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## WHAT'S HAPPENING

### First-quarter Grants and Contributions

CCF donors generously contributed more than \$8 million from Jan. 1, 2010 through Mar. 31, 2010. Total contributions include \$736,000 in publicly-traded stock and \$484,000 in other securities. During the same period, CCF granted \$23.5 million through its foundation-directed and donor advised funds.

### Updated 990 IRS Form

The updated 990 IRS form, which is used to report 2009 financial information, can help your clients make better decisions about what charity to support. More detail about nonprofits' purpose, governance, services and activities are included. Visit [guidestar.org](http://guidestar.org) for more information.

### New Rules for Roth Conversions

Rules have changed this year to allow anyone to convert their traditional individual retirement account into a Roth IRA regardless of their income. When your clients combine the conversion with a charitable gift like an annuity, they can get some immediate tax savings, support their favorite charity and leave behind money for their heirs.

# ENCOURAGING CLIENTS TO BE PHILANTHROPIC

*Alin Wall has more than 25 years of public accounting experience. She is co-partner in charge of the RBZ Family Wealth Group and works with high net worth individuals and their families on estate, trust and family planning issues. Wall has served on the board of Make-A-Wish Foundation of Greater Los Angeles, USA for Africa and the Alpha Phi Foundation. She is a member of the Women's Leadership Council of Los Angeles, the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. She discusses the qualities she looks for in a philanthropic partner as well as how she discusses philanthropy with her clients.*



Alin Wall (Photo courtesy of Alin Wall)

### **What do you or your firm look for in a philanthropic partner?**

**AW:** We look for an organization that will add value to the grantmaking process. It should have the resources to research organizations, provide guidance on new regulations, assist in making grants to nontraditional grantees, inform us of best practices and have knowledge and expertise on specific issues we are interested in working on.

### **Why did you pick CCF?**

**AW:** My experience interacting with CCF has been very positive. Reaching someone is easy, calls are promptly returned and special requests are considered and oftentimes granted. It feels like good value for the cost.

### **How do you define effective, strategic grantmaking?**

**AW:** I define it as identifying the problem you are trying to solve, deciding what approach would work best, assessing your internal resources, developing and then implementing a plan, monitoring it and then assessing whether it's working and adjusting it if it's not.

### **What are your clients looking to do with their philanthropy?**

**AW:** Charitable giving is so personal that what they are looking to do is different for every one of them. I have clients who want to help animals and those who want to ease human suffering; those who are interested in improving our education system and those who want to make sure children are not homeless and hungry. Some simply write checks to established

charities. But all my clients want to make life better for those who need help.

### **How has their philanthropy changed strategically?**

**AW:** They are not necessarily giving less but they are narrowing the field of who they are giving to. They seem to be picking those projects and programs that are closest to their hearts. I help them narrow the field of programs that best align with their passions and then identify the organizations that are accomplishing the most with their programs.

### **As a philanthropist yourself, does that help drive your conversations with your clients who may or may not be charitably minded?**

**AW:** Anyone who is involved in charitable giving and activities feels they get back so much more than they give. Besides making a contribution to the human condition or to the planet, you get the opportunity to see the resourcefulness of people who have little or nothing and it gives you such hope for the future. It's easy to encourage clients to consider getting involved and giving because it enriches life to do it.

### **What kind of impact or evidence thereof should your clients expect for their grantmaking from the nonprofits they give to?**

**AW:** They should see evidence that the programs they are funding are *[continued on page 3]*



## PHILANTHROPIC PLANS FOR YOUR CLIENTS



By Barry Peterson, Director of Charitable Business Development

If you've recently discussed philanthropy with your clients, you may have noticed that the conversation has shifted. At a time of scarce dollars and increased need in the community, donors care about the impact and effectiveness of their charitable dollars more than ever. Whether your clients are long-time philanthropists or just getting started, helping them target their giving based on causes they deeply care about will help them become more fulfilled philanthropists.

I recently had the opportunity to meet a prospective donor who wanted to be more strategic with his philanthropy. His advisor referred him to us to create a philanthropic plan that identifies nonprofits that align with his passions, do great work and run a great business. Like many of our donors, he wanted the most up-to-date information on issues facing our communities and organizations that successfully address these issues. With our expertise on issues like arts, civic engagement, education, health care, human services and affordable housing and strong cross-sectoral partnerships throughout Los Angeles, we helped this prospective donor focus his giving to ensure maximum impact with his dollars.

Other donors come to us to solidify the long-term effectiveness of their philanthropy, and we do this by helping them plan their charitable legacy and setting up guidelines that remain faithful to their intent in perpetuity. Our job is to ensure that CCF will honor donors' intent after they pass and monitor their contributions so they will continue to support successful organizations.

If you have clients who are interested in learning how to increase the impact of their philanthropy or if you would like to learn more on this topic, please contact me at (213) 452-6265 or bpeterson@ccf-la.org or visit myccf.org/advisors for more information.

## giving with results

"There's no magic checklist, no magic recipes for philanthropy, but there are tools and ways of looking at proposals that help you make the most of your giving."

— Lynn Alvarez

California Community Foundation donors explored ways to make their giving more impactful at CCF's Effective Grantmaking Workshop on Feb. 24, 2010. Topics included evaluating programs, understanding the seven keys to a healthy nonprofit and learning about the types of grants donors could give to achieve their goals.

"There's no magic checklist, no magic recipes for philanthropy," said Lynn Alvarez, a philanthropy consultant who facilitated the session. "But there are tools and ways of looking at proposals that help you make the most of your giving."

Donors should first determine what they would like to accomplish with their grantmaking. Then they can use the following themes to assess a particular opportunity:

- \* **Strategic alignment** – The request should fit with their giving goals.
- \* **Quality of the program** – Evaluate a program based on the characteristics that are most important to them, such as demonstrated compelling need, innovation or sustainability.
- \* **Organizational health** – Using seven major indicators, including leadership and governance, assess whether an organization can successfully implement the program.
- \* **Types of funding** – Assess whether the type of grant, such as core operating and capacity building, is the best fit for the program, the nonprofit and their own comfort level.

CCF program officers were also present to share their expertise and experience about best practices. In most cases, CCF makes multiyear, competitive grants for core operating support, which ensures long-term sustainability and provides flexibility to help nonprofits thrive.

The workshop is one of a series of donor events to help donors align their passions with their giving and ultimately make their giving more meaningful to them. CCF also provides personalized philanthropic consulting services for donors.

## International Grantmaking

At CCF, giving has no boundaries. In the aftermath of the earthquake in Haiti, our donors' generosity has enabled us to grant more than \$2.3 million to relief organizations helping this ravaged country. Because of our donors' help, we have also raised more than \$100,000, including a \$50,000 CCF matching gift, to help families affected by the massive earthquake in Chile. Efforts are under way to award grants to relief organizations working there.

Our staff is here to help your clients give to organizations in Los Angeles County, the U.S. and around the world. Many U.S.-based nonprofits have offices abroad, and in the case of organizations that are headquartered internationally, our grants management team conducts a due diligence process to ensure compliance with federal regulations and to determine that a recommended grantee is the equivalent of a U.S. public charity.

In 2008-2009, CCF donors gave more than \$11 million to international organizations, up by more than 100 percent from the same period in 2007-2008. If your clients would like to support causes or organizations outside of the U.S., please contact **Courtney Gross, donor relations associate**, at (213) 452-6264 or cgross@ccf-la.org.



Courtney Gross  
Donor Relations Associate  
*(CCF photo)*

## ENCOURAGING CLIENTS TO BE PHILANTHROPIC

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producing results. They could set metrics with the organization up front so that actual results can be compared to targeted outcomes.

**How do you first broach the topic of philanthropy and take it one step further to discuss being focused in your philanthropy?**

**AW:** When I first meet a client, I ask a lot of questions about their families, where they grew up, what they are looking for and what their concerns are. This has nothing to do with preparing their tax returns, but everything to do with giving them good advice and pointing them in the right direction for their giving.

**For clients who want to create private foundations, how do you talk to them about charitable giving that's meaningful and the right vehicle to accomplish that?**

**AW:** I tell them they need to spend some time thinking and discussing what they want their charitable legacy to be and how they will get there. How will they measure their effectiveness? Will they get family members involved? Do they believe the family is equipped and able to manage and sustain the foundation after they pass away? Are they willing to pay the expense of running the foundation properly?

I advise clients to set up a Donor Advised Fund when they want to give a large sum but aren't sure which organizations to support. It is a practical way to give now and figure out the fine details later. I recommend the option of supporting organizations when the client does not currently have and is not likely after their death to have the infrastructure in place to manage a large private foundation but they want to create a legacy of support to those organizations and issues they are passionate about.

Contact Alin Wall at (310) 745-5704 or awall@rbz.com

## Case Study:

### GIFTING APPRECIATED STOCK TO SUPPORT CHARITY

An entrepreneur wants to help her favorite charity expand its services so it can serve more families, especially after she passes. She has appreciated stock that can be gifted to a CCF fund that will support her nonprofit. By donating stock, she avoids paying capital gains tax, deducts the full value of the appreciated stock and ensures her favorite charity is sustainable. If she had sold her stocks and given the proceeds directly to her charity, she would have paid taxes for capital gains and not been able to give as much to her favorite nonprofit as she had by giving through donated stock.

Here is a snapshot of the benefits of gifting appreciated stock to a CCF charitable fund versus directly to a charity.\*

|  | Convert stock into CCF charitable fund | Sell stock and donate net cash to charity |
|--|--|---|
| Fair Market Value of the stock   | \$250,000                              | \$250,000                                 |
| Federal long-term capital gains tax paid<br><small>(assumes cost basis of \$25,000 and long-term capital gains of \$225,000)</small> | \$0                                    | \$33,750                                  |
| Charitable contribution  | \$250,000                              | \$216,250                                 |
| Value of charitable deduction less capital gain taxes paid<br><small>(assumes donor is in 35% income bracket)</small>                | \$87,500                               | \$41,937.50                               |

Since the entrepreneur chose to convert her appreciated stock into a CCF charitable fund, she reduced her taxes by an extra \$45,562.50 and gave an additional \$33,750 to her favorite charity.

\*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.

For more information about donating appreciated stock and CCF's charitable funds, please contact Barry Peterson, director of charitable business development, at (213) 452-6265 or bpeterson@ccf-la.org.



# SKILLS-BASED VOLUNTEERING: Giving Expertise to Strengthen Nonprofits



Aaron Hurst (Photo courtesy of Taproot)

Aaron Hurst founded the Taproot Foundation, the nation's largest nonprofit consulting firm, in 2001 to engage business professionals in pro bono service to build infrastructure so nonprofits can thrive. He recently shared his thoughts about skills-based volunteering, who should be involved and how to help even with limited time.

### Why did you start Taproot?

**AH:** In this country, we don't set up nonprofits for success and yet they are charged with the most critical work in our society. We expect them to operate with the scale and efficiency of a large company and yet we say they need to do it without the infrastructure successful companies rely on. Traditionally, pro bono was

not a trusted resource in the nonprofit sector because people assumed "you get what you pay for..." Through Taproot's 1,000 consulting projects, we have proven that pro bono service can work and be reliable. One great example relevant to Southern California took place over three days during the wildfires of 2007, when a team from IBM developed an IT system to help the emergency hotline 211 cope with thousands of calls for assistance.

### Why is skills-based volunteering so important?

**AH:** While nonprofits have a surplus of volunteers now, they consistently report that they cannot find the volunteers they want – ones that bring specific skills to the table and not just a helping hand. In Deloitte's 2009 Volunteer IMPACT Survey, 62 percent of nonprofit respondents said they 'Strongly Agree' that their nonprofit is in greater need of pro bono or skilled volunteer support. They most need people with skills in fundraising, marketing, technology, leadership/management and human resources.

### How can volunteers make sure that they are offering helpful services?

**AH:** Be honest about what you have to offer and remember that the nonprofit is the client and not the other way around. If you have limited time, use your skills and background to help a nonprofit scope out its needs and find a team with more time to do the work needed.

### When is it appropriate to give service instead of money or vice versa?

**AH:** You want to ensure that you contribute a skills set that a nonprofit can leverage to create much more value thereafter. If you can provide that with your network or skills – great. If you can't, try to fund them to secure it.

### How can donors help nonprofits in this economy?

**AH:** Make sure that every dollar you give is leveraged to bring in additional resources. For example, fund a volunteer manager who can then generate five times his/her salary in labor. Use your network to connect them with companies that can provide pro bono services that the nonprofits would otherwise have to pay cash to secure.

To learn more, visit [taprootfoundation.org](http://taprootfoundation.org)

*CCF awarded a \$100,000 grant to Taproot in 2008 to help strengthen the capacity of nonprofit organizations in Los Angeles County through subsidized training services and technical assistance. Taproot is one among three CCF partner organizations providing management support services to L.A.'s nonprofit community.*

## Go Ahead, Take the Credit

Get credit for being a lifelong learner. The California Community Foundation offers continuing education credit for professional advisors. Join us for Webinars to learn about the latest trends in philanthropy and how to make your clients' giving more strategic.

Visit [myccf.org/advisorwebinars](http://myccf.org/advisorwebinars) or call our charitable development team at (213) 239-2370.



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



## CCF Investment Performance Exceeds Those of Other Community Foundations

CCF's investments have consistently outperformed those of other community foundations in the nation over a 10-year period. The chart below includes data from the Council on Foundations' quarterly survey of investment performance among community foundations for the period ended Dec. 31, 2009.

For more information, please contact Investment and Financial Analyst Ravi Sharma at (213) 452-6248 or [rsharma@ccf-la.org](mailto:rsharma@ccf-la.org).

|   | Q4 2009 | Latest 1 Year | Latest 3 Years | Latest 5 Years | Latest 10 Years |
|---|---------|---------------|----------------|----------------|-----------------|
| CCF Investment Performance                  | 3.7%    | 24.5%         | 0.8%           | 4.1%           | 3.8%            |
| Other Community Foundations (survey median) | 3.7%    | 23.5%         | -0.8%          | 3.3%           | 3.5%            |
| Number of Survey Participants               | 169     | 161           | 144            | 135            | 90              |