



## 2015 Grant Report

Dear Friends of the Harold Alfond Foundation:

We are pleased to share this Grant Report summarizing our work in 2015 and offering guidance on future grantmaking.<sup>1</sup> For updates throughout the year, as well as additional information on the Foundation's work, please visit our website at [www.haroldalfondfoundation.org](http://www.haroldalfondfoundation.org).

### Financial Data and 2015 Grant Funding

In our 2014 Grant Report, we noted that the Foundation's 2014 ending endowment value rose to nearly \$800 million, but cautioned, "We will have years in which our investment returns are far less generous, and even negative..." And so it was in 2015. Net of all grant payments, the Foundation closed the 2015 calendar year with assets of just under \$745 million, down from the nearly \$800 million we reported a year earlier. How painful it is to be right!

The 2015 decrease of nearly \$54 million in assets was a result of grant spending and a short-term and undeserved 12.5% decline in the market value of Berkshire Hathaway stock, a major holding of the Foundation. As this report goes to press, the market price of Berkshire has recovered, leaving the value of our endowment at roughly where it would have been net of spending for 2015.

One might hope that the market value of Berkshire stock and the Foundation's other investments will increase in lockstep every year. The reality, however, is that markets are volatile and we are fallible. So there will be down years when the economy falters, our holdings are underpriced by the market or, worse—and we hope, infrequently—our investment choices go sour. With such dynamics at work, patience and a long-term perspective are key investment disciplines for us. In short, to preserve and grow the Foundation's spending power over time, we do our best to remain focused, diversified, and patient, seeking value and quality in what we own and with whom we invest.

As for spending in 2015, the Foundation paid out over \$35 million, its largest ever annual grant outlay. Grants were made to 45 organizations, though spending (on a dollar basis) remained highly concentrated among a smaller number—17. Geographically, 90% of the Foundation's funding was directed to Maine institutions. Consistent with Harold Alfond's long-

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<sup>1</sup> 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.

time preference for supporting the Central Maine communities where he and his family lived and worked, over 30% of funding was awarded in this region of the state. Nearly \$6 million was directed to Waterville-based institutions.

Since Harold Alford's passing in 2007, the Foundation has now awarded over \$230 million in grant support, primarily in Maine. During that same period, Foundation assets have grown from approximately \$550 million to \$760 million.

## Future Commitments

The Foundation closed the 2015 calendar year with binding grant commitments—money payable to charitable institutions and for charitable endeavors in future years—of about \$38.5 million, up considerably from the \$27.5 million reported a year ago.<sup>2</sup> In last year's report, we noted that the Foundation saw great promise in numerous grant opportunities then under consideration. In 2015, the Foundation entered into binding grant agreements for many of these opportunities. Yet we continue to seek new grant opportunities of comparable size and scope to those of years' past. So look for our "favorite form of debt"—grant dollars owed—to increase in 2016.

## Grantmaking Preferences

In 2016, we have budgeted spending of \$37 million. Of this amount, most has already been committed. Accordingly, as 2016 unfolds, we will be focused on identifying and evaluating new grant opportunities—payable in future years—that meet our mission, our preferred style of giving, and our interests in education, health care, and youth development.

Our website describes in detail our criteria for grantmaking, and we hope friends of the Foundation find the site helpful. That said, here in our annual Grant Report, we offer general guidance to those who may be interested in an update on the Foundation's current thinking, focus, and future direction.

- Transformative Projects. The Foundation's preference remains for large-scale, transformative projects with the potential to benefit the people and economy of Maine. To us, "transformative" projects offer a solution to a clear and pressing need and, through that solution, help generate far-reaching positive outcomes, ideally extending beyond the orbit of the organization receiving our grants. As such, the Foundation believes that by directing grant dollars to transformative projects, we can produce a "return" far exceeding the dollar amount awarded. We recognize that, to be transformative, grants must usually be large. That said, we have noticed that applications—particularly in higher education—have increasingly requested grants of larger and larger dollar

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<sup>2</sup> The Foundation's \$38.5 million of unpaid grant commitments does not include (1) the Foundation's long-term commitment to the Harold Alford College Challenge (commentary below); (2) the Foundation's commitment to fund the 'Alford Leaders' Student Debt Repayment Program (commentary below); and (3) the Foundation's commitment to backstop MaineGeneral Medical Center's "Debt Service Reserve Fund" in the amount of \$23 million (see details in the 2011 and 2012 Grant Reports).

amounts. We can appreciate the trend—knowing that it is as reflective of the entrepreneurial spirit of Maine institutions as it is their significant funding needs. Yet, because we seek to maximize the return on each grant dollar and are particularly sensitive to effective execution, we have found ourselves making difficult decisions to turn down large requests when returns are uncertain. In so doing, we can focus on large grants to fewer organizations, reduce risk, and deepen our impact on those grants we choose to fund.

- Education and the Economy. Consistent with Harold Alfond’s own pattern of giving and the guidance he left for us, education grants continue to be the Foundation’s bread and butter. This support has typically been concentrated on higher education, with our Harold Alfond College Challenge savings program for children at one end of the spectrum and direct grants to higher education institutions at the other.

Conventional wisdom has long held that higher education access and the quality of higher education are critical underpinnings of economic opportunity. Maine’s economy has suffered from inadequate growth. Recently published data shows that young people continue to leave the state, the population is aging, and business growth is challenged by an undersupply of skilled workers.<sup>3</sup> With these concerning trends in mind, we are looking to fund higher education grants to institutions with innovative programs or projects that more directly help grow Maine’s economy and the economy of Central Maine in particular.

By way of example, our higher education grants may be used to develop academic programs in partnership with employers to better meet workforce needs. Additionally, we may help construct university or college facilities, which not only meet the institution’s needs but bolster regional economic activity and the broader community’s vitality. And we may help fund the acquisition and redevelopment of commercial real estate to better serve a community’s economic interests, which, in turn, elevate the stature and attractiveness of its higher education institutions. Much of this work can be accomplished by direct grants to colleges and universities.

- Teamwork. The Foundation’s grants will continue to favor projects that foster quality partnerships and teamwork between and among organizations. In our experience, encouraging partnership is never easy, especially in Maine where there are many highly-motivated charitable enterprises working diligently—and independently—to serve their respective, important missions. Many of these enterprises, precisely because of their independence, do not operate as efficiently or effectively as they could if they joined forces with others. As such, in a state with limited resources and great needs, our grants will always favor projects that foster quality partnerships and teamwork between and

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<sup>3</sup> The Maine Economic Growth Council’s recently-released “[Measures of Growth 2016](#)” report notes that, from 2013 to 2014, Maine’s GDP was essentially unchanged (from \$49,700 million to \$49,655 million, respectively). Further, Maine’s workforce declined by 16,800 between 2014 and 2015.

among organizations. This will be the case even when the political winds are blowing against us.

- Leadership and Execution. Because we view grant dollars as investments, vitally important to the approval of each grant is our assessment of the quality of leadership in the grantee organization at both the management and board levels. The best of ideas and the most worthy of causes cannot ensure effective and efficient execution. That takes quality leadership and, where that leadership exists, we will look to invest our dollars.

With this updated perspective for future grantmaking in mind, a review of 2015 grant projects, both ongoing and recently approved, follows.

### Harold Alfond College Challenge

Through December 31, 2015, the Harold Alfond Foundation, with operational leadership from our terrific partners, the Alfond Scholarship Foundation (ASF) and the Finance Authority of Maine (FAME), has awarded \$27,699,000 on behalf of over 55,000 Maine children. In addition, Maine families have contributed over \$28,000,000 of their own money and FAME has kicked in over \$1,900,000 million in “matching grants,” bringing the grand total saved for college on behalf of Maine children to over \$57,600,000 in just seven years!

The College Challenge program continues to promote three goals: (1) to award a \$500 grant to every Maine newborn; (2) to use Program communications as a way of informing families about higher education and motivating them to prepare their children for success; and (3) to encourage ongoing college savings by families early in their children’s lives.

The Program’s shift from our original “opt-in” model (where parents were required to complete an application for the State of Maine’s 529 NextGen College Investing Plan<sup>®</sup>) to our “opt-out” model (where the \$500 grant is automatic for all Maine babies at birth<sup>4</sup>) has allowed us to significantly increase the reach of the Program. Before we opted out of opting in, we spent considerable energy and resources toward Goal 1, trying to ensure that all newborns received our grant. Our efforts proved less than satisfactory: after 5 years, just 40% of Maine families with newborns opted-in to the Program. Now, under the new strategy, *every* baby (100%) is automatically awarded \$500 and *every* family receives our Program communications. This means our efforts can now be focused on Goals 2 and 3: Family Education and Family Savings. In 2015, our team was busy on all fronts and progress continued, as described below.

- Just under \$6 million in college savings grants were paid by the Foundation for newborns.
- The Program mailed “Welcome Kits” to roughly 12,000 families of Maine newborns.

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<sup>4</sup> Operationally, FAME, uses state birth records and other publicly available data to trigger the set-up of new Alfond grants automatically, with no application needed from parents.

- The Program mailed 132,000 Quarterly Summaries and Grant Updates.<sup>5</sup> In addition to streamlined information about the total dollars invested for each child’s future education across multiple means of savings, the quarterly mailings continued to include “Educational Tips” for parents, with our messaging changing to be age appropriate. These tips span four content areas (Finances, Literacy, Science & Math, and Health) and five age bands.
- Communication with families has not been a one-way street: the Program’s website—[500ForBaby.org](http://500ForBaby.org)—had a record-breaking 22,000 hits last year.
- Increasing the portion of Maine’s population with higher education is a statewide challenge, and we are fortunate to have the support of a growing number of great statewide partners in encouraging college savings. FAME and ASF continued their work with over 20 leading Maine businesses, organizations, and educational institutions to encourage college savings among their employees. Each partner is now offering payroll deductions to employees and/or making a contribution when an employee opens an account.
- FAME and ASF also worked with the [John T. Gorman Foundation](#) and the [Sam L. Cohen Foundation](#) to promote college savings at Head Start programs in four Maine counties—Androscoggin, Cumberland, Kennebec, and York. And, with the support of the [Maine Community Foundation](#) and [Machias Savings Bank](#), the Program worked with schools in rural Washington County. In 2015, these efforts helped families open more than 250 new NextGen accounts to start their children on a path to higher education. Additional outreach and enrollment efforts are on deck for 2016.

Looking ahead, we plan more robust educational messaging for parents and their children. To that end, we have committed over \$200,000 to the development of an online portal that will enable the Program to provide Quarterly Summaries and Grant Updates electronically. The portal will not only help reduce Program mailing costs but also enhance how we communicate with families about college savings.

The first Alford grant recipients, those born in 2008 at MaineGeneral Medical Center in Augusta and Waterville, are finishing second grade this spring. A decade from now, they will be heading off to college (or whatever form of higher education they choose). As those ten years unfold, we want to understand the impact the Program is having along the way. To that end, we are hugely grateful to the [Mott Foundation](#) and the John T. Gorman Foundation for grants

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<sup>5</sup> The Program’s communication strategy includes sharing information and materials with families 10 times during the baby’s first year—including at the hospital, where we encourage the completion of a “contact card” that helps ensure we have multiple means of reaching families in the coming years (mail, email, etc.). As is our longstanding practice, Quarterly Summaries are mailed to families on a regular basis to share clear and streamlined information about the total dollars invested for their child’s future education across multiple means of savings—for example, the Alford Grant, the family’s own contributions, and any matching grants received from FAME. Now, with the advent of “Automatic Enrollment,” we have developed a new version of the Quarterly Summary report for those families who have not yet opened their own 529 Investing account. The “Alford Grant Update” provides investment return information for the Alford grant only. Both the Quarterly Summary and the Grant Update include Educational Tips for parents. These tips span four content areas (Finances, Literacy, Science & Math, and Health) and five age bands.

totaling \$350,000 that will fund nationally-recognized researchers to study the saving behaviors, aspirations, and educational outcomes of Alfond Grant recipients to better understand if our “Alfond babies” are on the right track. We will use the results to improve our Program’s messages to parents and children as well as to encourage higher education savings. We look forward to sharing the results of that research.

We know that simply giving \$500 and sending messages to every Maine newborn and family is not enough. We need partners to leverage these \$500 grants to build and expand the program’s reach and impact even further. To find out how you can become a partner in our program, please visit [www.alfondscholarshipFoundation.org/business-partners](http://www.alfondscholarshipFoundation.org/business-partners) or give the Program’s outstanding CEO, Colleen Quint, a call at (207) 347-8638.

Meanwhile, a friendly warning to all of our future Foundation grantees, whatever your project may be: expect a provision in your grant agreement with us asking you to support the mission of the College Challenge by becoming a “Business Partner” and promoting college savings among your employees.

### **‘Alfond Leaders’ Student Debt Reduction Program**

Student debt in the United States exceeds \$1.3 trillion. In Maine, there is an estimated \$4 billion outstanding in student debt. In fact, the Maine average student debt load is among the highest in the country. As noted earlier in this report, Maine is also challenged by a shrinking workforce of skilled employees, and this is especially true in STEM occupations. Given these concerning factors, we have committed the Foundation to a new program designed both to reduce student debt and encourage skilled STEM workers to stay in or move to the state.

In 2015, the Foundation set-aside \$4,000,000 to launch the ‘Alfond Leaders’ Student Debt Reduction Program, which will provide student debt forgiveness to high-quality “STEM” workers—the ‘Alfond Leaders’—who stay in or move to Maine.<sup>6</sup> It is the first stand-alone program to be created by the Foundation since the College Challenge in 2008, and, like the College Challenge, will be treated separately in our future grant reports. We are still working out program details, but expect to have the program up and running by year-end. We look forward to a public announcement at that time.

### **Areas of Giving: Education, Health Care, and Youth Development**

In addition to the dollars allocated to support the College Challenge and, now, the Student Debt Reduction Program, we fund projects in three broad areas of giving: Education, Health Care, and Youth Development. In most cases, the Foundation deploys matching challenge grants to inspire and leverage additional giving by others—a technique Harold Alfond favored because it encouraged teamwork and enhanced the philanthropic return on investment.

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<sup>6</sup> According to the Maine Department of Labor, in the next decade, one in seven new Maine jobs will be STEM-related (Science, Technology, Engineering, and Mathematics) and the wages associated with such jobs will be 58% higher than wages for other Maine jobs. See <http://www.maine.gov/doe/stem/>



Below, we offer commentary on select 2015 grants within the three areas.

## *Education*

Of our three areas of giving, Education has long been the Foundation's principal focus. In 2015, funding for Education accounted for 54% of all grantmaking, not including the College Challenge (19%) or Student Debt Reduction (11%) programs. Seven of our Education awards and projects are reviewed below.

- In 2015, the Foundation awarded \$3,900,000 to the **University of Maine** to support the work of its Advanced Structures and Composites Center (ASCC). Led by Dr. Habib Dagher, the ASCC has an outstanding track record of accomplishment, including employing and training 1,800 UMaine undergraduate and graduate students, conducting research and development efforts for over 100 private companies and on over 125 projects with a total value of \$60 million, and spinning-out 12 private companies. The Foundation's funds helped complete the fundraising needed for the ASCC's new "Ocean Engineering and Advanced Manufacturing Laboratories." The Ocean Engineering Lab will test and strengthen the durability of coastal and offshore structures, including ships, aquaculture facilities, oil and gas structures, and ocean energy devices under extreme wave, wind, and current environments. The Advanced Manufacturing Lab for Thermoplastics Composites will utilize digital, additive and robotics manufacturing to reduce cycle time and cost. Together, the Labs will help Maine and the nation improve industrial competitiveness in many important economic industries. Given the Labs' potential for high economic impact, the Foundation was joined by federal and state funders in providing support for the \$13.8 million facility. When we talk about "transformative" projects and quality leadership, we point with pride to the Labs, led by Dr. Dagher and his team.
- Just as 2015 was coming to a close, the Foundation awarded a grant of \$1 million to benefit the English Department of the University of Maine. In specific, the Foundation endowed the first faculty chair professorship in English in tribute to best-selling author and UMaine alumnus Stephen King. The Stephen E. King Chair in Literature honors Mr. King's outstanding literary accomplishments and his deep commitment to Maine. Recognized worldwide, Stephen King is an inspiration to all at the University of Maine, and we hope the endowed faculty chair will not only remind students of what excellence is about, but will lure budding young writers away from less productive endeavors (endless dorm card games of 'Hearts', for example) to work on their writing skills.
- The Foundation has continued its funding of the **University of Maine System** in support of creating a center for graduate and professional studies as a catalyst for the Maine economy. A key component of the "Maine Center" vision is the merger of the MBA programs at the University of Maine and University of Southern Maine into a single, high-quality program that can better serve students and the State of Maine—and attract

students and entrepreneurs from outside of Maine to the state. Considered a “transformative concept” by The Parthenon Group, the “Maine Center” seeks to strengthen and transform graduate and professional education by offering a merged business program in collaboration with both the Maine School of Law and the Muskie School of Public Service. In so doing, the Maine Center would become the first University-level program in the country to integrate business, law, and public policy programs under one roof. An essential component of the Maine Center will be a close working partnership with Maine’s business, legal, and public services communities. This will ensure that students have a direct pathway to professional opportunities in Maine and employers can readily access high-quality management and legal talent. The Maine Center will be based in Maine’s economic hub of Portland but will have a statewide reach through online technology. It will also seek to serve as a much needed, concrete step toward a more unified Maine University System, where duplicative programs are eliminated and the remaining, consolidated programs, achieve excellence and greater competitive advantage.

The goals of the project are admittedly ambitious, and there is much to be done before the Maine Center can be fully up and operating. Most importantly, the Center must develop a comprehensive business plan that is supported by key constituencies within the University System and the business and legal community of the entire state. Work on the business plan is currently underway, and we look forward to hearing more from the University System in the months ahead.

- In 2015, the Foundation directed significant grant funds to **Colby College** and will do still more in 2016 and beyond. Colby College has a well-deserved special legacy status with the Foundation, as Harold Alfond was a long-time supporter of Colby and particularly of its athletic programs. Indeed, his first major philanthropic gift was to build Colby’s ice arena in 1955.

In keeping with our interest in education grants to benefit the regional economy, our current support of Colby College is taking two forms. First, we will continue to support and bolster the College’s campus infrastructure and programs, while admiring Colby for sharing its resources with the region. Second, we are funding Colby on its community revitalization efforts taking place *off the campus*.

The Foundation shares Colby’s interest in helping to revitalize Waterville’s downtown, and our efforts toward this end are multi-faceted. We have supported Colby in the hiring of downtown redevelopment experts to assist the College and the broader Waterville community in planning and prioritizing downtown opportunities. Counseled by this planning process, we have supported Colby’s acquisition of properties on and adjacent to Main Street, with the understanding that these priorities will be repositioned or redeveloped by the College with our help. On this latter front, Colby envisions increasing downtown pedestrian traffic through the creation of student housing and a hotel. In



addition, Colby will be developing space for retail and a Massachusetts-based consulting firm, Collaborative Consulting recruited to Waterville thanks to the leadership of Colby's new president, David Greene, and the efforts and persistence of others. Collaborative plans to hire as many as 200 technology professionals to live and work in Waterville. The City welcomes Collaborative and so do we!

Through these and other initiatives not yet announced, we hope to inject new energy and economic activity into Waterville, creating positive ripple effects for all. There is much work to be done, but we expect 2016 to be a very busy year on Main Street as well as on Mayflower Hill.

- In 2015, the Foundation made a \$3.1 million grant to **Bigelow Laboratory for Ocean Sciences**, an education partner with Colby and other Maine colleges and universities. Led by Dr. Graham Shimmiel, Bigelow is doing important work exploring the world's oceans and training the next generation of ocean scientists. Our 2015 grant was for construction of a 32-bed student and visiting scientist residence at the Laboratory's East Boothbay Campus. The grant recognizes Bigelow's exceptional educational programs. The residence will make it possible for the Laboratory to house students and visitors participating in its many programs and, even better, to expand those programs so that more students and professionals have access to Bigelow's world-class scientists. Bigelow is an entrepreneurial and economic growth driving institution, with outstanding leadership, and we are especially proud to be supporting its needs.
- **Thomas College** is the region's top educator of business students, most of whom stay in Central Maine after graduation. As such, it is a talent engine that powers the local economy. Last year's letter included many positive words about Thomas. All deserved. We echo them this year, because the College continues to grow stronger. The growth in enrollment at Thomas is up year over year, and Thomas now has over 1,400 students, including 815 full-time undergraduates—its highest ever. This growth can be attributed to its outstanding leadership, with Laurie Lachance at the helm, and to the College's recruitment and retention efforts, the latter of which we supported with a \$251,000 grant from the Foundation in 2015.

We also awarded \$125,000 to Thomas to fund exploration and design of a plan to more directly assist new and existing businesses in the Greater Waterville community. On this front, the College has spent the past year speaking with business leaders and studying the regional economy. Through this process, the College has identified the need for customized professional development, academic entrepreneurship, and paid internship programs—all of which would help to strengthen and grow the area workforce. Thomas is considering these needs and how best it can develop or expand programs to address them.

In the meantime, President Lachance and her team have already rolled up their sleeves to directly support the expansion of Collaborative Consulting into Waterville. Thomas and Collaborative are a perfect match. Given the Foundation's interest in supporting Thomas's mission and economic growth in Waterville, we will be funding the creation of academic programming and professional development offerings at Thomas to more cost-effectively train employees for Collaborative and those of other Central Maine businesses. We hope Collaborative's move to Maine is not only successful, but a model to attract more businesses to our state. And we hope Thomas's programming can ensure a pipeline of quality workers to keep these businesses competitive and growing.

- In 2015, while political storms raged in Augusta<sup>7</sup>, **Good Will-Hinckley** continued to serve its important mission on behalf of Maine students. Of special note, Good Will celebrated the opening of the renovated and expanded Charles E. Moody School building, which was originally constructed on the campus in 1905. The Foundation awarded \$5.5 million in support of the project. Today, the Moody School building is Maine's first fully solar-powered, net positive energy academic facility. It will enable the Maine Academy of Natural Sciences, Maine's first charter school, to grow enrollment and ultimately to serve over 200 students from all over Maine. With its unique, individualized, hands-on education in agriculture, forestry, renewable energy and natural sciences, the school provides an attractive alternative to the traditional academic setting.

In Good Will's 126-year history, there have been ups and downs, but Good Will's leaders and supporters—a great mission, their focus—have always found a way forward. This was certainly the case last year. As we look down the road, there is every reason to be confident about Good Will's *next* 126 years. As Harold Alford would say, "We ain't seen nothing yet."

## **Health Care**

Health Care grant spending represented just 8% of grant spending in 2015. Most of these grant dollars were paid to **MaineGeneral Medical Center** in the last of the Foundation's installment payments toward the \$35 million grant commitment we made in 2011 to support the construction of the Alford Center for Health in Augusta and the renovation of the Thayer Center for Health in Waterville.

Our Health Care funding will ramp up in 2016, as the Foundation has committed \$8.1 million to **Jackson Laboratory**, one of Maine's most prestigious institutions, recognized worldwide for its important genetic research. Our grant will help Jackson launch a personalized cancer care program for 1,800 Maine residents with the most hard to treat cancers. The program will make available to Mainers a form of "precision-based genomic cancer medicine" that has previously only been available at the major cancer research hospitals. Jackson will base the program at MaineGeneral's Harold Alford Center for Cancer Care in Augusta, but the reach

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<sup>7</sup> The Foundation issued a statement, dated September 8, 2015, on the controversy. You can access it by clicking [here](#).

will be statewide. Central to this process will be Jackson scientists performing genetic sequencing of an individual's cancer tumor with the objective of identifying whether the genetic mutations present in the tumor have been shown to be responsive to approved drug therapies or are being treated by new therapies in clinical trials.

We look forward to sharing the details on the program and its progress in next year's report.

### *Youth Development*

Youth Development grant spending in 2015 was highlighted by our \$1,000,000 payment to the Maine Sea Coast Mission in support of the **EdGE Program**. In last year's report we discussed how EdGE is making a huge difference in Washington County, providing in-school, after-school, and summer camp programming for 750 children in 18 communities. EdGE provides children with a safe, stable place to be exposed to new opportunities and make personal connections. Our grant was made in honor of Ed Greaves and the Barr Foundation for their leadership on behalf of children and families in Washington County.

The Foundation also continued making capital and development program grant payments to the **Alfond Youth Center** (AYC) under the \$8.4 million multi-year grant commitment that we discussed in last year's report. The funds will help ensure that the AYC facility will continue to be what Secretary of State Colin Powell once described as "the biggest and best in the country."

Earlier this year, our Board also agreed to support the renovation of the Purnell Field in Waterville into an ADA-compliant 'Purnell-Wrigley Field,' a replica licensed by Major League Baseball and the Chicago Cubs. Normally the Foundation would never endorse such a major intrusion by another MLB brand into Red Sox Nation (the Alfond family are long-time Red Sox owners), but since the AYC already has a licensed mini Fenway Park—at Camp Tracy in Oakland—we let it slide. With replicas of the two most iconic ballfields in America in Central Maine, AYC will be in an ideal position to further its mission by hosting youth tournaments and camps, attracting more visitors to the region.

### *Other Grant Funding*

The Foundation is committed to supporting organizations whose primary missions fall within our three areas of giving. That said, we occasionally support projects with blended or varying missions that have a connection to Mr. Alfond's past interests and philanthropy. Last year we described how the Foundation's grant funding for the arts has evolved to encourage and incentivize Waterville arts organizations to work together. By helping to strengthen arts organizations through partnership, we hope to enhance the quality of arts programming and attract more visitors to downtown Waterville.

To this end, 2015 was a productive year for **Waterville Creates!**, a collaborative consortium of multiple community arts, creative, and cultural institutions. Foundation grant commitments to Waterville Creates! and its “anchor institution” partners now exceed \$1.5 million. Of this amount, we have paid nearly \$1.2 million. All grants are paid through Waterville Creates!, which then distributes the funds to its partners. Each grant includes requirements for partnership and collaborative programming.

One such initiative is the Partner Incentive Fund, which requires Waterville Creates! to work with its anchor institutions and award grants for collaborative arts programming. On this front, earlier this year, WC! awarded a \$10,000 grant to the Waterville Opera House and Out & Allied Youth Theatre, which will join forces to create a youth theater laboratory and community theater rental space within Studio 93, a 60-seat “black box” theater. A key additional partner in the initiative is Colby College and, specifically, its student run theater company.

While Waterville Creates! is well suited to lead the arts in the City, its interests also extend to the ownership and management of 93 Main Street, known as the Sterns Center (or, simply, “The Center”). Given the poor condition of the building, operating and maintaining it has been a challenge. Under the great leadership of Board Chairman Larry Sterrs, and at our urging, Waterville Creates! has led an effort to re-imagine The Center building, and we are very grateful for and inspired by this effort. Based on this work, it appears exciting programmatic opportunities should develop if arts and cultural organizations were to be located together in a new or renovated Center building or at least near one another downtown.

The Foundation sees the redevelopment of The Center building as critical to the revitalization of downtown Waterville. A parallel interest for us is in the redevelopment and renting of existing unoccupied buildings, of which there is an oversupply. Accordingly, we enter 2016 with an interest in redeveloping The Center building in a manner that appropriately balances (a) the opportunities to co-locate arts and cultural institutions to achieve programmatic synergies with (b) the economic needs and opportunities elsewhere on Main Street.

Harold Alfond long favored the use of matching challenge grants to encourage and incentivize the community to support charitable projects. This approach has been especially effective with grants supporting Waterville arts projects, including the 2010 Waterville Opera House renovation (a \$2 million matching challenge) and the 2010 Waterville Public Library renovation (a \$400,000 matching challenge). In both cases, the community stepped up to match the Foundation’s contribution. Accordingly, as we consider funding a grant from the Foundation for redevelopment of The Center building, we will welcome the efforts of Waterville Creates!, its member organizations, Colby College, and others to raise additional funds toward the project.

We are excited about what lies ahead for Waterville, and not only for the arts. Our grant funds are currently being deployed across multiple Waterville investment areas. In next year’s Grant Report, if not sooner via our website’s Announcement page, we will be sharing those details.

## Looking to 2016 and Beyond

In 2016, the Foundation expects to make grants approaching \$37 million. 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 and are committed to meeting the challenge in a manner that is consistent with Harold Alfond's mission to fund projects with transformative impact for the State of Maine.

In closing, we offer a few words in honor of our friend and fellow trustee, Larry Pugh, who passed away last year. Larry's business and philanthropic contributions were extraordinary. He had been hand-picked for our board by Harold Alfond and served as a fellow trustee of the Foundation from 2007 right up to his passing. To the end, Larry was as dedicated and energizing to the Foundation's work as ever. His contributions to the Foundation and, by extension, to the State of Maine, were enormous. In particular, as inaugural Chairman of the Alfond Scholarship Foundation, Larry oversaw the Harold Alfond College Challenge program. In this capacity, like in so many others over the course of Larry's life, his leadership proved the difference: on his watch, college savings for Maine children grew to \$57 million.

In the wake of Larry's passing, many words were spoken of his extraordinary life, leadership, and contributions to family, friends, business, and community. They were all inadequate. We remember him as a champion for Maine communities and Maine people, and we find comfort in the inspiring example he set for us all.

Harold Alfond had a way of finding and keeping great friends and partners—and then sharing them with others. Larry was at the top of the list.

On the following pages, we summarize our 2015 grants and future grant commitments, both organized by area of giving.<sup>8</sup>

Sincerely,



Gregory W. Powell  
Chairman

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<sup>8</sup> 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 2015 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 – 2015 Grant Payments

<i>Area of Giving and Organization</i>	<i>Amount</i>
<b>Harold Alfond College Challenge</b>	
Alfond Scholarship Foundation	\$6,600,139
<b>Alfond Leaders Student Debt Program</b>	
Charitable Set-Aside	4,000,000
<b>Education</b>	
Bigelow Laboratory for Ocean Sciences	800,000
Boston College	125,000
Carrabassett Valley Academy	250,000
Colby College <sup>9</sup>	3,250,000
Educare Central Maine	250,000
Good Will-Hinckley	1,250,000
Jobs for Maine's Graduates	100,000
Kents Hill School	827,451
KIPP Charter Schools	2,500
Lesley University	1,000,000
Maine Maritime Academy	822,903
Mitchell Institute	1,000,000
Rollins College	2,500,000
Thomas College	930,658
University of Maine	3,289,925
University of Maine Foundation	1,250,000
University of Maine System	1,050,000
University of New England	199,585
<b>Health Care</b>	
Belgrade Regional Health Care	15,000
Kennebec Valley Behavioral Health	2,000
LifeFlight Foundation	10,000
MaineGeneral Medical Center	2,552,178
Spectrum Generations	1,200
Spring Harbor Hospital	75,000
Stephens Community Healthcare Foundation	10,000
<b>Youth Development</b>	
Alfond Youth Center	566,230
Aroostook Teen Leadership Camp	500
Big Brothers Big Sisters of New York	5,000
Maine Children's Home	15,000

<sup>9</sup> Of the \$3,250,000 in grant funds for Colby College, \$2,650,000 was awarded in support of Waterville Downtown Development efforts.



**Youth Development** *(continued)*

Maine Sea Coast Mission – EdGE Program	1,000,000
Susan Curtis Foundation – Camp Susan Curtis	14,400

**Other**

Belgrade Lakes Association	125,000
Beth Israel Congregation	65,000
Boston Lyric Opera	12,500
Boston Symphony Orchestra	20,000
Friends of the Maine State Museum	5,000
Maine Economic Focus Initiative (FocusMaine) <sup>10</sup>	160,000
Maine Irish Heritage Center	10,000
Maine Sports Hall of Fame	10,000
Pine Tree Legal Assistance	2,500
The Iris Network	2,500
United Way of Mid-Maine	12,500
Waterville Opera House	15,000
Waterville Creates!	836,620

**Total Foundation Funding** **\$35,050,190**

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<sup>10</sup> This grant was paid through the Initiative's fiscal agent, the Foundation for a Strong Maine Economy.

## Harold Alfond Foundation – Outstanding Grant Commitments<sup>11</sup>

As of 12/31/15

<i>Area of Giving and Organization</i>	<i>Amount</i>
<b>Education</b>	
Bigelow Laboratory	\$2,294,863
Carrabassett Valley Academy	750,000
Colby College <sup>12</sup>	8,100,000
Educare Central Maine	500,000
Good Will-Hinckley	2,750,000
Jobs for Maine’s Graduates	92,152
Kents Hill School	3,172,549
Lesley University	1,000,000
Maine Maritime Academy	1,539,742
Mitchell Institute	1,000,000
Thomas College	251,658
University of Maine	1,600,000
University of Maine Foundation	250,000
University of Maine System	150,000
<b>Health Care</b>	
Spring Harbor Hospital	75,000
<b>Youth Development</b>	
Alfond Youth Center	6,080,072
Kennebec Valley YMCA	250,000
<b>Other</b>	
Belgrade Lakes Association	125,000
Belgrade Regional Conservation Alliance	25,000
Friends of Quarry Road	142,500
WRACC - Waterville Creates!	493,380
<b>Total Foundation Outstanding Commitments</b>	<b>\$38,526,258</b>

<sup>11</sup> This list does not include (1) the Foundation’s long-term commitment to the Harold Alfond College Challenge, estimated to be at least \$6 to \$7 million per year; (2) the Foundation’s commitment to fund the ‘Alfond Leaders’ Student Debt Repayment Program, currently estimated to cost \$4,000,000; and (3) the Foundation’s commitment to backstop MaineGeneral Medical Center’s “Debt Service Reserve Fund” in the amount of \$23 million.

<sup>12</sup> Of the \$8,100,000 in grant funds payable to Colby College in future years, \$8,000,000 is committed to support Waterville Downtown Development efforts.