



2018 Grant Report

Dear Friends of the Harold Alfond Foundation:

We are pleased to share this Grant Report summarizing our work in 2018 and offering guidance on future grantmaking.¹ For updates throughout the year and additional information on the Foundation's work, please visit our website at www.haroldalfondfoundation.org.

Financial Data and 2018 Grant Funding

Since Harold Alfond's passing over 11 years ago, the Foundation has awarded \$340 million in grant support, primarily in Maine.

After payment of all grants and operating expenses in 2018, the Foundation closed the calendar year with assets north of \$819 million, down significantly from \$864 million at the year-end of 2017. This decrease was a result of two factors: (1) \$41.3 million in grant spending; and (2) no growth in the value of our investment portfolio.

In 2018, the Foundation's grants totaling \$41.3 million were paid to 49 organizations, with spending (on a dollar basis) highly concentrated among 10 recipients. Geographically, over 95% of the Foundation's funding was paid to Maine institutions. Consistent with Harold Alfond's long-time preference for supporting Central Maine communities, over 40% of funding was awarded in this region of the state. Once again, the Foundation invested significant dollars (nearly \$14.5 million) in Waterville.

As noted in previous reports, one might hope Foundation investments will increase lock-step every year. But markets are volatile, and the Foundation, like all investors, will experience negative or flat returns in some years. Such a year was 2018, as a dramatic fourth quarter market decline, triggered by Federal Reserve interest rate tightening, erased our portfolio's gains for the year. Even so, the Foundation's portfolio experienced a negative return of less than one-half of one percent on the year (0.4%). As this report is published, investment returns have surged, and our assets have recovered and now exceed the 2017 year-end value.

¹ Committed to operating in a transparent manner, the Foundation is sharing this letter as one of several means by which we distribute information about our grantmaking and other significant financial, operational, and programmatic activities.

Future Grant Commitments

As of January 1, 2019, the Foundation had binding grant commitments—money payable to charitable institutions for projects in *future* years—of over \$113 million, up significantly from the \$62 million and \$54 million reported a year and two years ago, respectively.² The 2019 increase (on a net basis) is the result of several new grant commitments, many of which are described in this report.

Grant spending for 2019 is expected to equal or exceed \$47 million. Most of this amount has already been committed and will be paid to Maine institutions.

Grantmaking Mission, Values, and Areas of Interest

Over the past year, the Foundation held a series of Board and staff conversations geared toward reflecting on and refining the Foundation’s grantmaking preferences and strategy. Informing this process, like so much of what we do, were the philanthropic principles and pattern of giving of Harold Alford, as well as the state’s evolving needs and opportunities. Through this work, the Foundation reaffirmed a grantmaking approach and philosophy that continues to favor high-quality leadership, entrepreneurial and creative solutions, teamwork, and “skin in the game” on the part of our grantees. The Foundation’s mission and values, restated as part of our planning process, are shared in Footnote 3 below and, going forward, will continue to guide how we think about grant opportunities.³

Present Thinking and Future Direction

In his semiannual testimony to the United States Senate, Federal Reserve Chairman Jerome Powell described the U.S. economy as healthy in many ways but hindered by multiple “longer-run challenges,” such as low labor force participation among prime-age men and women,

² The Foundation’s \$113 million of unpaid grant commitments *does not* include (1) the Foundation’s long-term commitment to the Harold Alford College Challenge or (2) the Foundation’s commitment to backstop MaineGeneral Medical Center’s “Debt Service Reserve Fund” in the approximate amount of \$23 million (see details in the 2011 and 2012 Grant Reports). It *does* include the Foundation’s remaining commitment to fund the Alford Leaders Student Debt Reduction Program.

³ Mission:

The Harold Alford Foundation honors and promotes the values of its founder through transformative investments for the benefit of Maine in education, health care, and youth and community development.

Values:

We value and invest in:

- *Young People* — they are the future of Maine, and we collectively owe them healthy communities, high-quality educational opportunities, and the chance to learn and grow through teamwork and athletics;
- *Leaders and Entrepreneurs* — the health and well-being of our communities rely on addressing pressing needs with strong leadership, creative and entrepreneurial solutions, and teamwork and partnership;
- *Opportunities* — we look to find new and bold opportunities, where our investments can make a difference, may support the “underdog,” and promote healthy competition and “skin in the game;”
- *High-Quality Education and Health Care* — an educated and healthy citizenry is vital for the future success of Maine, well-being of our communities, and strength of our economy. Those who live, work, play, and grow in our state deserve the very best educational institutions and health care services.

stagnant incomes for many families, and a lack of upward economic mobility among people with lower incomes.⁴

As the Harold Alfond Foundation surveys the national landscape, we see an economy in transition. We see that small towns and rural areas of the country are struggling with the challenges of global competition and innovation of an accelerating data and technology driven economy. Given the Foundation's interest in higher education, three statistics are emblematic of this transition and the challenges it has created.

First, there is persuasive evidence that prime-age workers in the bottom 60% of income have had no real inflation-adjusted income growth since 1980.⁵

Second, while higher education correlates strongly with higher income, 60% of Americans have not had the benefit of completing higher education in *any* form;⁶ and,

Third, 60% or more of America's future jobs will require our citizens to have higher education in *some* form and with content that imparts skills needed in our global economy.⁷

That 60% of our citizens are at risk of being left behind poses enormous cultural, economic, and political risks and challenges. In our globally competitive world, with the emergence of artificial intelligence and automation, we see especially foreboding challenges facing our nation's middle class, and less-advantaged youth and young adults, in particular.

These risks and challenges are particularly acute in Maine, a state with large rural areas, a stagnant birth rate, aging population, and a declining skilled workforce. In past reports,⁸ we have described this combination as a "perfect storm" and declared our interest in grants which would:

- Enhance undergraduate and graduate education in the business and STEM fields;
- Incentivize more skilled workers to stay in the state or to move here;
- Support initiatives designed to accelerate the creation or growth of businesses in focused sectors of Maine's economy; and,
- Increase post-secondary educational attainment of all citizens from all walks of life.

⁴ "Semiannual Monetary Policy Report to the Congress." Federal Reserve Chairman Jerome Powell. February 26, 2019. <https://www.federalreserve.gov/newsevents/testimony/powell20190226a.htm>

⁵ "Our Biggest Economic, Social, and Political Issue." October 23, 2017. Ray Dalio. <https://www.linkedin.com/pulse/our-biggest-economic-social-political-issue-two-economies-ray-dalio/>

⁶ "A Stronger Nation." 2019. Lumina Foundation. <http://strongernation.luminafoundation.org/report/2019/#nation>

⁷ "Recovery: Job Growth and Education Requirements Through 2020." June 26, 2013. Georgetown University. https://cew.georgetown.edu/wp-content/uploads/2014/11/Recovery2020.ES_Web_.pdf

⁸ Two examples are the 2017 Grant Report (pages 2-3) and the 2013 Grant Report (page 3). Both reports are available at <http://www.haroldalfondfoundation.org/history.htm>

Since then, a 2018 report on the Maine economy has shed further light on our state's demographic and workforce challenges. The report references a survey of Maine business and education leaders (by Market Decisions Research) finding that, all across Maine's economy, employers are having trouble finding skilled workers, such as technical and professional workers.⁹ In addition, the study provided compelling evidence of the major need for "middle-skill" workers, who require more than a high school education, but not a four-year or even a two-year degree, yet are so important to keeping the wheels of our economy turning. Thousands of jobs are being posted, many going unfilled.

With this report in mind, we have expanded and refined our list of objectives to include grant outcomes which:

- Better align academic curricula with the state's workforce needs;
- Increase higher education access, opportunity, and training for unemployed and under-employed workers by offering shorter term, non-credit, diverse, non-traditional education linked to employer needs at lower cost; and,
- Support education initiatives which build workforce skills required by the fastest-growing segments of the global economy, such as computer technology and the life sciences.

The Foundation now has some \$40 million committed and payable to higher education and other institutions over the next decade to promote workforce and economic development in Maine. We look to commit more. In the pages ahead, we review the Foundation's work in 2018 and its emphasis on the workforce and economic development challenges and opportunities described above.

Harold Alfond College Challenge

Established in 2008, the Foundation's signature grant program, the Harold Alfond College Challenge, awards a \$500 grant to every Maine resident baby for education beyond high school. This program represents a long-term strategy by the Foundation to increase aspirations and access to higher education among Maine's young people and to build our future workforce. In partnership with the Alfond Scholarship Foundation (ASF) and Finance Authority of Maine (FAME), the program has four goals:

- 1) To increase awareness of the \$500 grant so that Maine families know they have it and why it matters ("Awareness");

⁹ "Making Maine Work: Critical Investments for the Maine Economy." December, 2018. Maine State Chamber of Commerce, Maine Development Foundation, and Educate Maine. https://www.mdf.org/wp-content/uploads/2019/01/MMW_2018_FullReportsml.pdf

- 2) To increase the ways and frequency with which families engage with the program (“Engagement”);
- 3) To raise aspirations of Maine families and students to continue education after high school (“Aspirations”); and,
- 4) To encourage Maine families to save and invest alongside us for their child’s future education by opening and contributing to a State of Maine NextGen 529 Investment Plan[®] (“Family Savings”).

To date, the Harold Alfond Foundation has awarded \$48.7 million in grants to 97,400 Maine children. The families of these Maine children have contributed \$73.4 million of their own funds to their children’s NextGen accounts. And FAME, through a matching program to incentivize higher education savings, has contributed an additional \$11.8 million to family accounts. *In total, nearly \$134,000,000 has been saved for the future higher education of Maine children!*

Because the \$500 grant became automatic for all Maine newborns in January of 2013, we now have entire classrooms of kindergarten students statewide with the Alfond grant. This opens the door to exciting opportunities for learning and family engagement around the importance of higher education. To that end, in the fall of 2018, ASF and FAME launched the ‘Invest in ME’ kindergarten initiative, which is designed to help engage families and incorporate the program’s key concepts into the kindergarten classroom. More than 60 schools are already participating!

While the program has made great strides in three of its four objectives, our fourth objective, “Family Savings,” has fallen short in the number of Maine families opening accounts for children awarded our grant. Harold Alfond believed in the motivating force of “skin in the game”—and so do we! Indeed, research at Washington University in St. Louis¹⁰ and elsewhere shows that even modest parental savings strengthens the engagement of parents in their children’s future success. So, in this respect, promoting the opening and savings within 529 accounts by Maine families will be a major objective in 2019.

For additional information on the program, visit MyAlfondGrant.org.

Alfond Leaders Student Debt Reduction Program

The Alfond Leaders Student Debt Reduction Program seeks to help address Maine’s STEM workforce shortage by incentivizing STEM workers to live and work in Maine. It does this through student debt reduction awards of 50% of a worker’s student debt, up to \$60,000 per person.

¹⁰ “Five strategies to improve 529 plan access for all income levels.” September 2, 2011. Jessica Martin. <https://source.wustl.edu/2011/09/five-strategies-to-improve-529-plan-access-for-all-income-levels/>

Through the program's first two years of operations, 92 Maine STEM workers have been selected as 'Alfond Leaders'. They have a median student debt load of just over \$60,000 and make median monthly payments of about \$550. They live in 14 Maine counties and are employed by 65 Maine companies, ranging from large publicly-traded firms to small start-ups. All 92 are living and working here in Maine, contributing to our economy.

In an early study of this pilot program, economist Michael LeVert estimates that the 92 Alfond Leaders have a current "economic footprint" of over \$50,000,000 annually, a figure which takes into account their estimated earnings, the economic output (i.e. the business sales) generating those earnings, and the total impact of all earnings and sales activity as the dollars flow through the Maine economy.

We are excited about the program's progress through 2018, but we continue to be in the early innings of this long-term effort to promote Maine economic growth through student debt reduction awards for STEM workers.

As we look to 2019 and beyond, two recent program enhancements have been made, both on the recommendation of our all-star Advisory Committee:

- First, the award payout timeline has been shortened. Under the original model, the program was to make the first of two student debt reduction payments five years after the Alfond Leader was accepted into the program and remained in a Maine STEM occupation. Then, a second payment was to be made after 10 years of continued residency and STEM work. But after a careful review of the original "5/10 Model," the Committee decided the payment timeframe should change to three years and six years. A "3/6 Model," the Committee reasoned, will provide even greater economic benefits to the Alfond Leaders (because their out of pocket debt costs should be lower) without undermining the program's goal of promoting long-term Maine residency by high-quality STEM workers. Importantly, the timeline change was made retroactive to the first program cohort, meaning that it applies to all 92 Alfond Leaders.
- Second, recognizing that Maine employers are best suited to recruit out-of-state STEM workers to Maine, the program will now allocate a portion of Alfond Leader slots to Maine employers. These employers will then utilize the slots to recruit talented STEM professionals *to Maine*.

We hope 2019 will bring a much needed *third* program enhancement: the elimination of the state and federal income tax liability which will be incurred by Alfond Leaders when our grant payments are made to pay down student debt on their behalf. Obviously, this tax liability undercuts the financial benefits of the program to our Alfond Leaders, and, we believe, will be a long-term net negative for the State of Maine. But the issue goes beyond our program and our

state: with U.S. student debt now at \$1.5 trillion and growing, new and creative approaches to reducing student debt are needed. This is why others are recognizing that we need to encourage private capital into the student debt relief space, and do so without creating a tax burden for those already indebted.

We recognize the many political dimensions to any tax policy conversation. But, here in Maine, building on our existing pilot program—making it even bigger—is problematic without a solution to the tax issue. So our eyes are on Augusta and Washington!

To learn more about the program or apply, visit AlfondLeaders.org.

Waterville Economic Revitalization

Since 2015, the Foundation has partnered with Waterville institutions to reverse the city's economic downturn and bring a new vibrancy to Main Street. Strategic investments of over \$30 million have been made through **Colby College**, **Thomas College**, the arts group **Waterville Creates!**, and others, with the goal of creating a thriving community in which residents live, work, and play. Nearly four years later, we are beginning to see great progress. Here is a sampling:

- Under a matching agreement between the Foundation and Colby College with each party contributing \$10 million to a Downtown Development Fund, Colby has and continues to make targeted, strategic investments on and around Waterville's Main Street to revitalize economic activity.

In 2018, Colby completed renovation of a historic property, which it is now leasing to CGI (a technology services company) and a restaurant. CGI has some 30 employees in the city with plans to expand its business and employee base.

With a lead gift from the Bill and Joan Alfond Foundation (thanks Bill and Joan!), the College completed construction of and opened the Bill and Joan Alfond Main Street Commons, a mixed-use building featuring retail, public meeting space, and apartment-style residencies for 200 Colby College students and faculty.

The College is now in the early stages of developing and constructing a 50-room boutique hotel on lower Main Street. Under the Foundation's grant agreement with the College, all free cash flow from hotel operations will be used to provide financial aid for Colby students from Maine.

- Central to the Waterville revitalization efforts is Waterville Creates!, the city's arts hub. With founding grant support from the Foundation in 2014, Waterville Creates! has grown from a start-up arts collaborative to a leader of the Waterville community, receiving national recognition for its highly-regarded arts programming and

leadership in the city's downtown revitalization. In 2018, the organization was selected as one of three nationwide to participate in the Kresge Foundation's highly-regarded EmcArts Community Change workshop. Waterville Creates! also received a prestigious and competitive grant award from the National Endowment for the Arts to support the redesign of Castonguay Square.

In 2018, the Foundation doubled down on its investment in Waterville Creates! and its partners, including the Waterville Opera House and Maine Film Center. We made a \$5 million grant to support operations and program delivery over the next five years.

In partnership with Colby, Waterville Creates! has now launched a capital campaign to create a center for the arts on Main Street. The new center will house the Maine Film Center, Opera House rehearsal space, administrative offices, and a contemporary art gallery. Paul Schupf, a long-time patron of contemporary art and generous supporter of Colby College, has jump-started the campaign with a lead gift. The center will be named in his honor. At the Foundation, we love partners like Paul and, with his generous gift as inspiration, will be joining him, Waterville Creates!, and Colby to raise the additional funds needed for the project. To learn more or, better yet, contribute to the center campaign, visit www.downtownartscenter.org.

- This past December, the City announced that it will be the recipient of a \$7.37 million Department of Transportation grant to improve public infrastructure downtown. The project will bring improved roadways, sidewalks, intersections, and public green spaces to the downtown, and follows the recent completion of the community-led "RiverWalk" project at the Head of Falls. The grant makes history for both the city and the state, as Waterville becomes the first-ever Maine municipal recipient of a Better Utilizing Investments to Leverage Development ("BUILD") grant. Additional investments will come from Colby, the Maine Department of Transportation, Waterville Creates!, and the National Endowment for the Arts to meet the \$9.2 million project cost.
- Finally, the Foundation is making multiple education grants in Waterville to help promote the long-term quality of life and economic development of the city and its surrounding communities. These grants include our \$3.4 million grant to **Thomas College** for the Harold Alfond Institute for Business Innovation, which is spawning active engagement with area employers through paid internships, certifications, and other workforce development programs; and our continued commitment to Educare Central Maine, a proven model in early childhood education. Other education grants are in the works!

While there remains much work to do in our Waterville Economic Revitalization initiative, we are excited by the great progress being made—and we are grateful for our partners

who have stepped up in a big way. Harold Alfond loved leadership and teamwork, and both are on display in Waterville.

Areas of Giving: Education, Health Care, Youth & Community Development

As reflected in our Mission Statement, we fund projects in four broad areas of giving: Education, Health Care, Youth Development, and Community Development. In addition to the projects described above, commentary on select 2018 grant projects within these four areas is offered below.

Education

Education grants continue to make up the majority of Foundation grant spending, accounting for 55% of all grant making in 2018.¹¹ Three of those grants are specifically designed to preserve, build, and enhance the skills of Maine’s workforce now and into the future.

As noted at the outset of this report, many of Maine’s labor shortages are for “middle-skill” jobs, where an industry credential or certification—and *not* a traditional degree—is needed. With this in mind, the Foundation approved a \$3.6 million grant, payable over three years, in support of the **Maine Community College System** (MCCS). The grant is two-pronged. First, the grant aims to build on the System’s long-term capacity to design, deliver, and market new offerings for adult and other non-traditional learners. Second, and in so doing, the grant seeks to enhance the System’s immediate delivery of short-term, non-credit training for workers in Maine’s highest-demand, higher-wage sectors. We see great promise in this initiative as Maine’s community colleges are uniquely positioned to provide workers with affordable, relevant education and training so greatly needed by our changing economy.

Meanwhile, in recognition of the significant need for professional workers by Maine employers, the Foundation continues to support the **Maine Center for Graduate Professional Studies**, a high priority initiative of the University of Maine System. The Maine Center seeks to transform the way graduate and professional education is delivered in Maine.

A critical component of the initiative is the build-out of a single, high-quality MBA program, based in Portland but with statewide reach through technology. Real progress is being made, including through the hiring of the University of Maine Graduate School of Business Dean, J. Michael Weber.

A second, equally critical component is the integration of the MBA program with the Maine School of Law, Muskie School of Public Service at USM, and a new non-profit entity, “Maine Center Ventures,” the latter now being led by Theresa Sutton. Maine Center Ventures will be the

¹¹ In this case, the 52% for Education excludes funding in support of the Harold Alfond College Challenge.

coordinating hub of Maine's graduate programs and tasked with building and leveraging relationships in the business, legal, and public service communities.

In the spirit of Harold Alfond, our \$7.5 million Maine Center grant is a challenge grant, with each payment tied to tangible progress and performance. We look forward to paying every cent!

We hear from many of our education partners on the front lines that the social, emotional, and financial barriers facing today's young people are numerous and increasingly complex, threatening to derail even the most resilient students. Since its founding in 1993, **Jobs for Maine's Graduates** has helped 50,000 young Mainers persist on the path from education to employment. JMG has received our support in years past. And does it ever deliver!

So, in 2018, we decided to invest still further by committing \$4.5 million, payable over four years, to support JMG's endowment and expand the organization's "College Success" program. This program ensures that young students have the support they need to prepare for, enroll in, and ultimately succeed at college and in the workplace. With our support, the program now extends to all of Maine's public colleges and universities (in addition to Thomas College¹²) and includes four new "Pathway Navigators" to help JMG alumni around the state get back in pursuit of a degree or credential of value.

In last year's report, we said that no other organization in America is as good at increasing high school graduation rates, college retention, and degree attainment among youth as JMG. We love being right about our grantees—especially when we are right year after year. In 2018, JMG was named—for the 23rd consecutive time—"Best Program in the Nation" by its national affiliate, Jobs for America's Graduates. Our congratulations and thanks to JMG's outstanding leadership, Craig Larrabee and Kim Lipp, and to all JMG Specialists and staff for their commitment to Maine's kids. Not only does every young person in Maine deserve the opportunity to reach his or her full potential—our state's future depends on it.

Health Care

Seven percent of the Foundation's grant spending in 2018 was directed to Health Care. While a modest percentage of the overall grant budget, the Foundation's Health Care grants are helping to improve the health and wellness of Mainers, especially those affected by cancer.

At over 3,000 deaths a year, cancer is the leading cause of death in Maine. Studies by the Center for Disease Control and National Cancer Institute suggest that rural cancer patients experience the worst survival rates, because they do not have ready access to advanced therapies, such as clinical trials. In Maine, where 61% of the population live in rural areas,

¹² The Foundation awarded grant funds to Thomas in 2015 to support student retention efforts, which included a pilot of the JMG College Success model.

thousands of people are going without potentially life-saving treatment more readily available to others.

Our Foundation's interest in cancer care stems directly from our founder, Harold Alfond. He battled cancer and chose to be treated here in Maine. His cancer inspired philanthropic gifts to help improve cancer care delivery in Central Maine, including through the construction of the Harold Alfond Center for Cancer Care at MaineGeneral Medical Center. In 2016, the Foundation picked up Harold's torch and began a multi-year strategic focus to improve the access to, and quality of, cancer care in our state. We did this by funding two complementary initiatives, the **Maine Cancer Genomics Initiative** and the **MaineHealth Cancer Care Network**. Each is described below.

- Through an \$8.4 million Foundation grant in 2016, **The Jackson Laboratory** launched the Maine Cancer Genomics Initiative to improve patient access to advanced treatment therapies. The Initiative is headquartered at MaineGeneral but serves the entire state, connecting hard to treat cancer patients with state-of-the-art personalized genomic-based cancer therapies. And it does this at no cost to those patients. To date, over 700 patients have enrolled in the Initiative, and 90% of Maine's oncologists are now participating in the Initiative's genomic cancer tumor boards. Jackson Labs is on target to serve 1,800 patients through the Initiative by the close of 2020.
- Through a \$10 million Foundation grant in 2017, **MaineHealth** and **MaineGeneral Health** have built-out the MaineHealth Cancer Care Network. The Network connects nearly 300 cancer care providers to ensure that Maine cancer patients can receive the "right care, in the right locations, as close to home as possible." Now over a full year into the grant's implementation, the Network's early results are outstanding. Maine patients have gained expanded access to specialty oncology care physicians and modalities, clinical trials, cancer screenings, and a best-in-class medical oncology group, which will be fully operational in 2019. Meanwhile, the number of patients receiving support throughout their cancer journey increased by 10.5%, thanks to the hiring of additional patient care "navigators" and social workers. Other quality initiatives, including ensuring seamless referrals between providers, have further improved coordination of care.

Youth Development

In 2018, the Foundation paid \$2.77 million in grants supporting Youth Development projects (7% of total giving). The majority of these dollars supported two projects in tribute to our late friend and Foundation trustee, Peter Alfond. Peter had a deep passion for bringing wellness to ordinary citizens in Maine and Puerto Rico, where he lived and worked much of his life. While Peter has left us, his memory remains an inspiration. In 2018, the Foundation committed funds to wellness projects in both locations.

- First, \$1.7 million was paid in support of the Foundation’s \$6.1 million commitment to expand the Alford Youth and Community Center facility in Waterville. The expansion will be named in Peter’s honor and is designed to promote family wellness with improved youth *and* adult fitness areas, a teaching kitchen, and a health care clinic administered by MaineGeneral.
- Second, the Foundation paid \$500,000 toward a \$1 million commitment to the **Boys and Girls Clubs of Puerto Rico** (BGCPR) in support of **Proyecto Vimenti**, a two-generational model of educational, social development, and economic support for children and their parents at the Ramos Antonini club in San Juan. A component of Vimenti is the launch of the **Peter Alford Center for Families**, Vimenti’s social development component. Foundation dollars will primarily support physical and mental health services, healthy eating, exercise, and wellness programming—all initiatives reflecting Peter’s passion for wellness.

Community Development

Past readers of this report may note that, for the first time, we have grouped grants under the header of “Community Development.” We hope you agree this new header has a better ring to it than the “Other” we have used in the past. In any case, Community Development is a better descriptor of the underlying goals of these projects, recognizing that “community” is purposely broad (encompassing everything from arts and environmental efforts to economic development initiatives), and ranges from projects at the local to the statewide levels. In all cases, our Community Development grants are made consistent with Harold Alford’s long-time pattern of giving.

Community Development funding represented 15% of all Foundation funding in 2018. The majority was paid in support of the Foundation’s \$4.9 million grant to **FocusMaine**, a statewide initiative to create 20,000 new jobs in Maine by stimulating investment and expansion in agriculture, aquaculture, and biopharmaceutical manufacturing. These industries were carefully selected by the FocusMaine team to boost Maine’s development of products that can be traded on the national and international markets.

An overarching objective of the FocusMaine initiative is the development of Maine’s workforce. To that end, over 400 interns, representing 29 different companies, enrolled in last summer’s FocusMaine Internship Experience through Educate Maine. The participants had the opportunity to attend sessions on entrepreneurship and startups, receive guidance on resume writing and LinkedIn profiles, and more.

We are still in the early stages of FocusMaine’s ten-year implementation plan, but we are already seeing results. Through robust collaborations with business leaders and workforce development organizations across the state, FocusMaine is helping Maine businesses access the talent and tools needed for growth. Such efforts hold great promise for our state to become an

internationally-recognized producer of high-quality foods, and an attractive destination for Boston-based pharmaceutical manufacturers to expand their production.

With the superb leadership of President Kim Hamilton and co-chairs Andrea Cianchette Maker and Michael Dubyak, we are confident that FocusMaine is well positioned to grow Maine's economy in the years to come.

Looking to 2019 and Beyond

In closing out our Annual report, advertisements are a tradition and we have two to offer this year.

- First, for those of you interested in an award-winning, top-ranked hotel in Central Florida away from the hustle and bustle of the theme parks, try The Alfond Inn in Winter Park. If the comfortable accommodations and stellar service are not enough for you, there is, thanks to Barbara and Ted Alfond, an exemplary contemporary art collection displayed throughout the property. Best of all: all profits from the hotel go to support scholarships for the students of Rollins College, which owns the hotel. The Foundation assisted Rollins in funding the Inn's construction back in 2013, and we are now making a substantial new commitment to the Inn's expansion (along with its first class business school) to generate more profits for scholarships.
- Second, please remember to support University of Maine Athletics through The Alfond Fund, to which the Harold Alfond Foundation awards a \$500,000 matching grant each year. Within The Alfond Fund structure, the Foundation matches all annual donations to the Football Program up to \$250,000 and another \$250,000 to the University's other Division I sports programs. In 2018, Maine Football made history, winning its way to the Final Four of the Football Championship Series (FCS). The historic season included a Colonial Athletic Association championship, a huge win over 'FBS' team Western Kentucky, and a major upset over #2 Weber State in the national quarterfinals. So we join the many other Maine Football donors in celebrating the great season and, as Harold Alfond would note, the terrific return on our investment! With the 2019 season coming, it's time to reinvest!

As noted at the outset of this report, the Foundation expects to make grants exceeding \$47 million in 2019. With stable financial markets, our funding outlays in future years may increase still more. We recognize the challenge a growing asset base creates for a grantmaker, but see the challenge as a great opportunity for Maine. We are committed to making all future grants in a manner consistent with our mission and values, which honor and represent Harold Alfond's pattern of giving and our preference for large-scale projects generating transformative, enduring contributions to our state.

Given the challenges we face, particularly in higher education and workforce development, the Foundation is honored to announce that Dr. Barry Mills, the former president of Bowdoin College and former interim chancellor of the University of Massachusetts Boston, has become a valued member of our Board. Barry's deep knowledge of the higher education landscape, combined with his vast experience in law and finance, will be invaluable to the Foundation as we strive to raise the aspirations and skills of Maine's students and workers. I invite you to read more about Barry on the [Governance page](#) of our website.

On the following pages, we summarize our 2018 grants and future grant commitments, both organized by area of giving.¹³

Sincerely,



Gregory W. Powell
Chairman of the Board

¹³ More detailed information for the Foundation can be found in the IRS 990-PFs tax returns, available for download at our website. Please note, however, that completion and posting of our 2018 990-PF and likely those of future years will lag the close of each year (sometimes significantly) as we receive illiquid investment tax return data after the May 15 filing date. This lag requires us to extend the time by which our 990-PF is finalized and filed. Accordingly, as we do in this letter and are likely to do in future Grant Reports, key financial highlights from the past year will be provided for more timely disclosure.

Harold Alfond Foundation – 2018 Grant Payments

<i>Initiatives, Areas of Giving and Organizations</i>	<i>Amount</i>
Harold Alfond College Challenge	
Alfond Scholarship Foundation	\$6,390,977
Alfond Leaders Student Debt Reduction Program	
FAME Leaders, Inc. (<i>set-aside</i>)	351,916
Waterville Downtown Revitalization	
Colby College	793,139
Waterville Creates!	1,105,000
Waterville Development Corporation	200,000
Waterville Opera House	15,000
Education	
American University in Bulgaria	10,000
Center for Curriculum Redesign	572,887
Cobscook Community Learning Center	175,000
Colby College	10,000,000
Educate Maine (Elevate Somerset)	250,000
Foundation for Maine's Community Colleges	1,400,000
Good Will-Hinckley	2,750,000
Jobs for Maine Graduates	581,716
MIT Sloan	40,000
University of Maine Foundation	525,000
University of Maine System	5,500,000
Virginia Foundation for Community College Education	10,000
Health Care	
Belgrade Regional Health Center	15,000
Kennebec Behavioral Health	319,448
Kennebec Valley Dental Coalition	500,000
Maine Cancer Foundation	5,000
MaineGeneral Health	1,393,550
MaineHealth	856,450
Youth Development	
Alfond Youth Center	1,703,918
Aroostook Teen Leadership Camp	500
Boys and Girls Clubs of Puerto Rico	500,000
Children's Center	5,000

Eagles Nest Foundation Incorporated	2,500
Maine Children's Home	15,000
Olympia Snowe Women's Leadership Institute	500,000
Seeds of Peace	25,000
Susan Curtis Foundation	14,400

Community Development

7 Lakes Alliance	610,000
Abbott Memorial Library	212,000
Arts Foundation of Cape Cod	4,500
Belgrade Regional Conservation Alliance	400,000
Beth Israel Congregation	50,000
Coastal Maine Botanical Gardens	1,500,000
Foundation for a Strong Maine Economy (FocusMaine)	1,812,181
Friends of Belgrade Lakes Village	120,000
Gulfshore Playhouse	10,000
Maine Community Foundation	10,000
Maine Irish Heritage Center	10,000
Maine Sports Commission	5,000
Spectrum Generations Meals on Wheels	1,200
The Cahoon Museum of American Art	14,000
The Musician's Aid Society of New York	5,000
The Pioneer Institute	9,000
United Way of Mid-Maine	12,500

Total Foundation Funding in 2018 **\$41,311,781**

Harold Alfond Foundation – Outstanding Grant Commitments¹⁴

As of 12/31/18

<i>Initiatives, Areas of Giving and Organizations</i>	<i>Amount</i>
Alfond Leaders Student Debt Reduction Program	
FAME Leaders, Inc.	\$1,013,935
Waterville Downtown Revitalization	
Colby College	7,000,000
Waterville Creates!	4,000,000
Waterville Development Corporation	400,000
Education	
Carrabassett Valley Academy	500,000
Center for Curriculum Redesign	441,000
Cobscook Community Learning Center	100,000
Colby College	10,000,000
Educare Central Maine	1,000,000
Foundation for Maine’s Community Colleges	2,200,000
Husson University	4,000,000
Jobs for Maine’s Graduates	3,826,863
Maine Maritime Academy	750,000
Rollins College – The Alfond Inn Expansion	30,000,000
Rollins College – Crummer Graduate School of Business	10,000,000
Saint Joseph’s College	1,000,000
Thomas College	2,265,113
University of Maine Foundation	500,000
University of Maine System	6,500,000
Health Care	
MaineGeneral Health	1,004,850
MaineHealth	5,995,150
The Jackson Laboratory	2,750,000
Youth Development	
Alfond Youth Center	9,021,599
Boys and Girls Clubs of Puerto Rico	500,000
Olympia Snowe Women’s Leadership Institute	400,000
Community Development	
Coastal Maine Botanical Gardens	6,000,000
Foundation for a Strong Maine Economy (FocusMaine)	1,656,452
City of Waterville	560,000
Total Foundation Outstanding Commitments	\$113,384,962

¹⁴ This list does not include (1) the Foundation’s long-term commitment to the Harold Alfond College Challenge, estimated to be \$6 million per year; or (2) the Foundation’s commitment to backstop MaineGeneral Medical Center’s “Debt Service Reserve Fund” in the approximate amount of \$23 million.