

CHAPTER 13
IOWA CULTURAL TRUST

221—13.1(303) Program purpose. The purpose of the Iowa cultural trust is to assist Iowa nonprofit arts, cultural and historical organizations in building stability and sustainability through the Iowa cultural trust fund.

[ARC 8087B, IAB 8/26/09, effective 9/30/09]

221—13.2(303) Program description. The cultural trust fund receives, preserves, invests, and expends moneys appropriated by the general assembly together with any other gifts, bequests, donations, or grants from federal or private sources directed to the fund's purposes.

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221—13.3(303) Definitions. The following definitions shall apply when used in this chapter unless otherwise noted:

“*Application*” means an official cultural trust grant application form as provided by the department.

“*Arts organization*” means an eligible organization with the arts as its primary mission and purpose. The organization must operate as an arts organization, including but not limited to an art museum, performing arts-producing organization, or community arts agency.

“*Board*” means the board of trustees of the Iowa cultural trust, as provided in Iowa Code section 303A.5.

“*Cash match*” means funds that are locally contributed for a cultural trust grant project. Matching funds shall be provided by the eligible applicant and shall not include any portion of another department of cultural affairs, Iowa arts council, or state historical society of Iowa grant.

“*Cultural organization*” means an eligible organization with culture, the sciences or humanities as its primary mission and purpose. The organization must operate as a cultural organization, including but not limited to a cultural center, civic arts-presenting venue, botanical center, science museum, children's museum, arboretum, or zoo.

“*Department*” means the Iowa department of cultural affairs (DCA).

“*Director*” means the director of the department of cultural affairs or the director's designee.

“*Endowment*” means a collection of funds, typically invested in long-term assets that produce income for an organization. Generally, the endowed asset is kept intact, and a portion of the income generated by it is used by the organization for operational costs.

“*Grantee*” means any applicant receiving grant funds under a cultural trust grant program.

“*Grant review panel*” means a group of at least three individuals with knowledge of cultural organizations, nonprofit best practices, and strategic planning who review grant applications according to the published criteria, with the responsibility to make funding recommendations to the board.

“*Historical organization*” means an eligible organization with history as its primary mission and purpose. The organization must operate as an historical organization, including but not limited to an historical museum, interpretive center, historical society, historical library or archival repository.

“*Trust fund credits*” means moneys raised by Iowa nonprofit arts, cultural and historical organizations to increase the amount of their endowments and other resources, as reported to the department.

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221—13.4(303) Trust fund credits.

13.4(1) Annually, the director shall certify to the state treasurer the trust fund credits gained by Iowa arts, cultural, and historical organizations in the previous year.

13.4(2) Criteria. In determining trust fund credits, the director shall:

a. Review reports from major arts, cultural, and historical organizations to determine the amount which has been given to their endowments in the previous year.

b. Review final reports from departmental grants to determine the amount of cash match contributed to granted projects in arts, cultural, and historical organizations. Cash match amounts indicate nonpublic support provided to organizations.

[ARC 8087B, IAB 8/26/09, effective 9/30/09]

221—13.5(303) Cultural trust grant programs.

13.5(1) *Grant program eligibility.* Applicants may include any arts, cultural, or historical organization that is either an Iowa organization that is federally tax-exempt under United States Internal Revenue Code Section 501(c)(3) and incorporated under the Iowa nonprofit corporation Act or an Iowa organization that operates as an arts, cultural, or historical department or division of a municipal or county government (does not include public libraries, parks, or recreation departments). Additional eligibility criteria are as listed in published guidelines for individual grant programs.

13.5(2) *Ineligible applicants.* The following entities are not eligible to apply for cultural trust grants:

- a. Any individual.
- b. An entity of federal or state government.
- c. An organization applying through a fiscal agent.
- d. An organization with an outstanding late final report to the department or any of its divisions.
- e. A public (nonhistorical/cultural) library, park, or recreation center.
- f. A for-profit corporation or business.
- g. A religious organization, labor union, political party, or national service/professional organization.
- h. An educational institution, organization, or K-12 school, whose primary orientation, mission, and purpose is education and the awarding of academic credits.
- i. An organization that has already received funding for the same project from another department grant program.

13.5(3) *Cultural trust stability grants.* Stability grants support projects that will help Iowa cultural organizations reach goals of fiscal stability and institute best practices in organizational strategic planning and management.

- a. Applicants may request support for one or more of the following:
 - (1) Contractual costs for a consultant to advise on strategies to attain long-term financial stability and sustainability.
 - (2) Salary or contractual costs for a fundraising consultant or to support a fundraising staff position.
 - (3) Costs related to board or staff training in fundraising or endowment building or both.
 - (4) Costs related to a strategic planning process that includes development of strategies related to long-term financial stability and sustainability.
- b. General stability grant program policies.
 - (1) Applicants may request up to 50 percent of the project cost, to a maximum of \$2,500.
 - (2) All applications must show a dollar-for-dollar cash match.
 - (3) No organization may receive more than one stability grant in a single fiscal year.
 - (4) Applicants must have been incorporated in their community for a minimum of three years.
 - (5) Applicants must participate in training for nonprofit strategic planning and administrative best practices prior to applying for grant funding or receive a waiver of the training requirement from the department.

13.5(4) *Cultural trust sustainability challenge grants.* Sustainability challenge grants support projects that will help Iowa nonprofit cultural organizations strengthen their long-term financial sustainability through endowment building.

- a. *General sustainability grant policies.*
 - (1) Organizations with an operating budget up to \$150,000 may request up to \$20,000 in grant funds. Organizations with an operating budget over \$150,000 may request up to \$35,000 in grant funds.
 - (2) Organizations awarded sustainability challenge grants must raise a minimum of \$3 in new endowment funds raised specifically for the sustainability challenge grant campaign for every \$1 of grant funds awarded.

(3) An applicant must have, at the time of application, an established endowment fund for the support of organizational operating expenses. Sustainability challenge grant funds and all matching funds must be deposited into the endowment fund designated to support annual operating expenses of the grantee organization.

(4) An applicant must have at least one paid, part-time or full-time professional employee who is responsible for managing the business of the organization.

(5) An applicant must demonstrate that it is actively implementing a multiyear strategic plan that incorporates a fundraising plan with long-term sustainability as a clear, measurable goal.

(6) An applicant must certify and demonstrate that its operational practices are in alignment with the Iowa Principles and Practices for Charitable Nonprofit Excellence. Alignment may include any of the following:

1. The board of directors may pass a resolution adopting the Iowa Principles and Practices for Charitable Nonprofit Excellence as the standards for institutional operations.

2. An organizational representative may complete an Iowa Principles and Practices for Charitable Nonprofit Excellence training program which will result in a certificate of completion for a stated period.

3. An Iowa charitable nonprofit that is accredited by a national organization or licensed by a state agency will be presumed to have significantly complied with the Iowa Principles and Practices for Charitable Nonprofit Excellence.

(7) An applicant must have been incorporated in the community for a minimum of three years.

(8) Sustainability challenge grant funds will be paid to grantees after grantees demonstrate that they have achieved a 3:1 cash match but no later than two years and 90 days beyond the date of the award. Under no circumstances shall the total amount paid to the recipient exceed the grant award specified in the grant award letter.

(9) No organization may receive more than one sustainability challenge grant in a five-year period.

(10) Additional requirements may be indicated in guidelines published on the Iowa department of cultural affairs Web site.

b. Specific requirements related to matching funds.

(1) All matching gifts must be made (i.e., given, pledged, and pledges fulfilled) during the sustainability challenge grant period.

(2) Gifts eligible for matching must be made explicitly in response to the sustainability challenge grant.

(3) Donors must be aware that their gifts will be used to support the organization's general operating expenses and to match the sustainability challenge grant.

(4) Eligible types of gifts may include:

1. Cash.

2. Nonfederal and nonstate grants.

3. Special legislative appropriations from county or municipal governments and government organizations. This appropriation must represent a level of support above the normal appropriation for the recipient institution.

4. Net proceeds from special fundraising events or benefits held specifically to raise funds to match the sustainability challenge grant. Only the net proceeds are eligible; the intrinsic value of items donated for auction or sale is not eligible.

5. Membership contributions, "friends" or alumni giving, or similar campaigns. The value of any tangible items received by donors, such as magazines, newsletters, or gift "premiums" must be deducted from a membership contribution to assess the actual gift value. Membership forms or solicitation material should indicate that contributions will be used to match the sustainability challenge grant.

6. Marketable securities, valued as of the date of transfer from donor to grant recipient, if the securities are held in the endowment and are earning interest.

7. Real estate donated during the period of the sustainability challenge grant and converted into cash by means of sale before the end of the grant period. The value of the gift is equivalent to the net sale value.

8. Charitable gift annuity contracts that are signed during the period of the sustainability challenge grant. Annuities will be valued at the amount of the donor's charitable deduction.

(5) Ineligible gifts include:

1. Gifts deferred beyond the end of the grant period.
2. Bequests and other forms of planned giving that are not paid out or completed during the grant period except charitable gift annuities that are finalized within the grant period and meet the criteria outlined in 13.5(4) "b"(4).
3. Discounts on goods or services provided through contracts.
4. In-kind gifts or donated services.
5. Income from other endowed funds.
6. Gifts that derive from the grantee institution itself. For instance, the sale of land or assets already owned by an organization would not be eligible unless the land or asset was donated within the sustainability challenge grant period and in response to the sustainability challenge grant.

c. Acknowledgment.

(1) Organizations that receive a sustainability challenge grant must recognize the funds donated by the cultural trust and the matching funds raised to meet the grant requirements in either a separate listing or a named endowment fund for the lifetime of the organization.

(2) Organizations that receive a sustainability challenge grant must also acknowledge the cultural trust's support for the project in all related signage, program materials, promotion, publicity and advertising activities, and other printed and electronic forms of communication pertaining to the project.

d. Obligations beyond the life of the contract. Organizations that receive a sustainability challenge grant must return the grant funds to the cultural trust if the recipient closes, loses its nonprofit 501(c)(3) status, or goes out of business. The recipient may not donate these funds to another organization, individual, or company.

13.5(5) Application procedures. All cultural trust grant inquiries and correspondence, including the submission of completed application forms for consideration of funding, shall be addressed to the Department of Cultural Affairs, 600 E. Locust Street, Des Moines, Iowa 50319. All applications shall be submitted according to the department's published guidelines.

13.5(6) Review process. All applications submitted shall be reviewed by a grant review panel, and the panel's recommendations for grantees and grant awards shall be submitted to the board. The board shall determine final grant awards to the extent funds are available.

13.5(7) Review criteria. Review criteria shall include, but not be limited to, the project's ability to enhance the future stability and sustainability of the eligible applicant. Additional review criteria are as listed in the published project guidelines.

13.5(8) Grant deadline. The department may establish one or more grant deadlines for the submission of cultural trust grant applications each year funds are available.

13.5(9) Contractual agreement. The department and each successful grantee shall enter into a contractual agreement prior to the expenditure of project-related funds. No grant or matching funds may be obligated or expended for the project prior to the execution of the contractual agreement by the department and the grantee. A grantee must expend all awarded funds within the time frame named in the contractual agreement.

13.5(10) Auditing requirements. The department reserves the right to request an audit of the expenditures of any cultural trust-funded project at the expense of the grantee.

13.5(11) Informal appeals.

a. An informal appeals process shall be made available only to applicants whose applications were declined on procedural impropriety or error as evidenced by one or more of the following reasons:

- (1) Application declined on the basis of review criteria other than those appearing in rule or relevant guidelines;
- (2) Application declined based on influence of the review panel willfully failing to disclose conflicts of interest;

(3) Application declined based upon highly erroneous information provided by staff or advisory committee members at the time of the review despite the fact that the applicant provided the department with accurate and complete information on regulation forms as part of the standard application process.

b. Incomplete or ineligible applications, or applications failing to meet the application deadline, are specifically denied any appeals process.

c. All requests for appeals shall be made in writing and shall be hand-delivered, E-mailed, or bear a U.S. Postal Service postmark within 30 days of notification of the decision. The director shall consider and rule on the appeal and will notify the appellant in writing of the decision within 30 days from the receipt of the appeal. The decision of the director is final except as provided for in Iowa Code sections 17A.19 and 17A.20.

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These rules are intended to implement Iowa Code section 303.1A(6) and chapter 303A.

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