

Endow Iowa Tax Credit Program



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Endow Iowa Tax Credit Program

- » Purpose and Overview
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- » Collaboration with Iowa Council of Foundations
- » History of the Endow Iowa Tax Credit Cap
- » Return on Investment
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Endow Iowa Tax Credit Program

» Purpose of the Program

» Program overview – a 25% tax credit is available only:

- For gifts made to a permanent endowment fund
- Established for the benefit of an Iowa charitable cause
- At a qualified foundation or affiliate of a qualified foundation
- Credits are nonrefundable but can be carried forward up to 5 years
- maximum tax credit is 5% of \$6 million (\$300,000)
- Tax credit is not transferable to any other tax payer
- The authority has developed a system to register and authorize tax credits

Endow Iowa Tax Credit Program

- » What is a Community Foundation?
- » What are community affiliate organizations?
- » What is a permanent Endow Iowa Fund?

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» What is a Community Foundation?

- ...a tax-exempt, non-profit, publicly supported philanthropic organization with the long-term goal of building permanent, named funds for the broad-based public benefit of the residents of a given area.

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- » What are community affiliate organizations?
 - ...a group of five or more community leaders or advocates organized for the purpose of increasing philanthropic activity in an identified community or geographic area in the state with the intention of establishing a community affiliate endowment fund.

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- » What is a permanent Endow Iowa Fund?
 - An essential component of the work of community foundations is building a permanent collection of endowment funds through contributions made by many donors. These contributions are carefully invested for maximum return and growth, ensuring the funds will exist in perpetuity. The group of endowment funds and the income earned help provide the grant dollars necessary to carry out the charitable objectives of the donors who established them. Endowed funds held at local community foundations typically have a granting policy in the range of 5 percent. This means that over time, more grant dollars are available to the community, and the endowment fund itself continues to grow.

Endow Iowa Tax Credit Program

- » Collaboration with Iowa Council of Foundations
 - Designated as the lead philanthropic entity since 2004
 - Serves as a liaison between IEDA and Endow Iowa qualified foundations statewide
 - Collaborates with IEDA to determine Endow Iowa qualified community foundations
 - A valuable technical resource

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» History of the Endow Iowa Tax Credit Cap

	Tax Credit Cap	+ Additional Gambling Revenues	Maximum Credit % of gift (up to 5% of the total cap*)	Donation allowed as a deduction on Iowa return
2003 & 2004 combined	\$2 million		20%	Yes
2005	\$2 million		20%	Yes
2006	\$2 million		20%	Yes
2007	\$2 million		20%	Yes
2008	\$2 million	\$1,176,854	20%	Yes
2009	\$2 million	\$394,446	20%	Yes
2010	\$2.7 million	\$957,620	25%	No
2011	\$3.5 million	\$1,023,397	25%	No
2012 and subsequent years	\$6 million	No further tie to gaming revenues	25% of endowment gift up to \$300,000*	No

* 5% of the aggregate amount of tax credit available

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» Return on Investment

- Quantitative:
 - Iowa community foundation network represents over \$650 million in total assets.
 - Leveraged more than \$119 million in permanent endowment fund gifts
 - FY13, permanent endowment assets held by Iowa Community Foundations grew by 46%; from \$358 million to over \$520 million.
- Qualitative

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- » Tax Credits leverage charitable giving:
 - Greater Des Moines Botanical Garden
 - Crescent Electric Supply Company
 - Frank and Cheryle Mitvalsky

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Greater Des Moines Botanical Garden

Greater Des Moines Foundation

Description

The Greater Des Moines Botanical Garden is a botanical garden in central Iowa that has taken on a capital campaign to transform the former Botanical Center into a world-class public garden. Included in the multi-phased master plan for the property, the Botanical Garden has raised \$12 million dollars and is in the process of raising another \$6.2 million. The campaign is also establishing a \$3.6 million endowment to stabilize and support the long term operations of the Garden.

Benefit to the Community

As the endowment grows an annual distribution of up to 5 percent of future earnings are available to meet operational and programming needs.

Benefit to donors

Donors to the Endow Iowa Fund for the benefit of the Greater Des Moines Botanical Garden, receive an Endow Iowa Tax Credit of 25 percent of their donation up to \$300,000 per donor.



Crescent Electric Supply Company

Community Foundation of Greater Dubuque

Description

Crescent Electric Supply Company in Dubuque has been family-owned since the company was founded in 1919. The family has a long history of serving and supporting the 120 communities where their employees work and live.

This tradition prompted the family to establish a \$1.3 million designated endowment at the Community Foundation of Greater Dubuque to underwrite the Crescent Community Health Center. The center provides health care and dentistry services to under-served populations.

Benefit to Community

Revenue generated from the endowment gift ensures future generations also will benefit from the health center. Since they established their original endowment fund, the family has also set up an additional endowment fund to provide care to the many diabetic patients who visit the center.

Benefit to donor

The family previously operated its own foundation but converted the assets to a donor advised fund at the Community Foundation. According to the family, the Endow Iowa Tax Credit allowed them to increase the size of the endowment. The family continues to make annual gifts to the endowment fund, utilizing the Endow Iowa Tax Credit.

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Frank and Cheryle Mitvalsky

Greater Cedar Rapids Community Foundation

Description

Frank and Cheryle Mitvalsky were one of the first couples to establish an endowed fund at the Greater Cedar Rapids Community Foundation and benefit from the Endow Iowa Tax Credit. Today, the couple's donor-advised fund provides annual scholarships to Kirkwood Community College students and provides unrestricted support to the National Czech and Slovak Museum and Library, a local landmark hard hit by the floods of 2008.

Benefit to the Community

Over time, the Mitvalsky's have made higher education more accessible to many area students. The unrestricted support provided to the landmark museum helps ensure the organization has flexible resources to meet its current and future needs.

Benefit to donor

The Mitvalsky's established their first fund in 2004 because they understood the impact an endowed fund could have on their community. Over the years, the couple has continued to make annual donations to their endowment that qualify for Endow Iowa tax credits.

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- » Questions?
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