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## WHAT'S HAPPENING

### First-quarter Grants and Contributions

CCF donors 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 charities' 2009 financial information, can help you make better decisions about what charity to support. Look for more detail about nonprofits' purpose, governance, services and activities. 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 you combine the conversion with a charitable gift like an annuity, you can get some immediate tax savings, support your favorite charity and leave behind money for your heirs.

# DONOR SPOTLIGHT:

## Donor Spurs Grantees to Next Level with his Giving

*Dr. Stephen Kanter, a retired radiologist and a CCF donor since 1996, shares what he's learned as a grantmaker over the years. A longtime supporter of arts, music performance and education in the metropolitan L.A. area, Dr. Kanter calls himself a "professional nonprofit meddler." He's typically on six to seven boards and supports other nonprofits on whose boards he doesn't serve.*



*Dr. Stephen Kanter (CCF photo)*

### How did you first get involved in charitable giving?

**SK:** It was pounded into my younger brother and me from a very early age. I've learned there's always someone who's worse off than you are. Also, I've picked an area of charitable giving that's the smallest bar graph on the subsets of bar graphs in nonprofit support. I don't give to the homeless, I don't give to social welfare, I don't give to health services. I give to the arts.

**"In the current financial environment, people who would normally support the arts have drawn back and instead have supported social service organizations. But you've got to have the other things too."**

### How do you define effective grantmaking?

**SK:** I define it as supporting things most people wouldn't support and doing it through challenge grants to leverage funding.

For instance, I support infrastructure because no one gives money for things like redoing the plumbing or the electrical.

I always identify an organization that has been around for a while and is stalling. Then I present the idea of a challenge or matching grant.

### How do you structure your challenge grants so they are achievable?

**SK:** I tell the organization's leadership, 'I want to give you a challenge grant that has an extremely reasonable likelihood of being successful.' I'll look at its budget and its 990 numbers and suggest a percentage. A challenge grant is not meant to be punitive but constructive.

### How has CCF been involved in that?

**SK:** Having CCF as a third party gives the grant structure. You disburse the money and remind the organization after a year that it needs to provide evidence that they've met the challenge. In most cases, however, I would probably give them the money even if they didn't meet the challenge.

### How did you become interested in funding the arts?

**SK:** Again, it's about supporting what others may not. Everyone is receptive to funding health, homelessness, immigrant rights, etc. They're all laudable ... but people tend to forget about culture and art, particularly.

In the current financial environment, people who would normally support the arts have drawn back and instead have supported social service organizations. But you've got to have the other things too.

### What advice would you give to newer donors about grantmaking and assessing nonprofits?

**SK:** Always trust your gut feeling. If something smells fishy, it probably is. Know your organization. Do your research. Although there's an awful lot of material available online, a lot of it is not useful.

All nonprofits face the same problems, no matter how young or old they are, no matter how large or small their budgets are. The only difference from one nonprofit to another is how they solve these problems and how successfully they do so.



# HIGH IMPACT GRANTMAKING DURING TOUGH ECONOMIC TIMES

A new report describes ways that philanthropists can have the most impact in today's economy. The report by the Center for High Impact Philanthropy at the University of Pennsylvania, *High Impact Philanthropy in the Downturn*, identifies housing, health and hunger as three areas that need the most support.

To download the report and find other resources, please visit [myccf.org/donor-resources](http://myccf.org/donor-resources).

One example of how CCF supports individuals and families with basic needs amid the economic downturn is the Pass it Along (Acts of Kindness) Fund, which provides emergency financial aid for rent, clothing and food to individuals. The fund helps people like the R family, two unemployed parents with a toddler and a newborn. The family needed financial assistance until both parents could enter a job training program. With help from the fund, the family bought much-needed items like a stove, bedding for the toddler and a crib for the newborn.

Between March 1, 2009 and March 1, 2010, CCF awarded 38 grants totaling nearly \$86,000 to clients served by nonprofits such as Good Shepherd, Mar Vista Family Center and Homeboy Industries, to name a few.

## 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, your generosity enabled us to grant more than \$2.3 million to relief organizations helping this ravaged country. Because of your help, we 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 you 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 you 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](mailto:cgross@ccf-la.org).



**Courtney Gross**  
Donor Relations Associate  
(CCF photo)

## 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
<b>Fair Market Value of the stock</b>	<b>\$250,000</b>	<b>\$250,000</b>
<b>Federal long-term capital gains tax paid</b> <small>(assumes cost basis of \$25,000 and long-term capital gains of \$225,000)</small>	<b>\$0</b>	<b>\$33,750</b>
<b>Charitable contribution</b>	<b>\$250,000</b>	<b>\$216,250</b>
<b>Value of charitable deduction less capital gain taxes paid</b> <small>(assumes donor is in 35% income bracket)</small>	<b>\$87,500</b>	<b>\$41,937.50</b>

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](mailto:bpeterson@ccf-la.org).

## CRITICAL NEEDS IN HEALTH CARE AND HOUSING IN LOS ANGELES

As your partner in philanthropy, we invite you to consider supporting two partnerships designed to address critical needs in the areas of health and housing:

**Curing Unhealthy Homes** — a program through Unsung Heroes honoree St. John's Well Child & Family Center that teaches patients living in substandard conditions to prevent chronic illnesses through simple, cost-effective changes in their home.

**Homelessness Prevention for Families** — a project that prevents homelessness by providing temporary support for families struggling with unemployment and helping them get back on their feet.

For more information contact Director of Donor Relations Terri Mosqueda at (213) 452-6298 or visit [myccf.org/criticalneeds](http://myccf.org/criticalneeds).



# 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 11 CCF partner organizations providing management support services to L.A.'s nonprofit community.

## TRENDS IN PHILANTHROPY

The following institutions are experts in the area of philanthropy and could be great resources for your planning.

- \* Center for High Impact Philanthropy, University of Pennsylvania  
[impact.upenn.edu](http://impact.upenn.edu)
- \* Center on Philanthropy, Indiana University  
[philanthropy.iupui.edu](http://philanthropy.iupui.edu)
- \* Center on Philanthropy and Civil Society, Stanford University  
[pacscenter.stanford.edu](http://pacscenter.stanford.edu)

## 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



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