



The Larned A. Waterman

Iowa Nonprofit Resource Center

helping strengthen community organizations



January, 2006
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e-Newsletter

New Set of Principles and Practices for Iowa Charitable Nonprofit Excellence Available

A new set of Principles and Practices for Charitable Nonprofit Excellence has been approved by the Governor's Task Force on the Role of Charitable Nonprofit Organizations in Iowa. The new set was established both to provide more specific guidance and to address the particular concerns arising from the national discussion about charitable nonprofits generated by the nonprofit oversight hearings of the U.S. Senate Finance Committee chaired by Senator Grassley.

The new Principles and Practices remain educational rather than regulatory and address the following specific topics: the role of charitable nonprofit organizations, starting a charitable nonprofit, the mission statement, strategic planning, the board of directors, the

executive director, human resources, financing and funding, communication, information and technology, advocacy, collaboration, accountability and compliance.

The Larned A. Waterman Iowa Nonprofit Resource Center will provide training sessions in the new Principles and Practices at Waterloo/Cedar Falls, Cedar Rapids, Davenport, Des Moines, Council Bluffs and Sioux City. We plan to provide additional training sessions upon request from other communities that desire this service.

At a later date the Waterman Iowa Nonprofit Resource Center will publish a monograph annotating these Principles and Practices as to applicable law (state and federal) and as to good operational practices. *(Principles and Practices continued on page 2)*

Community Roundtables Foster Collaboration, Further Mission of Governor's Task Force

The Governor's Task Force focuses major attention on collaboration at the statewide and local levels between nonprofits, government, and the business sectors. Local and regional roundtables of community charitable nonprofit organizations are an

important example of this collaboration. They provide the community with an educational and advocacy forum for nonprofit organizations.

(Community Roundtable continued on page 2)

Governor's Volunteer Awards Organizers Seek Nominations

The Governor's Volunteer Award program was established in 1982 to honor and recognize the commitment, service and time that hundreds of volunteers contribute each year. Historically, only state government agencies and their affiliates were eligible to nominate their volunteers. In 2004, the program was expanded to allow nonprofit organizations to participate.

There are three types of awards:

- An individual award to recognize an individual volunteer's exceptional achievement or contribution to the agency/organization.
- A group award to recognize significant contributions by service clubs, unions, schools, religious

(Governor's Volunteer Awards continued on page 2)

In This Issue:

- Iowa Principles and Practices
- Community Roundtable
- Governor's Volunteer Awards
- Linn County Nonprofit Center
- Generosity Index
- NOE II Online
- Grassley Nonprofit Legislation Update
- INRC and IPA Combine Resources
- Need Volunteers?
- New Postal Rates for Charities
- Additional Training

Principles and Practices *(continued from page 1)*

The new set of Principles and Practices will be available February 1st on the Larned A. Waterman Iowa Nonprofit Resource Center website at <http://inrc.continuetolearn.uiowa.edu>, or the Iowa Secretary of State's website at <http://www.sos.state.ia.us/business/nonprofits/index.html>

The annotation monograph will also include a model annual report, a compliance checklist, an organizational policy and practices checklist, and a board acceptance resolution. The purpose of the board acceptance resolution is to demonstrate an organizational commitment to self-regulation. Such resolutions can be filed with the registry of accountability to be established at the Larned A. Waterman Iowa Nonprofit

Resource Center. The purpose of this registry is to offer a public information center detailing the commitment of Iowa's charitable nonprofits to function effectively. The registry will provide both documentation of Principles and Practices training taken by nonprofit board members and staff and a listing of accreditation and licensure received by nonprofit organizations through state and peer associations.

Community Roundtables *(continued from page 1)*

The Task Force Report has encouraged the development of roundtables and set forth the following developmental goals: (1) Create a local charitable nonprofit speakers bureau that can provide information on the role of the charitable nonprofit sector in the community. (2) Identify charitable nonprofit board members and staff to represent the charitable nonprofit sector at governmental and civic meetings including city/town council, county supervisors, chamber of commerce and economic development meetings. (3) Develop additional mechanisms for collaborations between charitable nonprofits that enhance efficiency and effectiveness in the delivery of services. (4) Maintain contact with print and electronic media including providing material

for a regular nonprofit column and feature stories.

Two such local roundtables exist to date. The Nonprofit Roundtable of the Cedar Valley is a collaboration between the University of Northern Iowa and the Waterloo, Cedar Falls and Northeast Community Foundation. It is located at 425 Cedar Street, Suite 310, Waterloo, Iowa 50701 and the contact person is Angie Dethlefs.

The Linn County Nonprofit Resource Center, representing a collaboration between The Greater Cedar Rapids Community Foundation and the Cedar Rapids Nonprofit Resource Center Advisory Board, is located at 200 First Street SW, Cedar Rapids, IA 52404 and its director is Bob Untiedt.

Governor's Volunteer Awards *(continued from page 1)*

groups, etc. whose members volunteer as a group to further the mission of the agency/organization.

- A Length of Service award to recognize an individual's or group's long term commitment to an agency/organization. Length of service awards are made for service years in increments of five years (e.g. 5, 10, 15, 20 years of service).

Award recipient criteria include:

- Demonstrated exceptional commitment to volunteerism by helping a state agency or nonprofit organization with a special project or ongoing activities.

- Demonstrated exemplary leadership, creativity, cooperation and hard work in service to others.
- Outstanding contribution to state or community through volunteer service, recognizing that volunteer commitment enhances financial commitment and creates better communities.

The Larned A. Waterman Iowa Nonprofit Resource Center encourages you to honor your exceptional volunteers by nominating them for a Governor's Award. Contact kathleen-kikendall@uiowa.edu or 319-353-2485 if you have questions about the program or the process.

Additionally, Quad Cities area nonprofits will explore the creation of a roundtable in January, 2006.

A nomination form may be obtained at <http://inrc.continuetolearn.uiowa.edu/updates/05GovNominationForm.doc>

Information about the regional recognition ceremonies will be posted at <http://www.volunteeriowa.org/awards>.

New Linn County Nonprofit Resource Center (LCNRC) Scheduled to Open in Cedar Rapids

The Greater Cedar Rapids Community Foundation and the Cedar Rapids Nonprofit Resource Center advisory board are pleased to announce the inception of the Linn County Nonprofit Resource Center (LCNRC). The primary function of the Center will be to help build local nonprofit capacity by strengthening nonprofit efficiency and effectiveness.

It is difficult for nonprofits to gather the resources necessary for professional training. The LCNRC will provide critical, low cost access to these functions. Organizational assistance through seminars, workshops, and professional referrals will include but not be limited to the following topics: executive leadership, mission articulation, governance and board development, fundraising, human resource management, legal services, technology, marketing, organizational planning and the creation of collaborations and strategic relationships.

On November 1, 2005, the LCNRC hired its Executive Director, Bob Untiedt, a 1985 graduate of Coe College with graduate coursework in Nonprofit Administration at UNI and the University of San Francisco. Mr. Untiedt spent a decade organizing faith-based community projects in San Francisco & Los Angeles, and was founding Director of Hollywood Interfaith, a Los Angeles nonprofit of 11 member groups. With the hiring of Mr. Untiedt, a five month strategic planning process was set in motion which includes the following goals:

- November, 2005- January, 2006: Listening to Executive Directors more carefully. Mr. Untiedt wishes to meet with a minimum of 60 nonprofit Executive Directors, and 20 or more additional persons in foundations, nonprofit consulting, and other relevant positions.
- January, 2006: Along with more intensive interviewing, each nonprofit in the county will be invited to

participate in a short survey. A selected group of 50 Executive Directors, other management staff, and consultants will then participate in focus groups which both reflect and utilize the interview and survey research. A separate, simultaneous survey on management practices is anticipated in collaboration with Professor Ken Brown of the Iowa College of Business which will add depth to that area of our information gathering.

- February, 2006: In mid-February, the Advisory Board, comprised largely of Executive Directors from the area, will engage the services of Dr. Jude West, of the Iowa Nonprofit Resource Center and the University of Iowa College of Business, in a half-day strategic planning process.
- March 1, 2006: a one-page summary of that planning will be disseminated to the nonprofit community, and specific events will begin.

Although the strategic plan will determine the final activities and major foci of the LCNRC, it is anticipated that peer exchanges, workshops assisting sectors in cost-sharing and effective collaborative efforts, resource and referral services, and general advocacy, will comprise the central operations of the new Center. Strategic planning will help to determine the exact mix of these and other elements, while enabling serious consideration of the “Community Nonprofit Roundtable” concept articulated by the Iowa Governor’s Task Force on Nonprofits.

Go to The Greater Cedar Rapids Community Foundation website at <http://www.gcrf.org> for more information.

For more information contact Bob Untiedt, LCNRC Executive Director, at 319.366.2862.

Generosity Index Measures Charitable Giving

The Generosity Index was created in 1997 by the Catalogue for Philanthropy, and introduced as a “crude but telling,” summary of the best available data on giving in relation to income.

How the Generosity Index works

According to the Catalogue for Philanthropy, “[The 2005 Generosity Index] does not measure or compare philanthropic generosity as such, much less moral character of states or their populations. It merely reports IRS numbers, from annual summaries of personal income tax returns — Average Adjusted Gross Income, and Average Itemized Charitable Deductions. The Index uses IRS numbers not because they are ideal for the purpose, but because they are the only data frequently and freely available that include both income and charitable giving. The index covers both giving and income because philanthropic generosity is not how much one gives, but how much one gives in relation to how much one has.”

Accordingly, the index ranks each state according to two categories of “having” and “giving,” compares the ranks, and then ranks those differences. In doing so, the index is designed to illustrate that “nationwide, giving is not consistently related to income; rather, giving is shaped more by cultures, which tend

to be regional, and by religion (not politics). If all Americans were equally “generous” (in relating giving to income), those differences in rank would be zero — all states would be giving at the same rank as their income.”

A Few Facts About the Index

1. Iowa is ranked number 27 on the list with a “having” rank of 36 and a “giving” rank of 42.
2. Itemized Charitable Deductions are thought by independent research to capture about 80% of all charitable giving dollars (not volunteering, not large numbers of small gifts).
3. Most charitable giving is done by affluent taxpayers; itemization is heaviest among that group.
4. Cost of living and tax burdens are inhibitors of charitable giving only below the top income levels.
5. Independent corroboration of the Generosity Index is that states’ rankings generally follow religious giving patterns: The Index creators believe that religious cultures influence giving significantly, because religious giving accounts for over one-third (35.5% in 2004) of all charitable giving, the largest single field of interest to donors (Education: 13.6%, Health 8.8%).

Nonprofit Organizational Effectiveness II (NOE) Course Offered Through the World Wide Web

The University of Iowa Center for Credit Programs within the Division of Continuing Education is offering a new course, Nonprofit Organizational Effectiveness II (06J:148/06J:248), by way of streaming video via the world wide web this spring semester. Interested students may register for either undergraduate or graduate credit.

This course has two primary thrusts. First it focuses on qualities needed for leaders of nonprofit organizations, including relationship with staff and volunteers. Secondly, the course covers the relationship of a nonprofit with the external world - the nonprofit’s

community constituencies, government entities, professional associations and collaboration with other organizations. Marketing, public relations, and advocacy strategies for nonprofits are addressed. A prerequisite for this course is Management and Organizational Effectiveness I, or the consent of the instructor.

The spring course will be conducted from January 18 through May 3, 2006. Students may still register for the online courses.

The Generosity index may be viewed at www.catalogueforphilanthropy.org/cfp/db/generosity.php?year=2005, or <http://www.catalogueforphilanthropy.org/>

For more information, contact, Anne Taylor at ataylor@catalogueforphilanthropy.org

Students may register for the course at <http://www.continuetolearnuiowa.edu/ccp/new.htm#onlineform>.

Students may check their computer’s capacity for streaming video by visiting <http://www.continuetolearnuiowa.edu/ccp/connect/>.

Senator Grassley Updates Foundations on Proposed Legislation

On November 18, 2005, under the leadership of Finance Committee Chairman Charles Grassley, the U.S. Senate passed its version of the Tax Relief Act of 2005 (S.2020). This bill contains two important provisions relating to private foundations that would increase penalties for certain offenses and tax the sale of charitable use assets (such as a foundation's office building). However, due to differences between House and Senate leaders, the U.S. House of Representatives passed its version of the Tax Relief Act in late December, without the charitable reform provisions.

The charitable provisions comprise one of several areas of difference between House and Senate leaders that are expected to delay the ultimate adoption of the bill. While a House-Senate Conference Reconciliation Committee is currently being formed to resolve these differences, Senator Grassley told reporters, on December 21st, that the committee will not be able to meet until the first week of February at the earliest.

On the first issue of penalties, the bill proposes that certain foundation expenditures can be ruled "taxable expenditures," essentially requiring a penalty "tax." For instance, if self-dealing has occurred, the foundation must repay the funds and the foundation and responsible persons may pay a penalty. Under current law, the penalty started at approximately 5%, but increased to 200% if the matter was not settled expeditiously. The new legislation would increase the initial penalty levels to as much as 25% and would increase the penalty cap (generally \$10,000 to \$20,000).

The proposed reforms are in close alignment with the recommendations made by the Panel on the Nonprofit Sector (formed by Independent Sector). The legislation is designed to correct a number of abuses by individuals who claim excessive tax deductions or use charitable organizations for personal gain. The bill also includes several tax incentives for charitable giving that

members of the Independent Sector have long advocated.

The bill as initially introduced would:

- Permit taxpayers who do not itemize deductions on their income taxes to take a deduction for their total cash contributions over \$210 for single filers and over \$420 for joint filers. Taxpayers who itemize deductions will be permitted to deduct the total of both cash and non-cash contributions over \$210 (\$420 for joint filers). New substantiation rules apply for non-cash gifts valued at or above \$250.
- Permit taxpayers over age 70 ½ to make tax-free distributions from their IRAs directly to charitable organizations or make such contributions to split-interest trusts.
- Grant enhanced deductions to corporations for contributions of food and book inventory.
- Encourage the contribution of capital gain real property for conservation purposes.
- Provide an enhanced deduction for gifts of literary, musical, artistic and scholarly compositions.
- Strengthen the rules for appraisals required to claim tax deductions for contributions of property, impose new rules on tax-deductible gifts of façade easements and taxidermy, and add new rules to ensure that contributions of partial interest in gifts of property are used for charitable purposes.
- Increase fines and penalties for self-dealing and certain other violations by private foundations, and excess benefit transactions by public charities.
- Establish a definition of donor-advised funds that gives the Secretary of the Treasury broad authority to delineate appropriate exceptions; impose

(Grassley Update continued on page 7)

Additional information is available at www.smallfoundations.org/legislative_update.

INRC and IPA Combine Resources to Promote Collaboration Between Local Government and Local Nonprofits

The Report of the Governor's Task Force on The Role of Charitable Nonprofit Organizations in Iowa recommends collaboration between local governments and local charitable nonprofit organizations.

This collaboration could include involving the charitable nonprofit sector in community planning and needs assessment, providing representation from the charitable nonprofit sector in economic development efforts, and including representation from the charitable nonprofit sector on local government boards. Increasingly, local governments are viewing their local nonprofits as essential partners in meeting community needs.

In order to promote greater collaboration, the Larned A. Waterman Iowa Nonprofit Resource Center at the University of Iowa will expand its services to local governments through a new joint

venture with the University's Institute of Public Affairs. "Active collaboration between the Nonprofit Center and the Institute, according to Willard "Sandy" Boyd, director of the Iowa Nonprofit Resource Center (INRC), "will enable the University to assist local communities to improve the operational effectiveness of their public sector organizations, both governmental and non-profit."

"The IPA mission," added Judy Slezak, coordinator of the Institute of Public Affairs (IPA), "is to provide services and information that assist in maintaining and strengthening the effectiveness of Iowa's state and local governments. We can do that even more effectively by combining our resources with the Iowa Nonprofit Resource Center." Richard Koontz, currently coordinator of the Iowa Nonprofit Center, will work with Boyd and Slezak to lead the organization.

Does Your Nonprofit Need Volunteers?

The Iowa Nonprofit Resource Center is proud to coordinate Nonprofit Organizational Effectiveness courses, "NOE" I and II, through the University of Iowa.

Both courses provide a broad overview of issues relating to nonprofit management. NOE II students will be studying human resources management, public relations, lobbying, marketing, communication, leadership, and community building.

During the spring 2006 semester, NOE II students will be asked to volunteer time at local nonprofits and write a reflection paper based on their service. The University is currently seeking service learning projects for NOE II students with area nonprofits that can be completed within the spring 2006 semester.

If your nonprofit organization is in need of volunteers, or would be willing to be

partners in service learning projects with NOE II students this spring, please contact Professor Lon Moeller at lon-moeller@uiowa.edu, (319)335-0924.

An additional resource for volunteers to assist your nonprofit organization can be found by contacting Mary Mathew Wilson, coordinator of the UI Civic Engagement Program, or by visiting the new University of Iowa website at volunteer.uiowa.edu. The new site includes mission statements, categories of service and contact data for more than 150 organizations.

Additionally, be sure to check out the Iowa Commission on Volunteer Service website at <http://www.volunteeriowa.org/> for more opportunities.

Contact Professor
Lon Moeller at
lon-moeller@uiowa.edu, or
(319)335-0924.

New Postal Rates for Charities Take Effect in January

Under a plan approved by the U.S. Postal Service Board of Governors, charities will pay more for their mailings starting January 8. The increases will cost nonprofit groups an additional 3 percent or 12.3 percent, depending upon the way they send their mail.

Nonprofit groups that send newsletters, fund-raising appeals, and other materials using “nonprofit standard” rates face a 3 percent increase. Groups that sort their mail in the order in which it is delivered, to earn discounts under “nonprofit enhanced carrier route” rates, will see a jump of more than 12

percent. Those rates are still several cents lower than nonprofit standard rates.

Neal Denton, executive director of the Alliance of Nonprofit Mailers, said that while the January increase will cause some difficulties for charities, it is far less worrisome for them than a larger rate increase the Postal Service is expected to request for 2007. That projected increase, he said, “will cause nonprofit and commercial mailers alike to raise their eyebrows and consider their communications strategies and how much they want to put into direct mail.”

Additional information is available at <http://philanthropy.com/free/update/2005/11/2005111701.htm>

Grassley Updates Iowa Foundations *(continued from page 5)*

aggregate payout requirements for donor-advised funds that would include reasonable and necessary expenditures by the sponsoring organization to administer the fund; and impose minimum payout requirements on individual funds that hold over 10% of their assets in property or other illiquid assets, which could be satisfied by transferring full control of partial interest in those illiquid assets to the sponsoring organization. Sponsoring organizations would be required to report annually the total number of and aggregate assets and contributions made by donor-advised funds they hold. To claim a tax deduction for funds or assets given to a donor-advised fund, donors would be required to have written substantiation that those assets are under the exclusive legal control of the sponsoring organization.

- Reduction for contributions to a donor-advised fund held by a Type III supporting organization.
- Prohibit both donor- advised funds and supporting organizations from making payments and distributions to donors and related parties (other than public charities), although fair and

reasonable compensation may be provided to investment advisors.

- Require inimum aggregate distributions by all supporting organizations of 85% of investment income or 3% of the fair market value of assets (other than assets used or held for the use of the supported organization), rising to 5% of assets in the third taxable year after enactment, and impose new rules on Type III supporting organizations that limit the number of organizations that may be supported and that require documentation of the approval of arrangements by the supported organizations. Reasonable and necessary administrative expenses would count towards qualifying distributions of a supporting organization.
- Require organizations that do not otherwise have to file an annual information return to notify the IRS each year.
- Permit the IRS to disclose to state officials information related to proposed actions which are related to tax-exempt organizations.
- Expand the base of tax on private foundation net investment income.

The full text of this legislation, as most-recently proposed, is available on the Independent Sector’s website at <http://www.independentsector.org/panel/main.htm>

A more-detailed analysis of the bill will be available as soon as the final version of the legislation is announced.

Additional Training Opportunities

Nonprofit Management Academy

New schedules are available at <http://www.extension.iastate.edu/communities/npmacatalog.html>.

Cultural Express: Full Steam Ahead! (for library and museums only)

Date: 1/22/2006

Time: 9:00 - Noon (Day 1 of 2)

Location: Historic All Saints, 4th and Fremont, in Stuart, Iowa

Content: Please note: People attending this grant workshop must be registered for the whole event! The event is targeted to librarians and museum directors. To register for this event/workshop or for more information, contact Tom Smull at Project Restore, 515.280.7234, tsmull@associationsinc.us.

Cultural Advocacy Day

Date: January 23 & 24, 2006

Location: State Historical Building
600 E. Locust Street
Des Moines, Iowa

Content: A free two-day celebration and symposium of arts, culture and historic preservation! Events Schedule can be found at <http://www.culturalaffairs.org/culturaladvocacyday/schedule.htm>. RSVP NOW at <http://www.culturalaffairs.org/culturaladvocacyday/registration-form.htm>

Iowa Arts Council Grantwriting Workshop

Date: 1/30/2006

Time: 1:00-4:00 p.m.

Sioux City Public Museum
Sioux City, Iowa

Register at [http://](http://www.iowaartscouncil.org/programs/workshops/assets/registration_form.htm)

www.iowaartscouncil.org/programs/workshops/assets/registration_form.htm

Cedar Valley Nonprofit Roundtable Two

Date: 3/21/2006

Time: 3pm-4:30pm

Location TBA

Content: Representatives of the Governor's Task Force on Nonprofits will help nonprofit leaders understand the content of the new State Principles and Practices, and participants will have the opportunity for discussion about how to utilize the standards. RSVP to vangorp@uni.edu

Seeking Grants

Date: April 14, 2006

Time: 8:30 a.m. - 4:30 p.m.

Location: Grimes State Office Building,
400 East 14th Street, Des Moines, Iowa

Content: The cost is \$60 for each class you attend. Registration form available at <http://das.hre.iowa.gov/pdfs/PDS/PDSRegForm.pdf>

The Larned A. Waterman Iowa Nonprofit Resource Center's online calendar will be updated as more nonprofit events become available. Be sure to check them out at <http://inrc.continuetolearn.uiowa.edu/updates/calendar/calendarIndex.asp>



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About Our Organization

The Larned A. Waterman Iowa Nonprofit Resource Center is a University of Iowa interdisciplinary collaboration created to make more accessible educational and service programs focused on strengthening the operational capacity of Iowa nonprofit organizations. The Center works collaboratively with government agencies, nonprofit organizations and educational institutions to impart new knowledge through activities and provide information and training

resources to help nonprofit organizations and interested persons throughout Iowa. We seek to build the capacity and develop the effectiveness of community-based organizations and enhance the overall effectiveness of local organizations in building communities. The Center also introduces students to the nonprofit sector and develops their sense of public and community service.

Visit the center's website at <http://inrc.continuetolearn.uiowa.edu>.
