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Governor's Nonprofit Project Chooses Three Focus Areas

by Richard Koontz, Director, Iowa Nonprofit Resource Center

The Governor's Nonprofit Project exists to make Iowa a more nonprofit friendly state. It has chosen three areas in which to focus its initial projects: nonprofit and state agency contracts, property tax exemption for nonprofits, and nonprofit employee benefits plans. A committee has been set up for each area, and a summary of each committee's activities to date follows.

Department of Human Services and Department of Public Health Contracts Committee

The contracts committee chose to focus only on contracts with Department of Human Services (DHS) and Public Health. The stated purpose of the committee is to make contracting between Iowa nonprofits

and the DHS and the Department of Public Health more efficient and mutually beneficial. More efficient contracting would also generally benefit Iowa's population.

There is a desire to share with DHS and Public Health our observations about how well the contracting process works as well as some of the challenges remaining.

Areas that have initially been identified as worth further discussion are the RFP process, the payment process, the reporting process and equity between the partners who enter into a contract. The committee is surveying nonprofits to obtain data about contracting relationships with these two public agencies.

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Two Foundation Leaders Move in New Directions

by Richard Koontz, Director, Iowa Nonprofit Resource Center

Two important leaders in Iowa's foundation world are moving on to new opportunities.

The President and CEO of the Community Foundation of Northeast Iowa, Mary Ann Burk, retired on June 1 after twenty years at the foundation. Mary Ann's successor is Brad Patterson.

Angie Dethlefs-Trettin, Executive Director of the Iowa Council of



Foundations, has left to take a position at the Community Foundation of Greater Des Moines. A search for Angie's successor is underway.

We wish Mary Ann and Angie the best.

Nonprofits and the Iowa Department of Inspections and Appeals

by Richard Koontz, Director, Iowa Nonprofit Resource Center

This is the fifth in a series that examines the relationship of various state government entities to Iowa's nonprofit community. Awareness of the extensive interactions between nonprofits and state government will strengthen Iowa as a nonprofit-friendly state.

The Iowa Department of Inspections and Appeals (DIA) interacts in a number of ways with nonprofits. The licensing of a variety of nonprofit activities is required through the Iowa Department of Inspections and Appeals. These licensure regulations encompass renewals, reports, and inspections and must be scrupulously followed.

Hospitals are licensed through the DIA.¹ The staff of the DIA's Health Facilities Division works with the Hospital Licensing Board that is appointed by the governor. Boarding Homes, such as assisted living programs², are another part of Iowa's nonprofit sector that requires DIA involvement. Still another area of responsibility for the DIA, one of which many people may be less aware, is nonprofit gambling.³

Holding a game of bingo is a common revenue-generating activity for nonprofits. Several kinds of gambling activities, including bingo, are regulated by DIA as described in Iowa Code § 99. A special provision for some forms of charitable gambling exists in I.C. 99B.

I.C. 99B.7(m)(1) allows licenses to charities that are exempt from federal income tax (501(c)(3)s and certain other tax exempt entities) to engage in "games of skill, games of chance and raffles."

Iowa Code § 99B.1 defines each kind of gambling activity. Bingo falls into the "game of chance" category.

Activities such as video poker machines cannot be construed to fall within the Iowa Code's "games of chance."⁴ Neither can activities like blackjack, roulette or craps.⁵

There are two other requirements for the nonprofit organization to be qualified under Iowa Code 99B: (1) it has to have at least 12 members, and (2) it cannot have a "self-perpetuating" board.⁶

If the organization meets the requirements of 99B, are there any restrictions on how these charitable games of skill and chance can be conducted? A lot.

The game must be "conducted at a specified location" owned or leased by the charity.⁷ The applicant for the license to gamble has to certify that the receipts must be distributed as prizes to the participants or dedicated and distributed for charitable uses.⁸ The prize has to be distributed on the day it is won, and total distributions, in many instances, have to be at least 75 percent of the net receipts.⁹

There are short- and long-term gambling licenses, each with different requirements. For instance, in order to get a two-year license the organization needs either to have been in existence for five or more years or be a local chapter of a national organization.

If the nonprofit organization gets a two-year license and the annual receipts are expected to exceed \$10,000, a regular checking account designated as "the bingo account" must be established. If the licensing

and required parameters of licensing are not complied with, the person involved is guilty of a fraudulent practice.

In overseeing these various requirements, the Department of Inspections and Appeals insures that only the appropriate kinds of gambling activities go on in the name of charity in Iowa.

Notes

¹Iowa Code section 135B

²Iowa Code §231C

³See DIA Social and Charitable Gambling website at www.state.ia.us/government/dia/page5.html

⁴*H & Z Vending v. Iowa Dep't of Inspections and Appeals*, 593 N.W.2d 168 (App. 1999)

⁵*State of Iowa ex rel. Chwirka v. Audino*, 260 N.W.2d 279 (1977)

⁶Iowa Code. § 99B.7(1)(m)(2) and (3)

⁷Iowa Code. § 99B.7(2)

⁸Iowa Code. §. § 99B.7(3)(c)

⁹Iowa Code. § C. 99B.7(3)(c)



National Council of Nonprofits to Absorb Center for Lobbying in the Public Interest

On April 24, the National Council of Nonprofits (NCN) announced that it would absorb the Center for Lobbying in the Public Interest (CLPI).

NCN is the nation's largest network of nonprofit organizations, including 37 state nonprofit associations with some 25,000 members.

Integrating the CLPI is a significant move for the NCN as it represents a range of community-based nonprofits. National and state organizations have long encouraged nonprofits to step up their lobbying efforts. The NCN will add the CLPI's advocacy training

programs, materials, and curricula to the existing resources it offers its state association members and their local constituents and can use them to help nonprofits in their advocacy and lobbying efforts.

Read the full item about the NCN and CLPI at on the Nonprofit Quarterly's website at <http://www.nonprofitquarterly.org/governancevoice/20200-national-council-of-nonprofits-merges-with-center-for-lobbying-in-the-public-interest.html>

Canganelli Named Person of the Year

Crissy Canganelli, Executive Director of the Shelter House in Iowa City, was named the *Iowa City Press-Citizen's* Person of the Year for 2011.

Canganelli has led the homeless shelter for 13 years. An article in the *Press-Citizen* on December 31, 2011 outlined the challenges Canganelli and her team faced as they searched for a location to build a new shelter and dealt with areas of resistance while also coping with an increased demand for the shelter's services.

The new shelter opened its doors in November of 2010.

Project, from page 1

Property Tax Exemption Committee

The property tax committee's purpose is to preserve the tax exemption available to nonprofits that own real property in Iowa. Iowa nonprofits are a strong economic force in the state employing a significant number of Iowans and conducting important business transactions.

The property tax committee will be developing data to share with the Office of the Governor to emphasize how important it is to reward this group for their economic presence by preserving the nonprofit property tax exemption.

Employee Benefits Committee

Nonprofits in Iowa, and around the country for that matter, have struggled to provide satisfactory employee benefits for their staffs. While small businesses, whether for profit or nonprofit, struggle to provide any benefit plans, it is problematic for larger nonprofits to compete with for-

profits in providing benefit plans for their employees.

The purpose of the Employee Benefits Committee is to improve the employee benefits options for Iowa nonprofits. The focus of the committee has been primarily on health insurance and retirement plans. The committee was interested in the bill pending during this latest session, Senate File 2262, which opens the state employee health plan to nonprofit employers.

One of the concerns is that the cost of the plan would be beyond that currently paid by many nonprofits. The committee will look at health insurance data provided by nonprofit employers in Iowa and the related costs to nonprofits. The purpose for collecting this data is to identify the kinds of coverage nonprofits in Iowa can afford. The committee is also interested in a bill just passed in Massachusetts which provides a state retirement plan for nonprofit employers.

Watch for Nonprofit Project Employee Benefit Survey

A survey will soon be conducted by the Employee Benefits Committee of the Governor's Nonprofit Project, a group that works to improve employee benefits options for nonprofits in Iowa. The survey will provide information essential to analyzing the current situation regarding employee benefits for Iowa nonprofits.

Although a variety of benefits are the subject of questions in the survey, the primary focus is on health coverage and retirement plans. Surveys will be sent out electronically this summer to nonprofits all over the state. Please assist with this important project by completing the survey and returning it.

Training Opportunities

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Iowa Nonprofit Resource Center

Start an Iowa Charitable Nonprofit

September 22, 2012

Hands-on workshop covers all the legal forms needed to start a nonprofit with 501(c)(3) status in Iowa.

Instructor: Richard Koontz, Director, Iowa Nonprofit Resource Center

Time: 9 a.m. – 4 p.m.

Fee: \$50 paid by check in advance

Location: Room 265, Boyd Law School, University of Iowa campus

Enrollment limited to seven participants

To register: Telephone 866-500-8980 (toll free) or 319-335-9765

Iowa State University Nonprofit Management Academy

Iowa State Nonprofit Management workshops are held on the Thursday dates shown, 9 a.m. - 4 p.m., at Iowa State University Extension & Outreach, 3109 Old Highway 218 South, Iowa City.

Cost: \$70. CEUs available.

E-mail aheims@iastate.edu with questions and to register or call 319-337--2145.

Can't We Just Get Along?

June 14

Instructor: Don Broshar, Iowa State University

Volunteer Management

June 28

Instructor: Paul Retish, University of Iowa College of Education

Nonprofit Financial Management

August 30

Instructor: Stan Miller

The **2012 Iowa Nonprofit Summit** is November 7-8 at Hy-Vee Hall in Des Moines. Watch our website for details as they become available.

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Photo by Bruce Drummond

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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 INRC 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 INRC also introduces students to the nonprofit sector and develops their sense of public and community service.