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WHAT'S HAPPENING

New Financial Report



The report includes information about CCF's investment philosophy, investment performance and balance sheets. Visit myccf.org

New CCF Board Members

CCF welcomes **Dr. Patrick Dowling**, chairman, Department of Family Medicine at UCLA's David Geffen School of Medicine; and **Meloni M. Hallock**, CEO of Acacia Wealth Advisors.

Fourth-quarter Grants and Contributions

CCF donors generously contributed \$38.9 million from Oct. 1 through Dec. 31, 2009, including \$5.9 million in publicly-traded stocks and more than \$500,000 in mutual funds. During the same period, CCF granted \$30.4 million through its foundation-directed and donor advised funds.

SCHOLARSHIP ISSUE

STUDENTS NEED OUR HELP NOW

Scholarship Funds Are a Meaningful Philanthropic Vehicle



California Community Foundation scholarships help thousands of students pursue education, especially in a challenging economy. Here are 2009 recipients of the Fraser Scholarship, which annually awards about 30 scholarships totaling nearly \$1 million to medical and divinity students. (CCF photo)

— to severely cut back or cancel their support. ACT, a nonprofit that manages and designs scholarship programs for foundations and companies, has seen a decline of nearly 5 percent in total scholarship dollars available.

In addition, students are dropping out of college because they can't balance going to school and working

CCF: Largest Scholarship Fund Manager in L.A. County

- 150 scholarship funds
- Scholarship assets: \$74 million
- 1,700 recipients for 2009-2010 school year
- Awarded \$3.4 million for 2009-2010 school year
- Partners with LAUSD, Los Angeles Community Colleges, USC, UCLA and many other institutions

Education may be the key to success, but dwindling college scholarships are having a devastating effect on students and families who need financial support to access higher education.

Deep budget cuts and increased tuition at California's public colleges and universities are making college

unaffordable for many students. Average undergraduate fees at Cal State rose this school year to nearly \$4,900, not counting books, transportation and housing costs, which can add \$10,000 more. Basic undergraduate fees at UC schools next fall will be about \$10,302 a year, a 32 percent increase; room, board, books and additional campus-based charges could add \$17,000 more. Community colleges have increased fees 30 percent from \$20 to \$26 per credit.

The bleak economy has also forced scholarship providers — including foundations, corporations, state governments and colleges

to support themselves, according to a recent report by Public Agenda, a nonpartisan research group. About 7 in 10 dropouts said they had no scholarship or loan aid. Among those who got degrees, only 4 in 10 went without aid.

Experts say dropout rates are hurting U.S. global competitiveness, with the U.S. ranked only 10th in the percentage of young adults (ages 25 to 34) with college degrees, according to Scholarship America.

Join CCF in Investing in Education

You can help your clients make a big difference in thousands of students' educational dreams by partnering with CCF to create a scholarship fund that aligns with your clients' interests.

As the leading scholarship fund manager in Los Angeles County, we can help your clients award scholarships based on merit, need or other criteria they decide to benefit students of any age, background or educational level. The level of input in the selection process is up to your client.

As a philanthropic vehicle, scholarships offer an immediate and meaningful impact for students. Our staff offers expertise and advice on scholarship best practices and stays informed on the many IRS regulations around scholarships.

To learn about the wide array of scholarships we manage, go to page 3.

Want information to share with your clients on scholarship funds? Download our fact sheets at myccf.org/scholarshipfunds.



CCF SCHOLARSHIPS



John Weldon (Photo courtesy of John Weldon)

ADVISOR SPOTLIGHT: How CCF Helped Donor Educate Students

John W. Weldon, a certified public accountant, started his own firm in 1988. As scholarship chairman of the Venice High School Alumni Association, he is a driving force for the Venice High School Alumni Scholarship Fund, a fund at CCF. A 1975 graduate of Venice High School, he discusses the benefits of scholarship funds for clients interested in investing in future generations.

Why are scholarship funds an effective charitable vehicle?

JW: If you set up an endowment, it's a gift that is going to give every year in perpetuity. Educating a student is the greatest gift you can give to somebody. It's a great investment. My philosophy is this: if you educate a person, you can never take somebody's education away, and you're helping that person succeed anyplace, not just in the U.S.

Why was the Venice High School Alumni Scholarship Fund established at CCF in 1992?

JW: The alumni association started the scholarship program about 40 years ago. We just had the funds in a bank account and once we reached \$250,000, the organization decided it needed to have someone else manage the funds for us. We did our research and came across CCF, which was local, in existence for a long time (since 1915) and had a stellar reputation. That solidified our choice to move all our funds over.

How does the Venice High School Alumni Scholarship Fund work?

JW: We give college scholarships to Venice High School seniors. In April, the guidance counselors at Venice High send out letters to every graduating senior to let them know about the scholarships. They have to fill out a questionnaire and write an essay and provide income information. They have to have a minimum grade point average of 2.5. We're trying to help families in which their child may be the first student to go off to college. We also look at the student's financial need and school service. With the input of college counselors, we also take into consideration whether they think the student is going to follow through with their education. Based on the fund's investment performance, we give out an average of 5 percent per year. In summer 2009, we gave out \$121,500 in scholarships to 33 students.

Who selects the scholarship winners?

JW: We have a committee of about 10 people that includes guidance counselors, teachers and board members. We meet once a year and there is a lot of discussion. We reduce the bias by having board members there who ask a lot of questions.

Your biggest donor was the late Fred J. Aves, whose scholarship fund at CCF is the largest one administered. How involved was he with your fund?

JW: Mr. Aves was a Venice High School graduate. He was a self-made man who made his fortune from real estate investments and manufacturing businesses. He made all the donations to our fund while he was alive on an anonymous basis. He gave us suggested criteria, but he never gave us requirements. Today we give out three Aves scholarships for students attending vocational school. (Note: In 1998, inventor Fred J. Aves left \$9.1 million of his estate to CCF to support young people pursuing vocational careers through scholarships from the Fred J. Aves Vocational Education Fund.)

Are there any lessons learned that you can pass on to others who are considering a scholarship fund?

JW: To avoid problems and make the process unbiased, we document our requirements for scholarships. We also have a requirement that students awarded scholarships have to attend the award ceremony. We believe that if someone gives you money to go to college, you should show up and shake their hand.

How would you describe your experience with CCF?

JW: Very positive. CCF is a very professional organization. It is well informed on any changes in law relating to scholarships, it keeps us on track and keeps us informed about what it is doing. CCF is a very multifaceted organization, very cost effective and it's local. That's why my client, Walter Holiday, who is deceased, left his estate to CCF. His fund will feed the very poor.

John Weldon: (310) 390-7487 or jweldon@johnweldoncpa.com

If your client is interested in creating a scholarship fund at CCF, please contact Scholarships Manager Kerry Franco at (213) 452-6225 or kfranco@ccf-la.org.



Kerry Franco (CCF Photo)

MEET CCF'S SCHOLARSHIPS MANAGER

Kerry Franco joined CCF in September 2009 as our scholarships manager. She has experience working with all aspects of scholarships including outreach, selection and administration. Most recently, she worked as a development officer in foundation relations at USC's Keck School of Medicine.

Franco works with CCF donors, educational institutions and students to provide meaningful scholarship opportunities while furthering donors' philanthropic goals.

"At CCF, we can help your clients create meaningful scholarship opportunities that meet their goals while making a real difference in a student's educational journey," Franco says. "A scholarship recipient myself, I can say that a scholarship changes everything. As a transfer student to USC, scholarships not only made it possible for me to finish my degree in public policy, management and planning, but also gave me the confidence to pursue an advanced degree and become involved in my community."

For more information about Scholarship Funds, please contact her at (213) 452-6225 or kfranco@ccf-la.org.

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SCHOLARSHIP FUNDS *Your Clients Can Choose How Involved They Want to Be*

FUND TYPE	<i>This is a good fit for a client who wants to...</i>	<i>Client Input into Student Eligibility Requirements</i>	<i>Client Input into School Selection</i>	<i>Client Input into Annual Selection Process</i>	<i>Overall Client Participation</i>
COMMITTEE ADVISED SCHOLARSHIP FUND	Participate in selecting scholarship recipients. Best for families, nonprofits and alumni groups.	HIGH	HIGH	HIGH	HIGH
RESTRICTED SCHOLARSHIP FUND	Help define key eligibility criteria for the scholarships and have limited involvement after that. Good for estate planning strategy.	HIGH	HIGH	NONE	LOW
DISCRETIONARY SCHOLARSHIP FUND	Establish/name a scholarship program, but would like CCF to select the scholarship recipients.	HIGH	NONE	NONE	LOW

External and Donor Relations staff is here to help. Should you have any questions about Scholarship Funds, please do not hesitate to contact Kerry Franco at (213) 452-6225.



Norma Sanchez with her mother at the Fraser Scholarship awards dinner in November 2009. (Photo courtesy of Norma Sanchez)

SCHOLARSHIPS FUEL HER DREAMS OF BECOMING A DOCTOR

If your clients are interested in supporting students through a scholarship fund, here is an example of a medical student who won scholarships from two funds at CCF.

Norma Sanchez vividly recalls the frustration at age 9 of waiting six hours in the emergency room for her younger brother to be treated for a high fever. That experience was one of many that influenced her decision to become a doctor. As the only English speaker in her family, Sanchez grew up helping her parents navigate the health care and educational systems by scheduling medical appointments and meetings involving her younger brother Oscar's special education.

scholarship fund at CCF. It focuses on graduate students pursuing a medical career at UCLA and USC, and also provides grants to doctors who work in underserved communities to help them repay their educational loans.

Sanchez's \$15,000 scholarship, renewable for three years, couldn't come at a better time. "It really takes the pressure off and I don't have to stress out about finances," said Sanchez, who in high school won a Warren Christopher scholarship, which is another CCF fund. "It will especially help with test prep books, textbooks and other materials, and I won't have to take out more loans."

Both scholarships were affirmations of her hard work and served as catalysts toward her goal of working at a community clinic. "Scholarships are one of those awards that change your life, change the trajectory," she said. "They helped me believe that I could do all the things it takes to carry out my dreams."

Today, at age 29, she is in her second year of medical school at UCLA and has her sights set on becoming a general practitioner. Her career path recently got a boost when she was awarded a scholarship from the **Robert C. Fraser Fund**, the largest restricted



Census 2010:

Because Every Angeleno Should Be Counted

With a \$1.5 million investment in census outreach over 10 months, the California Community Foundation is engaging nonprofits in innovative outreach and convening key stakeholders to assist in getting an accurate census count in L.A. County in 2010. Government agencies use census counts to allocate funds at the state, county and municipal levels, so it is important to ensure that every person gets counted.

CCF's cohort of 12 grantees has initiated creative solutions and shared best practices to dispel myths surrounding the census and to encourage participation. Many communities fear, for instance, that the government may misuse information collected in the census. In addition, few know that the census form has been trimmed down to 10 simple questions — the shortest census form in its history.

Grantee Mexican American Legal Defense & Educational Fund (MALDEF) and nonprofit partner Voto Latino are reaching out to Latino youth via a cell phone game, the "Census Challenge." Users take an online pledge to be counted, and then tap others to take the pledge, too. They can track their progress via an interactive virtual tool and participants can win prizes from Voto Latino's census partners, including Apple and MTV. CCF recently received a grant from the John S. and James L. Knight Foundation for this project.

"Given the high use of cell phones among Latinos, the L.A. County mobile phone census application will provide Latinos with accurate, instant bilingual information about the importance of participating in the census," said Voto Latino Executive Director Maria Teresa Kumar. Los Angeles County has more than 4.4 million residents living in "hard-to-count" areas, more than 2.5 times the number of any other county in the nation. The most severely undercounted populations are Los Angeles' ethnically diverse, low-income and homeless residents.

Read more about how your clients and their favorite nonprofits can help at myccf.org/census.

New Minimum Administrative Fees

As of Jan. 1, 2010, minimum administrative fees for Donor Advised Funds, Private Foundation Alternative Funds (Supporting Organizations) and Separately Managed Investment Accounts have changed. For more information, please see the 2010 administrative fee schedule and frequently asked questions at myccf.org/fee_changes

LEARN MORE AND EARN CREDIT:

CCF case studies can help you and your colleagues earn continuing education credits and learn more about what CCF has to offer you and your clients. Contact Barry Peterson at (213) 452-6265 or bpeterson@ccf-la.org to schedule a session at your firm today.



The California Community Foundation meets the most rigorous standards in philanthropy and complies with the National Standards of U.S. Community Foundations.



Case Study:

CONVERTING AN UNUSED VACATION CONDO TO CHARITABLE GIVING

A retired couple had a small vacation condo in the desert. When they began having grandchildren, they wanted to spend more time in Los Angeles, leaving their condo unused. Selling the property would expose them to a \$300,000 gain, so their advisor suggested that they donate it and create a Donor Advised Fund. Here's how this gift worked to the clients' benefit:*

Fair Market Value of the condo	\$300,000	The value the donors could claim because of donating to CCF.
Donation value	\$300,000	In this case, donors contributed 100% interest in the property. Donors can also contribute a partial interest in property.
Deduction in 1 st year	\$150,000	Up to 30% of \$500,000 (the adjusted gross income for this donor) compared to 20% with private foundations.
Deduction in 2 nd year	\$150,000	The remainder up to 30% of AGI. Can be claimed up to 5 years.
Cost basis of the condo	\$0	The value the donors would be able to claim if donated to a private foundation.

*This is a composite example to protect the privacy of our donors. State and local taxes, the federal alternative minimum tax and limitations to itemized deductions applicable to taxpayers in higher-income brackets are not taken into account. CCF does not provide tax advice. Please consult your tax advisor to properly determine the tax consequences of making a charitable gift to the California Community Foundation.