

Maine Ties

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Legacies for Maine

Allen and Sally Fernald give back to Maine

Allen and Sally Fernald have a bird's-eye view of the Maine coast from their home in Rockport, with the Camden Hills in the foreground and the islands of Penobscot Bay beyond. This special perspective strengthens their commitment to the community, the region and the state, where both have enduring roots.

Sally Carroll Fernald is a descendant of six generations of Southwest Harbor farmers and sea captains. Her father was the local pharmacist. Although Allen admits to being born in Haverhill, Massachusetts, he swears it was only twenty miles from the Maine border. He can also point to twelve generations of Fernalds in Maine. The couple met at a freshman dance at the University of Maine. This year, they celebrate their 49th wedding anniversary.

After the Fernalds purchased *Down East Magazine* and moved to Camden in 1977, their love of Maine began to express itself through deeds. They became involved with the Farnsworth Museum, the University of Maine (where Allen is now chair of the Board of Visitors), their church and, more recently, the Camden YMCA. In January, they deeded the 86-acre summit of Bald Mountain in Camden to



Sally and Allen Fernald enjoy a moment on the Maine water.

the Coastal Mountains Land Trust for conservation and public access.

Part of Allen's appreciation for the state derives from his long association with the Maine Community Foundation. From 1989 to 1999, he served as an MCF board member. He helped establish the foundation's Knox County Fund and co-chaired a successful campaign to build its assets in 2004.

What has always impressed the Fernalds about MCF is its statewide focus. "I began to appreciate how its orientation to the entire state set it apart from

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Maine Community Foundation

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Legacies for Maine *Allen and Sally Fernald continued*

other charitable organizations in Maine,” says Allen. Sally admires the foundation’s willingness to fund new projects. “A small grant—and the recognition that someone believes in it—can give a project a real start,” she notes.

While the foundation may take risks on creative undertakings, the Fernalds know that their own legacy is safe under MCF management.

“We can leave a legacy that will continue our interests for generations,” says Allen. Such permanence appeals to both of them, as does the ability to focus their giving. “If we want to support the arts, or rural medicine, or community planning and development,” Allen explains, “we can provide for that, and it will go on, forever.”

There’s one more reason the

Fernalds have named the Maine Community Foundation to receive a bequest. As good business people, they recognize that their funds will mean more at MCF, because the foundation

can leverage their money and advance their philanthropic interests through its broad connections.

“The foundation staff knows so much about what’s going on in the state,” Allen states.

“They can gather other organizations to support a project.”

Allen and Sally Fernald recognize that establishing a legacy for Maine is not only about money; it’s also about making connections, building relationships and creating change step by step. “At the Maine Community Foundation,” Allen concludes, “charitable funds go a long way.”

“At the Maine Community Foundation, charitable funds go a long way.”

An Artist’s Legacy

Following infantry duty in World War II, painter, printmaker and potter Francis Hamabe (1918-2002) worked in illustration and advertisement. Over the years, his graphic art appeared in *The New Yorker* and *The Philadelphia Inquirer*, and on the covers of *Down East*.

After moving to Blue Hill in 1950, Hamabe helped found Maine Coast Artists (now the Center for Maine Contemporary Art).

Two years ago, Phyllis Hamabe produced a series of notecards featuring her late husband’s lively renderings of Maine villages and cities, including Bangor, Deer Isle, Machias and Bucksport. Part of the proceeds



Courtesy Phyllis Hamabe

Francis Hamabe, Castine, from an original screenprint, ca. 1950s.

from the sale of these cards is donated each year to the Maine Expansion Arts Fund at the Maine Community Foundation.



Banner Year for Maine Community Foundation

Assets grow to \$174 million; annual grantmaking tops \$10 million.

The Maine Community Foundation experienced its strongest year for growth since it was founded in 1983. Thanks to new gifts totaling more than \$32 million, the foundation's assets grew to a record \$174 million.

"We had a busy and rewarding 12 months," said Henry L.P. Schmelzer, MCF president. "Our remarkable success is a testament to the work of our dedicated donors, board members, county advisors and staff," he said. Impressive investment returns added significantly to the growth, with the Maine Community Foundation's Primary Investment Portfolio showing a 13 percent total net return for the year.

Grantmaking also broke records. Total grants and scholarships awarded exceeded \$10 million for the first time in the foundation's history. Total grants made over the life of the foundation now exceed \$63 million.

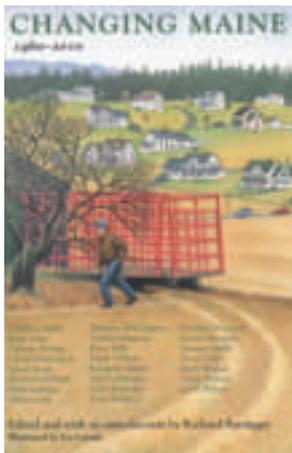
"This is a landmark achievement," said Schmelzer. "Thanks to generous donors and engaged community partners, we have been able to increase the breadth and impact of Maine's charitable resources."

The majority of grant awards come from donor-advised funds, the largest category of funds held by the foundation. "Donor

advisors are a vital part of the foundation," Schmelzer noted, "because of their contributions of knowledge, expertise, connections, time and financial resources." In conjunction with its competitive grant program, MCF leverages additional funds by connecting donors to projects and organizations that match their interests.

Other MCF 2004 highlights include:

- *Evaluating its grantmaking services to better support the work of the nonprofit community (summary of findings at www.maineecf.org)*
- *Helping to implement the action plan of the Maine Compact for Higher Education*
- *Voluntarily adopting the corporate Sarbanes-Oxley guidelines for financial accountability (one of the first foundations in United States to do so)*
- *Receiving the Leadership in Arts Philanthropy Award from the Maine College of Art*
- *Partnering with Common Good Ventures to help build the organizational strength of Maine nonprofits.*



Cover courtesy, Tilbury House Publishers, Gardiner, Maine.

Recommended Reading

In his introduction to *Changing Maine 1960-2010*, editor Richard Barringer writes, "The authors of this book share the conviction that ideas make a difference; that there is nothing so powerful as an idea whose time has come; and that in a democracy, dialogue and discourse are the best means we have of testing its truth and durability."

Changing Maine is a collection of essays that expands upon a series of 22 public lectures presented by the University of Southern Maine Muskie School of Public Policy. Topics include housing, education, fishing forestry, poverty, women's roles, the arts, being Native American, politics and land use.

The Maine Community Foundation helped support the publication of this book and the presentation of the lectures on Maine Public Radio through a \$10,000 grant.

“I thought Maine would be a great place for a foundation.”

An interview with Edward Kaelber, MCF founding president

In preparation for its 25th anniversary in 2008, the Maine Community Foundation has commissioned oral historian Donna Gold to conduct a series of interviews with founding staff and board members. Excerpts from these interviews will be published intermittently in Maine Ties.

This first installment features a lively conversation with founding president Edward Kaelber. Kaelber offers a first-hand account of the birth of the Maine Community Foundation, starting with a legendary \$10 gift from philanthropist Robert Blum.

DG: You went from starting College of the Atlantic to starting the Maine Community Foundation. Did you leave the college to launch the foundation?

Kaelber: No. Whenever I've left an organization, I've never known what I'm going to do next. Partly, I find it difficult to handle two things at once. And I knew I could always get a job—for heaven's sake, I've waited on



tables! But I wanted to stay in Maine, and I was aware of Maine being, I think it was, 37th in per capita income, and that there were great pockets of poverty. I also knew there was a lot of money in this state. So I thought Maine would be a great place for a foundation.

DG: Once you had the idea, how did you go about starting the foundation?

Kaelber: Bob Blum had been a major supporter of the College of the Atlantic, and a lot of that support had come from funds he had in the New York Community

“Well, then Bob Blum says, ‘I’ll start out the foundation with the Dirigo Fund and I’ll put in \$10.’ ”

Trust. So Bob had me go see his friend, Herb West, president of the Trust at the time.

I talked to other people and decided to have a go at it, but we needed some money. Shortly thereafter, I received a copy of a letter from Blum to the New York Community Trust establishing a \$10,000 advisory fund. I was the sole member of the advisory committee.

Photo left: Robert Blum with his wife, the painter Ethel H. Blum, at their home in Bar Harbor.



Edward Kaelber and former MCF board chair H. King Cummings at a meeting of the Maine Community Foundation in 1985.

DG: This was not a fund, then?

Kaelber: No, it was money for travel. I think I paid myself a thousand dollars a month, for four months. I used the rest to rent an office, have a telephone and pay the bills. Then I hired Marion Kane. We didn't have any funds.

DG: You can't have much of a foundation without funds, can you?

Kaelber: Well, then Bob Blum says, “I’ll start out the foundation with the Dirigo Fund and I’ll put in \$10.” That was the first fund.

DG: What did you see as your major tasks the first year?

Kaelber: Putting together a board and getting people to put funds in. I wasn't worried about

Continued on next page

Philanthropic Matchmaker

Maine Community Foundation helps pair donors with worthy causes.

Maine is home to many hidden philanthropists who want to give back to the state they call home or to the causes they support.

But how can a willing donor be sure that his or her bequest will not get lost in a bureaucratic morass? Who ensures that the money gets to the people who most need it?

The Maine Community Foundation offers answers to those questions. The foundation, based in Ellsworth, is Maine's largest and most influential clearinghouse for grants

directed at conservation, education, the arts and social services.

...the Maine Community Foundation works to preserve the elements of community that make the state unique.

...Hank Schmelzer, the foundation's president, believes that charitable giving fuels the fire for community involvement.

In some cases, building community involves preserving or rebuilding its historic structures. For example, the rebuilding of the steeple at First Parish Church in Brunswick received funding through the Maine Community Foundation.

...Arts promote community as well. The foundation provided funds for the Maine Fiberarts 2004 exhibition, "The State of Fiber: Exhibitions



Photo: Troy Bennett

Maine Fiberarts director Christine Macchi stands in the organization's gallery in Topsham with Henry L.P. Schmelzer, MCF president. Cushing fiber artist Katharine Cobey created the fiber art.

and Events Celebrating Maine Fiber."

...Maine still holds fast to its small-town ethics. Many communities in the state still operate volunteer fire departments and govern themselves with town meetings. But it's harder to do so in an age where efficiency is defined by centralization and "bigger is better." By emphasizing grassroots efforts that enable neighbor to help neighbor, the Maine Community Foundation works to preserve the elements of community that make the state unique.

Excerpt from a feature article by Katy Sullivan in The Times Record, January 10, 2005. Reprinted with permission of The Times Record.

At the beginning, continued

people finding out about us and coming to ask for money! The hard thing, at the beginning, was to make people realize that we were a service organization, not just another charity.

DG: How did you develop that first board?

Kaelber: The scale is such in Maine that it's very easy to find out who is able to do things. You

can know everyone in the state. I was looking for a commitment to Maine, for people who either were, or could be, convinced of the good sense of a community foundation. I looked for people who would help me go out and persuade people who had money and wanted to invest it in Maine—that this was the way to go. And also there had to be geographical distribution.

DG: Right, having that statewide recognition would be very important.

Kaelber: [Founding board member] Sherry Huber made an awfully good point when I first talked to her about the foundation. What excited her was that a statewide foundation, drawing trustees from all areas of the state, would help pull the state together.

Professional Advisor

Barbara Wheaton is a partner at Pierce Atwood LLP in Portland. Her legal practice includes all aspects of estate planning, charitable giving and estate and trust administration.



Achieving Philanthropic Objectives through Estate Planning

Attorney Barbara Wheaton has been practicing in the area of estate planning for over 17 years. Her clients include individuals, financial institutions and tax-exempt organizations. She is a graduate of Bowdoin College and holds a J.D. from Harvard Law School. She serves as Director and Immediate Past President of the Maine Estate Planning Council and is on the Gift Acceptance and Investment Committee of the United Way Foundation of Greater Portland. She is also a trustee of the Maine College of Art.

In a recent conversation with Jennifer Southard, Director of Philanthropic Services at the Maine Community Foundation, Wheaton offered some of her insights about the connections between estate planning and philanthropy.

MCF: How do you raise the issue of philanthropy?

Wheaton: I'm not shy about asking my clients whether there's a role for charitable giving in their planning. Depending on the client, it may be something as simple as asking, in the course of putting together a basic will, "Are there any charities to which you might like to give a portion of your estate?" Often people of modest means would like to make a gift to an organization that is important to them, but they don't feel they have the wealth to do it. Simply asking the question makes them realize that they can in fact do so.

For clients who are more affluent, often the discussion takes shape in terms of a specific financial or estate-planning problem we are trying to solve. Often I can identify a specific charitable giving opportunity or technique that might suit them and help to address the problem.

MCF: Do you have any examples of a client who came into your office and may not have been thinking about making a charitable gift, but who at some point in the discussion changed his or her plans?

Wheaton: I have had clients incorporate a lot more charitable giving into their plan after such a discussion. Usually there is some tax or financial objective they're trying to achieve, but don't realize that a charitable giving technique might help them. For example, I have clients who wanted to provide more income for their children. In this case, a Charitable Remainder Trust worked perfectly. The couple had highly concentrated, low basis

stock. It created risks for the portfolio, but they couldn't diversify it very easily. We were able to address the diversification issue with a CRT. At the same time, the children were named lifetime beneficiaries of the CRT. The parents achieved their objectives—getting more income to the children and diversification of the concentrated stock—in an extremely tax-efficient manner.

Often people who are selling a business will not think of the role philanthropy can play in the sale. When you show them how a donor-advised fund or some other charitable vehicle can reflect their entrepreneurial spirit, will allow them to turn their energies to some philanthropic passion *and* may help produce a more tax-efficient business transaction, you've really captured their imagination.

I find that entrepreneurs in the business world are well suited to become entrepreneurs in the philanthropic world. I've had a number of clients who have been ecstatic when they realize that they can maximize their return on the sale of a business and turn that tax saving into something humanitarian and philanthropic.

MCF: Do you have any favorite stories of clients you've worked with and how bringing philanthropy into the picture has really made it a possibility for everyone?

Wheaton: Over the years I have had many opportunities to feel like I contributed to something positive. On the philanthropic side, I have a client I enjoy tremendously, who is very involved in the community. She came to me after a divorce. She was looking to find somebody who might make her issues and

“Alarms, Audits and Accountability”

Washington attorney Marcus Owens addresses foundation scrutiny.



Photo by Darren Setlow

Marcus Owens, Esq., considers a question from the audience at his presentation at the Portland Country Club.

The scrutiny of foundation practices over the last few years has caught the attention of the most well intentioned directors, trustees and advisors. Accountability, transparency and board responsibilities have become priorities within the philanthropy sector.

As part of its outreach to professional advisors, the Maine Community Foundation, in collaboration with the Maine Philanthropy Center, hosted a program titled “Alarms, Audits and Accountability: Legal and Regulatory Issues Facing Foundations” on February 16th at the Portland Country Club.

More than 50 attorneys, accountants, bank trust officers, foundation directors, trustees and staff attended the presentation given by Marcus Owens, an attorney with Caplin & Drysdale in Washington, D.C.

Prior to joining the firm in 2000, Owens was director of the Exempt Organizations Division of the Internal Revenue Service. In 1998, 1999 and 2001, Owens was selected by the *Nonprofit Times* as one of the top 50 most influential people in the nonprofit sector. He is counsel to the Council on Foundations and serves as a director of the Better Business Bureau Wise Giving Alliance.

Owens has been a frequent lecturer on the complex laws affecting exempt organizations. Topics covered included current development in Washington; distinctions between private foundations, supporting organizations and donor-advised funds; compensation and other red flags; and practical tips in running a private foundation.

If you would like to be added to our mailing list for future continuing education events for professional advisors, please contact Jennifer Southard at 761-2440 or jsouthard@mainecf.org.

Achieving philanthropic objectives, continued

concerns a little more central to the estate planning process, but she wasn't quite sure how to go about that.

We explored using a private foundation, but that seemed a little too ambitious, so we looked at a donor-advised fund at the Maine Community Foundation instead. We were able to accom-

plish significant tax savings in the liquidation of her business interests. We were also able to make the client feel like an active participant in her philanthropy. She has tapped into the educational services that the foundation provides around issues of philanthropy. MCF has helped her identify appropriate grant recipients

and to understand the network of organizations addressing issues important to her.

The client moved from being what one might call a somewhat passive philanthropist to being a very active philanthropist. I would say that's one of my favorite stories. She's also a great lady.

At www.mainecef.org

Kennebec Chaudière Heritage Corridor: Celebrating a Cultural Heritage

A \$5,000 grant from the Maine Community Foundation's Expansion Arts Fund is supporting the production of a CD Audio Tour by the Kennebec Chaudière Heritage Corridor. Utilizing such documentary approaches as personal and community narrative, soundscapes and audio art, the tour will celebrate the region's cultural heritage.

The Kennebec Chaudière Audio Tour will capture the region's sense of place, history and Franco-American heritage. Ranging from the traditions surrounding the maple sugaring industry, hunting and smelt fishing to the contemporary creative work of artists, writers and craftspeople working in the region, the CD will provide an audio snapshot of landscapes, architecture, people, artifacts, traditions and stories.

The Kennebec Chaudière Heritage Corridor serves to identify, conserve, interpret and promote cultural, natural and recreational resources. The corridor closely follows the Kennebec River and links to the Chaudière waterway in Quebec. For further information, contact project coordinator Abbe Levin at alevin@gwi.net.

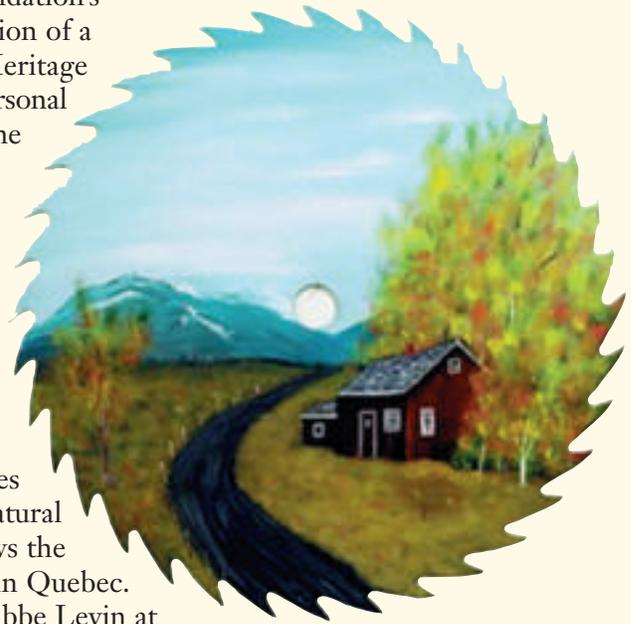


Photo by Abbe Levin

Painted saw blade by Ray Francoeur showing the Old Canada Road Scenic Byway Visitor Center in Bingham, Maine.

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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.