



IN THIS ISSUE

- Top-Performing Nonprofits
- Why Charitable Lead Trusts Are Hot Now
- How Financially Healthy Is the Nonprofit You Supported?

WHAT'S HAPPENING

Donors Generous in 2008-09

Preliminary numbers show that CCF donors contributed \$154 million from July 1, 2008 through June 30, 2009. During the same period, CCF also awarded \$164 million in grants through its foundation directed and donor advised funds.

Calling All Animal Lovers

Share ideas and connect with like-minded donors interested in animal welfare at a special event later this summer. For more information, contact Donor Relations Associate Courtney Gross at cgross@ccf-la.org or (213) 452-6264.

Supporting Youth This Summer

CCF created a Summer Youth Fund in June 2009 to ensure our children have the opportunity to enjoy a productive and memorable summer. The fund raised \$243,600 (including CCF's \$121,800 matching donation) as of July 14 and will allow up to 5,000 youth in L.A. County's low-income communities to participate in fun, enriching programs run by the YMCA and the City of L.A.'s Summer Night Lights. Read more at californiacommunityfoundation.org/summeryouth

DONOR SPOTLIGHT:

Choosing a Donor Advised Fund Over a Private Foundation



Michael Cusumano presents a check for \$25,000 to Kimberly Washington, president of the board of the Burbank Boys & Girls Club, the first grant given from the Cusumano Family Foundation, a donor advised fund at CCF. (Photo courtesy of the Burbank Boys & Girls Club)

The Cusumano family recently created The Cusumano Family Foundation, a donor advised fund at CCF. The family, longtime pillars of the community of Burbank, considered several options, including forming a private foundation, before deciding that a donor advised fund was a better fit for their needs. The family business, Cusumano Real Estate Group, is one of the largest privately held property owners in Southern California, with property owned from Ventura to San Diego. The business is run by Chuck Cusumano, his brother Roger and Chuck's sons, Michael and Charlie. The family is working with CCF to develop a more focused and organized giving plan.

Q: Why did you decide to establish a donor advised fund at CCF instead of creating your own private foundation?

Michael Cusumano: "I'm on the board of the Burbank Community Foundation, which is a very small foundation. A fellow board member spoke very highly of the California Community Foundation. As our family thought about forming our own foundation or formalizing our philanthropy, we looked at various options. We found that donor advised funds are really the most effective way for what we wanted to do. There's so much tedium of a private foundation, the reporting and the tax returns. What we really wanted to do was focus on giving and all the reporting and paperwork of a private foundation, we felt, would distract from that. A donor advised fund at CCF also allows us to tap into the expertise of CCF to help us be more structured and impactful in our giving. We're also doing other things like estate planning and trying to figure out what our legacy as a family is going to be. To try and do that on our own is a very daunting task."

Chuck Cusumano: "We're in the real estate business and CCF staff are professionals in giving. We felt we needed the guidance and help from people who really know what they're doing."

Q: Your family is interested in funding youth programs. What advice can you give donors who have not yet found a charitable cause that is meaningful to them?

MC: "When we were growing up in Burbank, we participated in Boy Scouts and sports. The things we participated in are things we developed a passion for. Everybody's life experience is unique. Find something that has touched you in life – whether it's music, dance, medical research or youth – and that's where you'll go, where you'll find the most fulfillment."

CC: "Youth is truly the future of the world and this community. We are no longer young and we have limitations, but with youth there are no limitations. That's where all of us, the schools, the organizations and businesses need to focus and do as much for them as we can."

Roger Cusumano: "Charlie's son was diagnosed with leukemia when he was 4. (He's now 16 and doing well). He went through chemo and spent dozens of nights in Children's Hospital and his parents spent thousands of hours there. It's hard not to be affected by it. You thank God there's a hospital there and the services are there. That's where passion comes from." *[continued on page 2]*



DONOR SPOTLIGHT:

[continued from page 1]

Q. *With many nonprofit organizations seeing a rise in demand for their services as revenues decline in this economy, what advice do you have for other donors?*

CC: "We are in very challenging times and people who are in a position to help need to give more and work harder."

MC: "That's why we want to work with the foundation, to leverage what we give in the community through more effective estate planning and the transfer of appreciated assets. There are a lot of ways you can be effective in your giving in spite of the fact that we're in such an economically challenged time."

THE TIME IS RIGHT FOR A CHARITABLE LEAD TRUST



*Jonathan Lurie, lawyer and estate planning expert
(Photo courtesy of Jonathan Lurie)*

A charitable lead trust (CLT) is an irrevocable trust that makes payments to one or more charities out of the income generated by the trust's assets for a set period. When the trust ends, the rest of the assets go to beneficiaries, usually family members.

This is an ideal time for a CLT, said estate planning attorney Jonathan Lurie, because CLTs work better in a low-interest environment. "Because the size of a gift to the beneficiaries depends on the value of the asset when creating the CLT," said Lurie, "CLTs are more effective when asset values have dropped and where there is a much greater possibility for appreciation."

A CLT also reduces gift or estate taxes because the present value of the lead trust is deductible from the gift to the CLT for the purposes of calculating the size of the gift to the remainder beneficiaries.

Jonathan C. Lurie, a partner in the law firm of McDermott, Will & Emery LLP, is an expert in estate planning. Contact him at (310) 284-6169 or jlurie@mwe.com

SMART ALTERNATIVE TO A PRIVATE FOUNDATION

CCF offers several smart alternatives to a private foundation that will provide greater tax benefits and spare you administrative hassle. The following chart outlines the many reasons a donor advised fund at CCF is a smarter choice than a private foundation. For more information, please contact Carol Bradford, vice president of external and donor relations, at (213) 452-6266 or cbradford@ccf-la.org or visit californiacommunityfoundation.org.

	<i>CCF Donor Advised Fund</i>	<i>Private Foundation</i>
<i>Administrative Requirements</i>	<p>Fewer requirements:</p> <ul style="list-style-type: none"> • Tax status covered under CCF's public charity status • Donor free from filing annual federal and state tax returns • No startup costs, quick and easy to establish 	<p>Many requirements:</p> <ul style="list-style-type: none"> • Apply to IRS for private foundation tax-exempt status • File annual tax returns, including detailed financial schedules • Multiple filings and fees associated with startup
<i>Income Tax Deductions</i>	<p>Greater overall tax deductions*:</p> <ul style="list-style-type: none"> • Cash: up to 50% of adjusted gross income • Publicly traded securities: Fair market value up to 30% of adjusted gross income • Real estate and closely held securities: Fair market value up to 30% of adjusted gross income. 	<p>Less advantageous deductions:</p> <ul style="list-style-type: none"> • Cash: up to 30% of adjusted gross income • Publicly traded securities: Fair market value up to 20% of adjusted gross income • Real estate and closely held securities: Deductible at cost basis.
<i>Anonymity</i>	Donor may remain anonymous	IRS 990PF form lists officers, directors and trustees
<i>Grantmaking expertise</i>	Expert staff helps to identify and assess grantees. Extensive research, tools and tips on effective grantmaking and other resources available on request.	Must research and make its own grants
<i>Grantmaking and investments</i>	Donor recommends grants to qualified nonprofit groups. Donor may choose from CCF's investment pools.	Donor appoints board, which controls grantmaking and investments.
<i>Distribution Requirements</i>	None	At least 5% of net asset value annually

* CCF does not provide legal or tax advice

READING THE SIGNS OF BANKRUPTCY: How Financially Sound Is Your Favorite Nonprofit?

David Greco, vice president for the western region at the Nonprofit Finance Fund (NFF), speaks about evaluating the financial health of a nonprofit organization. NFF, which makes loans and consults with nonprofits, has seen a sharp rise in demand for services, approving \$7 million in loans in California in the first quarter of 2009 compared to \$6 million in all of 2008. CCF recently invested \$3 million in NFF over the next 10 years to help strengthen the nonprofit sector and granted \$200,000 over two years to provide training, financial analyses, customized technical assistance and working capital loans to Los Angeles area nonprofits.

CCF: How would a donor gauge if a nonprofit has temporary cash flow issues or is in major financial trouble?

DG: Donors need to ask management how they're tracking cash, revenue and operating expenses, separating out restricted versus unrestricted. If the organization is doing these things, that's a good indication of strong financial management. If they just give you an income statement, you need to go to the next level and see what's behind that. To assess if they're in real trouble, look at financial documents dating back to more than one year. If the organization broke even or had surpluses the previous year but has a deficit this year, the shortfall may be temporary. However, if there was a steady deficit two years in a row, that's a key indicator that the organization is in trouble. Try to look at least two to three years back, up to five years to get a real picture of its track record.

CCF: Do L.A. nonprofits face more challenges compared with those in the rest of the country?

DG: In California, particularly Los Angeles, economic troubles came before the rest of the country. Because of the budget crisis last summer, lots of organizations had to use cash on hand, which weakened them. Now they face further cuts and increased demand for

services, so they are running very close margins. Even nationwide, 64 percent of nonprofits are operating with three months of cash or less, 30 percent operating with one month of cash or less, so everyone is hurting.



*David Greco of Nonprofit Finance Fund
(Photo courtesy of NFF)*

CCF: What lessons can nonprofits and donors learn from these tough times?

DG: 1) You need to know your numbers, where you stand. We would like to see people make decisions based on facts and data, not just responding to fear and circumstances. 2) People often think of financial management as purely technical, but financial questions are really leadership questions and need to be incorporated into programmatic decisions. 3) Nonprofits and donors need to fully understand and charge the actual cost to deliver a program or service. Nonprofits undercharge for their services, and donors often won't ask about the real costs. Consequently, nonprofits chase other money to recover that piece that they didn't charge. Donors need to understand that if you're really committed, you need to be willing to fund at full costs.



LAUSD Supt. Ramon Cortines addressed CCF donors on June 1. (CCF photo)

SUPPORT EXCELLENCE IN EDUCATION

To help improve our schools, the Los Angeles Unified School District (LAUSD) is going through a major restructuring under the leadership of Supt. Ramon Cortines. As a community leader dedicated to excellence in education and opportunities for children, CCF believes in Cortines' leadership and the importance of supporting long-term as well as short-term needs of the district.

Cortines spoke to CCF donors and friends on June 1 about how he wants to give schools more autonomy and accountability and "put the emphasis on college and career readiness at the elementary school level."

CCF hosted the event at the new arts high school opening in September to help donors learn about the district's challenges amid budget cuts and find ways to be more involved.

With 700,000 students, LAUSD is second only to New York City in number of students served. The district had to cut about \$132 million from the 2008-2009 budget before July because of a decrease in state funding due to the economic crisis and the district's declining enrollment. LAUSD had already cut nearly \$560 million this year and additional deficits of nearly \$275 million are possible in 2009-2010.

Cortines urged donors to join him in supporting LAUSD. "The quality of life in this city will be measured by how the school system improves," he said.

If you would like to learn more about the Excellence in Education Fund created to support this effort, please contact Donor Relations Officer Terri Mosqueda at (213) 452-6298 or tmosqueda@ccf-la.org.



JUST ONE CLICK AWAY:

Announcing New Online Resources on DonorConnect 2.0

Since February 2009, nearly 300 donors and advisors have logged on to DonorConnect 2.0, our improved online grants management system. We've recently added the following resources:

- **Want to know more about a possible grantee organization?**
 - Access its 990 form through the Foundation Center's online tool
- **Forgot an address or other detail of a nonprofit?**
 - Click onto Guidestar to look it up

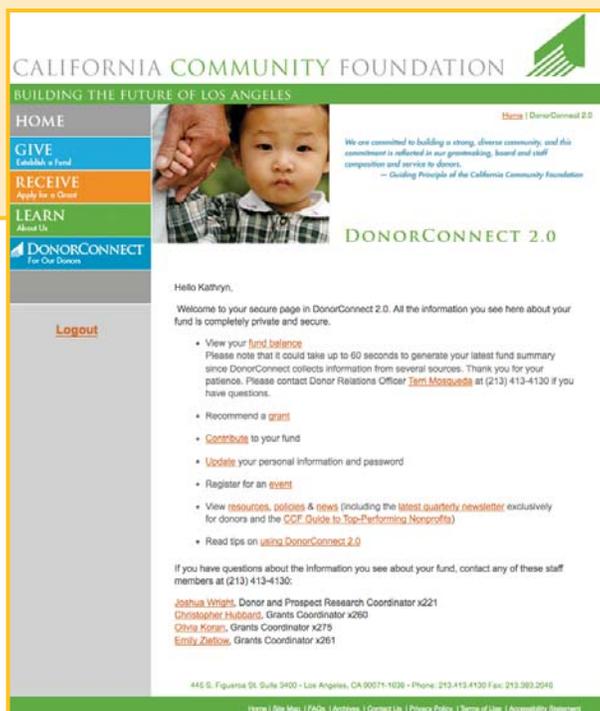
- **Need to connect with other grantmakers online?**
 - Review our grantmaking resources with links to grantmaking organizations and support organizations

Here are additional features available through DonorConnect 2.0:

- **Review your grant history**
- **Check multiple funds with the same log-in**
- **Make online contributions to your fund**
- **Review contributions made from others to your fund**
- **Register for an event**

Get started now at californiacommunityfoundation.org/donorconnect

For questions about your username, password or for assistance, please contact Josh Wright, donor and prospect research coordinator, at (213) 452-6221 or jwright@ccf-la.org.



DOES YOUR GIVING SPAN RESEDA TO RWANDA?



Through our deep knowledge of the community, the California Community Foundation enhances the impact of your gifts. Our understanding of local issues and people is unmatched by other philanthropic partners. If your interests lie **beyond Los Angeles**, we can help you give to recognized nonprofit organizations anywhere in the United States and the world. After all, giving should have no boundaries.

Create the change you envision in L.A. and beyond.

For more information, contact Carol Bradford, vice president of external and donor relations, at cbradford@ccf-la.org or (213) 413-4130, ext. 400.

445 South Figueroa Street, Suite 3400
Los Angeles, CA 90071-1638
Phone: 213.413.4130 Fax: 213.383.2046
www.californiacommunityfoundation.org/intl



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