

Endow Iowa Tax Credit and County Endowment Fund Programs - 2022

A Report to the Governor and the Iowa Legislature

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

January 2023



Thriving Philanthropy Equals Thriving Communities

The *Endow Iowa tax credit* and the *County Endowment Fund Program* have positioned Iowa as a recognized national leader in community-based philanthropy. These two innovative programs, implemented through nationally accredited local community foundations across the state, are focused on increasing charitable activity to enhance the quality of life for Iowans, support nonprofit infrastructure, and meet local needs. Each program is achieving those goals and 2022 was another successful year for Iowa community foundations and Iowa communities.

Iowa community foundations found innovative ways to respond to pandemic and disaster response and recovery again this year. These are moments when philanthropy shines by filling gaps, providing needed resources for nonprofit organizations and charitable causes, and leveraging additional resources for communities of all sizes. As community foundations find solutions for communities large and small, urban and rural – it is the collective work of these organizations that has the most profound impact. This work is amplified by *Endow Iowa* and the *County Endowment Fund Program*.

The foresight of our legislators over 15 years ago, and the continued commitment to both programs since, positions Iowa community foundations to 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.

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 2022 report on the activities of both programs.

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. Iowa Code section 15E.305(2) authorizes \$6 million for these tax credits annually.

The following is a summary of the credits awarded in calendar year 2022:

- 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 79 different community foundations and community affiliate organizations received Endow Iowa qualified donations; and
- The \$24 million in donations was comprised of 1,938 donations.

Of the 1,938 total donations made in 2022, 141 were from businesses, such as corporations, or from financial institutions. The remaining 1,797 donations were from individual donors.

The legislation requires that at least 10% of the donations be in amounts of \$30,000 or less.

- 95% (equaling 1,833 donations for a total of \$4,594,284.83) of the donations were made in individual donations of \$30,000 or less;
- 5% (equaling 105 donations for a total of \$19,405,714.93) 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 \$359,570,788.35 in permanent endowment fund gifts made through 45,592 donations.

<i>Year</i>	<i>Donation Amount</i>				<i>Total Donations</i>
	<i>\$1,000 or less</i>	<i>\$1,001 - \$30,000</i>	<i>\$30,001 - \$100,000</i>	<i>Over \$100,000</i>	
2022	1,275	558	76	29	1,938
2021	1,692	595	82	29	2,398
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 and is oversubscribed. At the end of 2022, there were 2,558 applications eligible for 2022 tax credits that did not receive them. Of those applications, 1,554 were put on the waitlist for 2023 credits. Those applications totaled \$24 million in charitable giving. The last dollar of the \$6 million in 2022 tax credits was awarded on September 15, 2021.

At the time of this report, there are no 2023 Endow Iowa tax credits available because the full \$6 million for 2023 has been reserved for applications on the waitlist. Currently, there are 1,554 applications eligible for 2022 tax credits that have been put on the 2023 waitlist and 1,635 applications that have been put on the 2024 waitlist. This number will continue to grow as all gifts in 2023 will be added to the 2024 waitlist until June 30, 2023, when the Iowa Economic Development Authority will discontinue the waitlist process. This demand demonstrates the generosity of Iowans who are investing in the future of their communities.

County Endowment Fund Program

The County Endowment Fund Program was established by HF 2302 during the 2004 Legislative Session. While it is separate from the Endow Iowa tax credit program, 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 that do not have a business with a state-issued gaming license. The legislation requires each organization to 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.

2022 Distribution

In 2022, the total amount available through this program was \$13,913,688. The Iowa Economic Development Authority (IEDA) receives \$70,000 for administration of the program and three percent of the total (\$417,411) 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 (\$13.5 million) were distributed among the 84 community foundations and/or community affiliate organizations who participate in the program. Each organization received \$160,670. 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.

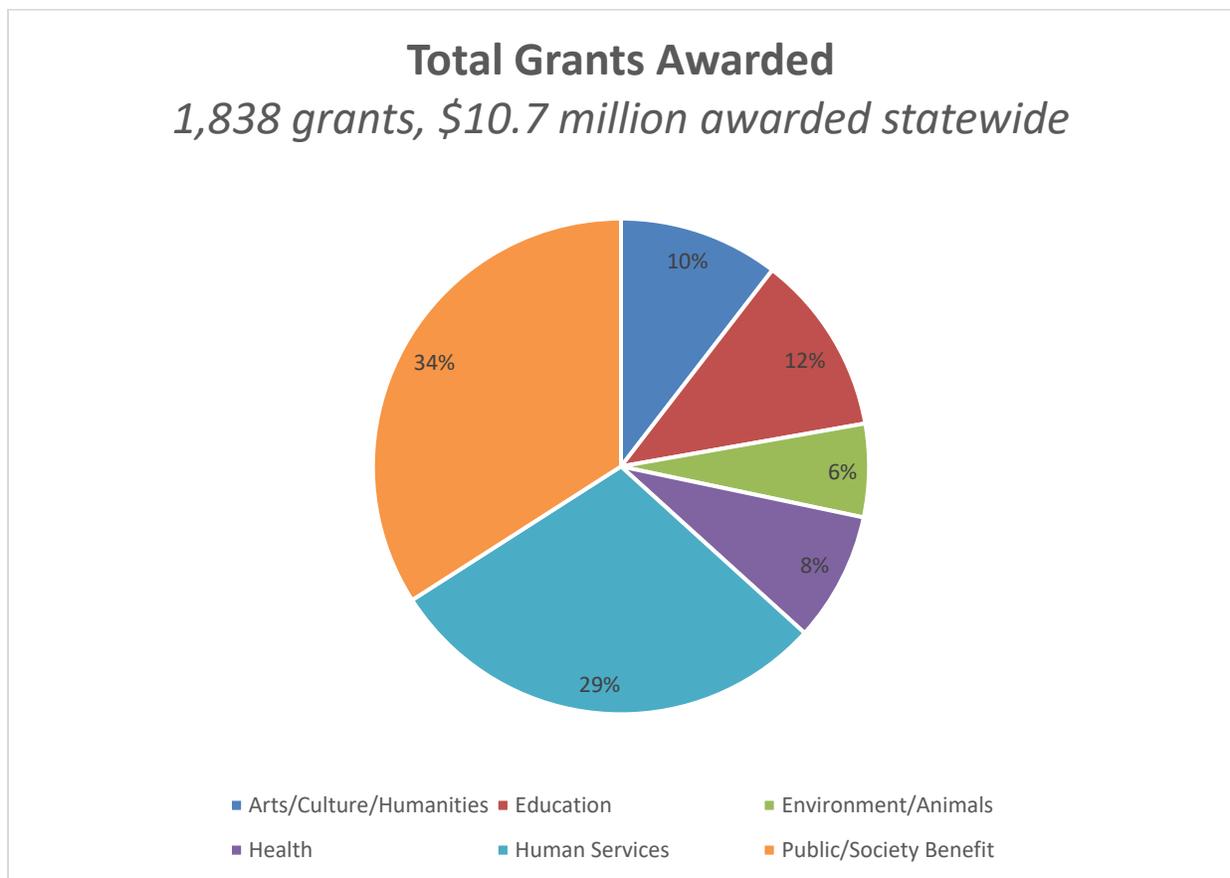
Grant Awards Snapshot

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 2021 distribution.

Throughout the fall of 2021 and most of 2022, local community foundation advisory committees collectively reviewed 2,558 applications seeking funding of \$21.2 million 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, 71% of the total County Endowment Fund dollars were awarded to capital projects and 29% were awarded to programming in 2021.

Focus Areas of 2021 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 2021/2022 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 2023 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 2022. 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.

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 in November. 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 2022, 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 2022, 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. 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 2022, the ICoF hosted the annual Connect Community Foundations Conference, a statewide educational opportunity for Iowa community foundations and affiliate community foundations, as a

virtual series with a culminating one and one-half day in-person event in September 2022. Throughout 2022, 112 attendees (staff, advisory committee, board members, and volunteers) representing 45 Iowa community foundations, came together virtually and in-person 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 rural community and economic development, talent retention, successful endowment building campaign models, rural equity leadership, scholarship administration, donor communications, community leadership, and fund development. We also brought leaders together for peer-learning circle conversations on the following topics: programs and grantmaking, development and fundraising, finance, marketing and communications, and affiliate community foundations.

Community foundations continue to share positive feedback about the value of this annual event. Following the conference, the ICoF distributed over \$18,651.74 in Idea Implementation grants to 11 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 virtual sessions are available on the ICoF website for attendees to access throughout the year. Based on feedback from the conference, ICoF will again offer virtual sessions throughout the year in 2023 with a culminating in-person event in the fall.

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 that 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. Additionally, throughout the year, members of the Network learned more about legislative issues impacting their sectors and community leadership work. 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 2022, the Iowa Council of Foundations twice convened the Affiliate Liaison Network in person. This group is comprised of individuals who work at host community foundations and support their affiliate community foundations. The group convened in June and participated in a learning-from-place site visit in Marshalltown and then again in Cedar Falls in December to discuss programming strategy to best support affiliate community foundations in partnership with the Iowa Council of Foundations.

Capacity Building Grants

The Iowa Council of Foundations administered 12 capacity-building grants to Iowa community foundations throughout 2022. 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: board development for endowment growth, building their operations, professional development, strategic planning, and donor development. 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 in 2020. The program makes \$2,500 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. In 2022, 2 grants were made to 2 hosts to support in-person trainings for their affiliates focused on sharing and storytelling

Community Foundation Services Coordinator

In April 2015, the Iowa Council of Foundations added a contract position 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 2022 activities have included:

- assisted in the planning and execution of the 2022 Connect Community Foundations virtual series and in-person conference, CEO Network meetings, 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 and annual community foundation meetings;
- administered the three grant programs detailed in this report;
- assisted in the development of new mini training videos for community foundations; and
- led the coordination of the annual County Endowment Fund Program report.

The ICoF plans to utilize a coordinator moving into 2023 to continue to support these efforts and develop new programs, services, and supports.

Community Foundations Data Collection Processes

The ICoF frequently receives requests from Iowa community foundations for peer data and sample policies. To further support the Iowa Community Foundations Initiative, the ICoF has prepared two data reports this year to support peer benchmarking and discussion within the Iowa Community Foundations network. We encouraged Foundations to review the research and use it to examine their

organization's policies and procedures. We hope it can be a helpful tool to inform strategies to reach short- and long-term goals at their organizations.

In addition, ICoF often receives requests from Iowa community foundations about peer data regarding salaries and benefits. To further support the Iowa Community Foundations Initiative, the ICoF has prepared the 2022 Iowa Community Foundations Salary and Benefits Report which captures data reported by 13 of the 17 accredited Iowa community foundations in summer 2022. It is recommended that foundations use this data in combination with other data sources to ensure a robust methodology for determining staff salaries and benefits. We hope it can be a helpful tool to support employee attraction and retention, pay equity and succession planning.

Training Videos and Tools

Last year the ICoF launched a new training video series. These short videos can be used for ongoing training and professional development for community foundations and affiliates. Videos are released periodically throughout the year and are designed to be viewed during board or affiliate advisory committee meetings. Each video has a complementary tool that can be completed following the video to accompany learning and move the board and advisory committee members – both individually and collectively – to action. The ICoF will continue to build out this video and tool library in 2023.

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 2021/2022 report will be released in January 2023 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 County Endowment Fund Program 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. The website got a total refresh in 2020 and 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, the 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 gathering the required annual board resolutions for participation in the Endow Iowa Tax Credit program. Together in partnership, IEDA and the ICoF also track and ensure each host community foundation continues their accreditation with the National Standards for U.S. Community Foundations, a requirement for participation in both state programs.

Summary

Iowa's community foundation network continued to see consistent giving patterns in 2022. This enhances their 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. Due to changes in the financial market, permanent endowed assets have decreased from the end of FY21 (June 30, 2021) to the end of FY22 (June 30, 2022). Based on giving and granting data we collected for calendar year 2021, these decreases were due to market losses, not to any notable changes in donor giving patterns. Iowa's community foundations reported a total of \$1,137,825,744.16 in endowed assets at the end of FY22 (June 30, 2022).

In 2023, the Iowa Council of Foundations and the Iowa Economic Development Authority will continue to support the success of these programs and the community foundation field by exploring new opportunities for outreach, education, and collaboration. In Iowa, thriving philanthropy equals thriving communities ... For good. For Iowa. Forever.