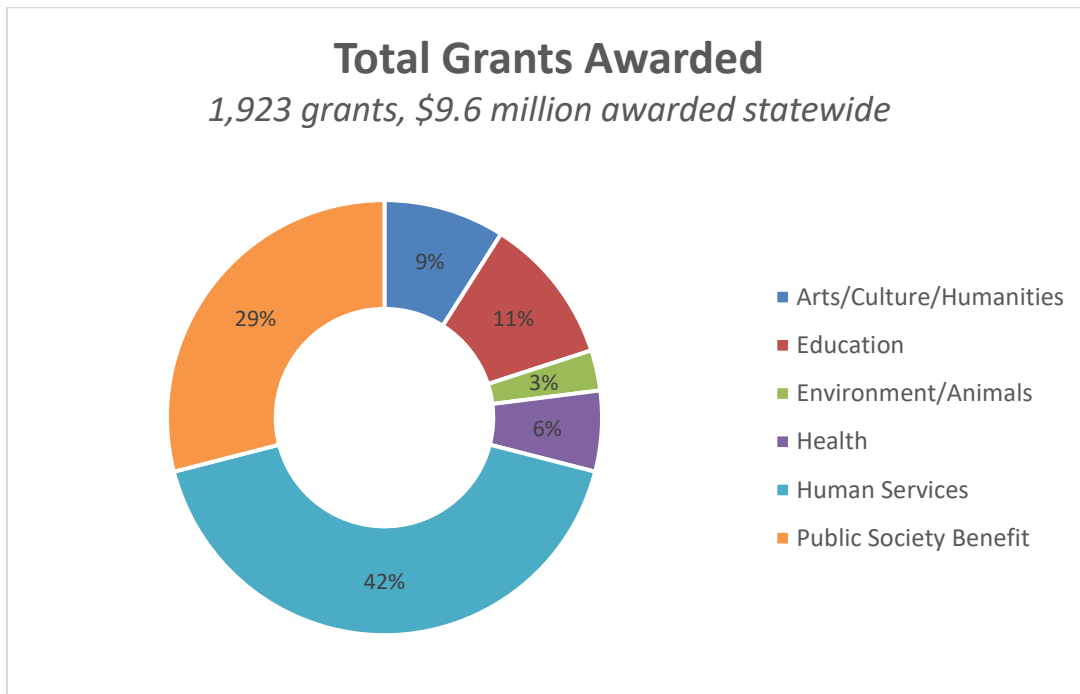
Grant Awards Snapshot

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 2019 distribution.

Throughout the fall of 2019 and most of 2020, local community foundation advisory committees collectively reviewed 3,011 applications from charitable organizations representing a variety of programs and projects which reflect local needs, including education, human services, community beautification, the arts, the environment, and animal welfare. 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, as shown in the chart below. According to the information provided by the community foundations participating in this program, 53% of the total County Endowment Fund dollars were awarded to capital projects and 47% were awarded to programming in 2019.

Focus Areas of 2019 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 2019/2020 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 2021 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 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 2020. 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 and the County Endowment Fund Program in partnership with community foundations through a variety of media outlets, including Iowa Public Radio, Iowa Public Television, ia Magazine, The Iowan 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 across the state and drive them to contact their local community foundation. In the first half of 2020, these ads had a consistent look and message across all media outlets celebrating the 15th year of the County Endowment Fund Program.

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* annual publication which was distributed as part of the Association of Fundraising Professionals National Philanthropy Day on November 13, 2020. This publication reached an additional 60,000 subscribers through print and online publications in roughly 75 Iowa counties.

ICoF staff also spoke about Endow Iowa and the County Endowment Fund Program at various virtual events and meetings in 2020, including multiple community foundation partner meetings.

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 2020, 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 that hosted professional advisor seminars throughout the year. Many community foundations are hosting professional advisor seminars regularly in their regions.

Additionally, in 2020, the ICoF launched a refreshed www.iowacommunityfoundations.org website that is streamlined to provide information and resources to the most likely visitors to the site — potential donors and professional advisors. For professional advisors, the ICoF has developed several tools, in the form of downloadable fact sheets, that explain the benefits of working with community foundations for any professional advisor's client needs. This could include estate planning, establishing a donor-advised fund, tax benefits to charitable giving through the community foundation and many more. The site also provides detailed information about both the Endow Iowa and County Endowment Fund programs.

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 2020, the ICoF hosted the annual Connect Community Foundations Conference, a statewide educational opportunity for Iowa community foundations and affiliate community foundations – virtually. On September 22-23 and 29-30, nearly 100 attendees (staff, advisory committee, board

members, and volunteers) representing 36 Iowa community foundations, came together virtually for 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 changes to grantmaking practice during the COVID-19 pandemic, board recruitment and board fundraising, and how community foundations can support equity in their programs and grantmaking. The second half of the conference brought participants together for peer-learning circle conversations on the following topics: programs and grantmaking, development and fundraising, finance, marketing and communications, and affiliate community foundations.

The conference also provided an opportunity for community foundations to share about their work with their peers and included an update on community foundation response to the COVID-19 pandemic. Community foundations continue to share positive feedback about the value of this annual event. Following the conference, the ICoF distributed over \$4,000 in Idea Implementation grants to 4 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, session recordings, speaker presentations and resources from the conference are available on the ICoF website for attendees to access throughout the year. 100% of Connect attendees rated the conference as excellent or good. The ICoF will continue to explore ways to leverage virtual training in 2021.

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 representatives (board, staff, and volunteers) from Iowa community foundations. In 2020, the ICoF partnered with the Indiana Philanthropy Alliance to host a Community Foundations Boot Camp for 31 participants. Evaluations on a scale from 1 (strongly disagree) to 5 (strongly agree) showed that attendees rated each portion of the training a 4+.

In addition, ICoF hosted three webinars this year designed to educate grantmakers about the role they can play to support the following efforts in their communities:

- Treat Your Grantseekers Like You Treat Your Donors;
- Disaster Philanthropy: Looking Back on Lessons Learned & Preparing for the Future; and
- Impact Investing Recovery Response.

We also hosted several check-in calls for community foundations throughout 2020 focused on community foundations' COVID-19 response and derecho response.

CF CEO Network

The Community Foundation CEO Network is comprised of presidents, CEOs, and executive directors representing 17 host and stand-alone community foundations across the state who meet National Standards for U.S. Community Foundations. The 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 the opportunity to share best practices in their responses to

community needs during the pandemic as nearly bi-monthly calls were scheduled with the Network during the spring and summer months. Additionally, throughout the year the Network was able to learn more about legislative issues impacting their sector, impact investing, updates to the National Standards for U.S. Community Foundations, and diversity, equity, and inclusion work happening at Iowa community foundations. Also, the group meets virtually twice a year prior to and following the state legislative session. They utilize these meetings as an opportunity to understand legislative impacts on their work and how they can communicate their impact to elected officials.

Affiliate Liaison Network

In 2020, the Iowa Council of Foundations convened the Affiliate Liaison Network twice – virtually. This group is comprised of individuals who work at host community foundations and support their affiliate community foundations. The group convened in April and November to discuss programming, communications and marketing tools, racial equity training, responding to community needs during the pandemic, trust-based philanthropy practices, donor development during a time of social-distancing, effectively utilizing social media, community leadership, and rural development efforts.

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 the ICoF can offer community foundations throughout the state and strengthened the ICoF's relationships with community foundation and affiliate representatives. Some of the Coordinator's 2020 activities have included:

- assisted in the planning and execution of moving all of trainings to virtual. These educational programs included the annual Connect Conference, the Peer-Learning Call series, the Community Foundations Boot Camp series, and the CEO 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 virtually in affiliate trainings and annual community foundation meetings;
- administered the three grant programs detailed in this report;
- assisted in the development of a new video series for community foundations; and
- lead the coordination of the annual County Endowment Fund Program report.

The ICoF plans to utilize a Coordinator moving into 2021 to continue to support these efforts and develop new programs, services, and supports.

Capacity Building Grants

The Iowa Council of Foundations administered 12 capacity-building grants to Iowa community foundations throughout 2020. 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: building their internal operations, professional development, strategic planning, staffing capacity, donor development, board training and development, community engagement, and marketing materials. 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 affiliate community foundations – a well-respected, effective network, which continues to propel the state as a national leader in the community foundation field. The majority of affiliate organizations are operated by active volunteers in local communities which work with one of 12 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, the ICoF launched an Affiliate Training Mini-Grant program last year. The program makes \$1,500 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. As most trainings for 2020 were moved online, this program was not utilized during the year, but funds will again be available in 2021 as trainings possibly begin again in person later in the year.

Peer-Learning Call Series

In 2016, the ICoF launched a Peer-Learning Call series, to offer an opportunity for community foundation host and affiliate staff and/or board members to learn from others in the field through conference calls — or this year via Zoom meetings. Each PLC 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 PLC's covered a range of topics including: treating your grantseekers like you treat your donors, community and economic development, and donor development during a pandemic. This popular series will continue in 2021.

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 2019/2020 report will be released in January 2021 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 CEFP 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 in Iowa.

Monthly E-Newsletter

Each month, the ICoF shares updates, best practices, resources, and highlights from local community foundations through an electronic newsletter, *CF Snapshot*. 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 e-newsletter features a blog section with both the ICoF President and various guest bloggers writing about topics related to community foundation grantmaking, development efforts, and public policy. Another popular section of the e-newsletter is *Peer Pointers*, which provides brief “fast facts” on work that has proven successful in building endowments at peer community foundations around the state. The idea behind this section is that learning from others in the field is often the best way to develop and implement new strategies.

Websites

The ICoF continues to connect donors to Iowa community foundations by hosting the www.IowaCommunityFoundations.org website. This year, the website got a total refresh that is now mobile responsive. 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 an interactive, searchable map that allows visitors to find their local community foundation by county. 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 offered access to the Knowledge Center. This site also includes an events calendar with the 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 IEDA 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 and enhanced ability to address community needs throughout the state, due in large part to the Legislature's continued support for Endow Iowa and the County Endowment Fund Program. At the end of FY20 (June 30, 2020), Iowa's community foundations reported 4.53% growth in permanent endowment assets over FY19 (from \$903,653,475.05 to \$944,549,195.87).

In 2021, 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.