

A single community foundation that manages among its funds individual discretionary funds dedicated to particular geographic sub-regions or “areas”—such as counties, groups of counties, individual communities, or sets of adjacent communities.

*This model differs from the Federation model by this key distinction: Each Area Fund is one single discretionary fund amassed from the contributions of many donors. Its only restriction is the designated geographic area. In the Area Fund model, the central “lead” foundation provides donor and grantmaking services to the region as a whole, as well as to areas not covered by a specific Area Fund. Each Area Fund’s grantmaking, community work and endowment building typically are advised or conducted by a local volunteer advisory committee.*

## Maine Community Foundation

### Facts and figures

**LOCATION:** 245 Main Street  
Ellsworth, ME 04605  
Phone: 207-667-9735  
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[www.mainecef.org](http://www.mainecef.org)

**ESTABLISHED:** 1983

**MISSION:** To strengthen Maine communities by building philanthropic resources, connecting donors to organizations and programs they care about, making effective grants, and providing leadership to address community needs.

**ASSETS:** \$125 million

**SERVICE AREA:** The Maine Community Foundation (MCF) is a statewide community foundation and serves all 16 counties in the state of Maine.

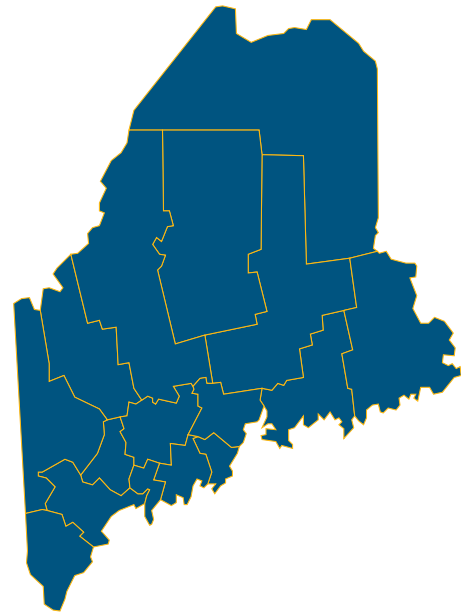
**STAFF SIZE:** 20

**BOARD SIZE:** 30

**NUMBER OF FUNDS:** 675

**2003 DOLLARS GRANTED:** \$9.3 million

**AVERAGE GRANT SIZE:** \$4,185





*Sanding wood on front porch of house in Aroostook County, one of the 10 counties currently served by MCF's County Program.*

## Overview

In 1986, three years into its existence, Maine Community Foundation (MCF) executive director Marion Kane noticed that the Foundation was receiving very few funding requests and even fewer high-quality proposals from nonprofits in Maine's northernmost and most rural counties. While MCF had begun to reach out to these counties and did recruit board members from every Maine county, MCF lacked a deeper, hands-on connection to those counties beyond a few hours' drive from MCF's headquarters in rural Ellsworth.

Kane and her active board of directors—especially those who represented the “rim counties” along Maine's border with Canada, home to the state's most sparse population and its highest levels of poverty and unemployment—began to brainstorm ways to encourage and improve grant proposals from the region. At this outset, the staff and board focused on how the Foundation could invest more grant dollars and create greater awareness of MCF as a resource for these counties; at this point, MCF did not consider these counties as potential sources for endowment-building capital.

With grantmaking and local connections clearly the strategic priority, MCF set about to build endowed funds in these counties with a designated *geographic* field of interest. These funds' grantmaking priorities would mirror the broad, community-building values of the lead Foundation, but local volunteer advisors would make the actual grantmaking decisions. With

matching “seed” funding from a private Maine foundation, Kane and her entrepreneurial board members set about to convince local businesses and a handful of inspired local donors to help MCF build three funds to start: the Washington County Fund, Aroostook County Fund, and Piscataquis County Fund.

Whether seeking to award grants or to raise funds, Kane and her colleagues often found the rural communities suspicious of the Foundation's intentions. As she describes it: “The saying goes: ‘Once burned, twice shy.’ These communities had a long history of being loved and left by state and federal governments, nonprofits, and businesses alike.” Kane later recounted that what she and her board learned about the idiosyncrasies and local cultures of each of Maine's rural counties through these county fund-building processes eventually permeated the entire workings of the Foundation and cemented MCF's credibility and trust among Maine's surprisingly diverse communities.

Explaining the *permanence* of endowed philanthropy to local “gatekeepers” proved critical to MCF's early success. However, the

key to reaching these local gatekeepers proved markedly different from place to place. For example, in one county, tapping into the local farming establishment—mostly men—was critical. In another county, the gatekeepers sat atop the local nonprofit boards and were almost all women. While one county strongly responded to the opportunity to access grant funds, another county immediately (and competitively) stepped into the fundraising mode, determined to grow MCF's largest county endowment. As neighboring counties took note of the resources and grants being generated in what were considered Maine's poorest counties, other counties came knocking on MCF's door—eager to bring the Foundation into their own backyards.

Today, MCF's County Program serves 10 of Maine's counties, and boasts local advisory committees for each that handle both grantmaking and fundraising responsibilities. Each county involved in the County Program starts with a permanent fund restricted to that county (an [Area Fund](#)), established by individuals, businesses and foundations. As each fund grows, its county advisors start promoting philanthropic resources of all types, including scholarships, nonprofit endowments, and donor advised funds (moving toward the Federation model). In 2003, grantmaking from the county funds totaled \$372,000. And, of equal importance to the future of Maine's rural counties and the trust MCF has earned, the county funds' combined endowed assets—contributed in donations ranging from \$5 to \$50,000—now total \$3.54 million. Slowly, but surely, MCF intends to have all 16 counties served by a county committee and, ultimately, a county fund.

## About the region

Maine is a large (30,865 square miles) rural state with a population of 1.3 million. Maine has a poverty rate of about 10.9 percent and a population density of about 41 residents per square mile. The largest concentration of Maine's population can be found in southern Maine around the state's largest city, Portland (pop. 230,000). Maine historically has relied upon a resource-based economy of farming, fishing, timber, tourism and manufacturing, but manufacturing and timber harvesting have declined in recent decades just as they have elsewhere in the nation, giving rise to a much more service-oriented economy.

**The Foundation placed its headquarters in the small service-center town of Ellsworth (pop. 6,456) to send a potent message to rural county constituents (and donors) that the soul of the Foundation could be found in rural Maine.**

Some of the state's leaders and the media have coined the expression "The Two Maines" to describe what many see as differences in demography, politics, and economies between Maine's southern and northern residents. Northern Maine often is seen as more rural, less affluent, and more conservative, while southern Maine is considered just the opposite.

## MCF's structure and key values

MCF operates an Area Fund model called the *County Program*. This approach was launched in 1986, only three years after MCF was founded, based on the Foundation's commitment to serve *all* of rural Maine and to rely on and strengthen local leadership.

Even MCF's physical location symbolized its rural commitment: From its inception, the Foundation placed its headquarters in very rural Hancock County, in the small service-center town of Ellsworth (pop. 6,456). Siting its statewide presence in a place outside the state's population and power centers sent a potent message to rural county constituents (and donors) that the soul of the Foundation could be found in rural Maine.

Moreover, MCF distinguished itself from government agencies located in the state capital, Augusta, and the more "urban" statewide nonprofits located in Portland, which had the reputation of focusing only on issues important for southern Maine. While it often been an operational and logistical challenge to cover the state from its more remote "central" office, MCF's physical location has generated the good will that has helped build trust and, eventually, a donor base in even the most rural parts of the state. Now grown to \$100 million in assets, MCF has proven wrong many of the early advisors who argued that no institution relying upon statewide fundraising could survive in Maine's rural backyard.

**MCF believed that its priorities could be applied even more effectively by local residents in ways that would build both local leadership and the awareness and capacity of the statewide Foundation.**

Two pressing concerns led MCF toward implementing the Area Funds model. First, the three-year-old MCF of 1986 did not have the staff, the operating funds, or the institutional maturity to seed and operate mini-foundation divisions like those in the Federation model that its neighbor and mentor, the New Hampshire Charitable Foundation, nurtured. Equally important,

MCF had great faith in its existing discretionary grantmaking priorities and their emphasis upon using a community's strengths and assets as tools for community development. MCF believed that its priorities could be applied even more effectively by local residents in ways that would build both local leadership *and* the awareness and capacity of the statewide Foundation. By maintaining consistent grantmaking priorities throughout its discretionary grantmaking and focusing advisory committees on raising endowments, MCF sends a consistent but flexible community-building message.

## **How does the Area Fund model work?**

MCF's County Program includes a set of nine single, permanent field-of-interest endowed funds serving 10 of the state's 16 counties. While sometimes initiated by one donor, typically a private or a corporate gift, each County Fund, over time, is intended to comprise numerous donations, large and small. Each year, the fund awards grants through a competitive grantmaking process to programs and projects that strengthen one or more communities within the county or the county as a whole. Local residents are tapped to serve on county committees and to help both raise funds and award grants.

## **Operations and governance**

MCF recruits and manages local volunteer county committees of eight to 12 residents that assist in site visits, grantmaking decisions, publicity and fund development. County Funds are single "field of interest" funds designated for a geographic region—one or sometimes two counties.



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County committees meet at least quarterly to award grants, focus on organizational issues, or manage fund development goals. As with most models, county committees technically perform only an advisory role; MCF's board of directors holds fiduciary and legal responsibility and must officially approve all grantmaking and policy decisions recommended by the county committee. However, generally if not *always*, the county advisory committee rules!

MCF recently conducted a cost analysis of its overall County Program. Dividing costs along staffing, travel and direct costs (such as marketing, publications and program development), MCF budgets just under \$150,000 to manage the operation of its nine county funds. This first attempt to distill County Program expenses from other costs is a starting point, already being amended to account for the addition of one county fund since the analysis was conducted. While MCF intends to have a county or regional fund for each of Maine's 16 counties, expansion will take time. Over the next five years, MCF will establish three new

county committees. Staff will devote one year to building each new committee, and will officially launch it in the following year.

MCF manages and invests its funds similarly to other field of interest funds. County funds have a pay-out policy of five percent of a 36-month trailing average. Grantmaking from new county funds may be postponed until the fund reaches a certain balance. MCF also collects management fees of 1.5 percent from each fund.

## **Staffing**

The statewide MCF office staffs each county committee with either a Regional Funds Manager or another dedicated staff person. One assigned staff person provides both program and development assistance, bringing in additional expert assistance as needed, depending upon the status and goals of the committee.

## **Grantmaking and endowment building**

MCF's County Fund advisors review local grant applications twice each year, using MCF's statewide grant priority guidelines. All applications are reviewed first for eligibility by staff in MCF's central office. Proposals requesting funds to serve counties where a County Fund already exists are referred to that area's county committee. Staff assigns one county advisor to present the proposal to the rest of the committee.

That committee member arranges for site visits, interviews the applicant, and performs any other research needed to make a recommendation to the committee. Each county committee meets to discuss the applications and makes a final group recommendation to MCF's statewide board. MCF program staff act as go-betweens, and help place applications in context for both the county committee and the statewide board. The statewide board legally must make all the final decisions, but to date, it has never overruled a county committee recommendation.

**MCF's County Fund endowments are built through a "one-fund, many gifts approach." Gifts to county funds have come from local banks, corporations, small businesses, private foundations, and increasingly, over time, from individuals through direct gifts, property, and bequests.**

County Fund grants tend to range from \$500 to \$7,500. Generally speaking, they are awarded as seed funding for projects, and not for capital or operating expenses.

MCF's County Fund endowments are built through a "one-fund, many gifts approach." Gifts range in size from \$5 to \$50,000 and may even include planned gifts of over \$1 million. Realistic fundraising goals are set each year by the county advisors in consultation with staff. Staff organizes activities, records and acknowledges gifts, meets with donors and financial planners, and provides development training to the committee. County advisors promote the county fund to friends, media and the community as a whole. Committee members also identify prospects, ask for gifts, and contribute personally. Gifts to county funds have come from local banks, corporations, small businesses, private foundations, and increasingly, over time, from individuals through direct gifts, property, and bequests.

## Keys to success

A decade after the first county funds were established, the period from 1996–1999 produced a renaissance in the County Program, when MCF focused on taking it to the next level during their participation in the Ford Foundation's Rural Development and Community Foundations Initiative (RDCFI). Over three years, MCF county fund endowments doubled in assets, growing from tens of thousands to hundreds of thousands and, in a few cases, millions of dollars. The

county advisors grew more engaged and effective, and MCF's statewide board reaffirmed the County Program as illustrative of the Foundation's statewide mission. A

local private foundation's matching funds, along with RDCFI's technical assistance, provided a metaphorical kick in the pants for MCF staff, board and, especially, the county committees.

One activity spurred by the initiative easily could be duplicated by any foundation considering the Area Funds model—with little or no funds! As founding county advisors began, after 10 years, to cycle off the committees, the remaining committee members looked to recruit new members. Yet no clear articulation of the county advisors' roles and responsibilities had ever been formulated to help advisors explain MCF and the County Program to potential recruits. Since staff had worried about putting too many "demands" in writing—particularly around areas of personal giving, term limits and committee diversity—no guidelines existed to help the committees sustain themselves. County advisors now demanded clarity and official "rules of the road" to help volunteers understand and better play their roles.



To staff's surprise, the mundane task of creating administrative clarity actually renewed the energy and commitment of county advisors. In 2000, MCF responded to advisors' wishes by establishing an overall committee of county committee chairs to help steer MCF's County Program and advise its statewide board of directors. These county committee chairs helped MCF staff recast a County Program vision while hammering out roles, responsibilities, job descriptions, term limits, and diversity goals. Staff roles, too, were articulated to help answer the age-old question: *Should staff be doing this?*

Having everything in writing for both county committees and the Foundation's statewide board proved invaluable in 2002 when the Foundation embarked upon a holistic evaluation of the County Program and its structure. The board recommitted the Foundation to the County Program with a few important changes. First, the board decided to look for ways to integrate the role of the county committees with the role of MCF as a whole in serving Maine's rural counties. In other words, as a marketing and public awareness strategy, MCF would emphasize the many different funds at work within each region. Whether an official county fund or a designated agency endowment, a scholarship or a donor-advised fund, MCF has committed to playing (and promoting) a more visible role in each

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region of the state. To help accomplish the first goal, the board made its second important change: In 2002, MCF received seed funding from a private foundation to support the creation of a new full-time position—Regional Funds Manager.

## Lessons learned

### Biggest challenges

- Starting-up: The words *philanthropy* and *endowment* are not often common parlance in rural communities.
- Staff, materials, and time: In an integrated structure like the Area Funds model, these expenses are often hidden within and among other programmatic or development costs. "How much does the County Program cost?" becomes an increasingly difficult figure to calculate.
- Opportunity costs: This model often leads to questions like, "Are we diluting our efforts? Would we be better off focusing on statewide or regional donors and issues? Or, would we be better off focusing on centers of population and more obvious wealth?"
- Communication and involvement in policy decisions: With nearly 100 county advisors, each located from one to six hours away from office headquarters, it is essential to maintain effective communication and involve advisors in helping to make decisions that affect them.

## Biggest rewards

- MCF's increased capacity to organize rural communities around the Foundation's philanthropic mission.
- Increased dollars! Many bequests are directed to the County Program.
- Building rural endowments is a community-building effort in and of itself!

## Advice

- Put committee and staff responsibilities in writing. *Everyone* will be glad you did!
- Build committees that reflect the specific goals of the fund. Few individuals enjoy both grantmaking and fundraising equally. Look to build a committee with diverse talents, rather than a single committee member that can do it all.
- Embrace (rather than ignore or fight) what's unique about each area fund. What works in Portland just isn't going to work in Whittopitlock! Hint: *Hire staff who know rural!*

- Try to avoid "we/they" or otherwise paternalistic relationships between the Foundation's board and local advisors.



MAINE COMMUNITY FOUNDATION  
*Fulfilling the promise of giving*

*To learn more about the Maine Community Foundation and their use of the Area Funds model for Covering Rural Territory, visit the MCF website at [www.mainecef.org](http://www.mainecef.org) or contact RDP Lead Contact and MCF Regional Funds Manager Andrea Perry at 207-667-9735 or [aperry@mainecf.org](mailto:aperry@mainecf.org).*