

2006 REPORT TO LEGISLATURE ON ENDOW IOWA AND COUNTY ENDOWMENT FUND 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.

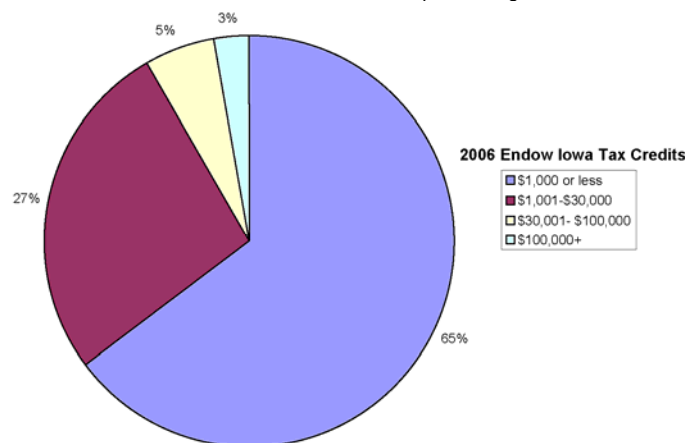
The following is a summary of the credits awarded in calendar year 2006:

- \$2 million in Endow Iowa tax credits were awarded;
- The tax credits leveraged over \$10 million in charitable giving;
- The \$10+ million in donations went to at least 30 different community foundations and/or community affiliate organizations;
- The \$10 million in donations was comprised of 655 separate donations.

The individual donations can be further categorized as follows:

Donation Amount	2006 Donations	2005 Donations
\$1000 or less	424	213
\$1001 - \$30,000	177	181
\$30,001 - \$100,000	36	37
\$100,000 +	18	18
Total Donations	655	449

The percentage of gifts based on the donated amount results in the percentage breakdown as follows:



It's interesting to note that there was a significant increase in the smaller donations (\$1,000 or less) from 2005 to 2006.

Of the 655 total donations, 52 were from business establishments (corporations) or from financial institutions. The remaining 603 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:

- \$1,635,275 (16%) of the donations were made in individual donations of \$30,000 or less;
- \$8,868,575 (84%) of the donations were made in individual donations of more than \$30,000.

ENDOW IOWA GRANTS

SF 2311 of the 2004 Legislative Session 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. HF 809 of the 2005 Legislative Session provided \$50,000 in FY '06 for Endow Iowa Grants pursuant to Iowa Code section 15E.304.

The IDED selected the Iowa Council of Foundations (ICoF) as the Lead Philanthropic Entity. The ICoF 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. In 2006, the Council reported approximately \$300,000 in matching funds (donations) were raised by the 8 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, three (3) awards of \$16,667 each were made to the following community foundations and/or affiliate organizations:

- Community Foundation of Louisa County
- Madrid Community Endowment Fund
- Community Foundation of Van Buren County

The Iowa Council of Foundations collected a summary report from the three recipients on January 1, 2007. Each community foundation was asked to submit a reflection on the progress they have made on various efforts to grow community based philanthropy in their area. Below are excerpts from the Endow Iowa reports that were collected.

Community Foundation of Louisa County:

"The impact CFLC (Community Foundation of Louisa County) has made on our small county of 12,000 has been almost overwhelming. Since receiving the (Endow Iowa) award letter, our nine member board has been active in implementing three major goals: public awareness, connecting donors that care with causes that matter, and igniting community movements. ...one of the most important things we can do to ensure our long-term viability is to build our unrestricted endowment fund. We are quickly approaching our short-term goal of achieving the \$100,000 threshold in endowed assets. In January, CFLC will launch a 10 week campaign to raise \$10,000 from private individuals. The momentum created by the Endow Iowa Matching Grant helped us secure a separate \$5,000 local matching pool to match contributions made during the 10 week campaign on a 1 for 2 basis. The CFLC is more than a mere source of funding for charitable purposes. It's a community catalyst. Our partnerships with the Community Foundation of the Great River Bend and with Louisa Development Group, the local economic development organization, have helped us grow and create a real impact in the community."

Madrid Community Endowment Fund:

"The possibility of receiving an Endow Iowa Grant was a significant factor in our ability to raise local funds from the beginning, when our fund was only a vision. Our board members and fundraising volunteers have reported that the possibility of contributions being matched by an Endow Iowa Grant was often the "tipping point" for donors making their initial contribution. The possibility of leveraging additional money has been a major factor in the fund's early and continued success in raising money. While it is difficult to quantify just how many of our donations were based wholly or in part on the possibility of receiving matching funds, the effect was worth many thousands of dollars to our fund. Since receiving and publicly announcing the Endow Iowa Grant we have seen significant additional contributions to our Fund. It has served as a reminder to the

community that their contributions are meaningful and when combined with other contributions can have a greater impact on improving our area."

Community Foundation of Van Buren County:

"At our November 10, 2005 meeting we set a goal to raise \$250,000 by December 31, 2008 for our permanent endowment fund. Despite the fact that we are one of the smallest and poorest counties in the state, we feel that we have accomplished much towards that goal since that meeting, thanks to the support we have received from our affiliate organization, the Iowa Council of Foundations, our board members and county residents. In 2005, \$49,250 was raised for our permanent endowment fund. In 2006, an additional \$21,775 has been raised (as of November 6- not including the \$16,666.67 Endow Iowa Grant)."

COUNTY ENDOWMENT FUND

The County Endowment Fund was established by HF 2302 in the 2004 Legislative Session. While functionally it is separate from the Endow Iowa Program components, the goal is similar- to build the community foundation structure in local communities to ultimately encourage additional philanthropy throughout Iowa.

Through the County Endowment Fund, approximately \$5,893,000 was available for Community Foundations or Community Affiliate Organizations throughout Iowa. Three percent of the total amount (approximately \$177,000) was provided to the Iowa Council of Foundations for activities in support of the program. Approximately \$5.7 million was then distributed among 85 Community Foundations and/or Community Affiliate Organizations. Each of the 85 organizations received \$67,250 through this program. Of that amount, the legislation requires that each organization put 25% (\$16,812.50) into a permanent endowment fund, and distribute the other 75% (\$50,437.50) to charitable causes and/or organizations in their service area.

The distribution of County Endowment Funds to the community foundations in 2006 occurred in October. The timing was such that most of the recipients have not yet made awards of the 75% portion of the funds. However, we now have complete information on the results of the first year's distribution of funds (in November of 2005, \$63,601 was provided to each organization.) **The summary provided on the County Endowment Fund Program in this report reflects the grants awarded with the dollars distributed to the Community Foundations in November of 2005.**

Most 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 governing body comprised of 5 or more community leaders or advocates for local philanthropy with many of the organizations having 10 or more members. The formation of these organizations has thus resulted in approximately 1,500 local community leaders becoming involved in the community foundation arena throughout the state. This extent of local engagement and leadership is a benefit that can be added to the fiscal growth of the community foundation organizations.

Grant Awards Snapshot:

The Iowa Council of Foundations and the Iowa Department of Economic Development began collecting reports in August of 2006 from each of the 85 community foundations involved in the County Endowment Fund Program; the responses indicated that the organizations were immediately making an impact in their local communities through grantmaking. According to the reported information, the volunteers serving on these community foundation governing bodies collectively reviewed 2,601 grant applications totaling approximately \$16 million in grant funding requests; collectively in Iowa, the community foundations had approximately \$4 million available to award in the County Endowment Fund Program. (Please note: the summary provided on the County Endowment Fund Program reflects the grants awarded with the dollars distributed to the Community Foundations in *November of 2005*.)

The County Endowment Fund grants awarded by the local community foundations reached into all areas of charitable need. In the reports, the community foundations were required to note whether a funded project was a **capital or program** based award; in addition, each grant also was to be listed as falling into one of the following focus areas: *Arts/Culture/Humanities, Education, Environment/Animals, Health, Human Services, Public/Society Benefit, or Other.*

The specific allocation noting program and capital projects based on each funding focus area is illustrated on **Chart A**. When figuring program and capital based grants, the community foundations reported that 60% of total County

Endowment Fund grants were awarded to capital based projects with 40% awarded to program aspects of projects (Chart B).

Chart A. Dollar Amount of All County Endowment Fund Grant Awards in Iowa

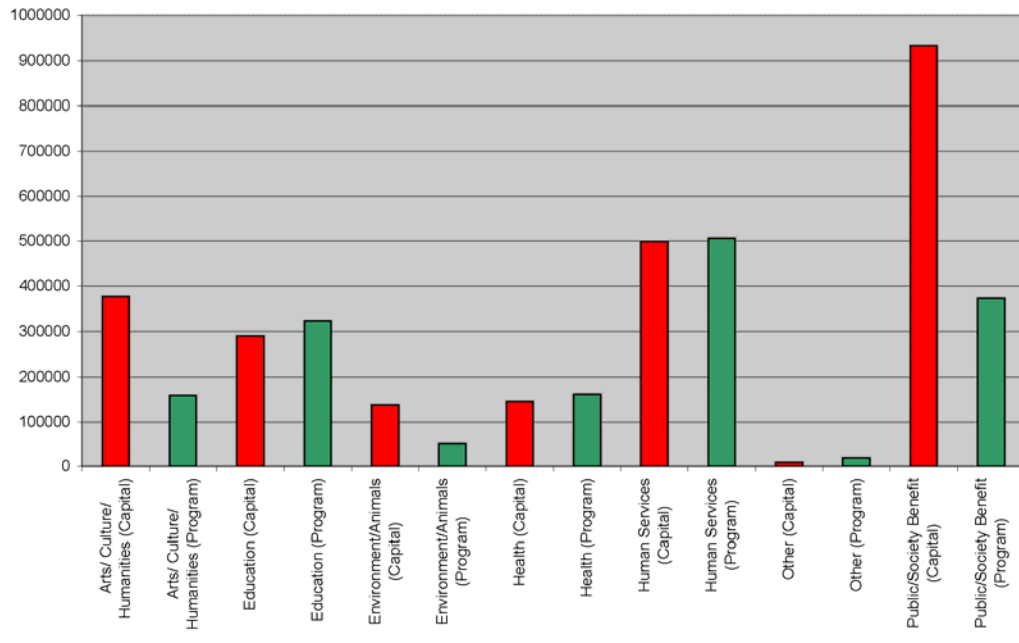
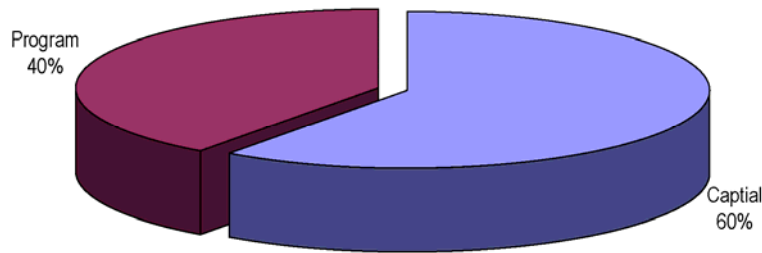


Chart B. Capital and Program Related Grants

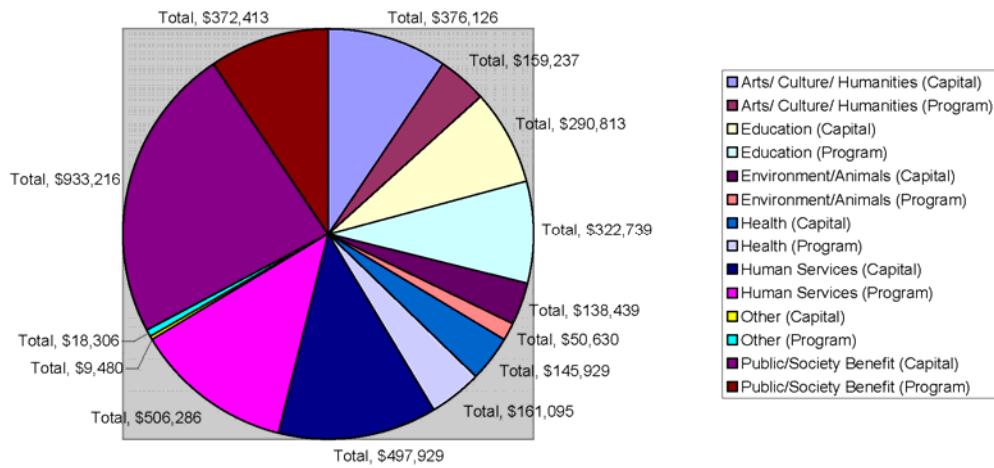


Taking an even closer look at the allocation from the County Endowment Fund Program grants among the focus areas reveals a wide range of impact, which reflects the community foundations' purpose of being broad and flexible to address changing community needs. When considering all dollars distributed, the following outlines the percentages of total funding granted to each focus area:

- Arts/Culture/Humanities 13% (capital= 9% and program= 4%),
- Education 15% (capital=7%, program=8%),
- Environment/Animals 4% (capital=3%, program=1%),
- Health 8% (capital= 4%, program= 4%),
- Human Services 27% (capital= 14%, program= 13%),
- Public/Society Benefit 33% (capital= 24%, program= 9%),
- and Other was such a small portion it equates to 0%.

Chart C provides the breakdown including the specific dollar amount funded in each category/focus area from the County Endowment Fund Program.

Chart C.



The breakdown of the County Endowment Fund grants awarded by each of the 85 community foundations involved in the program will be listed in a joint publication being produced by the Iowa Council of Foundations and the Iowa Gaming Association to be distributed in early 2007. The complete listing of the 1,509 grant awards is also available through the Iowa Council of Foundation's website for Iowa Community Foundations specifically located at www.iowacommunityfoundations.org/page10774.cfm. Additionally, the information is also on file at the Iowa Department of Economic Development- Community Development Division.

TRAINING, MARKETING, AND INFORMATION-SHARING

Community foundations and affiliates were provided numerous opportunities for training and information-sharing in 2006 and there are plans to continue the training and education process throughout the state. In many cases, the host community foundations provided some networking and strategy sessions with their affiliate organizations which took on a variety of forms; host community foundations held regional meetings, quarterly meetings or one-on-one opportunities for learning. Collectively, there were several opportunities for community foundations to both learn and share the power of community based philanthropy. Below are highlights from some of those opportunities.

The Iowa Council of Foundations (ICoF) continued to work with both host community foundations and affiliates to provide applicable training and materials to assist the largely volunteer-based organizations. The ICoF, hiring its first organizational director in April of 2006, held a series of conference calls with host community foundation staff to discuss various strategies and lessons learned to increase the individual foundations' effectiveness in working with affiliate community foundations. The ICoF also conducted surveys with hosts and affiliates to begin drafting educational opportunities for the coming years. One area identified as an action item was assisting community foundations with marketing strategies and outreach materials for use in their local communities. To this end, the Iowa Council of Foundations hosted a series of four marketing conference calls providing National Marketing Action Team materials to Iowa Community Foundations in key areas of outreach. The first call held focused on the importance of marketing for community foundations providing a general overview of common strategies and reasons behind marketing and public awareness. The second call provided general information as well as specific steps for working with professional advisors (attorneys, financial planners, accountants, etc.). The community foundations were provided a general outline for outreach strategies over a three month timeframe which also included outreach materials for each of the steps. In a similar format, the third call provided information on connecting donors and the transfer of wealth information in Iowa communities. The call presented the community foundations with the joint customized presentation developed by the Iowa Council of Foundations and the Community Vitality Center (CVC) that highlighted transfer of wealth information for *each* individual county. (The customized presentations can be used by local community foundations representatives in discussions with civic organizations, service clubs and other groups of community leaders.) Lastly, the fourth call focused on how community foundations partner with local organizations through grantmaking, endowment building and collaboration. The participants were once again provided specific steps with outreach materials to use to implement the plans in local communities.

Feedback from the surveys show that the information and implementation strategies are found to be useful and effective by participants. Here is one response noting the value of the calls:

"The assistance provided through the Marketing Conference Calls through the Iowa Council of Foundations is proving to be very valuable to us in developing and implementing our fundraising plans. While as a volunteer board with no staff we are not able to implement all the ideas at one time, we are working on incorporating these ideas into our fundraising plans. We are using these ideas to put in place a regular schedule for fundraising activities in the future, making ongoing fundraising easier for future boards."

The Iowa Council of Foundations also launched www.IowaCommunityFoundations.org which serves as a "one-stop" locator for Iowa Community Foundations (Image 1). Individual community foundations and affiliates working under standards have an opportunity to have a website presence within the confines of the larger site providing nonprofit organizations as well as donors and potential donors the opportunity to connect with community foundations throughout Iowa. The ICoF is in the final stages of formatting an internal knowledge sharing component as part of the website that will provide an additional avenue for community foundations to share best practices, marketing pieces, outreach strategies, etc. with other community foundations as well as within each individual governing body.

Image 1



Additional outreach efforts continued to take place including statewide advertisements in the *Iowa Lawyer* as well as a display board and broad marketing pieces at various events across Iowa. The Iowa Council of Foundations (many times in collaboration with others) presented information about the impact of community foundations and the impact of the philanthropy initiatives in our state at various seminars and conferences such as the Northeast Iowa Community Development Conference, Iowa Conference on Volunteer Service, Iowa Grant Symposium, Harvesting Great Resources, Chicago Federal Reserve Bank's Community and Economic Development Forum, Iowa Rural Entrepreneurship Conference, Iowa Chapter of the American Planning Association, NSFA Midwest Conference for Education Foundations, Iowa Association of School Boards Convention, SMART Economic Development Conference and more.

The Community Vitality Center organized a third annual Community Philanthropy Academy on behalf of several co-sponsors, including the Iowa Council of Foundations, Iowa Department of Economic Development, Iowa State University Extension, Iowa Area Development Group, and Iowa Nonprofit Resource Center. The day long conference on March 21, 2006 attracted 80 community leaders and local foundation governing body members from all areas of the state who participated in workshops on donor centered communications and relationship building, models for school and community foundation collaboration, and philanthropy best practices for supporting entrepreneurship and economic growth. The CVC also has provided support through small pilot demonstration grants for school and community foundation collaborations, entrepreneurship endowments, philanthropy best practice and success story awards, and seed funding for a wealth transfer circuit rider pilot project.

IDED continues to administer the Endow Iowa Tax Credit Program and the County Endowment Fund program. IDED maintains information on its website relating to these programs, including Frequently Asked Questions, a Status Update on Tax Credits, Tax Credit Application Forms, and other related information. IDED has continued to serve as

the convener for the Iowa Philanthropy Working Group that brings together a variety of entities to discuss and coordinate various philanthropy-related efforts and initiatives happening throughout the state. IDED works closely with the Lead Philanthropic Entity (ICoF), as well as other agencies (Iowa Nonprofit Resource Center, Community Vitality Center, etc.), to support the various philanthropic initiatives in Iowa. IDED is also finalizing a report entitled *The Impact of Charitable Non-Profit Organizations on the Iowa Economy and Quality of Life*; it is anticipated that this report will be available in February of 2007.

Additional outreach, education and information-sharing strategies are currently being planned and implemented for 2007 with the goal of continuing to grow the impact of Iowa Community Foundations and philanthropy in each corner of the state.