



FOR GOOD.  
FOR IOWA.  
FOR EVER.



## Iowa Community Foundations Spring 2018 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 means a fund held in a qualifying 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, 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.

### 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 2017, 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 non-profit organizations.

### 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*, and 2018 credits were exhausted on February 16, the earliest date yet. The value this program brings to Iowa donors is clear in the overwhelming participation numbers.

The impact of this program to build endowments that 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 \$16 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 3,600 endowment funds that are permanent resources, building the capacity and strength of Iowa communities now and forever.

### ENDOW IOWA IS DIFFERENT THAN OTHER TAX CREDITS

- Endow Iowa Tax Credits are not transferable or refundable.
- Every Iowan is eligible to receive an Endow Iowa Tax Credit if they make a gift to an endowment fund at a qualified community foundation in Iowa.
- Endow Iowa leverages \$4 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 in our state.

## BENEFITS OF THE ENDOW IOWA TAX CREDIT PROGRAM



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- 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* creates and provides the tools and vehicles in communities of *all sizes* to create endowment funds while strengthening existing community foundations. It is a low-cost way to positively impact all of Iowa- forever. *Since inception of Endow Iowa, Iowa community foundations have leveraged more than \$239,552,651 in permanent endowment fund gifts through 32,285 donations.*
- Increased demand for the program.** The past few years, the Endow Iowa program has received more requests for tax credits than are available annually. In the past three years alone, tax credits have been exhausted 2-3 months prior to the end of the year – and this year it was only 7 weeks into the year! This results in millions of dollars in carry-over credits, shrinking the credits available for the following year. Without an increase in the amount of tax credits available, this problem will continue to compound in future years.
- 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.** The current Endow Iowa Tax Credit is an effective incentive for donors to make charitable contributions now and in the future. *Endow Iowa* establishes community endowments that 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.
- Develops local community leadership.** Endow Iowa 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 community foundation 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 relies on existing infrastructure and community foundations (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, could be scholarships for local high school graduates, may be designated for a specific area of interest in the community, such as environment or economic development, could be an endowment for a specific nonprofit organization or could 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

FY 17 Growth in permanent endowment funds at accredited community foundations and their affiliates.

Permanent Endowment Assets			
As of 6.30.16	As of 6.30.17	Total Growth in \$s	Percentage Growth
\$710,799,275.30	\$780,704,896.49	\$69,905,621.19	8.95%

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

Total Assets			
As of 6.30.16	As of 6.30.17	Total Growth in \$s	Percentage Growth
\$879,189,129.37	\$1,021,087,422.95	\$141,898,293.58	13.90%