

Strengthening  
Nonprofits



Expanding  
Educational  
Opportunity



Building  
Community



Inspiring  
Philanthropy

WHAT WE STAND FOR

# MAINE COMMUNITY FOUNDATION

## 2004 REPORT TO THE COMMUNITY

# Working in Partnership

The mission of the Maine Community Foundation is to strengthen Maine by working in partnership with donors and community groups.

We accomplish our mission by:

- > Building philanthropic resources
- > Connecting donors to organizations and programs they care about
- > Making effective grants
- > Providing leadership to address community issues



MAINE COMMUNITY FOUNDATION

*Fulfilling the promise of giving*

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## A Message from the President & Chair of the Board

This Report to the Community highlights the record-setting year the Maine Community Foundation experienced in 2004. We offer it with thanks to everyone who volunteered, who donated, who worked on the front lines—each and every person who joined us in our mission to strengthen Maine communities.

What does the Maine Community Foundation stand for? While we cover a great deal of territory in our work—the arts, youth, the environment, among others—four broad areas best summarize our mission: building community, inspiring philanthropy, strengthening nonprofits and expanding educational opportunities for Maine people.

These areas are often connected. For example, when we refer a project to a donor for possible funding, we are combining our roles: supporting a nonprofit, furthering philanthropy and building community. And if the project happens to be one that leads to learning, we've touched on all four of our priorities in one fell swoop.

We cover the entire state of Maine, from villages to towns to small and large cities, as this report illustrates. The Maine Community Foundation is fortunate to have a volunteer network of men and women in our county committees who help us understand these communities and assure that our grantmaking dollars are having the maximum impact.

The heart of this foundation can be found in an in-school dance class in Bethel, an initiative to preserve the working waterfront in York, a program for homeless children and adults in the greater Bangor area, or a campaign to renovate a community center in Dover-Foxcroft. We are all about place, and that place—Maine—means the world to us.

We are excited by progress and new opportunities, and all of us here at the Maine Community Foundation look forward to working with you in 2005.



A handwritten signature in black ink, reading "Henry L. P. Schmelzer".

Henry L. P. Schmelzer, *President*

A handwritten signature in black ink, reading "Wendy E. Penley".

Wendy E. Penley, *Chair of the Board*



## Strengthening Nonprofits

### 2004 Highlights

- > MCF donors recommended grant awards totaling more than \$2.8 million to Maine nonprofits for annual fund and operating support.
- > The foundation continued to partner with Common Good Ventures to help build the capacity of nonprofits in Maine. Each organization receives grants, renewable over three years, along with management assistance.
- > We promoted adoption of Sarbanes-Oxley financial accountability policies by nonprofits in Maine. MCF was one of the first community foundations in the country to voluntarily adopt the standards.
- > Fourteen additional nonprofit endowments came under MCF management, bringing the total to 55. Organizations benefit from the foundation's successful investment program and other philanthropic services.
- > We awarded the 17<sup>th</sup> annual Elizabeth Noyce Award for Nonprofit Excellence to the Kennebec Valley Community College Foundation, honoring its innovative programs that assist adult-aged students to prepare for and enroll in postsecondary education.







## Securing an Endowment

### Portland Stage Company

The Portland Stage Company boasts a long and proud history of providing excellent artistic experiences for people across the region. Along the way, there have been financial ups and downs. One of the highlights of the organization's financial turnaround was stabilizing its endowment fund. In doing so, the Portland Stage Company made a long-term commitment to rebuild its endowment and to never again tap the principal balance in order to cover an annual operating deficit.

Thanks to these changes, since 2002 PSC has returned a January show to its season; added a fourth week of performances for several productions each year; and built its student matinee attendance, consistently reaching more than 7,000 students annually. In the past two years, the Company has experienced its three highest regular season revenue producers—*Lend Me a Tenor*, *Almost, Maine* and *The Foreigner*—while the 2004 production of *A Christmas Carol* hosted more attendees than any prior year.

Part of the organization's plan for creating stronger financial discipline includes a structured, scheduled process for rebuilding its endowment, including moving management of its endowment to MCF. "Housing our endowment with the Maine Community Foundation was the best way to send the message to our donors that we have a long-term commitment to a sustainable financial situation," stresses PSC Managing Director Tami Ramaker.

"As a small nonprofit, we really should not be in the business of handling our own investment funds," Ramaker states. "It's a relief to have the expertise of Maine Community Foundation's investment managers available to us." The PSC endowment has posted excellent numbers since the transfer to MCF took place in January 2003. "We haven't had to worry about a thing," adds Ramaker. "We couldn't ask for a better relationship than the one we have with MCF."

# Philanthropy, County-Style

## A Conversation with Don Collins

As Don Collins, businessman and former state senator from Caribou (and father of Senator Susan Collins), tells it, in 1986 H. King Cummings, then chairman of the Maine Community Foundation Board of Directors, approached him with the idea of setting up a fund at the foundation that would benefit the people of Aroostook County.

Collins admired the vision Cummings and his MCF colleagues Edward Kaelber and Herb Sargent presented for providing charitable resources for county communities through this special fund. To get the ball rolling, he and several others approached some of the larger businesses in the region and raised around \$5,000 in short order.

With the Aroostook County Fund officially established, residents of the county began to contribute, and this permanent endowment grew. “It’s important,” Collins notes, “that the fund welcomes gifts of any size, which was part of Cummings’ vision.” Today, the Aroostook County Committee, which reviews applications to the fund, works from an endowment totaling more than \$750,000. In 2004, the Committee recommended grant awards of more than \$28,000.

When Cummings passed away in 1989, Collins made a \$1,000 contribution to the Aroostook County Fund in his memory. “I felt that King was the person who really got that part of the foundation going,” he says. Cummings also helped convince Collins to join the MCF Board of Directors, on which he served from 1986 to 1991.

Collins is pleased to see the Aroostook County Fund become a significant part of the philanthropic landscape in his part of Maine. “The fund is well accepted considering that it is still a new kid in town,” he remarks. In the next breath Collins states with decisiveness, “The Maine Community Foundation has a place in Maine now.”







## Inspiring Philanthropy



### 2004 Highlights

- > MCF increased its charitable assets from \$135 million to more than \$177 million. New gifts and grants received totaled more than \$33 million, including the largest single gift in the foundation's history.
- > The foundation supported the Maine Philanthropy Center's donor roundtables and its "Philanthropy Partners Conference," attended by more than 400 nonprofit representatives, funders and community leaders.
- > We expanded the Partners in Philanthropy program that strives to foster civic engagement among young people by involving them in the grantmaking process.
- > MCF received the 2004 Leadership in Arts Philanthropy Award from the Maine College of Art. The foundation awarded more than \$900,000 in grants to arts and culture organizations across the state last year.
- > MCF's Knox and Waldo County Committees successfully completed a Betterment Fund challenge grant to increase permanent charitable resources in their respective counties by more than \$150,000.





# Building Community

## 2004 Highlights

- > Grants totaling \$522,889 were awarded through MCF's Community Building Grants Program. These grants supported a diverse array of projects including youth mentoring programs, community arts festivals, water quality monitoring efforts and increasing computer access for underserved populations.
- > We continued our partnership with Sandy River Charitable Foundation, whose annual funding since 1998 has supported development, grantmaking, convening and professional advancement for the MCF County Program and staff.
- > MCF helped sponsor the Blaine House Conference on the Creative Economy held in Lewiston in May. The conference showcased how Maine prospers economically when the arts and culture are vital parts of community life.
- > The foundation conducted an extensive evaluation of its grantmaking activities in light of core and emerging issues and philanthropic opportunities in Maine (summary of report available at [www.mainecef.org](http://www.mainecef.org)).
- > After working with a steering committee, the MCF Board agreed to establish a Cumberland County Committee to help oversee foundation grantmaking and development activities in that populous county.







## Partnering to Conserve Community Mt. Agamenticus to the Sea Coalition

The Mt. Agamenticus to the Sea Conservation Initiative brings together ten national, regional and local conservation partners to accomplish an important mission: to conserve a mosaic of critical threatened lands, waterways and working landscapes encompassing a six-town area stretching from the Tatnic Hills in Wells to Gerrish Island in Kittery Point.

“Working together, the goal is to protect our community values and the health of our shared environment,” says Doreen MacGillis, executive director of the York Land Trust, which is one of 10 partners in the Coalition. Other partners are Maine Coast Heritage Trust, The Nature Conservancy, The Trust for Public Land, Great Works Regional Land Trust, Kittery Land Trust, York Rivers Association, U.S. Fish and Wildlife Service/Rachel Carson National Wildlife Refuge, Maine Department of Inland Fisheries and Wildlife, and the Wells National Estuarine Research Reserve.

Last year the Coalition established a fund at the Maine Community Foundation to support the care and stewardship of lands protected through the Initiative. “Income from our fund at MCF will allow us to care for the lands in perpetuity,” MacGillis notes, “and ensure that people and wildlife will continue to safely use conserved lands well into the future.” Henry Schmelzer, president of the Maine Community Foundation, praised the Initiative. “This collaborative effort can serve as a model for stewardship of Maine’s treasured landscape,” he said.

Among its notable conservation projects, the Mt. Agamenticus to the Sea Coalition permanently protected the Sewall’s Bridge Dock on the York River, ensuring that commercial fishing and the working waterfront will forever be a part of the town’s community fabric. The Maine Community Foundation supported the dock’s protection with a gift from a donor-advised fund.

## A Legacy that Keeps Pace with the Times Musgrave Scholarship Fund

Thomas W. Musgrave graduated from Bates College in 1934, the same year his future wife, Beulah Long Musgrave, completed her nursing degree at what is now known as the Central Maine Medical Center School of Nursing. The Musgraves, who summered in Brunswick, believed that everyone should have the opportunity to attend college.

To that end, through a bequest in his will, Mr. Musgrave established a scholarship fund in the couple's name at the Maine Community Foundation. Since its establishment in 1999, the Musgrave Scholarship Fund has made more than 150 scholarship awards totaling nearly \$140,000.

The Musgrave Fund supports Maine students seeking to further their education beyond high school. Such scholarships are not unusual. What sets this fund apart is its discretionary nature. "Mr. Musgrave purposely allowed for latitude in awarding scholarships that would respond to the needs of the current student population," explains Jean Warren, MCF scholarship manager.

Last year, MCF drew on the fund to begin a partnership with the Sumner High School Adult Education program. The Musgrave Fund will provide support to students who have successfully completed Sumner's Adult Basic Education–College Transition Program and are enrolled in a degree program.

The refocused Musgrave Fund also supports the action plan of the Maine Compact for Higher Education, which MCF and the Maine Development Foundation launched in 2002 to increase higher education attainment for Maine citizens. "Our partnership with the Sumner Adult Education program substantiates the goals of the Compact at the community level," said Henry Schmelzer, MCF president.

This scholarship is a gift to future generations of Maine students. Thanks to the Musgraves' foresight, this legacy will keep pace with the times.







# Expanding Educational Opportunity



## 2004 Highlights

- > The Maine Community Foundation awarded more than \$870,000 in scholarships, which support college, non-traditional education and other learning opportunities.
- > MCF worked with the Maine Development Foundation to begin to implement the action plan for the Maine Compact for Higher Education.
- > MCF received a \$349,600 grant from Lumina Foundation for Education to support strategic actions identified by the Maine Compact for Higher Education in “Greater Expectations” (report available at [www.collegeforme.com](http://www.collegeforme.com)).
- > The Senator George J. Mitchell Scholarship Research Institute, an affiliate organization of the Maine Community Foundation, distributed more than \$1.3 million in grants and scholarships and continued to open doors to higher education for Maine students.
- > We helped launch the Maine Sentinel Scholarship Fund, which will provide scholarships for the children of Maine National Guard members.



# Grantmaking

The Maine Community Foundation is a family of more than 700 different funds. Some are designated for specific purposes or interest areas, while others are unrestricted. Together they enable us to respond to a broad variety of organizations and issues.

The majority of grant awards come from donor-advised funds. Donor advisors are a vital part of the foundation because of their contributions of knowledge, expertise, connections, time and financial resources. In addition to donor-advised funds, MCF holds a number of scholarship, designated, nonprofit endowment, discretionary and field-of-interest funds (see p.12 for an explanation of these fund types).

MCF's website ([www.mainecef.org](http://www.mainecef.org)) provides detailed descriptions of all grant programs that accept proposals, including eligibility, application guidelines and deadlines. Successful proposals meet three criteria:

- > Use existing community resources to strengthen community life
- > Strengthen communities' and organizations' ability to meet future challenges
- > Be sustainable or have a lasting impact after MCF grant funding is complete

Projects must also meet at least one of the following priorities:

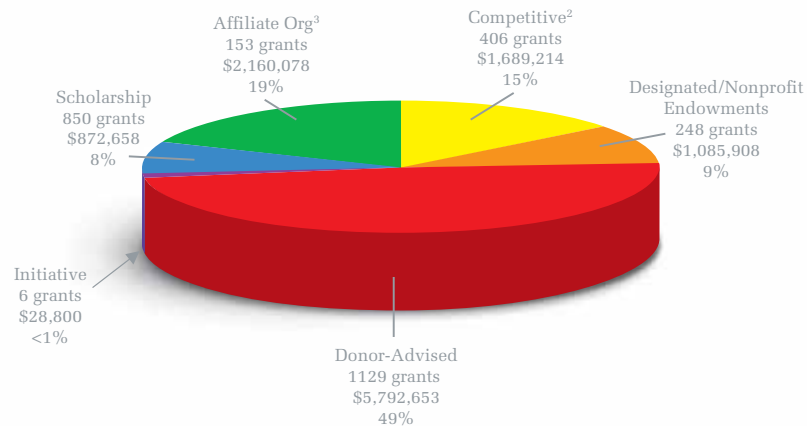
- > Build collaborative relationships and partnerships to plan, advance and evaluate the project
- > Include the people who will benefit from the project in its planning, implementation and evaluation
- > Develop and strengthen local leadership

Grantmaking is one of a number of MCF's community-building strategies. Additionally, the foundation administers scholarships; designs and participates in initiatives; provides technical assistance to grant seekers; and convenes groups to address new and emerging philanthropic and community issues.

## Grant Awards in 2004

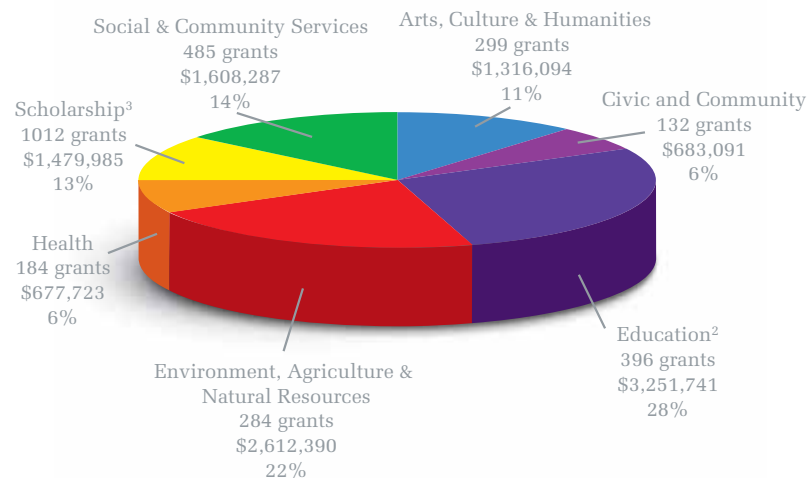
The Maine Community Foundation awarded more than \$10 million in grants and scholarships for the first time in its history. Since the foundation's establishment in 1983, we have granted more than \$63 million. The charts below provide a snapshot of MCF grantmaking last year.

### 2004 Grants Awarded by Type<sup>1</sup>



- 1 This graph represents grants made rather than grants paid. These figures will differ from final 2004 accounting figures since they include multi-year grants (e.g. Mitchell scholarships) as well as grants that may have been rescinded.
- 2 Competitive includes discretionary, field-of-interest and advised funds with a competitive process, e.g. County Funds, Maine Expansion Arts Fund, King & Jean Cummings Charitable Trust, etc.
- 3 Includes 130 Mitchell scholarship awards totaling \$552,000 and other Mitchell Institute grant distributions totaling \$835,278.37.

### 2004 Dollars Awarded by Interest Area<sup>1</sup>



- 1 This graph represents grants made rather than grants paid. These figures will differ from final 2004 accounting figures since they include multi-year grants (e.g. Mitchell scholarships) as well as grants that may have been rescinded.
- 2 Includes Mitchell Institute grant distributions totaling \$835,278.37.
- 3 Includes 130 Mitchell scholarship awards totaling \$552,000.

# Grantmaking Advisors

The Maine Community Foundation is grateful to these individuals for their gifts of time, energy and spirit.

## **Vincent Astor Fund**

Wells Bacon  
Anne A. Dalton  
Daniel Kimball  
Paula Richardson-Gannon

## **Ira M. Cobe Fund**

Barbara Adams  
Susan Bolduc  
Randall W. Curtis  
Stephanie Francis  
Kyle Price  
Patrick J. Walsh

## **H. King & Jean Cummings Charitable Trust Fund**

Warren C. Cook  
Lee Cummings  
Harold Edward Woodsum

## **Martin Dibner Memorial Fellowship for Maine Writers**

Roxana Robinson  
Ben Marcus  
Elaine Ford

## **Emery Science Grants Fund**

Jane E. Disney  
Lin Gould  
Craig Kesselheim  
Tim O'Brien  
Susan Tripp

## **Equity Fund**

Lawrence Bliss  
Kris Brigs  
Brenda Broder  
Brenda Buchanan  
Marvin Ellison  
Eileen Monahan  
Pat Peard  
Erica Quin-Easter  
Marty Sabol  
Diane Sammer  
Ken Town  
Stephen L. Wessler

## **Richard Ferrier Scholarship Fund**

Joel Davis  
Jennifer Foley  
Kathy Leighton  
Barbara Moskol

## **Guy P. Gannett Scholarship Fund**

Linda Fullerton  
Edward Morin  
Kathryn Olmstead

## **Maine Charity Foundation Fund**

Wilma Bradford  
Bonnie Dwyer  
Lloyd W. Knox  
Jotham D. Pierce  
Larry A. Plotkin

## **Maine Expansion Arts Fund**

Bland C. Banwell  
Joseph Donald Cyr  
Bruce Hazard  
Ervin P. Kimball  
Kathleen Mundell  
Jennifer Neptune  
Victoria Woodhull

## **Jane Morrison Memorial Film Fund**

Lance Cromwell  
Donna McNeil  
Dean Paul Morrison  
Dorothy E. Morrison

## **Peaks Island Endowment Fund**

Brenda Buchanan  
Nancy Flynn  
Jim Lausier  
Rita Morrill  
Perry Sutherland  
Michelle Thresher  
Bill Zimmerman

## **Pegasus Fund**

Peter P. Drake  
Susan B. Martin  
G. Robinson Whitten  
Robin Whitten  
Richard Barbieri

## **Penobscot Valley Health Association Fund**

Kelly Bickmore  
J. Bradford Coffey  
Clarissa B. Edelston  
Rhonda Geaghan  
Marilyn Lavelle  
Jill McDonald  
Connie Ronco  
Gary Smith  
Janet C. Thompson  
Katherine A. True  
Constance Wells  
Brian Welsh

## **Rines/Thompson Fund**

Henry M. Rines  
Anne R. Stanley  
Nathaniel P. Thompson  
Frederic L. Thompson

## **Thorndike Fund**

Bobbi Cole  
Marcia Dworak  
Candyce Emlen  
Edwin Garrett III  
Barbara Hepburn  
Cookie Horner  
Susan Leiter

## **York County Children's Aid Society Fund**

Edmund H. Damon  
William S. Kany  
Sally W. Kennedy  
Joyce Merrill  
Patricia C. Ouellette  
Joyce Purvis  
Nancy Rumery  
Kevin P. Savage

# Nonprofit Partners

The Maine Community Foundation offers financial stewardship services to nonprofit organizations across Maine. The foundation currently manages the endowments listed below. We welcome inquiries.

The Bay School Fund  
Brown Memorial Library Fund  
Carver Memorial Library Fund  
Friends of Casco Bay Endowment Fund  
Chebeague Island Library Book Fund  
Chebeague Island Library Endowment Fund  
Children's Museum of Maine Endowment Fund  
Fund for Maine Island Education, a Memorial to Carol Evarts McLane  
Foundation 51 Permanent Fund  
Islands Challenge Fund  
Big Brothers Big Sisters of Southern Maine Endowment Fund  
Guarino-Denmark Charitable Foundation Fund  
Houlton High School Alumni Association Fund  
Hospice of Maine Endowment Fund  
City of Lewiston Education Fund  
Loon Echo Land Trust Legal Defense Fund  
Loon Echo Land Trust Polly Bartlett Fund  
Mahoosuc Kids Fund  
Mahoosuc Land Trust Fund  
The Iris Network Fund  
Mount Desert Island Historical Society Endowment Fund  
Maine Farmland Trust Fund  
Maine Island Trail Association Endowment Fund  
The Monson Fund  
Moosehead Historical Society Fund  
Maine State Museum Heritage Fund  
Maine School of Science and Mathematics Foundation Fund  
Mt. Agamenticus to the Sea Stewardship Fund (MtA2C)  
Mountain Valley High School Scholarship Fund  
Maine Winter Sports Center Endowment Fund  
People Place Fund  
Verna Philbrick Memorial Fund  
Phippsburg Land Trust Fund  
Piscataquis Regional YMCA Endowment Fund  
Porter Memorial Library Association Fund  
Portland Stage Company Endowment Fund  
Rangeley Region Guides & Sportsmen Association Fund  
Riding to the Top Fund  
Rockland Historical Society Fund  
Rockland Public Library Endowment Fund  
Salt Bay Chamberfest Endowment Fund  
The School Around Us Endowment Fund  
Shalom House Endowment Fund  
Society for the Preservation of the Free Will Baptist Church Fund  
Southern Maine Senior Citizens Fund  
Sunrise Fund  
Tedford Shelter Fund  
Helen & Josiah N. Thompson Memorial Fund  
United Way of Eastern Maine Fund  
United Way of Mid Coast Maine Endowment Fund  
Upper Saco Valley Land Trust Fund  
The Wilton Scholarship Foundation Fund  
Windham Athletic Boosters Endowment Fund  
York County Community College Foundation  
Scholarship Endowment Fund

# Giving Options for Donors

## Donor-Advised Funds

### A personal approach to giving

Establishing an advised fund allows you to make a gift to the Maine Community Foundation and remain actively involved in suggesting uses for your gift. You can work with the community foundation's professional staff to target the issues you care about most. Grant awards are issued to nonprofit organizations in the name of the fund, or anonymously if you prefer. Advised funds are an attractive, efficient and cost-effective alternative to establishing a private foundation.

## Designated Funds

### Helping organizations grow

You can support the good work of a specific nonprofit organization by establishing a designated fund. Because it's given through the Maine Community Foundation, your gift provides the organization you select with both funding and planned giving and investment management services.

## Scholarship Funds

### Investing in deserving students

In creating a scholarship fund, you invest in your community's and state's future and show students you care. The Maine Community Foundation provides the expertise to help you meet your personal goals and help students of all ages — from preschool to postgraduate — to achieve their lifetime dreams.

## Nonprofit Endowments

### Endowing your nonprofit organization

Nonprofit organizations can transfer an existing endowment to the Maine Community Foundation or establish a new fund. It's a simple and efficient way to build an endowment and help ensure sustainability for your nonprofit organization.

## Field-of-Interest Funds

### Connecting personal values to high-impact opportunities

By establishing a field-of-interest fund, you can target your gift to address needs in an important area of community life, be it the arts, aging, or at-risk youth. You identify your personal interest area when making your gift; then the foundation awards grants to community organizations and programs that are making a difference in the area you select. Your gift stays flexible enough to meet community needs in your interest area — even as they change over time.

## Unrestricted Funds

### Meeting changing community needs

When you establish or add to an existing unrestricted fund, your gift addresses a broad range of needs — including future needs that often cannot be anticipated at the time your gift is made. The flexibility of your unrestricted gift enables the Maine Community Foundation to respond to the community's most pressing needs — today and tomorrow.

## Planned Giving

### Leaving a legacy for Maine

You can leave a legacy for Maine and benefit your personal and financial goals at the same time by planning your philanthropy. Bequests, charitable gift annuities, life income trusts and other planned gift arrangements can be used to establish a charitable fund in the future or add to a fund that has been set up during your lifetime. These arrangements can provide significant tax benefits and increased income. With their advantages of capital gain tax savings and administrative efficiencies, appreciated assets such as securities and real estate make particularly attractive gifts.

We welcome your inquiry, in confidence, about establishing a fund and planned gift options.





## Legacies for Maine

### Honoring vision and commitment

Legacies for Maine recognizes donors who have made planned gift commitments. These individuals and families inspire others to also consider leaving a legacy. Their foresight will impact Maine's social, civic, cultural and environmental well being in the future.

Anonymous (88)	William & Pamela Michaud
Charles Alexander	Janet Milne & John Kuhns
Nancy Payne Alexander	Marion Morgan
Donald & Joan Allen	Clark & Barbara Nichols
Robert J. Anderson, Jr. & Richard Ames	William U. Niss
Mary Andrews	Sandra Paine
Peter & Danuta Barnard	Wendy & Richard Penley
Cornelia Greaves Bates	Robert & Dorothy Phair
David Becker	John & Connie Robinson
M. Ray Bradford	Irwin & Barbara Rosenberg
Frederick H. Cahn	Mary Ann Sanford
Patricia M. Duarte	Waldron T. & Bonnie Sawyer
Robert & Kathleen Flory	Diane Schetky
George B. Flynn	George & Anna Shaw
Andrew Greif	Suzanne & Harold Shaw
Lynn L. Harrison	Samuel & Betty Smith
Ruth Heffron & John Vernelson	E. Gilman & Brooke Tenney
Merton G. Henry	Arthur H. Thompson
Linwood & Amy Higgins	Anna Marie & John E. Thron
Anne & W. Richard Jackson	Philip & Jean Turner
Katharina & Ken Keoughan	Richard & Carole Vogels
Ann & Gerald Ladd	Jean E. Wandel
Stanley N. Marshall, Jr.	Gretta J. Wark
Edwin Meadows	John & Ellen Weiss
Joyce Mendoza	

## The President's Fund

### Giving that provides an edge

We thank the following donors who helped the foundation advance its mission with generous annual contributions. Unrestricted contributions support MCF's programs and operation.

Anonymous (7)	David & Alva King
Rachel & Thomas Armstrong	Emily Lewis
Cornelia Greaves Bates	Donna Loring & Deborah Bouchard
Forrest Berkley & Marcie Tyre	Frank & Terry Mack
Rosalynne Bernstein	Gerrish H. Milliken Foundation
Stephanie A. Bunker	Leonard & Renee Minsky
William & Polly Ceckler	Harold & Peggy Osher
Tae & Susan Chong	Wendy & Richard Penley
Anne & Richard Collins	Ellen Pope & Pat Welch
Copley Harris Company, Inc.	Patricia Riley & Peter Schwindt
Mary & Dan Dent	Marilyn Moss Rockefeller
Caroline & Joseph Donnelly	Charles & Susan Roscoe
H. Allen & Sally Fernald	Waldron T. & Bonnie Sawyer
Jim Geary & Louise Soucy	Bruce & Nancy Schatz
Catharine & Phillip Guiles	Henry L. P. Schmelzer & Cynthia Livingston
Charles & Ann Harriman	Curtis & Cornelia Scribner
Lynn L. Harrison	Kenneth Spier & Joan Leitzer
Christopher Harte & Katherine Pope	A. Holmes & Doris Stockly
Karen & Ken Hartt	John & Wendy Sullivan
Dermot & Mary Ellen Healey	Arthur & Marilyn Thompson
Merton G. Henry	Calvin True
Diversified Communications	Anne Vartabedian
Sherry Huber	Joe & Carol Wishcamper
W. Richard & Anne Jackson	Carolyn S. Wollen
Meredith Jones & Dana Murch	Robert & Anne Woodbury
Marion M. Kane	David & Margot Youngs
Felicity Kerr & David Reynolds	
William Kieffer III & Jim May	

## 2004 New Funds

### Advised Funds

Bingham Family Fund  
Camargo Fund  
Crane-Goodridge Family Fund  
Ryan & Barbara Fendler Charitable Fund  
Grace Fund  
Greener Pastures Fund  
Health Care for Eastporters Fund  
Andrew Heiskell Literacy Fund  
Inca Fund  
Lancey Family Fund  
Stanley N. Marshall, Jr. Family Fund  
McGoldrick Family Fund  
The Leonard & Renee Minsky Fund  
for School Innovation  
Port Island Realty Fund  
John M. Robinson Fund  
Rugosa Fund  
Elizabeth & Gerald Tipper Fund

### Designated Funds

Eckstorm-Hardy Fund  
Charles Gamper Music Fund  
Growth Through Learning  
Endowment Fund  
Norman Prize for Teacher Excellence Fund

### Field-of-Interest Funds

Rose & Samuel Rudman Library Fund

### Nonprofit Endowment Funds

Kenneth & Roberta Axelson  
Rockland Library Fund for  
Supplemental Programs & Activities  
Islands Challenge Fund  
Katahdin Fund  
Maine Farmland Trust Fund  
Maine School of Science &  
Mathematics Foundation Fund  
Mt. Agamenticus to the Sea (MtA2C)  
Stewardship Fund  
Orono Educational Fund  
The Woman's Club of Orono Fund  
PeoplePlace Fund  
Rangeley Region Guides &  
Sportsmen Association Fund  
Riding to the Top Fund  
Rockland Historical Society Fund  
United Way of Mid Coast Maine  
Endowment Fund  
Jane B. Cook Fund  
United Way of Eastern Maine  
Herbert E. Sargent Fund  
Upper Saco Valley Land Trust Fund

### Scholarship Funds

George H. Cressy Memorial  
Scholarship Fund  
Reginald & Mary Dority Scholarship Fund  
Houlton High School Alumni  
Association Funds  
Henry White Scholarship Fund  
James F. McPartland Scholarship Fund  
Dennis Kiernan Memorial  
Scholarship Fund  
Leeds Scholarship Fund  
William R. Littlefield, Jr.  
Memorial Golf Scholarship Fund  
Maine Sentinel Scholarship Fund  
Mountain Valley High School  
Scholarship Funds  
Allison Tucker Fund  
Class of 1995 Fund  
Corey "Boots" Bouthot Fund  
Daniel Desroches Fund  
Jeffrey Dorr Fund  
Jonathan Sassi Memorial Fund  
Marjorie Banas Fund  
Mountain Valley High School  
Graduation Funds  
Peru Scholarship Fund  
Robert Downs Memorial Fund  
Sabon & Cleora Milligan  
Scholarship Fund  
Shea Scholarship Fund  
Stephens High School Reunion Fund  
Thomas Farrell Fund  
Warren & Lucille Abbott Fund  
Pratt & Whitney Scholarship  
Endowment Fund  
Alan T. Schultz & Scott R. Willey  
Memorial Scholarship Fund  
Thomas P. & Frances R. Walsh  
Endowment Scholarship Fund  
The Wilton Scholarship Foundation Funds  
J.L. Smith Memorial Fund  
C.G. Woughton Fund

# Recognizing Our Donors

In addition to new funds and legacies, the following donors contributed to existing funds and special projects in 2004.

Anonymous (30)  
A.C. Fernald Sons, Inc.  
Jesse & Jennifer Abbott  
Acadia Management Co., Inc.  
Burt Adelman & Lydia Rogers  
Joseph Alessi & Katherine Rife  
Alida D. M. Camp Charitable Lead Trust  
Donald & Joan Allen  
Robert & Linda Allen  
Daniel & Joan Amory  
Cushman & Pam Andrews  
Androscoggin Bank  
APBY Inc., Areys Pond Boat Yard  
Apple Lane Foundation  
Aristotle Fund, L.P.  
Rachel & Thomas Armstrong  
Aspen Institute  
Baker Conservation Trust  
Baltimore Community Foundation  
Bangor Savings Bank  
Bank of America  
Banknorth Investment Management Group  
Bar Harbor Trust Services  
Elliott & Jean Barker  
The Barra Foundation, Inc.  
Richard & Patricia Barter  
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*We regret that space precludes listing  
 the many memorial and other  
 donations under \$250.*



# Asset Stewardship

Effective stewardship of philanthropic assets is key to the Maine Community Foundation's ability to fulfill its mission of building charitable funds to strengthen Maine communities. Our investment goal is to preserve and enhance the real value of these assets over time.

## The Investment Program

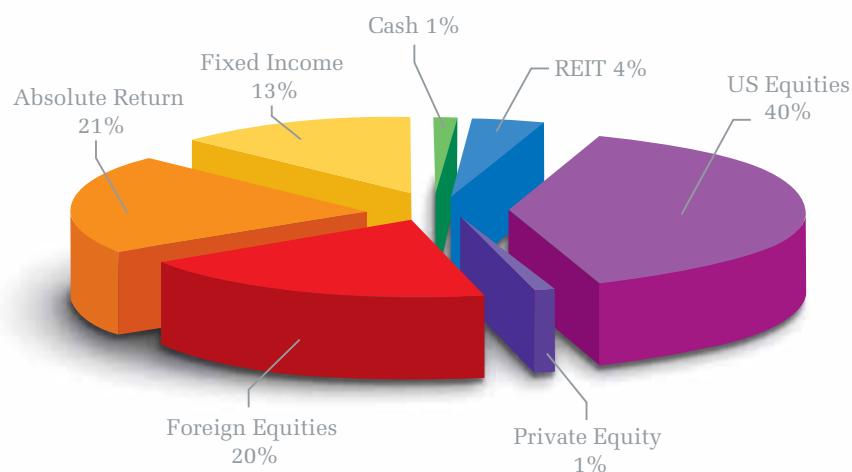
The Maine Community Foundation is known for its financial strength and prudent investment strategies. Through its Primary Investment Portfolio, the foundation offers donors and nonprofit organizations access to institutional investment strategies and management normally available only to large investors. The foundation employs multiple professional investment managers with experience in specialized sectors of the investment markets. Donors and nonprofit organizations can capitalize on the benefits of this multi-manager, diversified investment approach by working with the Maine Community Foundation.

## Investment Strategy

The Maine Community Foundation investment strategy calls for a portfolio diversified across U.S. and international assets. A diversified portfolio helps to maximize investment returns at acceptable levels of risk. The foundation also uses multiple investment managers in certain asset classes to further diversify its holdings.

As of December 31, 2004, the assets of the Foundation were allocated by asset type as indicated in the chart below:

**Asset Allocation as of December 31, 2004**



# Managing Investments

Selecting qualified investment managers is fundamental to the Maine Community Foundation's investment strategy. Managers are chosen for their expertise in managing specific asset classes and their proven ability over time to deliver favorable investment results. As of December 31, 2004, the managers of the Primary Investment Portfolio and their respective asset expertise were:

- D.F. Dent and Company** U.S. small/mid cap growth equities
- Bank of America** U.S. equity and fixed income securities
- Shapiro Capital Management** U.S. small cap equity
- W.P. Stewart Co.** U.S. large cap growth-style equities
- Gardner, Russo & Gardner** U.S. and international value-style equities
- Delaware Pooled Income Trust** International equities
- Harding Loevner Management, LP** International equities
- City of London** Emerging markets
- Mellon Bank** Bonds
- Pimco** Bonds
- Commonfund Capital, LP** Private equity
- Davidson Kempner Institutional Partners, LP** Merger arbitrage
- Elliott International Limited** Distressed debt and various arbitrage strategies
- Fernwood Associates** Distressed debt
- Stark Investments, LP** Convertible arbitrage
- The Investment Fund for Foundations** Private equity
- Vanguard** Real estate investment trust

The investment results of each manager are regularly monitored by the foundation's Investment Committee and Cambridge Associates, our investment consultants. The performance of each manager is measured against a specific benchmark appropriate to the specific asset class as well as a peer group of other managers with similar investment styles.

## Investment Committee Oversight

Members of the Maine Community Foundation’s Investment Committee have extensive experience in business, investments and financial services. The committee sets investment strategy, hires outside professional managers and monitors investment performance against industry benchmarks.

The Investment Committee members are:

- Peter Rothschild** Individual Investor, *Committee Chair*
- Forrest Berkley** Partner, Grantham, Mayo, Van Otterloo & Co., LLC
- Martha Dumont** Former Director of Fixed Income Research, Lehman Brothers
- Charles Harriman** Senior Vice President, Advest, Inc.
- Christopher Harte** Former President, Portland Newspapers
- Henry L.P. Schmelzer** President, Maine Community Foundation; former President and CEO, New England Funds
- John Sullivan** President, Portland Global Advisors

The foundation also benefits from the expert counsel of several independent investment advisors. They are Elizabeth Cohen, John Train and Robert Rothschild.

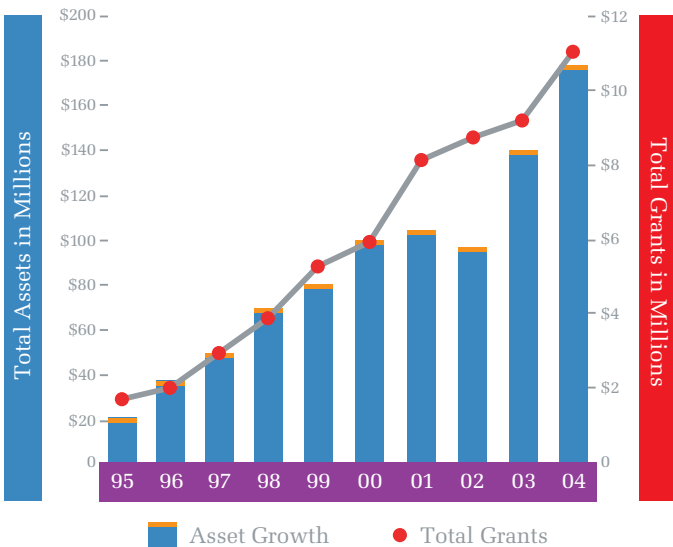
## Cambridge Associates – Investment Consultants

Cambridge Associates, LLC, of Boston works with the Investment Committee to monitor the investment performance of individual managers and advises the committee on investment strategy, asset allocation and manager selection. The firm is one of the nation’s leading investment consultants, serving a distinguished client base of more than 600 colleges, universities and foundations.

## Investment Performance

The return on the Primary Investment Portfolio for the five years ended December 31, 2004, a period that included the difficult investment markets from 2000 to 2002, was 5.8%. This compares very favorably with the Maine Community Foundation’s custom benchmark designed to reflect our asset mix. The return on the Primary Investment Portfolio was in the top quarter of nonprofit portfolios monitored by Cambridge Associates. The foundation also ranked in the top 10 percent of approximately 100 community foundations recently reporting their five-year investment results.

**Total Assets & Grants 1995-2004**



**Investment Return for Periods Ended December 31, 2004**



<sup>1</sup> 55% Wilshire 5000/30% Lehman Brothers Aggregate Bond Index/15% Morgan Stanley All Country Index excluding U.S.

# Financials

## Comparative Totals for 2004 and 2003

Statement of Financial Position	2004 MCF	2004 Affiliate Organizations	2004 Total*	2003 Total**
<b>Assets</b>				
Investments	\$133,438,280	\$33,163,236	\$166,601,516	\$112,515,972
Cash	5,237,020	345,687	5,582,707	11,162,811
Contributions and other receivables	2,993,748	1,310,220	4,303,968	10,707,406
Other Assets	196,269	12,403	208,672	181,211
Property & Equipment	449,353	42,539	491,892	504,866
Total Assets	142,314,670	34,874,085	177,188,755	135,072,266
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	79,051	126,292	205,343	153,527
Grants Payable	0	908,446	908,446	1,087,918
Funds Held as Agency Endowments	7,619,630	0	7,619,630	5,188,737
Income Beneficiary Payable	1,075,573	0	1,075,573	1,024,047
Deferred Revenue	0	7,482,122	7,482,122	8,705,945
Total Liabilities	8,774,254	8,516,860	17,291,114	16,160,174
<b>Net Assets</b>				
Unrestricted	131,994,594	11,759,022	143,753,616	105,481,014
Temporarily restricted	1,545,822	2,650,843	4,196,665	3,090,725
Permanently restricted	0	11,947,360	11,947,360	10,340,353
	133,540,416	26,357,225	159,897,641	118,912,092
Total Liabilities and Net Assets	\$142,314,670	\$34,874,085	\$177,188,755	\$135,072,266

### Statement of Activities and Changes in Net Assets

<b>Support and Revenues</b>				
Contributions, Bequests and Grant revenue	\$30,718,675	\$2,918,219	\$33,636,894	\$21,367,413
Special Events	62,635	176,713	239,348	198,116
Interest and Dividend Income	1,525,614	644,337	2,169,951	1,663,478
Net Realized and Unrealized Gains (losses)	12,097,103	8,082,117	20,179,220	17,436,671
Other Revenue	96,731	71,396	168,127	59,530
Transfers between funds, net	407,730	(407,730)	0	0
Total	44,908,488	11,485,052	56,393,540	40,725,208
<b>Expenses</b>				
Grants	8,807,162	2,160,078	10,967,240	9,402,237
Program Service Expenses	1,335,384	1,372,519	2,707,903	1,879,567
Management and General	176,323	339,968	516,291	362,093
Fundraising	499,895	234,733	734,628	673,427
Investment Manager Fees	421,434	60,495	481,929	339,900
Total	11,240,198	4,167,793	15,407,991	12,657,224
Changes in Net Assets	33,668,290	7,317,259	40,985,549	28,067,984
<b>Net Assets</b>				
Beginning of Year - January 1	99,872,126	19,039,966	118,912,092	90,844,108
End of Year - December 31	\$133,540,416	\$26,357,225	\$159,897,641	\$118,912,092

\* The annual audit of the 2004 financial statements was not complete at the time of printing. If you would like an audited financial statement, please contact our VP of Finance, Jim Geary, by email, [jgeary@mainecf.org](mailto:jgeary@mainecf.org), or call the Ellsworth office toll-free at 877-700-6800.

\*\* As of January 1, 2004, Common Good Ventures terminated their supporting organization relationship with the Maine Community Foundation. To be consistent for comparative purposes, all Common Good Venture balances have been removed from the 2003 figures reported above.



# Volunteering for Maine

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The Hancock County Committee of the Maine Community Foundation is one of nine county committees that reviews grant applications and helps to build philanthropic resources.



The MCF Board of Directors meets year-round across the state. This working group met on a snowy December day at Alpha One in Bangor.

# Business Sponsors

Thank you to our business partners and friends who made the printing of the 2004 Report to the Community possible. By helping us share our stories and successes, you join the Maine Community Foundation in acknowledging individuals, organizations and companies who seek to build strong, vibrant communities for all Maine people.



The Amistad Fund



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## Photo credits:

P. 1: Photo of Henry L. P. Schmelzer: David A. Rodgers, *Mainebiz*.  
Photo of Wendy Penley: Carl Little.

P. 2-3: Production photos of *Almost, Maine*, "eight quirky little love vignettes, expressed with a sense of clever innocence, all set in the potato country of northern Maine." Written by Maine playwright John Cariani, premiered at the Portland Stage Company, October 2004.

P. 4-5: The Wednesday Night Fiddlers from Perth-Andover, New Brunswick, Canada, perform at the 2004 Northern Maine Fair. A grant from MCF-Aroostook County Fund helped support performances at this four-day fair. Photo: Patti Crooks.

An MCF-Aroostook County Fund grant last year supported the Aroostook Visiting Nurses' Healing Circle for Grieving Children project. Left to right: Jann Jackson, program manager, HCGC; Peg McAfee, volunteer; Gail Phair-Kirk, social worker. Photo courtesy of Aroostook Visiting Nurses, Caribou, Maine.

P. 6-7: Sewall's Bridge Dock, York River. Left to right: Rob Nichols, trustee of Kittery Land Trust; Cindy and Jeff Donnell, dock co-owners; Roger Cole, Mt. Agamenticus to the Sea Conservation Coalition; Henry L. P. Schmelzer, President, Maine Community Foundation; Doreen MacGillis, Executive Director, York Land Trust; Ala Reid and Helen Winebaum, trustees, York Land Trust. Photo: Amy Root-Donle, York Weekly.

Aerial photo courtesy of The Nature Conservancy, Maine Field Office.

P. 8: Coordinators Sally Daniels, far left, and Marty Duncan, far right, with students from Sumner High School Adult Education program, at the Hancock County Higher Education Center, Ellsworth, Maine. Photos: Carl Little.

P. 12: Part of the Presque Isle Historical Society display at the Northern Maine Fair. Photo: Patti Crooks.

P. 18: Left: Hancock County Committee in MCF conference room, Ellsworth. Left to right: Neil R. Butler, Shepard Harris, Aaron Porter, Ann S. Waldron, Robin Alden, Dan Farrenkopf, Karen Dickes, Benjamin R. Emory. Photo: Carl Little.

Right: MCF Board members, winter 2004 meeting held at Alpha One, a Center for Independent Living, Bangor. Left to right: John Sullivan, Arthur Thompson, Tae Chong, Calvin True, Esq., Henry L. P. Schmelzer, David Dixon, MD, Kenneth Spier, Forrest Berkley, Betty Robinson, Ph.D., Wendy Penley, Robert Woodbury, David King, Curtis Scribner. Photo: Denise Farwell.

Special thanks to Beverly Shadley, Campaign Director, Mount Agamenticus to the Sea; Jann Jackson, Aroostook Visiting Nurses; Kevin McCartney and Patti Crooks, Northern Maine Fair; and Tami Ramaker, Portland Stage Company.

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## Promoting discovery of new ways of seeing

In this time between times, when new wisdom is needed, civic engagement may be an especially important philanthropic response. Citizens have untapped wisdom and resources for public service in their own practical experience, which, for a variety of reasons, they have not been able to discover or recover.... A foundation can help those whom it would serve to tap these deep veins of wisdom, thereby discerning more clearly appropriate directions for public service in their own particular places.... One timely contribution foundations as well as individual donors can make, then, is to promote civic engagement and encourage public moral discourse, by bringing diverse people and perspectives into conversation.... In doing so we will be promoting discovery of new ways of seeing.

**Elizabeth Lynn and Susan Wisely**

*“Toward a Fourth Philanthropic Response:  
American Philanthropy and Its Public”*



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