

# **2005 REPORT TO LEGISLATURE ON ENDOW IOWA PROGRAM ACTIVITIES**

## **ENDOW IOWA TAX CREDITS**

Endow Iowa Tax Credits are state tax credits provided to individuals or businesses that donate to qualified community foundations or community affiliate organizations in the state. HF 868 of the 2005 Legislative Session provided \$2 million in Endow Iowa tax credit authority for each of the years 2005 through 2008.

The following is a summary of the credits awarded in calendar year 2005:

- \$2 million in Endow Iowa tax credits were awarded;
- The tax credits leveraged \$10 million in charitable giving;
- The \$10 million in donations went to at least 23 different community foundations and/or community affiliate organizations;
- The \$10 million in donations was comprised of 449 separate donations.

The individual donations can be further categorized as follows:

- |                                     |                 |
|-------------------------------------|-----------------|
| - Donations of \$1000 or less       | - 213 donations |
| - Donations of \$1001 - \$30,000    | - 181 donations |
| - Donations of \$30,001 - \$100,000 | - 37 donations  |
| - Donations of \$100,000 +          | - 18 donations  |

Of the 449 total donations, 42 were from business establishments (corporations) or from financial institutions. The remaining 407 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:

- \$1,625,772 (16%) of the donations were made in individual donations of \$30,000 or less;
- \$8,374,228 (84%) of the donations were made in individual donations of more than \$30,000.

## **ENDOW IOWA GRANTS**

SF 2311 of the 2004 Legislative Session provided \$155,303 for Endow Iowa Grants pursuant to Iowa Code section 15E.304. That legislation directed the IDED to select a Lead Philanthropic Entity that would then award Endow Iowa Grants to new and existing qualified community foundations and to community affiliate organizations.

The IDED has selected the Iowa Council of Foundations as the Lead Philanthropic Entity. The Council undertook an extensive application and review process to select the final grant recipients. A maximum grant award amount of \$25,000 per recipient was established, and the decision was made to give a priority in consideration to recently-established foundations and/or community affiliate organizations. A minimum matching requirement of \$1 of private donation for each \$1 of grant award was also established. The Council has reported that \$622,900 in matching funds (donations) were raised by the 18 organizations that applied for grant funds. A Review Committee was organized for the purpose of evaluating the grant requests. After the complete review and evaluation process, awards of \$25,000 each were made to the following foundations and/or community affiliate organizations:

- Clay County Community Foundation;
- Clayton County Foundation for the Future;
- Community Foundation of Greater Muscatine;
- Elma Area Community Foundation;
- Greene County Community Foundation;
- Foundation for the Enhancement of Mitchell County.

## COUNTY ENDOWMENT FUND

The County Endowment Fund was established by HF 2302 in the 2004 Legislative Session. It is separate from the Endow Iowa Program, but has a similar purpose – providing state financial support to encourage the creation and development of community foundations throughout Iowa.

Through the County Endowment Fund, approximately \$5,573,000 was available for Community Foundations or Community Affiliate Organizations throughout Iowa. Three percent of the total amount (approximately \$167,000) was provided to the Iowa Council of Foundations for activities in support of the program. Approximately \$5.4 million was then distributed among 85 Community Foundations and/or Community Affiliate Organizations. Each of the 85 organizations received \$63,601 through this program. Of that amount, the legislation requires that each organization put 25% (\$15,900) into a permanent endowment fund, and distribute the other 75% (\$47,701) to charitable causes and/or organizations in their service area.

The distribution of funds to the community foundations in 2005 (the program's first year) occurred in November. The timing was such that most of the recipients have not yet made awards of the 75% portion of the funds. A full report on those awards will be made to the 2007 Session of the General Assembly.

However, a few of the recipients have already made awards from the 2005 distribution. For example, reports have been received from the following organizations, detailing their recent awards:

- Community Foundation of Johnson County;
- Maquoketa Area (Jackson County) Community Foundation;
- Foundation for the Enhancement of Mitchell County;
- Community Foundation of Greater Story County;
- Wapello County Foundation;

The other organizations are, for the most part, in the middle of their application/review/award process. In most cases, the application deadlines have been established to be in March or April of 2006.

Most, if not all, of the 85 organizations referred to above were formed as a direct result of the impetus provided by the County Endowment Fund program. Each of the organizations has a Board of Directors comprised of 5 or more community leaders or advocates for local philanthropy. Many of the Boards have 10 or more members. The formation of these organizations has thus resulted in 1,000 or more local community leaders becoming involved in the community foundation/philanthropy arena throughout the state. This benefit can be added to the purely financial results of the program.

Additional detail on the awards made by the above organizations, and on awards that will be made by the other organizations in the future, will be maintained in the IDED files.

## TRAINING AND INFORMATION-SHARING

New and existing community foundations and affiliates were provided a number of opportunities for training and information-sharing in 2005. In addition to the training provided by the “parent” foundations for their affiliates, the following statewide events were held:

The Community Vitality Center organized a second annual Community Philanthropy Academy on behalf of several co-sponsors including the Iowa Department of Economic Development, Iowa State University Extension, Iowa Area Development Group, Iowa Nonprofit Resource Center, and collaborating members of the Iowa Council of Foundations. The day long conference on April 22, 2005 attracted 145 community leaders and local foundation board members from all areas of the state who participated in workshops on board responsibilities, strategic planning, assessing needs, marketing strategies, web tools, information needed by donor advisors and attorneys, grant making best practices, strategies for communicating with current and former residents, building endowments and hometown competitiveness. The Academy was timed to assist local leaders in any last minute changes for county endowment entity applications due on May 1. This CVC effort followed a series of four statewide satellite town meetings conducted during the previous six months designed to assist county groups in forming community foundations and county endowment entities.

On October 4-6, 2005 the Iowa Council of Foundations hosted the Community Foundation Fundamentals Course (CFFC) for community foundations and affiliates across Iowa. The CFFC was also supported by the Iowa State University- Community Vitality Center, University of Iowa- Iowa Nonprofit Resource Center, and the Iowa Department of Economic Development. The purpose of the course was to provide training to foundation representatives in the basics of community foundation operations, including management, resource development, communications and public relations, and grantmaking. The CFFC brought in two excellent community foundation practitioners to serve as faculty for the course; Michael Batchelor (President of The Erie Community Foundation) and Brian Frederick (President and CEO of the Community Foundation of Greater Lorain County) have had extensive careers in philanthropy and in the national community foundation field. Representatives from the (national) Council on Foundations also provided insight and guidance over the three day, interactive course; Dori Kreiger (Program Manager working directly with National Standards) as well as Kelly Shipp-Simone (Staff Attorney) attended and were available for questions and inquiries. The course drew a total of 27 registrants from across Iowa-representing both long established community foundations as well as new and developing affiliate organizations. The overall reactions to the course were extremely positive and all who filled out evaluations found great value in the information and interactive participation.