



## NEW HELP FOR OLD BUILDINGS

*An expanded Belvedere program will assist nonprofits that face high energy costs.*

Maine's picturesque downtowns are home to many nonprofits – theaters, museums, libraries, and others that count preserving history as a priority. But that commitment can come with high operating costs for organizations in aging structures.

Starting this year, the Belvedere Historic Preservation and Energy Efficiency Fund will help nonprofits implement energy efficiency measures in their historic buildings. The fund will award an additional \$100,000 in grants of up to \$20,000 each for capital expenses related to restoration of historic buildings, including the cost of energy audits and energy efficiency upgrades.

The Belvedere expansion is the result of a successful pilot program called Grants to Green, a three-year effort of the community foundation, Maine Development Foundation, Efficiency Maine, and the Community Foundation for Greater Atlanta. From 2014 to 2017, Grants to Green funded 27 projects that allowed nonprofits to put savings from reduced energy use toward programming and to sustain their historic structures.

For more information on the program, please visit the Grants & Nonprofits pages on [mainecf.org](http://mainecf.org) or contact Maggie Drummond-Bahl, [mbahl@mainecf.org](mailto:mbahl@mainecf.org), (207) 412-0839. Donations to the grant fund are welcome; please contact Maggie if you're interested in contributing.

*Above, Grants to Green funding allowed Blue Hill Public Library to replace period pendant lamps and other fixtures with new LED light strips that reduced electricity consumption by nearly 30 percent.*





### BUILDING ON 35 YEARS

When the Maine Community Foundation Board adopted a new strategic plan in 2017, some longtime donors and other partners may have wondered whether our focus on five critical goals would lead us to overlook other issues important to Maine. Let me assure you: The arts, historic preservation, human services, animal welfare, and many other areas continue to receive our full attention and support. In this newsletter you'll find a sample of MaineCF's grantmaking, from funds that have helped Bucksport revitalize its downtown, to creation of a Center for Compassion, to a fellowship that inspires a K-8 art teacher – and her students.

I have a deep passion for the environment and have focused much of my philanthropy on stewarding the way we humans treat our natural resources here in Maine and elsewhere. Whether it be the Gulf of Maine or my nearby Mount Agamenticus, such treasures define who we are and our sense of place. I also love the arts and how it can help build a sense of community. Five years ago, I was pleased to help with the creation of the STAR Theater at the Kittery Community Center.

My philanthropic interests have expanded since joining the MaineCF board in 2011. I like what Betty Robinson, former MaineCF board member, said in an interview for our special MaineCF@35 anniversary series: "Working with MaineCF necessitates reflection on one's own philosophy of giving, while also providing the opportunity to learn more about having a real impact versus simply feeling that a donation or gift is the *right* thing to do."

I was honored to deliver closing remarks last November at the Maine Community Foundation's 2018 Invest in Maine summit in Bangor. More than 400 people from across Maine and beyond took a day from their lives to consider how we can give all children a stronger start in life.

The summit was a revelation: I came away determined to delve deeper into how my own community cares for its children. A new grant program announced at the summit is now in place with support from donors who recognize the critical need for early childhood education. Our Early Childhood Community Planning Grants will help five Maine communities organize, gather data about their 0-5 population, map community resources, identify barriers, and develop action plans to improve kindergarten readiness.

The Maine Community Foundation turns 35 this year. We are not making a big fuss about it, but we do have a lot to be proud of – from the statewide impact of our grantmaking and scholarships to our successful stewardship of charitable assets (we are now over the \$500-million mark). There's a lot to be done, and we are ever thankful for all the individuals and organizations partnering with us to improve the quality of life for all Maine people.



*Peter Lamb is chair of the MaineCF Board of Directors. He lives in Kittery Point.*

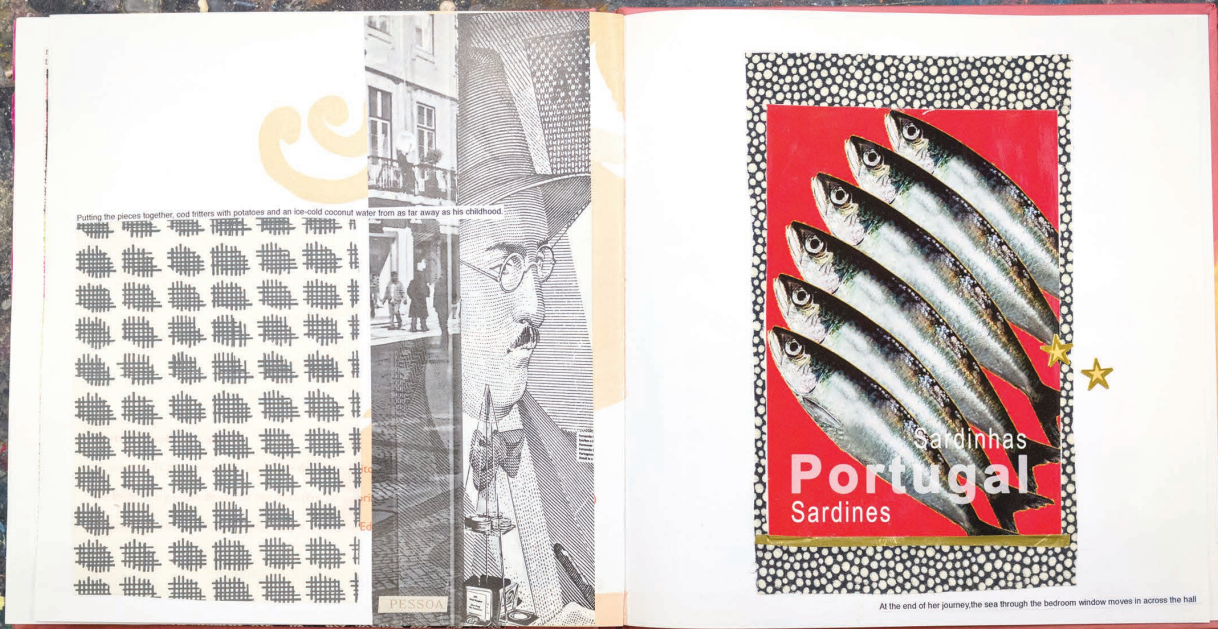
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*This page, Peter Lamb at Mount Agamenticus.*

*On the cover, Middle-schoolers in Portland Community Squash's youth leadership program Rally Portland use their after-school hours to cultivate wellness, academic enrichment, and – of course – laughter and squash. A grant from MaineCF's Cumberland County Fund supported the launch of Rally Portland.*





## THE ART OF THE ASTOR

*Carol Shutt's life as an artist and art teacher has been enriched by grants that have sent her around the world.*

On a Wednesday morning in mid-December, the art room at Mount Desert Elementary School in Northeast Harbor is buzzing. About 20 sixth-graders are seated at four work tables creating clay sculptures. The kids perfect their pieces while talking about their work. A couple of girls break into song: “It’s starting to feel a lot like Christmas...”

The room itself is a work of art. Images by Escher and Kahlo, Picasso and O’Keeffe line the walls. There are artbooks and easels, and plenty of tools – drills, saws, brushes, chisels. The students’ clay pieces are bound for the Bar Harbor Garden Club’s annual sculpture contest. The theme is “Keep our planet green and get involved with saving our environment,” and the subjects of the students’ creations include butterflies, snakes, stars, and plants.

Moving from table to table, guiding the students in their art-making, is Carol Shutt, the school’s long-serving K-8 art teacher. Her position requires a diverse skill set: from class to class she moves from clay and collage to paint and photography. The students continually surprise her – “They do amazing things,” she says.

Over the years, Shutt has drawn her own inspiration as the recipient of 10 grants from the Vincent Astor Incentive Fund at the Maine Community Foundation. The fund, set up in 1984 through an endowment gift from the Vincent Astor Foundation, supports teachers at Mount Desert Elementary School and Mount Desert Island High School, as well as staff at Northeast Harbor Library. The grants, which range from \$300 to \$3,000, allow recipients to pursue projects that will broaden their experience or education, or otherwise contribute to their skills or curricula.

A Californian by birth, Shutt studied at Syracuse University and worked in a fine crafts gallery in Philadelphia before heading Downeast. There she developed a quilting business using Amish colors and her own designs. She became a teacher “kind of through the back door” when she accepted a part-time position at the Steuben school. A year later, in 1991, she became the full-time art teacher at Mount Desert Elementary School.

Shutt’s earliest Astor grants allowed her to attend workshops and study one-on-one with

Maine artists. After her two children were grown, the grants helped her explore the world, with trips to study art in Nepal, Portugal, Italy, France, Holland, and Cuba.

As Shutt traveled, she became a collector. Her found materials, including printed words, became collages that filled books after she returned state-side. In turn, she encouraged her students to play with words and put them into their art. “I think the [Astor] grants have made me more of an artist and a teacher,” says Shutt, “deepening what I know and what I do.”



After the students have left, Shutt tends to their sculptures, stabilizing some pieces, carefully tucking others away in drawers, handling each one as if it were a prize-winner. On the cusp of retirement – she’ll leave her classroom at the end of the school year – Shutt looks forward to further developing her art practice. But she will miss the energy and excitement of teaching children how to think creatively and critically.

Art, says Shutt, provides a way “to reach all students.” And she has spent 27 years proving it.

*Opposite page, one of many notebooks filled with the creations of Shutt’s travels and art studies, supported by Astor Incentive Awards.*

*Above, art teacher Carol Shutt helps sixth-grader Tyler Lunt with his “Respect for Nature” clay creation.*



## STRAWBERRY FIELDS FOREVER

*Meet Frank McElwain, a farmer and educator who brings a special history and skill set to his work on the Aroostook County Committee.*



“I have a love for growing things and I enjoy all aspects of farm life,” says Frank McElwain. “Agriculture and farming are my roots.”

Born in Caribou, McElwain grew up on the family farm where potatoes were the main crop. After graduating from Caribou High School, he attended the University of Maine and earned a bachelor’s degree in agriculture mechanization. He taught agriculture at Central Aroostook High School and Limestone High School for 16 years before becoming a school administrator. The skills McElwain learned on the farm, from bookkeeping to plumbing, gave him “practical insights” that proved useful as superintendent of Eastern Aroostook RSU.

McElwain retired in 2016 and now he’s back on the tractor with renewed appreciation for people who make their living through long hours and manual labor. He and his father, Ralph, started the “u-pick” strawberry operation

in 1985. The family has expanded the strawberry acreage over the years and also grows apples, raspberries, pumpkins, sweet corn, and a variety of vegetables.

“As my three children grew up,” McElwain says, “they learned valuable lessons by helping with the business.” Each growing season, he and his wife, Joan, look forward to returning customers and seeing young families experience the farm.

To give back in the community, McElwain serves on the board of Aroostook Mental Health Center (AMHC) and MaineCF’s Aroostook County Committee. “Organizations like AMHC and the foundation need the input and involvement from a variety of stakeholders,” he says. His experiences as a lifelong Aroostook County resident, along with his career in education and agriculture, enable him to make a difference in his community.

While The County features many large farming enterprises, McElwain believes there’s a place for small farms with diverse crops. “Interest in locally grown produce, organic farming, and eating more fruits and vegetables will result in small farming operations being profitable,” he says.

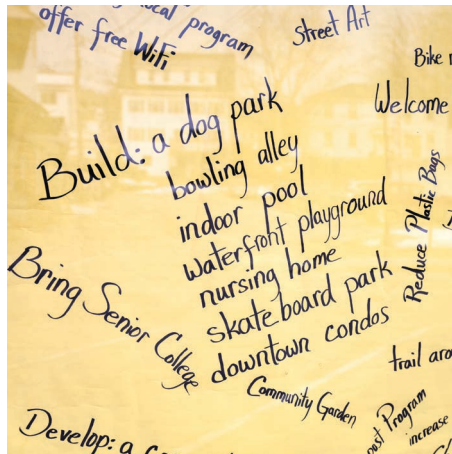
“We do not have a very diverse ethnic population in Aroostook County,” McElwain points out, “but there still is a great deal of diversity.” As a teacher and school administrator he worked with a wide range of community

members: “It was important that I think about, and be respectful of, each person’s background, whether it be education, culture, socio-economic status, work, religion, or family situation, in order to meet their needs.”

Reflecting on his life and career, McElwain is thankful for the family and community that helped shape him. At the same time he welcomes the opportunity to give back. “Whether picking strawberries or helping a nonprofit, I’m all in.”

*Frank McElwain at his family farm in Caribou.*





Scenes of Bucksport, clockwise from top left: Northeast Historic Film, the municipal marina, visions for the town at Bucksport Heart & Soul, the new Friars' Brewhouse Tap Room, Bucksport Historical Society, and the Alamo Theatre.



## A LITTLE TOWN RALLIES TO BUILD A BRIGHT FUTURE

*The local paper mill defined lives here for decades, but today the community is reshaping downtown.*

October 1, 2014 was a dark day for Bucksport, which for 80 years embraced life as a mill town – until it wasn't. Verso Paper Corp., Bucksport's largest employer and taxpayer, announced it would close in two months and eliminate more than 500 jobs.

Residents in this town of 5,000 had long lived in the shadow of the mill and a declining industry. And while the news was bleak, it offered an opportunity for renewal in this picturesque community at the head of Penobscot Bay.

Maine Community Foundation, John T. Gorman Foundation, and Bangor Savings Bank later deployed \$75,000 to nonprofits that provided food and heating fuel assistance for displaced millworkers in northern and eastern Maine. Townsfolk took action from there.

In just four years, the community has rebounded. Volunteer energy has launched community events that have raised Bucksport's profile in the arts world. More than a dozen new businesses have opened downtown, leaving just one vacant storefront. And in late February,

a Maine company announced it would purchase most of the former mill site and create a salmon farm with an expected payroll of 200 workers.

The mill's closure was "like a shock to the system of the community," says Brook Minner, director of the nonprofit Main Street Bucksport. "All of a sudden anything seemed possible and they did feel an urgency to create positive change." Minner says locals had watched other former mill towns struggle. "That was not going to be the way things went here."

Instead, Bucksport embraced what has since drawn people who had dreams of moving back home or fell in love with Vacationland: location. It's on the water and close to Bangor, Ellsworth, and the Blue Hill Peninsula. Belfast and Rockland, both once dependent on industry, are nearby models for how change, cultural arts, and local food invigorate coastal communities.

In the past three years, grants from the Maine Community Foundation have supported the new International Maritime Film Festival,





Brook Minner

Above, John Paul LaLonde, MaineCF Hancock County Fund Committee member, and Nancy Minott, Bucksport Heart & Soul coordinator, with a window full of ideas from community members. Volunteers have spent 10,000 hours gathering input about the town's values and what residents envision for its future.

Bucksport Arts Festival, and “Wednesday on Main,” a series of weekly outdoor performances. A number of grants have come from the community foundation’s Hancock County Fund.

Additional MaineCF grants have bolstered Main Street Bucksport’s downtown revitalization and helped residents envision their future through a town planning process. Heart & Soul, led by Nancy Minott, has brought residents together for community conversations about who they are and what they want Bucksport to be.

Preserving Bucksport’s unique character is important to many – Minner included. “It’s a river town, it has a certain degree of grit – in a good way.”

That determination and optimism has sustained Bucksport since 1792, right down to the longtime town slogan that welcomes visitors: “Rich in heritage, looking to the future.”

## MaineCF grants in Bucksport since 2015:

- **Apogee Arts**, for a series of outdoor performances
- **Buck Memorial Library**, for building restoration
- **Bucksport Area Cultural Arts Society**, for a summer music performance series
- **Bucksport Community Concerns, Inc.**, for food production and food security in Hancock County
- **Bucksport Historical Society**, to repair the 1874 railroad depot building
- **Main Street Bucksport**, to build capacity, support the Bucksport Arts Festival, and expand the International Maritime Film Festival
- **Northeast Historic Film**, for the inaugural International Maritime Film Festival
- **Town of Bucksport**, to establish “Wednesday on Main” outdoor performances and support the Heart & Soul community planning process.

## STRATEGIC GIVING

*Here’s how federal tax changes could affect itemized deductions and gift planning.*

Donors give to the Maine Community Foundation for many reasons – supporting our mission to improve the quality of life for all Maine people, making a positive impact in their community, leaving a legacy, and/or involving family in their giving. And sometimes, when it comes to the timing and the amount of the gift, decisions may also be driven by tax policy.

Provisions of federal tax legislation signed into law last December may be relevant to your philanthropy. Here are some highlights:

- **Reduction of most individual income tax rates.**
- **Repeal of the personal exemption.** A personal exemption for taxpayer and dependents no longer exists.
- **Increase in the standard deduction.** The standard deduction has increased from \$6,500 to \$12,000 for single filers, and from \$13,000 to \$24,000 for taxpayers who are married and filing jointly.
- **Itemized deductions.**

- Charitable deduction for cash gifts to a public charity increased from 50 percent to 60 percent of adjusted gross income.
- Charitable deduction for stock and real estate gifts to a public charity remains at 30 percent of adjusted gross income.
- State and local tax deduction is capped at \$10,000 for all state and local income and property taxes.
- Mortgage interest deduction is retained with the limit on deductible new home mortgage debt capped at \$750,000 for purchases after December 17, 2017. Mortgages that existed prior to this date are grandfathered. Home equity loans can no longer be deducted after December 31, 2017.

- Most miscellaneous deductions are no longer allowed, including tax preparation fees, moving expenses, and investment management fees.
- The Pease limitation has been repealed, no longer reducing itemized deductions for high-income earners.

- **Increase in the gift tax, estate tax, and generations skipping tax exemptions.** The exemption after indexing for inflation is expected to increase from \$5.49 million in 2017 to \$11.2 million per person in 2018.

The new tax provisions for individual filers will expire at the end of 2025, then revert to 2017 provisions – unless Congress acts to make them permanent or otherwise extend them.

**Two of these changes** cause some concern for nonprofits: the standard deduction increase combined with the reduction of most allowable itemized deductions, and doubling of the estate-tax exemption.

The staff at MaineCF is ready to work with you to ensure your gifts are as meaningful and tax-efficient as possible. Here are some giving options to consider with your professional advisor as you evaluate how the new tax laws may affect you:

- **Create a donor-advised fund (DAF) or add to your DAF.** If you have the financial ability to make a single contribution to a DAF in an amount equal to several years of your anticipated charitable gifts, you can then make grant recommendations to your favorite charities anytime you choose. Front-loading a larger charitable gift in one year, or “bundling gifts,” can help you increase your itemized deduction to exceed the standard deduction and maximize your deduction in a given year.
- **Make gifts of appreciated stock or real estate.** By making a gift of appreciated stock or real

*Continued on page 13*



# CULTIVATING CONNECTIONS

*A MaineCF donor's unique gift helps establish a Center for Compassion at USM*



When Vaishali Mamgain arrived in Portland in 2002 she was stunned to see an African woman in a headscarf walking down Congress Street: the scene didn't fit her idea of Maine as a predominantly white state.

Mamgain had come to Portland from her home in India via the University of North Carolina at Chapel Hill, where she earned her PhD in economics. Intrigued by her new knowledge of Maine, Mamgain researched how refugees fare in Maine's labor force and wrote an article for the *Journal of Refugee Studies*.

The journal's editor complimented Mamgain on her research and data, but asked her a pointed question: Had she actually interviewed any refugees? As an economist, Mamgain had focused on numbers, not people. Nothing in her training, in graduate school, or her professional life, prepared her to "be present" as refugees told her their stories.

The realization inspired Mamgain to incorporate "contemplative practice" into economics classes she teaches at the University of Southern Maine. Today her focus on helping students connect with others has grown into a planned Center for Compassion at USM supported by

funding from an anonymous Maine Community Foundation donor.

The donor learned about teaching compassion after she heard Dr. James Doty share research on how practicing compassion can benefit health and help unlock innovation and creativity. Doty is a Stanford University School of Medicine professor and founder-director of the Stanford Center for Compassion and Altruism Research and Education.

The donor's support shows how creativity can go hand in hand with giving. She worked with her attorney to determine which assets made the most sense to contribute, and chose lakefront land she owned with her sister. She gifted her portion of the land to MaineCF, which sold the property and added the net proceeds to her donor-advised fund at the community foundation. As advisor to the fund, she can recommend grant funding to help launch the center and support other charitable organizations throughout her life.

"This is a great example of how donors can give unique assets such as property, real estate or business interests to the foundation, with the net proceeds funding their charitable giving for

many years to come through a donor-advised fund," says Laura Young, vice president of philanthropy at MaineCF.

The donor says she turned to the Maine Community Foundation because of its statewide reach and ability to help bring about change. She cited the example of former U.S. Senator George Mitchell, who started his scholarship program through the community foundation.

"We need compassion more than ever today," she says, "and we need to recognize each other's humanity."

Part of the center's mission will be to reverse economic, social, and racial injustice. USM students will mentor local high school students who participate in projects of PeaceJam Maine, the local chapter of a nationwide program supported by 14 Nobel Peace Prize laureates

that trains youth to be leaders and bring about positive change.

Mamgain's work at USM has continued to grow with an "Economics and Happiness" course, a weekly reading and practice group on compassion, and planned trainings based on protocols developed at Stanford and Emory universities. She envisions compassion cultivation embedded in courses across disciplines and throughout the University of Maine System.

Mamgain says she's been overwhelmed by interest in the topic from both faculty and students: "The students love it. They want to be able to connect with others in their research." And when the center opens, she says, it will be a place where "we can have conversations, deepen our connections to each other, and speak to our own hearts."

*Vaishali Mamgain engages with students in her Economics and Happiness class at USM. Mamgain is associate professor of economics and director of the Center for Compassion.*

## WAYS TO GIVE

You, too, can be creative in converting non-cash personal assets into charitable resources.

### MaineCF accepts the following:

- Appreciated stock
- Business interests
- Life insurance
- Private foundation funds
- Real estate
- Retirement funds
- Tangible property

*Strategic Giving, continued from page 11*

estate, you can exclude the appreciation from your taxable income and could receive a double benefit if you have enough deductions to itemize in the year you make the gift.

- **Make your gift with an IRA Qualified Charitable Distribution (QCD).** If you are older than 70½, you can gift up to \$100,000 annually directly from your IRA to a qualified charity. A QCD cannot be made to a DAF, but can be made to any other type of fund at MaineCF. When the

Internal Revenue Code requirements are met, the gift amount counts toward your required minimum distribution and is excluded from your taxable income.

*We're here to help. If you would like to learn more about these options or would like us on your team to review your personal giving strategies, please contact Jennifer Richard, director of gift planning, at (207) 761-2440 or [jrichard@mainecf.org](mailto:jrichard@mainecf.org).*

## EXIT STRATEGIES FOR INVESTMENT REAL ESTATE

*Portland attorney Rick Abbondanza discusses how gifts to charity can help real estate clients manage income taxes.*



### **MaineCF: What provisions in the Tax Cuts and Jobs Act of 2017 will work well for your clients?**

Rick Abbondanza: We work with a lot of clients who own investment real estate so I was very pleased to see that the new tax law retained two important provisions that allow these clients to strategically manage their income taxes: the 1031 tax-deferred exchange and the charitable deduction.

### **MaineCF: What is a 1031 tax-deferred exchange and how does it benefit your real estate clients?**

Abbondanza: Section 1031 of the Internal Revenue Code (IRC) allows a taxpayer who is holding property for investment to sell the property and reinvest the entire net proceeds in another investment property without paying capital gains tax on the appreciation of the original property. Strict IRC requirements must be met to qualify for this special tax deferral treatment. However, when met, this can be very financially beneficial for the client.

### **MaineCF: You mentioned that the 1031 exchange is a tax-deferral strategy. When does the client pay the tax on appreciation?**

Abbondanza: If a client dies owning the last replacement property, the estate gets a step-up in basis to the appraised value on the client's date of death. In that case, it is possible that no income taxes would be due. However, many of our clients reach a time in life when they no longer want to manage their property, do not have the same risk tolerance for the real estate market, or just want to take some of their dollars off the table and have more liquidity. At the time of this sale they would typically have to recognize the capital gains unless they have another strategy to reduce the tax.

### **MaineCF: How does the charitable deduction benefit your real estate investment clients?**

Abbondanza: One way charitably minded real estate clients can reduce their income taxes is to gift their real estate to a charitable remainder trust (CRT). This strategy works well for clients who want to reduce their income taxes, retain enough income to live comfortably, and benefit the charitable organization(s) that they care about in the future. The CRT can be used as an exit strategy from a 1031 exchange or instead of a 1031 exchange.

### **MaineCF: How does a charitable remainder trust work?**

Abbondanza: A charitable remainder trust is an irrevocable trust that provides an annual income stream to the donor client (and possibly others) for life or a set term of up to 20 years, with the remaining funds at the end of the term being distributed to the client's favorite charitable organization(s). The client receives a charitable income tax deduction for the present value of the remaining funds that will pass to charity (subject to some limitations) at the time the property is transferred to the CRT. When the trustee sells the real estate to create liquidity or diversify the investment, neither the client nor the trustee pays income tax on the appreciation because of the CRT's tax-exempt status. The income recipient only pays income taxes on the income distributed to them each year.

With any of the strategies we have discussed, it is important for professional advisors to begin the conversations early before there is a purchase and sale contract in place, and to be sure to review the strict provisions of the Internal Revenue Code.

*Richard J. Abbondanza is a partner in the Portland law firm of Hopkinson & Abbondanza. He regularly speaks on the subjects of estate planning, retirement planning, and real estate and business succession planning. He is admitted to practice in all Maine courts and is a member of the Maine Estate Planning Council and WealthCounsel, a national association of estate planning attorneys and advisors.*

*Visit the interviews with professional advisors page at [mainecf.org](http://mainecf.org) to read an expanded version of this interview with an example of the charitable remainder trust strategy.*

*Opposite, attorney Richard Abbondanza at North Yarmouth Academy, where he serves on the board of trustees.*

MAINE TIES, SPRING 2018  
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Photographer: Thalassa Raasch  
Designer: Portland Design Co.  
Printer: Penmor Lithographers