Letter from the Chairman

On the opposite page, you will find the Strategic Initiatives for the Mid-Shore Community Foundation for the next five years. These Initiatives were developed and approved by the Board of Directors to strengthen our grantmaking capacity in support of the most critical needs of this region. They also address our commitment to expand our services and support for the nonprofit community, and leverage resources and technology to better serve the Mid-Shore Region. Significantly, many of these initiatives are well underway as you will note in this Report to the Community.

Our success is made possible by the generosity and commitment of our donor community and by the extraordinary work of the volunteers on our board and our advisory committees. This includes an exceptional group of professional advisors in the legal and financial community that understands the critical role of local philanthropy in sustaining and nourishing the quality of life on the Mid-Shore.

As we pay tribute to one of our founders – Charles F. Wheeler – and his long and distinguished record of community leadership, we also celebrate the next generation of leadership at the Mid-Shore Community Foundation that has joined the board this year: E. Jean Anthony, CPA (Kent County); Mark Freestate (Queen Anne’s County); Lynn Knight, Esq. (Queen Anne’s County); John McGinnis, CPA (Dorchester County); and Hubert Wright, IV, Esq. (Dorchester County).

W. Moorhead Vermilye

Mid-Shore Community Foundation Board of Directors

2010 Officers
W. Moorhead Vermilye, Chair
John W. Dillon, Vice Chair
Brett Summers, Secretary
David B. Nagel, Treasurer

2010 Board of Directors
W. Moorhead Vermilye
E. Jean Anthony
Joseph M. Anthony
Lloyd L. Beatty, Jr.
Alice Bower
Elizabeth Brice
Arthur B. Cecil, III
Derrick W. Daly
John W. Dillon
Stuart Elsberg
Mark M. Freestate
Lynn Knight
Neil Lecompte
William W. McAllister, Jr.
John McGinnis
Keith A. McMahan
R. Michael S. Menzies, Sr.
David B. Nagel
Lawrence A. Neviser
J. Thomas Rhodes, Jr.
Margaret K. Riehl
Joseph P. Ross
Brett Summers
Barbara A. Viniar
Hubert H. Wright, IV

Staff
Stuart Bounds, President
Robbin Hill, Director of Foundation Programs
Heather Pickens, Administrative Assistant

Five New Board Members for 2010

E. Jean Anthony
Mark M. Freestate
Lynn Knight
John McGinnis
Hubert H. Wright, IV

A Tribute to Charlie Wheeler

On April 24, 2010, the Mid-Shore Community Foundation lost a good friend and the community lost an extraordinary leader. Charles Elliot Wheeler was one of five individuals who signed the Articles of Incorporation creating the MSCF in 1992. Those founders transformed an initial gift of $236,000 into a community foundation for the entire five county Mid-Shore community.

Charlie Wheeler continued to serve on the Board of Directors of MSCF for a number of years and was later named Director Emeritus. Throughout his legal career focused on trusts and estates he helped individuals focus their philanthropy to benefit the community he loved. He was engaged in community leadership as a board member, officer, and contributor for a number of civic and nonprofit organizations. The quality of life we enjoy today in this unique region owes much to community leaders like Charlie Wheeler who created a legacy of engagement and investment in the Mid-Shore.
Mid-Shore Community Foundation
Strategic Initiatives, 2010-2015

For the Community:

Grantmaking
- Focus grantmaking on the most urgent community needs in three critical areas, our people, our cultural and historical heritage, and our environmental legacy
- Expand our grantmaking capacity in each of our counties through both field of interest funds and unrestricted fund development targeted to each of the five Mid-Shore counties
- Grow unrestricted grantmaking capacity for the region through target allocations for our donor-advised funds and set-asides for our planned giving options

Community Leadership
- Engage our nonprofits and regional family foundations in collaborative efforts to address areas of critical community needs
- Join with the Community Foundation of the Eastern Shore to leverage scarce resources on shared community challenges on the Shore

For the Mid-Shore Nonprofits:

Professional Development
- Support an annual program of workshops for Mid-Shore nonprofits to strengthen governance, support fund development, and improve operational efficiency

Communication
- Develop online tools to strengthen networking among support staff and board leadership
- Establish online support to promote our nonprofits among our donors and throughout the community

Planned Giving
- Expand collaboration with partners to include planned giving strategies, with a particular focus on Charitable Gift Annuities

For the Foundation:

Board Development
- Continue expansion of Board to 32 members; achieve diversity geographically, in areas of expertise, and in gender, ethnicity & racial composition

Advisory Committees
- Strengthen the role of advisory committees as advocates for their communities and ambassadors for MSCF

Asset Development
- Achieve target investment performance in support of spending policy
- Diversify sources of operating revenue with focus on expanding operating endowment

Visibility of MSCF
- Rely on multiple venues for promotion of mission and contributions to the Mid-Shore community, including online and social networking strategies, press coverage, and other media
- Engage professional advisors and the regional family foundation network with the work of MSCF

Operational Efficiency
- Invest in technology to enhance operational productivity
- Keep operating expenses as % of assets below average for community foundations < $50 million in assets

Bullitt House
- Maintain this historic asset for the community; generate operational revenue to cover operating and capital expenses for the Bullitt House

“Mission: … connecting private resources with public needs to enhance the quality of life for the citizens of Caroline, Dorchester, Kent, Queen Anne’s and Talbot counties Maryland.”
How can you

1. Give to the Founders Fund for the Mid-Shore Community Foundation

Make a gift to a permanent endowment, in honor of our founders, to address the current and future needs and opportunities of our region, and its people. Gifts can also be targeted to one of the five Mid-Shore counties — Caroline, Dorchester, Kent, Queen Anne’s, and Talbot, and at certain levels, be established as named funds.

2. Open a Fund

Establish a new fund at MSCF to address specific areas of interest within the community, to provide scholarships and educational grants for future leaders, or to support a specific charity. New funds can be created with an initial investment of at least $10,000.

Nonprofit Partners

Academy Art Museum
ACE Mentor Program of Maryland’s Eastern Shore
Avalon Foundation
Bay Hundred Community Pool
Boy Scouts of America, Del-Mar-Va Council
Caroline Hospice Foundation
Caroline Human Services Council
Carpe Diem Arts Outreach
CASA of Talbot County
Channel Marker
Character Counts! Kent County
Chesapeake College Foundation
Chesapeake Culinary Center
Chesapeake Film Festival
Chesapeake Wildlife Heritage
Chesterestown Book Festival
Chesapeake Region History Network
Choptank River Eastern Bay Conservancy
Church Hill Theatre
Critchlow Adkins Children’s Centers
Crossroads Community
Delmarva Community Services
Easterly Chamber Orchestra
Easton Volunteer Fire Department
Echo Hill Outdoor School
Empty Bowls
For All Seasons
Freedom Rowers
Friends of Wye Mill
Girl Scouts of the Chesapeake Bay
Habitat for Humanity Choptank
Historical Society of Talbot County
Hobson Foundation for Horticultural/Agricultural Therapy
Hospice of Queen Anne’s
James Marion Bryan, Jr. “Building Dreams for Youth” Foundation
Kent County Public Library
Marie Harkova – Patients in Need
Mental Health Association in Talbot County
Mid-Shore Animal League
Mid-Shore Community Band
Mid-Shore Community Mediation Center
Mid-Shore Council on Family Violence
Mid-Shore Mental Health Systems
Mid-Shore Realtors Foundation
Next 50 Years Fund for Saints Peter and Paul High School
Old Wye Church Preservation Fund
Our Hearts for Kids
Oxford Community Center
Oxford Day
Pickering Creek Audubon Center
Queen Anne’s Conservation Association
Queen Anne’s County Arts Council
Radicliffe Creek School
Richards Memorial Park
Richardson Maritime Museum
Rural Life Museum of Trappe, Maryland
Salisbury University Foundation

MSCF Honors Community Leaders

J. McKinney Willis, Jr. Community Service Award

This past year, the Board of Directors of MSCF honored CASA of Talbot County and volunteer Will A. Lockwood with this prestigious award in memory of an individual that devoted his time and personal resources to improve the quality of life for all who lived on the Mid-Shore. CASA of Talbot County has been serving children for 20 years and Will has been a volunteer throughout that time period. His dedication and that of many other volunteers has enabled CASA to provide volunteers for 100% of the children under court protection and CASA has a remarkable record of having 96% of its recommendations adopted by the court.

Town Watch Society Award

Tim Kagan was recognized for his long history of community service which includes his work and leadership with the Rotary Club of Easton. That commitment was extended to include leadership with the Polio-Plus Campaign of Rotary International to eradicate polio worldwide. He has also been a long-time member and supporter of the Brighter Christmas Fund sponsored by Chesapeake Publishing, and an active member and supporter of the Chesapeake College Foundation Board of Directors as well as a number of other efforts in support of local charities, most significantly on behalf of For All Seasons in helping them acquire their current office space in Easton.

Marie Harkowa – Patients in Need

MSCF honored Dr. Benjamin Kohl for his service on the Town of Betterton Planning Commission, and for his work as a member of the board of the Kent County Historical Society and in support of drives for Food Link. At the nonprofit Mainstay in Rock Hall, he has established a classical music series, and in Betterton he led the effort to restore historic floating oyster houses known as arks. He is currently involved in an effort to turn a former church into the Betterton Community Center

Academy Art Museum
ACE Mentor Program of Maryland’s Eastern Shore
Avalon Foundation
Bay Hundred Community Pool
Boy Scouts of America, Del-Mar-Va Council
Caroline Hospice Foundation
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Choptank River Eastern Bay Conservancy
Church Hill Theatre
Critchlow Adkins Children’s Centers
Crossroads Community
Delmarva Community Services
Easterly Chamber Orchestra
Easton Volunteer Fire Department
Echo Hill Outdoor School
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Pickering Creek Audubon Center
Queen Anne’s Conservation Association
Queen Anne’s County Arts Council
Radicliffe Creek School
Richards Memorial Park
Richardson Maritime Museum
Rural Life Museum of Trappe, Maryland
Salisbury University Foundation
3. Volunteer

Join your colleagues and friends within the community as a volunteer on one of the MSCF advisory committees, or in support of one or more of our 70+ nonprofit partners.

Visit us at www.mscf.org to learn how you can support this community by becoming a donor with MSCF.

4. Leave a Legacy

Plan a gift with MSCF to address the causes you care about and to reflect how you would like to be remembered within your community. We have a number of planned giving options at MSCF.

New Scholarship Funds Available for Mid-Shore Students

The Centreville High School Alumni Association established the Dr. Elizabeth Hagen Endowed Scholarship Fund for Queen Anne’s County students. Dr. Hagen was a distinguished educator and former graduate of Centreville High School.

The Timothy Kern Memorial Scholarship was awarded for the first time to graduating seniors with extensive involvement in varsity sports in Upper Shore high schools. Timothy died tragically in 2006 and the scholarship honors his extraordinary record in varsity sports at Kent County High School.

The Radcliffe family of Dorchester County established the Andrew M. Radcliffe Scholarship as a memorial to their son and brother who died suddenly in 2002. The scholarship will support graduating seniors at Cambridge-South Dorchester High School with a record of leadership and community involvement.

The late Marlin U. Zimmerman, whose father was a former principal of Easton High School, established a significant new scholarship through his will for Easton High School students pursuing a career in education.

New Scholarship Funds Available for Mid-Shore Students

The Mid-Shore Community Band Fund
The Chestertown Book Festival Fund
The Carpe Diem Arts Outreach Fund
The Choptank Region History Network Fund
The Hobson Foundation for Horticultural Agricultural Therapy
The Mid-Shore Animal League Fund
The Next 50 Years Fund for Saints Peter and Paul High School

Newnams create fund to benefit the Easton Volunteer Fire Department

Mike and Susan Newnam opened an endowed fund to benefit the Easton Volunteer Fire Department. Mike is a 54 year volunteer fireman and with this fund he and Susan hope that others will join in support of the EVFD.

“We are very grateful for this fund. Our community has doubled in size and this fund will help us maintain the quality department many have come to expect.”

Tim Knotts, EVFD President
Profiles in Grantmaking

"The Maryland Food Bank-Eastern Shore was truly blessed to have received a grant from MSCF allocated to our Mobile Pantry on the Go Program for Dorchester County. With this gift, we are able to provide the county with over 27,000 pounds of food (over 20,760 meals) to those in need."

Jennifer Small, Maryland Food Bank-Eastern Shore

Margaret K. Riehl
Institutional Advancement Committee Chair, MSCF

"When my husband and I moved to the Mid-Shore in 1986, I wanted to continue my involvement in the critical work of community foundations. I was very fortunate to have served as a trustee for the Baltimore Community Foundation, and to have chaired its Neighborhood Grants Committee.

I learned about the importance of philanthropy from my father who shared the following wisdom with each of his children: Those who are rich in this world’s goods should not be proud, nor should they rely on so uncertain a thing as money. Let them do good and be rich in good works, sharing what they have with others.

Our work on the Institutional Advancement Committee at the Mid-Shore Community Foundation is focused on promoting good works on behalf of the needs of the Mid-Shore. We are blessed to live in such a wonderful community, but we must continue to enrich this community through philanthropy. That is our commitment at MSCF."
2010 Steele Scholars Named by Community Foundation

The Mid-Shore Community Foundation awarded $125,000 to the second class of Austin and Martha Steele Scholars. Five outstanding public high school graduates received a four-year, $25,000 scholarship at the senior awards programs at Colonel Richardson High School, Kent County High School, North Dorchester High School, Queen Anne’s County High School, and St. Michaels High School.

Austin and Martha Steele were retired educators who resided in both Dorchester and Talbot counties. They wanted to support the development of a new generation of leaders committed to community service and education. They also wanted to ensure that public high school graduates with an exceptional academic record would have the funds necessary to complete their college degree.
New Website, Online Services offered by MSCF

Late last winter, MSCF launched its new website which includes detailed information on our grants and grant requests, complete information on scholarship programs at MSCF, new information on investment performance and related policy, a history of the Bullitt House and a slide show of the home of MSCF, enhanced online payment security, and much more.

We have also entered the world of social networking with the President’s blog, Notes from the Bullitt House, a Facebook link, and a new forum for nonprofit executive directors. Significantly, new online access for fund advisors will be available in the second quarter of FY 2011 through new software, Donor Central, linked directly to our financial system. Please visit us regularly online and let us know how we can better serve you at MSCF.

Financial Summary

FY 2010 has seen a significant rebound in the markets resulting in a gain of more than $3 million in investments, with total assets at MSCF exceeding $31 million. Investments recorded an overall gain of 15.7% reflecting the diligent efforts of our investment committee to expand our permanent pool of funds to support the needs of the Mid-Shore community.

Equally significant, contributions from donors exceeded $1.3 million, an increase of 33% in FY 10! With an increase in assets at the Foundation due to both donor contributions and investments (an increase of almost $5 million in FY 10), our Grants Committee reported another year of increased grantmaking in support of the Mid-Shore community. At year end, grants and charitable expenses exceeded $1.4 million, an all time high for the Foundation.

Lastly, operating expenses were 1.4% of assets in FY 10, which is well within best practices among community foundations with less than $50 million in assets. Our board is committed to keeping our operating expenses to an absolute minimum so that our assets can be focused on the needs of the Mid-Shore community.

<table>
<thead>
<tr>
<th>Statements of Financial Position</th>
<th>2009 Audited</th>
<th>2010 Unaudited</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,377,189</td>
<td>$460,952</td>
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<tr>
<td>Receivable from Estates in Settlement</td>
<td>2,750,000</td>
<td>2,750,000</td>
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<tr>
<td>Investments</td>
<td>22,459,437</td>
<td>25,995,785</td>
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<tr>
<td>Property and Equipment, net of depreciation</td>
<td>1,519,060</td>
<td>1,506,772</td>
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<tr>
<td>Other Assets</td>
<td>772,430</td>
<td>739,251</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$28,878,116</td>
<td>$31,452,760</td>
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<tr>
<td><strong>Liabilities and Fund Balances</strong></td>
<td></td>
<td></td>
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<tr>
<td>Accounts Payable</td>
<td>$23,350</td>
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<td>Grants Payable</td>
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<td>Charitable Gift Annuity Obligations</td>
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<td>Agency Payables</td>
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<td>1,699,966</td>
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<tr>
<td>Fund Balances</td>
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<td>28,234,472</td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Balances</strong></td>
<td>$28,878,116</td>
<td>$31,452,760</td>
</tr>
</tbody>
</table>

Statement of Activities

| Support and Revenue              |              |               |
| Donor Contributions              | $1,050,167   | $1,398,704    |
| Investment Results               | (4,072,432)  | 3,396,518     |
| Change in Value - split interest agreements | (297,032)  | 8,319         |
| Rental Income                    | 44,560       | 40,300        |
| **Total Support and Revenue**    | ($3,274,737) | $4,843,841    |

| Grants and Expenses              |              |               |
| Grants and Charitable Expenses   | $1,311,988   | $1,427,351    |
| Operating Expenses               | 336,341      | 455,228       |
| **Total Grants and Expenses**    | $1,648,329   | 1,882,579     |