



FOR GOOD.  
FOR IOWA.  
FOR EVER.



## Iowa Community Foundations 2020 Legislative Talking Points

- Community foundations are grantmaking public charities that are dedicated to improving the lives of people in a defined local geographic area. They bring together the financial resources of individuals, families, and businesses to support effective nonprofits in their communities.
- Endow Iowa: Gifts must be made to a permanent endowment fund at a qualified community foundation in Iowa.
  - A permanent endowment fund is a fund held in a qualified community foundation to provide benefit to charitable causes in the state of Iowa. Endowed funds are intended to exist in perpetuity, and to implement an annual spend rate, which is not to exceed 5 percent.
  - Endowment funds will grow in perpetuity and, as a result, annual fund payouts will grow, leading to larger investments in community programs and projects in the future.
- County Endowment Fund Program:
  - Through the County Endowment Fund Program (CEFP), 0.8% of the state's commercial gaming tax revenue is distributed to community foundations in the 84 counties which do not hold a state-issued gaming license.
  - The CFs then annually grant 75% of those funds to nonprofits and charitable projects within their counties and place the remaining 25% of funds in a permanent endowment fund, which is intended to attract other donations and provide a source of permanent funding for charitable projects within the county – forever.
  - There are 15 counties with state-licensed gaming facilities that do not participate. However, each of those gaming facilities funds a nonprofit entity which distributes charitable grants on their behalf in their area.
  - Through both programs, charitable investments are made annually in each county throughout Iowa.

### LEGISLATIVE FOCUS

- We are appreciative that the Endow Iowa Tax Credit program has been kept whole and allowed to continue to support philanthropy in the state of Iowa.
  - The Endow Iowa Tax Credit program works and benefits both rural and urban communities across Iowa.
    - In XX County, XX% of gifts were in rural areas and XX% of Endow Iowa related gifts were in urban communities.
    - In 2018, we were able to distribute \$XX in grants to XX nonprofits in our community.
  - With recent changes to the federal tax laws including doubling the standard deduction, fewer taxpayers will be claiming itemized charitable deductions. Endow Iowa is more important now than ever, as this tax credit still encourages Iowans to contribute to their communities and receive a tax benefit in return.
  - Without these credits we would see a decrease in donors, especially first-time donors contributing to endowed funds. This decrease would reduce funds available for grantmaking annually.
  - The Endow Iowa Tax Credits are a critical part of support for Iowa's communities and nonprofits.

### THE PROGRAM WORKS

The demand for this unique program continues to grow each year. Endow Iowa Tax Credits are exhausted earlier and earlier each year. In 2015 credits were expended by *November*; in 2016 it was *October*, in 2017 they were exhausted in *May*, in 2018 and 2019 credits were exhausted in *February*. For the first time this year, all 2020 credits were allocated before the end of 2019. Thus, all gifts made from December 24, 2019 through December 31, 2020 will be added to the 2021 Endow Iowa wait list and potentially the 2022 wait list. This demand demonstrates the generosity of Iowans who are investing in the future of their communities and our state. Without an increase in the amount of tax credits available, this problem will continue to compound in future years. The value this program brings to Iowa donors is clear in the overwhelming participation numbers.

The impact of this program to build endowments which benefit Iowans throughout the state can be seen in every community. Last year alone, grants from Endow Iowa qualified endowment funds were made in every county, totaling \$17.8 million! These grants are investments in Iowa communities that will: improve quality of life; improve educational opportunities; and spur economic growth and development.

The Endow Iowa Tax Credits Program has helped to build more than 4,300 endowment funds which are permanent resources, building the capacity and strength of Iowa communities now and forever.



FOR GOOD.  
FOR IOWA.  
FOR EVER.



## ENDOW IOWA IS DIFFERENT THAN OTHER TAX CREDITS

- Endow Iowa Tax Credits are not transferable or refundable.
- Every Iowan is eligible to receive Endow Iowa credits if they make a gift to an endowment fund at a qualified CF in Iowa.
- Endow Iowa leverages four private dollars for every public dollar invested.
- The money that is leveraged through Endow Iowa stays in Iowa and continues to grow – forever.
- Endow Iowa Tax Credit dollars are used for charitable good to enhance the quality of life for Iowans in both urban and rural areas of our state.

## BENEFITS OF THE ENDOW IOWA TAX CREDIT PROGRAM & CEFP

- **Creates charitable giving vehicles in communities of all sizes.** Wealth has often been seen leaving Iowa’s communities and counties because there were no vehicles in place to receive gifts. *Endow Iowa* and the *CEFP* create and provide the tools and vehicles in communities of all sizes to create endowment funds while strengthening existing CFs. It is a low-cost way to positively impact all of Iowa – forever. *Since the inception of Endow Iowa, Iowa CFs have leveraged more than \$287,569,800.29 in permanent endowment fund gifts through 38,927 donations. Participating CEFP counties now hold over \$249 million in endowed assets.*
- **Keeps dollars in Iowa... and invested in Iowa’s future.** Annually, Iowans transfer more than \$4.9 billion through probate estates, with *each estate averaging \$274,425*. Collectively, if Iowans would gift even 5% of their estates annually into endowment funds at community foundations, we would see *more than \$245 million each year* reinvested into community-based endowment funds that would grow to even greater impact in time.
- **Encourages contributions that provide support NOW and in the future.** *Endow Iowa* is an effective incentive for donors to make charitable contributions now and in the future. *Endow Iowa* establishes community endowments which create eternal financial sources to fund community betterment. To date, more than 130 community foundations/affiliates have been formed to provide long-term endowment vehicles for good in Iowa. *CEFP* endowments also attract endowment gifts to benefit our state – forever.
- **Develops local community leadership.** *Endow Iowa* and *CEFP* encourages leaders to mobilize community organizations and encourage charitable contributions. Community endowments help citizens promote, plan and prepare for the future and manifest their own community visions. More than 1,500 Iowa leaders serve on CF advisory and governing bodies.
- **Prepares Iowa for the golden age of philanthropy.** The nation is about to embark on the Great Wealth Transfer; more dollars are going to transfer hands in the next 50 years than ever before – an estimated \$824.4 billion in Iowa.
- **Provides a new opportunity for collaboration.** *Endow Iowa* and the *CEFP* rely on existing infrastructure and CFs (confirmed in compliance with national standards) to incubate funds and mentor communities on growing and managing endowments. These endowment funds may be unrestricted for broad community needs, support scholarships, be designated for a specific area of interest, such as education or the environment, be an endowment for a specific nonprofit or be a donor advised fund allowing families to teach the value of giving to young Iowans. *Businesses, individuals, families, and nonprofits all come together to build endowments for a collective future.*

## ENDOWMENTS ARE GROWING IN IOWA

FY19 Growth in permanent endowment funds at accredited community foundations and their affiliates.

Permanent Endowment Assets			
As of 6.30.18	As of 6.30.19	Total Growth in \$s	Percentage Growth
\$838,497,115.01	\$903,653,475.05	\$65,156,360.04	7.21%

FY19 Growth in total assets (endowed and expendable) at accredited community foundations and their affiliates.

Total Assets			
As of 6.30.18	As of 6.30.19	Total Growth in \$s	Percentage Growth
\$1,140,583,758.22	\$1,233,338,737.61	\$92,754,979.39	7.52%