

ATLANTA GA 39901-0001

In reply refer to: 0752558399
May 27, 2016 LTR 4170C 0
95-3510055 000000 00
00060794
BODC: TE

CALIFORNIA COMMUNITY FOUNDATION
% STEVEN COBB VP & CFO
221 S FIGUEROA ST STE 400
LOS ANGELES CA 90012-3760



039848

Person to Contact: Customer Service
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of May 18, 2016, regarding the tax-exempt status of CALIFORNIA COMMUNITY FOUNDATION.

Our records indicate that a determination letter was issued in July 1980, granting this organization exemption from Federal income tax under section 501(c)(03) of the Internal Revenue Code.

Our records also indicate this organization is not a private foundation within the meaning of section 509(a) of the Code because it is described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to this organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to the organization or for its use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

If you have any questions, please call us at the telephone number shown above.

Internal Revenue Service

Department of the Treasury
EP/EO Division - CSUP
2 Cupania Circle
Monterey Park, Ca.91755-7406

District
Director

Person to Contact: Lee Gann
Telephone Number: (213) 725-1235
Refer Reply to: EOMF Coordinator
Internal Revenue Code Section: 501(c)(03)
EIN: 95-3510055
Date: January 24, 1995

CALIFORNIA COMMUNITY FOUNDATION
606 S. Olive St., Ste.2400
Los Angeles, Ca.90014-1526

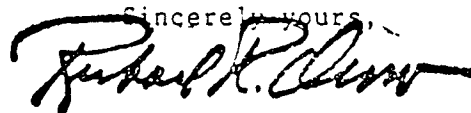
• Dear Sir or Madam:

Thank you for submitting the information shown below or on the enclosure.
We have made it a part of your file.

The changes indicated do not adversely affect your exempt status and the
exemption letter issued to you continues in effect.

Please let us know about any future change in the character, purpose,
method of operation, name or address of your organization. This is a
requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely yours,

District Director

Item Changed

From

To

N a m e

CCF, Inc.

See above

cc.: Teri L. Witteman
of LATHAM & WATKINS

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 2350 Los Angeles, Calif. 90053

California Community Foundation
3580 Wilshire Blvd.
Los Angeles, CA 90010

Person to Contact: B. Thornton
Telephone Number: 213 894-4170
Refer Reply to: TPA
Date: November 29, 1989

Re: California Community Foundation

Dear Applicant:

This letter is in reference to your request for a determination letter of the above referenced organization.

A review of our records indicates that California Community Foundation was recognized to be exempt from Federal Income Tax on December 1, 1988 as an organization described in Section 501(c) (3) of the Internal Revenue Code.

California Community Foundation is classified as not a Private Foundation under Section 509(a) (1) of the Code and as a publicly supported organization described in Section 170(b) (1) (A) (vi).

California Community Foundation is recognized as a "community trust" as defined in sections 1.170A-9(e) (10) and (11) of the regulations, provided applicable support tests in 1.170A-((e) (2) or (3) are met.

Grantors and contributors may rely on this determination until the Internal Revenue Service publishes notice to the contrary.

If you need further assistance, please feel free to contact me at the above address.

We appreciate your cooperation in this regard.

Sincerely,


Tax Law Specialist

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

CCF, Inc.
3580 Wilshire Blvd.
Los Angeles, CA 90010

Person to Contact:
Robert Kolbe or Nelson Odoms
Telephone Number:
E:EO:R:1-1
Refer Reply to:
(202) 566-3951

Date:

DEC 1 1988

Employer Identification Number: 95-3510055
Key District: Los Angeles

Dear Sir or Madam:

This responds to your request for certain rulings concerning the federal tax effects of the proposed transaction described below.

FACTS

California Community Foundation ("Foundation") is a trust organized under California law. Foundation is recognized as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. By letter dated May 31, 1978, Foundation was classified as not a private foundation under section 509(a)(1) of the Code, as a publicly supported organization described in section 170(b)(1)(A)(vi).

This classification was based on Foundation's satisfying the requirements of the Income Tax Regulations, sections 1.170A-9(e)(10) and (11), concerning community trusts or foundations. Foundation was originally organized in 1915 as a single trustee community trust. It has since been reorganized to allow additional banks to participate as trustees.

CCF is a California public benefit corporation, which was organized because its corporate form enables it to accept gifts directly from donors, without the need to designate one or more of Foundation's participating banks as trustee. It can therefore attract and accept gifts of more modest size and with less liquidity than would be acceptable to bank trustees. CCF's existence thus achieves economies of scale in managing

CCF, Inc.

and investing such funds and more effectively serves Foundation's charitable purposes.

By letter dated July 3, 1980, CCF, Inc. ("CCF") was recognized as exempt from federal income tax under section 501(c)(3) of the Code, and classified as not a private foundation, as a supporting organization under section 509(a)(3). CCF has at all times, however, been operated as a component part of Foundation. It is a participating trustee of California Community Foundation, and its funds are subject to Foundation's powers under its governing instrument, described below, with respect to oversight, modification of terms and conditions, and removal of trustees. Moreover, Foundation has accounted, to the public and the Service, for CCF's use of funds. CCF's 13-member board of directors is composed of the 13 members of Foundation's board of governors.

Foundation is organized and operates under an Amended and Restated Resolution and Declaration of Trust adopted August 1, 1984 ("Resolution"), its governing instrument. Under the Resolution, all funds held by participating trustees, including CCF, are subject to the terms in the Resolution and constitute a single community trust. Donors making gifts to or for the use of Foundation agree to all terms in the resolution. All funds held by Foundation, either directly or as component funds or parts, are therefore subject to the following terms and conditions:

- (1) Each fund is presumed intended to be used only for charitable purposes, and productive of a reasonable return of net income to be distributed annually for charitable purposes, or, if accumulated, only in a reasonable amount, for a reasonable period, and for charitable purposes.
- (2) No donor or donor advisory committee may impose any material restriction or condition that prevents Foundation from freely and effectively using transferred assets or income to further its charitable purposes.
- (3) Each trustee must pay Foundation the income from the trusts or funds it holds, at such times and in such amounts as Foundation may designate. Trustees must provide periodic reports to Foundation concerning the funds held and the income thereon.
- (4) Foundation's Board directs distributions of income for charitable purposes in the community, based on

CCF, Inc.

recommendations of its Distribution Committee, at least annually.

- (5) Foundation's Board of Governors has the power to modify any restriction or condition on distribution of funds for any specified charitable purpose, to specified organizations, or as to manner of distribution if, in the board's sole judgment, the restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.
- (6) Foundation's Board of Governors has the power to replace a participating trustee in the following circumstances:
 - (a) When it determines the trustee has breached its fiduciary duty under California law, or it otherwise determines replacement is necessary or advisable to fulfill effectively its charitable purposes, or otherwise is in Foundation's best interests; or
 - (b) When the trustee fails to produce over a reasonable period of time a reasonable return of net income (or appreciation where not inconsistent with Foundation's need for current income), with due regard for safety of principal.
- (7) Foundation's Board of Governors is committed, in the Resolution, to exercising the powers described in paragraphs (3) and (4) in the best interests of Foundation.
- (8) Foundation's Board of Governors is committed to obtaining information and taking other appropriate steps (as by requiring reports and performing audits) to see that participating trustees administer funds in accordance with the terms of the Resolution and accepted standards of fiduciary conduct to produce a reasonable return and in furtherance of Foundation's charitable purposes.
- (9) Foundation's Board of Governors is committed to taking appropriate action to make Foundation known to the people of the community and to seek gifts to Foundation from a wide segment of the community's population.

CCF, Inc.

Foundation's board has determined that its present organization as a trust governed by California law and its present trust instrument do not best serve its charitable purposes because the Board of Governors is unable to control directly the management of the corpus of its funds, for several reasons. First, the trust form prevents the Board from effectively negotiating fees with participating trustees, preventing Foundation from obtaining the highest yields on its funds consistent with prudent investment. Second, Foundation's governance is unduly complicated by the uncertainties of California trust law with respect to its Board's ability to delegate managerial (as opposed to policy-making) responsibilities to Foundation's professional staff. Third, the Board is concerned that uncertain and potentially onerous liabilities imposed by California trust law upon board members may dissuade qualified community leaders from accepting uncompensated board memberships.

The Board therefore believes that operating Foundation as a California public benefit corporation would enable its board to control directly the corpus of funds and would substitute what it views as clear, flexible standards of California corporation law governing the actions of directors for the standards of California trust law.

You propose to consummate the following transaction. Once favorable rulings are obtained, Foundation's Board will seek a court order terminating the trust and distributing Foundation's assets to CCF. CCF's name will be changed to "California Community Foundation," and it will adopt new Articles of Incorporation and By-laws, giving it all the powers listed in paragraphs (1) - (9) above, previously held by Foundation. CCF will thereafter be organized and operate as a community trust or foundation, and Foundation will no longer exist.

Participating banks will cease to hold funds as irrevocable trustees, but are expected to hold them as revocable trusts and custodial accounts. CCF will have the power to re-allocate distribution of investment responsibility among participating banks, and to select additional professional investment advisors to management the investment of portions of its funds.

You anticipate that the trustees of various private foundations will terminate the foundations by distributing their net assets to CCF, as reorganized.

CCF, Inc.

RULINGS REQUESTED

You request the following rulings concerning this transaction:

- (1) Because CCF is a "component part" of Foundation, it shares Foundation's status as an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code.
- (2) Distributions from any private foundation to CCF, as renamed and reorganized, will be deemed to have been made to an organization described in 509(a)(1) and 170(b)(1)(A)(vi) of the Code, which has existed and been so described for a continuous period of 60 months as required by section 507(b)(1)(A).
- (2) After the transaction, CCF, as renamed and reorganized, will be recognized as a community trust as defined in sections 1.170A-9(e)(10) and (11) of the regulations.

APPLICABLE LAW

Section 501(c)(3) of the Internal Revenue Code provides an exemption from federal income tax for organizations organized and operated exclusively for charitable, educational, and other purposes.

Section 509(a) of the Code defines "private foundation" to mean an organization described in section 501(c)(3) of the Code, other than an organization described in section 509(a)(1), (2), (3), or (4).

Section 509(a)(1) of the Code says an organization described in section 170(b)(1)(A) (other than in clauses (vii) and (viii)) is not a private foundation.

Section 170(b)(1)(A)(vi) of the Code describes charitable, educational, and other organizations, which are not private foundations under section 509(a)(1), that normally receive a substantial part of their support (exclusive of income received in exercising or performing their charitable, educational, or other purpose or function constituting the basis for their exemption under section 501(a)) from governmental units or from direct or indirect contributions from the general public.

Section 1.170A-9(e)(2) of the Income Tax Regulations says an organization will be treated as "publicly supported" under section 170(b)(1)(A)(vi) of the Code if it normally receives at least 33-1/3 percent of its total support from governmental

CCF, Inc.

units or from contributions made directly or indirectly by the general public.

Section 1.170A-9(e)(3) of the regulations says an organization will be treated as "publicly supported" under section 170(b)(1)(A)(vi) of the Code if it normally receives at least 10 percent of its total support from governmental units or from contributions made directly or indirectly by the general public, and it establishes that under all the facts and circumstances it normally receives a substantial part of its support from such sources.

Section 1.170A-9(e)(10) of the regulations discusses the status of community trusts under section 170(b)(1)(A)(vi). The regulation says that community trusts have often been established to attract large contributions of a capital or endowment nature for the benefit of a particular community or area. While the community trust generally has a governing body comprised of representatives of the community or area served, its contributions are often received and maintained in the form of separate trusts or funds which are subject to varying degrees of control by the governing body.

Section 1.170A-9(e)(10) says that to qualify as a "publicly supported" organization under section 170(b)(1)(A)(vi) of the Code, a community trust must satisfy the 33-1/3 percent of support test of section 1.170A-9(e)(2) of the regulations, or be organized and operated so as to attract new and additional public or governmental support on a continuous basis sufficient to meet the "facts and circumstances" test of section 1.170A-9(e)(3).

Section 1.170A-9(e)(10) further says that a community trust may meet the requirement of attraction of public support in section 1.170A-9(e)(3)(ii) by seeking gifts from a wide range of potential donors in the community or area served, through banks or trust companies, through attorneys or other professional persons, or in other appropriate ways that call attention to the community trust as a potential recipient of gifts to benefit the community or area served. A community trust is not required to engage in periodic, community-wide fundraising campaigns, directed toward attracting a large number of small contributions in a manner similar to campaigns conducted by a community chest or united fund.

Section 1.170A-9(e)(11) of the regulations provides rules for determining the extent to which separate trusts or funds may be treated as component parts of a community trust, to meet the requirements for classification as a "publicly supported" organization under section 170(b)(1)(A)(vi) of the Code and

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section 1.170A-9(e)(10) of the regulations. If the requirements of section 1.170A-9(e)(11) are met, the community trust will be treated as a single entity, and its separate funds as component parts of that entity, for purposes of sections 170, 501, 507, 508, 509, and chapter 42 of the Code.

Section 1.170A-9(e)(11) establishes the following requirements for treatment as a single entity:

1. The community trust must be commonly known as a community trust, fund, foundation or other similar name conveying the concept of a capital or endowment fund to support charitable activities in the community or area it serves (section 1.170A-9(e)(11)(iii)).
2. All separate funds must be subject to a common governing instrument (section 1.170A-9(e)(11)(iv)).
3. The organization must have a common governing body which either directs, or in the case of a fund designated for specific beneficiaries, monitors the distribution of all funds exclusively for charitable purposes (section 1.170A-9(e)(11)(v)(A)).
4. The governing body must have the following powers (section 1.170A-9(e)(11)(v)(B)):
 - a. To modify any restriction or condition on the distribution of funds for specified charitable purposes or to specified organizations if in its sole judgment, the restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.
 - b. To replace any trustee, custodian, or agent for breach of fiduciary duty under state law.
 - c. To replace any trustee, custodian, or agent for failing to produce a reasonable return of net income over a reasonable period of time, as it determines.
5. The governing body must commit itself to exercise the requisite powers in the best interests of the community trust (section 1.170A-9(e)(11)(v)(E)).
6. The governing body must commit itself to obtain information and take appropriate steps to ensure that

CCF, Inc.

each trustee administers the trusts or funds under its control in accordance with each individual governing instrument and accepted standards of fiduciary conduct to produce a reasonable return of net income. The governing body's responsibility extends both to individual trusts or funds, and to the aggregate of trusts or funds, held by each trustee (section 1.170A-9(e)(11)(v)(F)).

7. The organization must prepare periodic financial reports treating all the funds it holds, either directly or as component parts, as its funds (section 1.170A-9(e)(11)(vi)).

Section 507 of the Code provides rules concerning termination of private foundation status. In general, private foundations that terminate must pay the tax imposed by section 507(c), unless the tax is abated under section 507(g). However, the private foundation may terminate without paying the tax if it meets the requirements of the special rules in section 507(b).

Under section 507(b)(1)(A) of the Code, a private foundation may terminate without being subject to the termination tax if it distributes all its net assets to organizations described in section 170(b)(1)(A) (other than in clauses (vii) and (viii)) that have existed and been so described for a continuous period of 60 calendar months immediately preceding the distribution.

ANALYSIS

Although CCF is classified under section 509(a) as not a private foundation under section 509(a)(3) of the Code, that classification is not inconsistent with being an organization described in section 170(b)(1)(A)(vi), as required by section 507(b)(1)(A). The information submitted, detailed above, indicates Foundation is a "community foundation" within the meaning of section 1.170A-9(e)(10)-(11) of the regulations; and that CCF has been organized and operated as a "component part" of Foundation, within the meaning of section 1.170A-9(e)(11)(ii), at all times since it was organized on July 3, 1980. As a component part, CCF shares Foundation's status under sections 170 and 509 of the Code, pursuant to section 1.170A-9(e)(11)(i) of the regulations. During the period it has been so operated, therefore, it has been described in section 170(b)(1)(A)(vi), assuming Foundation has satisfied applicable support tests in section 1.170A-9(e)(2) or (3) of

CCF, Inc.

the regulations; it also shares Foundation's status under section 509(a)(1).

The information submitted further indicates that after the proposed transaction, CCF will be a community trust or foundation under sections 1.170A-9(e)(10) and (11) of the regulations, provided applicable support tests in section 1.170A-9(e)(2) or (3) are met; and it will therefore continue to be described in section 170(b)(1)(A)(vi) of the Code.

Because CCF has existed, and has been described in section 170(b)(1)(A)(vi) of the Code, for a continuous period of at least 60 calendar months, it is eligible to receive distributions of net assets from private foundations that are not subject to the termination tax imposed by section 507(c), under section 507(b)(1)(A).

RULINGS

Therefore, we rule as follows:

- (1) Because CCF is a "component part" of Foundation, it shares Foundation's status as an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code, provided applicable support tests in sections 1.170A-9(e)(2) or (3) of the regulations have been met.
- (2) Distributions from any private foundation to CCF, as renamed and reorganized, will be deemed to have been made to an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code, which has existed and been so described as required by section 507(b)(1)(A), provided applicable support tests in sections 1.170A-9(e)(2) or (3) of the regulations have been met, and provided all other requirements under 507(b)(1)(A) and the regulations thereunder are satisfied.
- (3) After the proposed transaction described above, CCF, as renamed and reorganized, will be recognized as a "community trust" as defined in sections 1.170A-9(e)(10) and (11) of the regulations, provided applicable support tests in 1.170A-9(e)(2) or (3) are met.

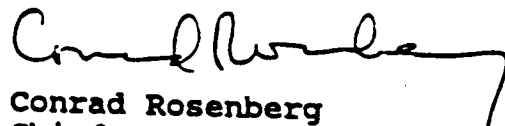
Because this letter could help resolve any future questions about Foundation's and CCF's private foundation classification, please keep a copy of this ruling in each organization's permanent records. Once the transaction is

CCF, Inc.

consummated, you should notify your key District Director by letter, attaching a copy of this ruling.

We are informing your key District Director of this ruling.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Conrad Rosenberg".

Conrad Rosenberg
Chief, Exempt Organizations
Rulings Branch 1

FRANCHISE TAX BOARD

SACRAMENTO, CALIFORNIA 95867

Telephone:(800) 852-5711

August 6, 1980

In reply refer to
344:WEH:sll:g

CCF, Inc.
c/o Jack Shakely
P. O. Box 54303, Terminal Annex
Los Angeles, CA 90054

Purpose : Charitable
Form of Organization : Corporation
Accounting Period Ending: August 31
Organization Number : 0990367

On the basis of the information submitted and provided your present operations continue unchanged or conform to those proposed in your application, you are exempt from state franchise or income tax under Section 2370ld, Revenue and Taxation Code. Any change in operation, character or purpose of the organization must be reported immediately to this office so that we may determine the effect on your exempt status. Any change of name or address also must be reported.

You are required to file Form 199 (Exempt Organization Annual Information Return) or Form 199B (Exempt Organization Annual Information Statement) on or before the 15th day of the 5th month (4 1/2 months) after the close of your accounting period. See annual instructions with forms for requirements.

You are not required to file state franchise or income tax returns unless you have income subject to the unrelated business income tax under Section 23751 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 3rd month (2 1/2 months) after the close of your annual accounting period.

If the organization is incorporating, this approval will expire unless incorporation is completed with the Secretary of State within 60 days.

Exemption from federal income or other taxes and other state taxes requires separate applications.

- *This exemption effective as of June 17, 1980.
- **This letter supersedes our letter of July 29, 1980.

Robert Lute

Robert Lute, Manager

Exempt Organization Section

cc:Registry of Charitable Trusts