

2008 REPORT TO LEGISLATURE AND GOVERNOR ON ENDOW IOWA AND COUNTY ENDOWMENT FUND

ENDOW IOWA TAX CREDITS

Endow Iowa Tax Credits are state tax credits provided to individuals or businesses that donate to permanent endowment funds at qualified community foundations or community affiliate organizations serving the communities of Iowa. The Iowa Code (15E.305(2)) authorizes \$2 million, plus a very small percentage (less than 1/10 of 1%) of state gambling revenues, for Endow Iowa Tax Credits annually.

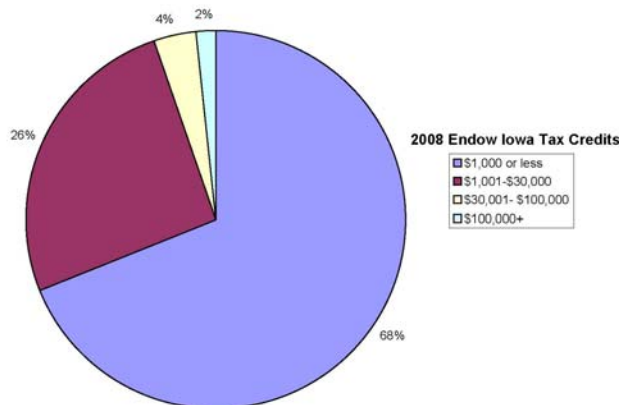
The following is a summary of the credits awarded in calendar year 2008:

- \$3,155,395 in Endow Iowa tax credits were awarded;
- The tax credits leveraged more than \$14 million in charitable giving;
- The \$14+ million in donations went to at least 68 different community foundations and/or community affiliate organizations;
- The \$14+ million in donations was comprised of 1,881 separate donations.

The individual donations can be further categorized as follows:

Donation Amount	2008 Donations	2007 Donations	2006 Donations	2005 Donations
\$1000 or less	1297	656	424	213
\$1001 - \$30,000	485	319	177	181
\$30,001 - \$100,000	69	45	36	37
\$100,000 +	30	20	18	18
Total Donations	1,881	1,040	655	449

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



It's interesting to note that, although all sizes of donations increased significantly over last year, the most significant increase was found in the smaller donations (\$1,000 or less), which almost doubled in number, from 656 to 1297.

Of the 1,881 total donations, 138 were from business establishments (corporations) or from financial institutions. The remaining 1743 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:

- \$3,794,460 (27%) of the donations were made in individual donations of \$30,000 or less;
- \$10,212,861 (73%) 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 '08 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 community 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 2008, the ICoF reported more than \$300,000 in matching funds (donations) were raised by the 6 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, four (4) awards were made to the following community foundations and/or affiliate organizations:

- Dickinson County Endowment Fund (\$15,000)
- Endow Union County (\$10,000)
- Ida County Community Betterment Foundation (\$15,000)
- Wright County Charitable Foundation (\$10,000).

The Iowa Council of Foundations collected a summary report from the four recipients on January 1, 2009. 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.

Dickinson County Endowment Fund:

"The Dickinson County Endowment Fund Advisory Council was pleased to receive the Endow Iowa Matching Grant Award. The announcement of the award gave us the opportunity for additional publicity on the work of the community foundation in our newspapers as well as on the radio. The Advisory Council continues to participate in state-wide trainings as well as local board trainings centered around The Guide for Community Foundation Board Members."

Endow Union County :

"With the award of this grant, lots of activity has been taking place in Union County! During this endowment fund drive, the board found where their personal fund-raising strengths were. Some examples of what the board did to raise the dollars were: talking on a radio show on a regular basis, writing press releases and creating ads in the local newspapers, talking one-on-one with friends, family members, and community members, and giving presentations to local civic and non-profit groups, and to city councils and county board of supervisors. They were in a 2 for 1 match with Dekko and were able to tell the public about applying for and receiving the Endow Iowa \$10,000 grant! With both of these grants occurring simultaneously, this generated a tremendous amount of enthusiasm for the board! The spirit and generosity of the residents in Union County came thru, the endowment fund grew by \$47,500, but the greatest gift of all is the gift of perpetuity! Union County will forever benefit from the work the Endow Union County board of directors continue to do to ensure that there will always be a source of funding for wonderful causes that benefit the residents of Union County today, tomorrow, and forever!"

Ida County Community Betterment Foundation:

"Ida County residents can be proud of our award winning response to the Endow Iowa program. Although a relatively new community foundation, families and individuals as well as corporations have contributed \$27,325 to Ida County's unrestricted endowment fund while others have given \$193,975 to specific designated endowments within the Foundation. Receiving this \$15,000 Endow Iowa grant to grow our unrestricted endowment will further enhance our grantmaking ability and create an opportunity to have an even greater positive impact in the county. (To date, the ICCBF has seven funds with total assets of \$459,401.) By connecting people that care with causes that matter, ICCBF can promote gifts to the unrestricted endowment as well as promote the establishment of designated endowments. It is hoped that the seeds of giving that are being planted today through awareness, outreach, and education will bear fruit in future years and many endowments will be grown."

Wright County Charitable Foundation:

"Our matching grant of \$10,000 has given our endowment a boost. The \$25,000 that was raised locally by our board and the \$10,000 has created an interest from many of our giving partners we have not seen before. A high point for WCCF was a new class of youth leaders which helped us grant \$5,000 in both spring and fall. We also had an opportunity to sponsor the Embrace Iowa Disaster Recovery Grant of \$50,000 to residents and businesses in Belmond. Our endowment continues to grow and we will be meeting with several groups who are considering placing funds with our endowment fund. These are exciting times for WCCF, and we have several new members on our board. The Endow Iowa Grant has been a wonderful help in 'Enriching Lives in Wright County'."

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.

The Iowa Legislature created the County Endowment Fund Program by providing eight-tenths of one percent (0.8%) of the state's commercial gaming tax revenue to support the initiative resulting in \$11,532,332 available for Community Foundations or Community Affiliate Organizations throughout Iowa in 2008. Three percent of that total amount (approximately \$346,000) was provided to the Iowa Council of Foundations and the Iowa Department of Economic Development for activities in support of the program and community foundation work. Approximately \$11.2 million was then distributed among 85 Community Foundations and/or Community Affiliate Organizations; each of the 85 organizations received \$131,604 through this program. Of that amount, the legislation requires that each organization put 25% (approximately \$33,000) into a permanent endowment fund, and distribute the other 75% (approximately \$98,000) to charitable causes and/or organizations in their service area.

The distribution of County Endowment Funds to the community foundations in 2008 occurred in September. 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 third year's distribution of funds (in September of 2007, \$77,709 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 September of 2007.**

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 more than 1,500 local community leaders actively involved in the community foundation work annually throughout the state. This extent of local engagement and leadership is a benefit that can be added to the financial 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 2008 from each of the 85 community foundations involved in the 2007 County Endowment Fund Program; the responses indicated that the organizations were immediately making an impact in their local communities through grantmaking as well as awareness building and asset development. According to the reported information, the volunteers serving on these community foundation governing bodies collectively reviewed 2,631 grant applications totaling more than \$13.5 million in grant funding requests; collectively in Iowa, the community foundations had approximately \$4.9 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 September of 2007.)

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 47% of total County Endowment Fund grants were awarded to capital based projects with 53% awarded to program aspects of projects (**Chart B**).

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

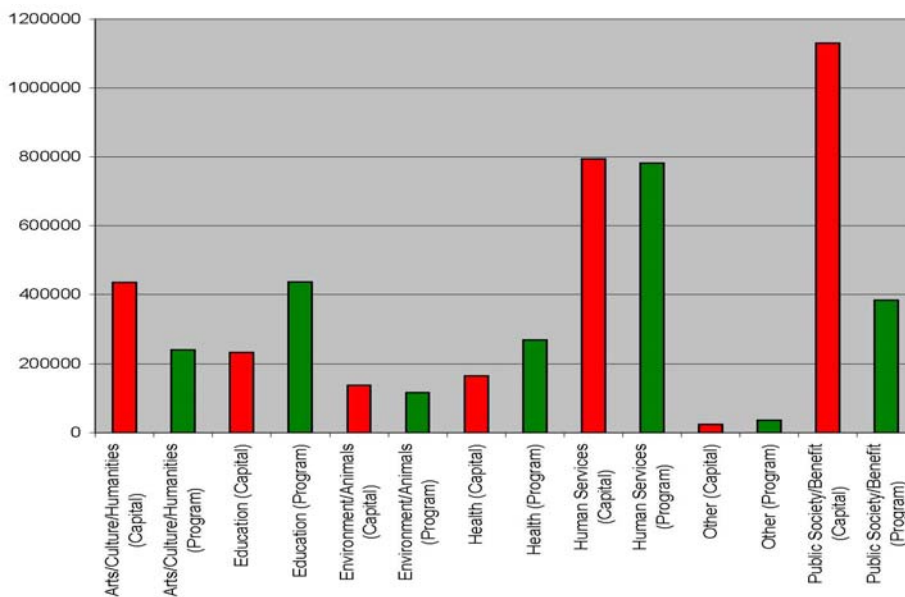
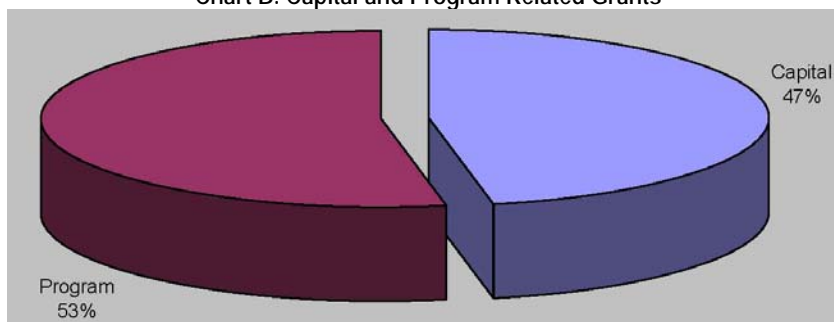


Chart B. Capital and Program Related Grants

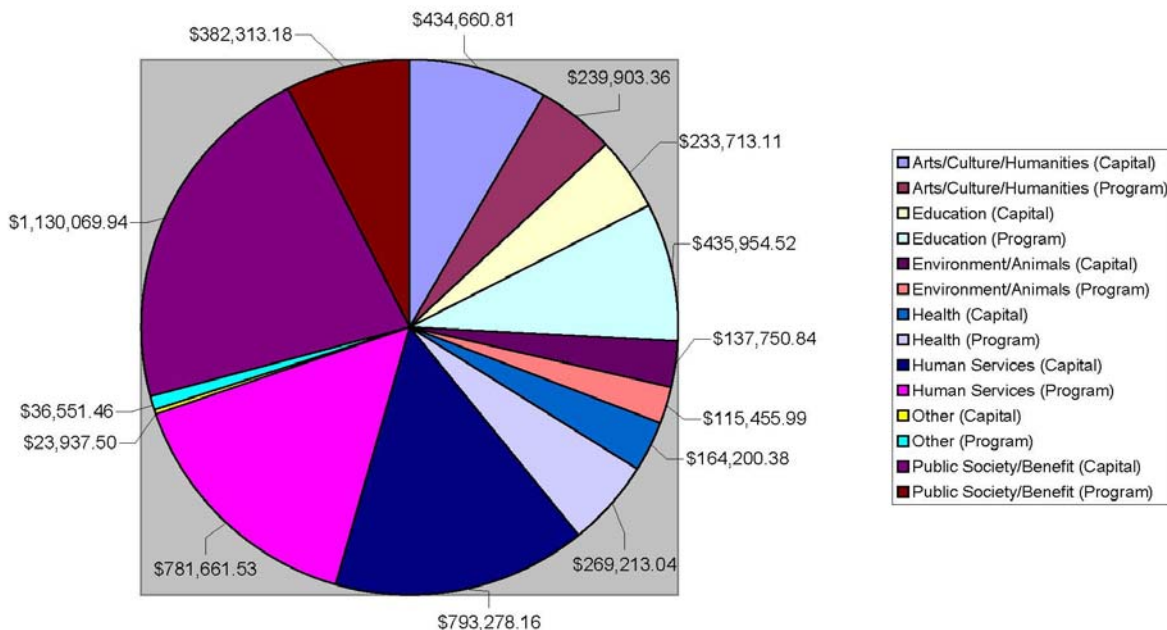


Taking an even closer look at the allocation from the County Endowment Fund Program grants among the focus areas reveals a wide range of impact, which reflects the community foundations' purpose of being broad and flexible to address changing community needs. When considering all dollars distributed,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

- Arts/Culture/Humanities 13% (capital= 8% and program= 5%),
- Education 13% (capital=5%, program=8%),
- Environment/Animals 5% (capital=3%, program=2%),
- Health 8% (capital= 3%, program= 5%),
- Human Services 30% (capital= 15%, program= 15%),
- Public/Society Benefit 30% (capital= 23%, program= 7%),
- and Other 1% (capital= .25%, program= .75%).

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

Chart C. Grant Dollar Amount Based on Category and Focus Area



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 2009. The complete listing of the 1,731 grants awarded in 2008 is also available through the Iowa Council of Foundation's website for Iowa Community Foundations specifically located at www.IowaCommunityFoundations.org/RecentGrants. Additionally, the information is on file at the Iowa Department of Economic Development- Community Development Division.

TRAINING, MARKETING, AND INFORMATION SHARING

The Community Foundation field in Iowa is growing and in 2008 there were once again numerous opportunities to learn and network with colleagues in an effort to continue to build endowments for the futures of our communities. The Iowa Council of Foundations continues to offer support and is developing new ways to provide training to the community foundation and affiliate organizations across the state. (For more information about the Iowa Council of Foundations, its work with community foundations, a complete list of member organizations or board members, or to obtain information on joining, please visit www.IowaCouncilofFoundations.org.)

Iowa has a statewide network of more than 130 community foundations that serve our communities from border to border. The vast majority of community foundations are operated in local communities by active volunteers and then have a Host Community Foundation that serves as the legal and administrative "hub". The Host Community Foundations work to provide individualized learning and/or larger group opportunities for the affiliates with whom they work directly; some held regional meetings, quarterly meetings, or one-on-one meetings for specific opportunities. In addition to this direct service by the Host Community Foundations, the Iowa Council of Foundations coordinated and supported numerous opportunities to build upon the power of community based philanthropy as well as continue the process of educating the broad community about the impact community foundations have in our state. Below are highlights from some of those opportunities.



Grants to Gifts: Using Grantmaking as an Asset Development Tool

The Iowa Council of Foundations hosted a webinar opportunity to assist community foundations in developing ways to utilize current grantmaking successes to attract gifts of assets to grow endowment funds (*"Grants to Gifts: Using Grantmaking as an Asset Development Tool"*). For this session, the Iowa Council of Foundations engaged two professionals in the field who have worked extensively with community foundations and affiliates across the country to provide three session options for volunteers and staff of community foundations in Iowa. The webinar facilitators also were available to community foundations to brainstorm ideas on how to leverage grantmaking successes and turn them into opportunities for asset development. By providing this training in a webinar format and at varying times, the ICoF was able to eliminate travel costs for participants and the evening session provided an opportunity for volunteers, who were unable to take time from work, to attend the training. Session evaluations showed positive feedback both in content as well as delivery method.

"The aspect of the webinar that was most helpful to me was that several Foundation members attended the session together, then stayed after the webinar to brainstorm strategies they felt were most important."

"I am interested in new ways of engaging donors. The ideas were good, and I'm excited to see what comes from the next two sessions!"

"I like the webinar idea. Date & time options were convenient and necessity for travel a nonfactor... Kudos! This made participation much easier."



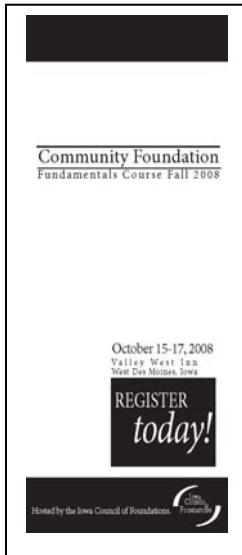
A Board Game On Leadership

The second in the series of training cards produced by the Iowa Council of Foundations were made available this year; this set focused on Leadership and Governance issues important to community foundations. As with the first set, the training cards are presented as a "Board Game" providing commonly asked questions as well as common responses to assist volunteers and staff in governance related issues. The second set of cards, "A Board Game on Leadership," offers 26 scenarios with answers as well as 24 blank cards for local community foundations to develop their own commonly asked questions and scenarios. The cards continue to be used in a variety of ways; one-on-one conversations between current board members and new members, large group discussions at board meetings and training, and as part of regular board education at meetings. The Iowa Council of Foundations is currently reviewing a possible third set for the training cards.

An example of one of the training cards:

Question: "As a governing body member, you are talking with a friend who is going to establish a fund; she asks if you would do her a personal favor and hold the gift of stock that she is going to donate. How do you respond?"

Answers: "The Community Foundation cannot accept gifts that are directly or indirectly restricted by a donor. Allowing a donor to dictate that a stock be held and not following the foundation's investment policy/procedures is a material restriction. IRS guidelines prohibit material restrictions."



Community Foundation Fundamentals Course Fall 2008

The Iowa Council of Foundations was able to once again host a premier training opportunity typically hosted on a national level- but this time in Iowa for Iowa Community Foundations! The Iowa Council of Foundations convened volunteers and staff from across the state to attend the Community Foundations Fundamentals Course in West Des Moines, October 15-17, 2008. This intensive three-day curriculum created by the Council on Foundations provided interactive discussions and debates on nearly every facet of a community foundation from investment strategy to grantmaking, from community leadership to asset development strategies. The faculty for the course are both active in the community foundation movement nationally and have successfully grown their own local community foundations; thus, their examples and familiarity with relatively new organizations was helpful to Iowa participants.

The Community Foundation Fundamentals Course is typically held in cities such as Washington, D.C., San Francisco, etc. so having the opportunity to attend the session in Iowa allowed for much stronger participation from staff and volunteers of local community foundations. The Iowa Council of Foundations first brought this session to Iowa in 2005 and since that time has been exploring the option again. The Community Foundation Fundamentals Course received positive feedback and praise from participants with varying levels of experience within the community foundation field. Course evaluations were very positive not only in content design but also the overall meeting.

"The conference was extremely helpful and every detail well thought-out. The presenters were excellent, the format was engaging, the materials well organized, food and accommodations first rate!"

"I want to let you know how much I appreciated the training last week. It was a very productive and helpful three days."

"Having that session in Iowa is great. I hope other Community Foundations take advantage of it; we've saved thousands through the two sessions we've had (in Iowa)."

"This was a great course- I wanted the big picture and I definitely got that. Also, the schedule and exercises, facilitators and networking were great."



Community Foundation Fundamentals Course Participants- Oct 2008



Conference Call Education/Training Opportunities

As part of continuous education, the Iowa Council of Foundations offered several conference calls that community foundations could participate in. The Iowa Council of Foundations hosted a conference call entitled "Early Childhood in Iowa- Building Blocks for Our Future" to provide information as to the impact early childhood initiatives can have in a community. The "411 on the New 990" was also offered and provided information important for nonprofits to understand in addition to key points important for grantmakers to look for when considering a potential grantee. "Philanthropy's New Face: Engaging Youth in the Process" was an educational call that provided participants with basic information regarding the youth philanthropy movement nationally as well as information as to the programs that exist in Iowa. In light of the current economic climate, the Iowa Council of Foundations was also able to partner with a colleague organization to offer a teleconference called "Creating Messages in an Uncertain Economy" led

by Tracy Gary (philanthropist, nonprofit entrepreneur, author, and legacy mentor). This call included a conversation among participants around how to create positive messaging- and maintain philanthropic impact- in uncertain economic times. The Iowa Council of Foundations continues to offer educational training calls on a variety of topics to the community foundation field.



Professional Advisor Outreach

The Iowa Council of Foundations promoted Iowa Community Foundations at the Iowa State Bar Association Tax School held in Des Moines. The tax school drew nearly 700 participants from across the state and the booth allowed the Iowa Council of Foundations the opportunity to connect many of the attendees with their local community foundations. The Iowa Council of Foundations also placed advertisements promoting Iowa Community Foundations in the *Iowa Lawyer* as well as the *Tickmark* (the Iowa Society of CPAs publication). In an effort to reach more professional advisors throughout Iowa, an e-newsletter was sent, a presentation was given at a CPA workshop and fortune cookies encouraging professional advisors to *"help their clients share their good fortune with the community"* were offered to community foundations to distribute to their local professional advisors across the state.



Transfer of Wealth- Marketing Portfolio Customized for Iowa

The Iowa Council of Foundations once again prepared a series of "3 Steps in 3 Months" training calls to assist local community foundations in communicating and marketing to a specific target audience. In light of the Transfer of Wealth study that was conducted by the Community Vitality Center at Iowa State University in 2004, the Iowa Council of Foundations continues to encourage local community foundations to focus on retaining wealth in local endowments to support the charitable projects and programs in their communities. The Iowa Council of Foundations was able to purchase and adapt a NEW Marketing Portfolio that uses the Iowa Transfer of Wealth information to do just that (initial marketing materials were provided in 2006). The Portfolio includes 18 customizable marketing tools for community foundations to use- all created in easy to use formats such as Word. To highlight the importance of the transfer of wealth message, the Iowa Council of Foundations also hosted two conference calls for community foundations to learn more about the marketing tools and gain suggestions as to how to use them locally. This 3 Steps in 3 Months strategy called "Creating Legacies Through the Transfer of Wealth" was recorded and participants found the materials and training helpful.

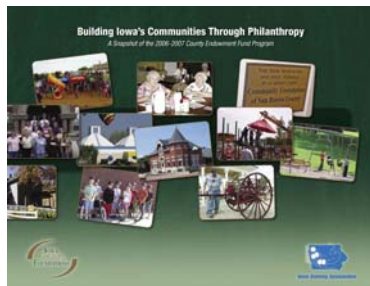
"Thanks- - this was excellent!"

"This is good! I will look forward to the portfolio and a discussion at our next board meeting. THANKS for doing this!"



IRA Rollover

The Iowa Council of Foundations created another marketing training call entitled "Reacting to the Rollover Opportunity: 3 Steps in 3 Months" to assist community foundations in sharing this opportunity with potential donors and their professional advisors. The provision allows Americans over age 70 ½ to transfer up to \$100,000 per year from an individual retirement account into certain charitable funds without first paying income tax on that gift. The provision does have a sunset date so the marketing information shared with community foundations was important in order to offer them assistance in sharing the information within the timeframe. The training call also provided participants with customizable marketing templates with Iowa specific information that could then be used locally in promotion.



ICoF/ IGA Publication on the County Endowment Fund Program and Participating Community Foundations

The Iowa Council of Foundations once again partnered with the Iowa Gaming Association to produce a report that provided detailed information on the County Endowment Fund Program and the grants awarded in each of the participating 85 counties. The report entitled "Building Iowa's Communities Through Philanthropy- a Snapshot of the 2006-2007 County Endowment Fund Program" included grant information and summary statements for the 1,633 grants awarded by the Community Foundations participating in the program as well as information about the community foundations governing body members, contact names, and assets.



Youth Philanthropy Initiative

The Iowa Council of Foundations continued, through support of the Iowa AmeriCorps State of Promise Program, to provide training, education and support in the area of youth philanthropy. This State of Promise Member worked to connect national models, programming and research to existing and emerging youth philanthropy programs in Iowa primarily located at or in collaboration with local community foundations. The Coordinator of Youth Philanthropic Initiatives has allowed the Iowa Council of Foundations the opportunity to assist local communities and community foundations in engaging youth in philanthropic initiatives as well as assisting young people currently engaged in these programs to network with one another. As part of a networking initiative the Iowa Council of Foundations planned a youth philanthropy retreat but, due to the June floods, this event had to be cancelled. The Youth Philanthropy Initiative has made numerous presentations and created training materials as well as conducted workshops and convened conference calls to support youth engagement in philanthropy.

www.IowaCommunityFoundations.org

The ICoF continues to host the IowaCommunityFoundations.org website that serves as a "one-stop" locator for Iowa Community Foundations, offering visitors a searchable map by county name, zip code or region of Iowa as well as valuable information as to opportunities with local community foundations.



www.IowaLifeChanging.org



www.IowaCouncilOfFoundations.org
www.IowaCommunityFoundations.org



Professional Advisor Survey

Professional advisors continue to be one of the key audiences for Iowa Community Foundations. The Iowa Council of Foundations continued in a partnership with LEAVE A LEGACY® Iowa to conduct a survey among professional advisors to determine their collective reactions to discussing charitable giving with their clients. The results of this survey will assist in determining outreach strategies as well as training opportunities with professional advisor groups around charitable giving, community foundations and endowment building.



Iowa Public Television Segment Regarding the County Endowment Fund Program

The Iowa Council of Foundations assisted with the televised segment featuring the County Endowment Fund Program on Iowa Public Television. This video segment included highlights of the County Endowment Fund Program as well as general information about the impact of Iowa's community foundations including interviews with the Iowa Council of Foundations as well as representatives and donors from the Greene County Community Foundation.

You can view the five minute segment by clicking on the heading, "*Community Foundations and Rural Development In Iowa*," or by visiting this link: http://www.iptv.org/video/detail.cfm/1906/tij_20080410_149_feature.

Other Presentations and Education

The Iowa Council of Foundations continued to provide training and education in numerous other ways to promote and support the Iowa Community Foundations. Presentations were given at the Philanthropy Academy, the Iowa Grant Symposium, the Eastern Iowa Planned Giving Council, MidAmerican Conference for the Association of Fundraising Professionals, Iowa Conference on Volunteer Service and Nonprofit Management, rotary clubs, community based leadership course, for various board development programs and more. The Iowa Council of Foundations also assisted in the coordinated effort among Iowa Community Foundations following the Floods of 2008 by convening conference calls to discuss strategy and support in local communities as well as compiled a list of resources for grantmakers in disaster situations. All of this was done in addition to one-on-one requests for assistance/support, directing nonprofits and donors to local community foundations and more.

Community Philanthropy Academy

The Community Vitality Center of Iowa State University organized a fifth 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 conference on February 4, 2008 attracted community leaders and local foundation governing body members from all areas of the state who participated in workshops on Success Stories in Endowment Building, Engaging Youth in Philanthropy by the Iowa Council of Foundations, and a presentation highlighting other affiliate community foundation models. The CVC also provided funding for philanthropy best practice and success story awards and assisted with local discussions on youth involvement, strategic planning, and other philanthropy topics.

Iowa Department of Economic Development (IDED)

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 also worked with the Iowa Nonprofit Resource Center to prepare and

distribute a report entitled *The Impact of Charitable Non-Profit Organizations on the Iowa Economy and Quality of Life*; the Report was finalized early in 2007.

As the community foundation field in Iowa continues to grow and the impact in terms of grants provided to local charitable projects and programs intensifies, additional opportunities for outreach, education and information-sharing strategies will be planned and implemented. In 2009, look for additional strategies regarding staffing support for these local volunteer based organizations as well as individualized assistance to implement marketing, awareness and training strategies in various communities. 2009 will again be a year where the impact of Iowa Community Foundations and philanthropy in all areas of the state will grow.