



## 2016 Grant Report

Dear Friends of the Harold Alfond Foundation:

We are pleased to share this Grant Report summarizing our work in 2016 and offering guidance on future grant making.<sup>1</sup> For updates throughout the year and additional information on the Foundation's work, please visit our website at [www.haroldalfondfoundation.org](http://www.haroldalfondfoundation.org).

### Financial Data and 2016 Grant Funding

The Foundation's endowment rebounded in 2016 with an annualized return on investments of 11.5%. After payment of all grants and operating expenses, the Foundation closed the 2016 calendar year with assets of just over \$773 million, up from \$745 million a year ago. The 2016 increase of \$28 million was a result of positive returns in our investment portfolio in general and, in particular, a nearly 24% rise in the value of Berkshire Hathaway stock, a major holding of the Foundation.

As for grant spending in 2016, the Foundation paid out nearly \$37 million to 52 organizations (in both cases, the largest ever for the Foundation). Once again, however, grant spending (on a dollar basis) remained highly concentrated among a smaller number of grant recipients, around 20. Geographically, 97% of the Foundation's funding was directed to Maine institutions. Consistent with Harold Alfond's long-time preference for supporting the Central Maine communities where he and his family lived and worked, 52% of funding was awarded in this region of the state. Over \$15 million was directed to organizations based in Waterville. More detail on this spending is provided below.

Since Harold Alfond's passing in 2007, the Foundation has now awarded nearly \$267 million in grant support, primarily in Maine. During that same period, Foundation assets have grown from approximately \$550 million to \$773 million.

### Future Commitments

The Foundation closed the 2016 calendar year with binding grant commitments—money payable to charitable institutions for projects in future years—of about \$54 million, up

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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.

considerably from the \$38.5 million reported a year ago and the \$27.5 million two years ago.<sup>2</sup> This ramp-up follows a period of consideration and due diligence by the Foundation on a range of promising opportunities.

In 2017, we are targeting \$38 million in grant spending. Of this amount, most has already been committed to Maine institutions. Any new grants approved in 2017 will likely be paid out in future years.

## Grantmaking Preferences and Process

The Foundation continues to have a preference for grants that are consistent with the pattern of giving of Harold Alfond, are large scale, and generate transformative, enduring contributions to the State of Maine. Our areas of interest continue to be education, health care, and youth development, with a recent emphasis on deploying education grants in projects that encourage economic development for the benefit of Maine.

In seeking out projects, we are reminded of Aristotle's observation of many centuries ago:

*To give away money is an easy matter and in any man's power. But to decide to whom to give it, and how large, and when, and for what purpose, and how, is neither in every man's power nor an easy matter.*

We could not agree more. In our experience, grants offering the highest philanthropic returns are often the most difficult to design and administer. For all the benefits we may see in a project, there are always challenges that arise along the way, whether financial, programmatic, operational, or political. We have learned firsthand that in philanthropy, like in investing, risk and reward go hand in hand.

As always, our [website](#) describes our grantmaking preferences and interests. Beyond our website, however, we have used this Report to expound on our current thinking, focus, and future direction. Last year we described in some detail our view of what makes a project transformative, how we are linking education grants to economic development, and our continuing preference for projects that are efficiently executed by high-quality leadership and that promote teamwork among entities with overlapping missions. Building on those observations, which continue to guide our thinking in awarding grants, we describe below several approaches and techniques to the process of grantmaking that were of special focus for us in 2016 and will remain important going forward.

First, we take the time we need to dig in and learn as much as we can about an institution, its leadership and community partnerships, and the proposed project. And when the

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<sup>2</sup> The Foundation's \$54 million of unpaid grant commitments *does not* include (1) the Foundation's long-term commitment to the Harold Alfond College Challenge (commentary below) or (2) 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). It *does* include the Foundation's remaining commitment to fund the Alfond Leaders Student Debt Reduction Program (commentary below).

complexities of a project exceed our internal capacity to assess it, we seek input and guidance from experts. With that input, we hope to improve decision-making.

Second, upon approving a grant, we craft an agreement to strengthen the project's chances for success. In complex grants, the input from external experts that informed our decision-making will also inform our grant agreement conditions. Thus, we often condition staged grant payments upon the achievement of performance benchmarks over a period of years. Such benchmarks will often include a technique long favored by Mr. Alfond—a “challenge match,” in which the Foundation matches, usually dollar-for-dollar, the money raised by a grantee from its supporters and the community at large. This approach encourages teamwork and favors partners willing to put skin in the game, thereby reducing the project's risk while enhancing its potential return. We may also require an organization to bolster its board or explore a collaboration with an important community group.

Finally, rather than spreading our resources thinly across every opportunity that comes our way, we prioritize and focus our resources to deepen our impact. Call it the philanthropic version of “doubling down.” So, while there are many worthy charitable causes deserving support in Maine and beyond, we will often favor awards to existing grantees or to projects into which considerable Foundation time and money has already been invested.

By using these approaches and techniques, we hope to best position our grant projects for success and to minimize potential challenges that arise along the way.

With this background on our grantmaking preferences and process in mind, a review of selected grant projects follows.

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

In our last two annual reports we described our interest and commitment to the creation of a new student debt reduction program. We finally approved all details of the program in 2016, and recently announced its launch in Waterville at the future headquarters of CGI, an outstanding international technology firm with plans to bring upwards of 200 tech jobs to the city. To be known as the “Alfond Leaders Student Debt Reduction Program,” the program has two objectives: reducing Maine's student debt burden *and* building our state's skilled workforce.

With just 1.3 million people, Maine has \$4.8 *billion* in outstanding student debt. Our citizens are among the most student-debt-burdened in the country! At the same time, we face a workforce shortage such that we lack a ready supply of skilled workers to meet our current and future labor needs. This is especially true of workers in sectors of our economy most poised for growth—science, technology, engineering and math, or “STEM.” Experts at the Education Development Center predict that, in the coming years, one in seven new jobs will be STEM-related and these jobs will produce wages that are 58 percent higher than wages for other

occupations in Maine. STEM workers are hard to find, even if virtually every business needs them to compete and grow.

When taken together, our state's student debt burden and workforce shortage threaten our state's economic prosperity. To combat these challenges, our program will attempt to support economic growth by funding student debt reduction as an *incentive* for high-quality STEM workers to live in and move to Maine and a *tool* for high-growth businesses all over the state to recruit and retain STEM workers.

On that note, over the next two and a half years the Alfond Leaders Student Debt Reduction Program will select, on a competitive basis, 150 high-quality STEM workers—our 'Alfond Leaders'—to receive student debt reduction payments if they live and work in Maine for five years or more. We have committed \$5.5 million dollars to pay 50% of the student debt balance of the selected STEM workers, for up to \$60,000 per STEM worker. Anyone who has student debt, works in a STEM occupation, is employed by a Maine business, and lives here in the state or will be moving here from away, can apply to the program. Just go to [AlfondLeaders.org](http://AlfondLeaders.org) to find all the details.

In the spirit of Harold Alfond, the Alfond Leaders Program will rely on the teamwork and partnership of many, beginning with the outstanding professionals at FAME. As FAME grows its loan consolidation program, enabling Maine residents to refinance their existing student loans at lower rates, we thought it was the perfect partner to administer our complementary program and select our Alfond Leaders.

FAME will run Alfond Leaders with the input and counsel of an all-star Advisory Committee, led by WEX CEO Melissa Smith, and including:

- Betsy Biemann, CEO of CEI;
- Chris Claudio, CEO of Winxnet;
- John Dorrer, labor economist and workforce expert;
- Chris Emmons, President and CEO of Gorham Savings Bank;
- Chuck Hewitt, COO of The Jackson Laboratory;
- Dana Humphrey, Dean of Engineering at the University of Maine;
- Ben Shaw, CEO of Vets First Choice; and, last but not least,
- Bruce Wagner, CEO of FAME.

Given the magnitude of student debt and skilled labor needs of our state, we recognize that our program is limited in its direct potential impact. So just as Maine's high student debt and workforce needs are statewide challenges, so our program is meant to be a challenge to others throughout Maine to join our efforts. There are multiple ways in which individuals and organizations can participate in our program or otherwise help reduce Maine's student debt burden and build Maine's workforce. To name a few:

- Employers can use the Alfond Leaders program as a marketing tool to recruit and retain critical employees;
- Financial contributions can be made to the Foundation’s STEM-focused fund at FAME, helping to attract and retain even more Alfond Leaders;
- Separate funds can be created at FAME by other nonprofit or business enterprises to address the student debt and workforce needs in specific industries, occupations, or particular parts of the state;
- Workers with student debt can take advantage of FAME’s program to consolidate and lower interest rates on their student loans; and,
- Both employers and employees can reduce their state tax liabilities through the Opportunity Maine tax credit program.

Bottom line, in the tradition of Harold Alfond, we are looking for a team effort and hope our program will inspire a state-wide effort to strengthen our workforce and reduce student debt for the future of Maine.

Meanwhile, we are working hard on other fronts to ensure that the *next* generation of Mainers can better access higher education without incurring the same financial debts as the current one.

### Harold Alfond College Challenge

The Harold Alfond College Challenge awards a \$500 grant to every Maine resident baby for education beyond high school.

We describe the program’s progress below, but begin with a comment on a key component of the program’s design. While the name “College Challenge” uses the term “college,” the program is designed to provide funds and encourage savings to help cover the costs *of any form of accredited education after high school*. While this includes four-year and two-year degrees at traditional colleges, it also includes one-credit courses at community colleges or adult-education programs designed to produce job-ready workers. In Maine, you can find qualified higher education options in 26 cities and towns, in all corners of the state.

These are examples of valuable alternative forms of higher education *today*. But looking into the future, we can see that alternative forms of higher education will evolve and grow in response to employer demand for workers with higher education, that innovative technology will facilitate those alternatives at lower cost, and that those alternatives will be more affordable, less time consuming, and more accountable to students and families who have heretofore found “college” beyond their reach. When our first Alfond babies graduate from high school in 2025, they will have more options from which to choose—options that work for them and make them more ready for work. Best of all, with more options, college savings and our Alfond grant should provide more value for every dollar saved for higher education.

On that note, let's review the program's goals and progress achieved in 2016.

The College Challenge represents a long-term strategy to increase the accessibility and attainment of higher education among Maine's citizens. Working with the Alfond Scholarship Foundation (ASF) and Finance Authority of Maine (FAME), the Foundation has three goals:

- 1) To make sure *every* Maine resident baby has the \$500 Alfond Grant for higher education (what we call "Enrollment");
- 2) To use our \$500 grant as a means to communicate with families and provide them with information and resources to keep their children on track as they think about and plan for the future ("Family Messaging"); and,
- 3) To encourage families to also save and invest for their child's future education by opening a State of Maine NextGen 529 Investment Plan® ("Family Savings").

In 2016 the program continued to deliver on all three objectives.

### *Goal #1: Enrollment*

The Foundation has now awarded over \$35 million on behalf of over 70,000 Maine children since the program's inception in 2008. Our \$500 Alfond Grants are awarded *automatically* to *every* Maine newborn.<sup>3</sup> In 2016 approximately 12,000 Maine babies were born, which led us to fund another \$6 million for higher education.

As we have described in past reports, automatically enrolling all Maine newborns in the program enables us to focus our attention on Family Messaging and Family Savings—two areas vitally important to the program's ultimate success or failure.

### *Goal #2: Family Messaging*

Our \$500 grant does not sit quietly waiting for a child's college years to arrive. With it comes our Family Messaging designed to reach and encourage *all* families to aspire to and prepare for higher education for their children. These efforts begin on Day 1 of the child's life. Our "hospital champions" introduce the program to new parents, collecting their contact information and sending them home with program literature. Shortly thereafter, new parents receive a program "Welcome Kit" by mail. At about the nine-month mark our first quarterly communication arrives, in the form of either an account "Grant Update" or account "Summary," the latter being for families who have also opened a NextGen 529 account to save alongside us. The quarterly mailings include streamlined information about the total dollars invested for each child's future education across multiple means of savings. The mailings also include "Educational

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<sup>3</sup> The program initially utilized an "opt-in" model, in which parents were required to complete an application for the State of Maine's 529 NextGen College Investing Plan® to receive the \$500 Alfond Grant. In 2014 the program adopted an "opt-out" model, in which the \$500 grant is automatic for all Maine babies at birth. The change covered all Maine babies beginning January 1, 2013. 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. For babies who were not born as Maine residents but have moved here and become Maine residents, they are still eligible to receive the Alfond Grant if a NextGen account is opened for them before their first birthday.

Tips” for parents spanning four content areas—Finances, Literary, Science & Math, and Health. As the child ages, the tips change to be age-appropriate.

If only we could grade the program’s engagement with Alford Grant families solely by the number of quarterly mailings we send: nearly 200,000 mailings were sent to Maine families in 2016 alone! We know this output is not a direct gauge for the *outcome* we are seeking. In fact, our research, via program surveys and focus groups of Maine families, tells us the hardcopy mailings may work well for some and not so well for others. We also know many desire more regular access to the program, especially to the value of their Alford Grant and any related family savings. And, finally, we know we are living in a digital world where the Internet has become the primary communication modality. So messaging by regular mail is not the future.

With these thoughts in mind, we launched a brand new website portal in 2016. [MyAlfordGrant.org](http://MyAlfordGrant.org). The website shares information, tips, and resources for parents and children—from preschool years through high school. And, through [MyAlfordGrant.org](http://MyAlfordGrant.org), families are linked to the website administered by FAME where they can see the current value of the Alford Grant and any related savings, and track the value over time.

### *Goal #3: Family Savings*

Our third goal is to encourage families to save for higher education as they are able to do so. On this front, Alford Grant families are stepping up in a big way. Their own investments in NextGen 529 Plan investments now exceed \$38 million. Through a generous matching program, FAME has also kicked in another \$3.6 million to family 529 accounts. To be clear: the \$38 million and \$3.6 million figures *are in addition to* the \$35 million the Foundation has provided—exactly the kind of skin in the game and teamwork Mr. Alford long favored. So, in total, nearly \$77 million has been saved on behalf of Maine children for higher education. In the years to come, we know that number will continue to climb from the birth of children, our grants, family savings, and the efforts of so many in our state who have joined the college savings team.

Speaking of the team, we remain hugely grateful for the growing support of state-wide partners who care deeply, as we do, about the future of our children and our state. Nearly 25 of Maine’s businesses and other entities are now on board. Each has signed up to offer payroll deductions to employees and/or make a contribution when an employee opens a 529 account. Together, these businesses represent over 60,000 Maine employees. To find out how you can become a partner in our program, please visit [alfondscholarshipfoundation.org/business-partners](http://alfondscholarshipfoundation.org/business-partners) or give the program’s outstanding CEO, Colleen Quint, a call at (207) 347-8638.

We also want to thank our friends at the [John T. Gorman Foundation](http://JohnT.GormanFoundation.org) and the [Mott Foundation](http://MottFoundation.org) for supporting research on the intersections between savings behaviors and educational aspirations and outcomes. This research will inform the creation and delivery of interim programming so we do *not* leave to chance the program’s long-term impact.

Finally, a word about our operational partners at ASF, FAME, and Merrill Lynch. Since its launch in 2008, the Harold Alfond College Challenge has become the gold standard nationally in education savings programs. As Maine goes, so goes the nation. There is a reason for this recognition. Here at the Foundation, we write the checks. But, every day, the hard work is done by ASF CEO Colleen Quint; Bruce Wagner and his team at FAME; the ASF Board of Directors, chaired by Steve Akin; and the investment professionals with Merrill Lynch. At the Harold Alfond Foundation, we are as proud of our nationally recognized program as we are deeply grateful to the people who run the show for the benefit of Maine children and their families. Thank you.

## Waterville Economic Revitalization

Waterville was the long-time home of Harold Alfond and his family. During those days, Waterville was a thriving manufacturing town with a bustling Main Street. Then came disruptive change brought on by technology and economic competition spanning the globe. And, like so many small towns and cities across America, the once-thriving Waterville fell on hard economic times.

During their lifetimes, Bibby and Harold Alfond helped support the town and its great institutions from Colby College to the Alfond Youth Center, from Thomas College to the Maine Children's Home, and from the Temple Beth El to the Waterville Opera House. In 2016, with this historic legacy of giving and reversing the economic downturn in mind, the Foundation stepped up its support of town institutions by making strategic grants to Waterville organizations exhibiting strong leadership and dedication to collaboration. These grants encompassed four key initiatives.

- First, the Foundation helped found and continues to support **Waterville Creates!**, a collaborative consortium of multiple community arts, creative, and cultural institutions. Foundation grant commitments to Waterville Creates! and its "anchor" partners total nearly \$3.7 million. This figure includes over \$2.1 million in new funds committed in 2016 to help the organization and its partners reach the next level. We are hugely grateful to Larry Sterrs, the organization's Chairman, for his invaluable leadership, and to Shannon Haines for recently accepting the CEO role and hitting the ground running. In Waterville, teamwork and the arts are becoming synonymous.
- Second, in keeping with our interest in education grants benefitting the regional economy, the Foundation is partnering with **Colby College** as it leads a Waterville downtown development effort. Specifically, Colby and the Foundation have created a \$20 million "Downtown Development Fund" to support downtown improvement projects, including a new 200-student apartment complex, a 42-room boutique hotel, and office and retail spaces. In addition to this Fund, we have reserved and are ready to deploy still additional dollars should they be necessary. These and other projects will bring new vibrancy to Main Street and beyond.



- Third, the Foundation is helping to ensure that CGI, the major STEM employer referenced earlier, will succeed in its efforts to create 200 jobs or more on Waterville's Main Street.<sup>4</sup> We have directed grant funds to both **Thomas College** and the **Waterville Development Corporation** to help this effort, primarily through the creation of workforce training programs to assure CGI has access to the workers it needs to build out its Waterville expansion.
- And, fourth, we furthered our partnership with Thomas College to help launch an Institute for Business Innovation. The Institute has as its primary goal the development of programs to meet the labor needs of Central Maine businesses, to help guide and mentor existing businesses that look to grow, and to encourage and foster the start-up of new businesses.

The projects described above are generating tremendous energy in the town, and we want to extend special thanks to Colby President David Greene and his team for their leadership, as well to the countless other community leaders, residents, and investors who are contributing their own time and resources. Harold Alfond liked to say, "Don't tell me, show me." Well, showing there is in Waterville these days, and we are confident that this is just the beginning.

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

In addition to the dollars allocated to the Alfond Leaders Student Debt Reduction Program, the College Challenge, and Waterville Economic Revitalization, we fund projects in three broad areas of giving: Education, Health Care, and Youth Development. Below, we offer commentary on select grant projects we funded in 2016 within these three areas.

#### ***Education***

Education grants continue to be the Foundation's bread and butter. In 2016 funding for Education accounted for 59% of all grantmaking.<sup>5</sup> Our Education grants are informed by the pressing challenges and realities facing higher education. By now, these have become all too familiar:

- Not enough of our citizens are receiving the benefit of higher education to meet our state's workforce needs;
- Our higher education institutions are pressured by competition, cost and operational inefficiencies, and outdated programs;
- There is inadequate alignment between higher education and employers; and,
- Technological innovation is disrupting the higher education industry.

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<sup>4</sup> Last year's Grant Report describes the Waterville expansion of Collaborative Consulting. In the months since our 2015 report's publication, Collaborative was acquired by CGI, which maintains the goal of creating 200+ jobs on Main Street.

<sup>5</sup> In this case, the 59% for Education excludes funding in support of the Harold Alfond College Challenge and Waterville Economic Development efforts.

Just to name a few.

Our grants recognize and seek to address these challenges and realities. By doing so, we strive to achieve the highest returns on our philanthropic dollar. Here is a sampling.

- In 2016 the Foundation furthered our support of the **University of Maine System** across three initiatives.
  - *UMaine Research, Development and Engineering*. Consistent with our interest in doubling down on existing grant areas when possible, we approved a \$100,000 grant to help improve the commercialization activities of the University of Maine and the broader UMaine System. Our grant is enabling the University to assess and better understand the current intellectual property assets of the System, prioritize among those assets with the greatest commercial feasibility, and explore a structure on which to leverage commercialization into the future. The grant builds upon our \$3,900,000 award, announced in 2015, in support of the University's Advanced Structures and Composites Center (ASCC), led by Dr. Habib Dagher.

While these grants enable us to support the University as a center of excellence for engineering, the impact is far broader. The ASCC, for example, has employed and trained nearly 2,000 UMaine undergraduate and graduate students, has conducted research and development efforts for over 100 private companies and on over 125 projects with a total value of \$60 million, and has spun-out 12 private companies. What a track record!

- *Maine Center for Graduate and Professional Education*. We continue to work closely with the University of Maine System to identify incentives that help unify Maine's public universities and their academic programs, fostering collaboration across the System's campuses. We believe that, in a state of only 1.3 million people, these types of academic collaborations among universities, and with the State's legal, business, and policy communities, are critically necessary to better serve our state and grow our economy—especially in this day and age of Internet communications and distance learning. We want to promote efficiency and excellence in the UMaine System by bringing people, resources, and programs together.

Toward this goal, the Foundation originated and has incrementally supported the vision and creation of the Maine Center for Graduate and Professional Studies (the "Maine Center"). Considered a "transformative concept" by an internationally-renowned education consulting firm, The Parthenon Group, the Maine Center seeks to strengthen and transform graduate and professional education by offering a high-quality graduate business program in collaboration with both the Maine School of Law and the Muskie School of Public Service. The Maine Center seeks to become the first University-level program in the country to integrate business, law, and public service graduate education programs under one roof.

There are four key operational components of the Maine Center plan:

- 1) The MBA programs at the University of Maine and University of Southern Maine will merge into a single, high-quality program that will better serve students and the State of Maine—and attract students and entrepreneurs from outside of Maine to the state;
- 2) Students of the Maine Center will have the advantage of cross-disciplinary skills and knowledge in business, law, and public policy;
- 3) The Maine Center will be based in Maine’s economic hub of Portland, but will have statewide reach through online technology and digitally connected “smart classrooms”; and,
- 4) The Maine Center, fully realized, will promote close working partnerships with Maine’s business, legal, and public service communities, ensuring students have a direct pathway to professional opportunities in Maine and that employers can readily access high-quality talent.

The goals of the Center are admittedly ambitious. Mergers are never easy, especially in academia. But the Maine Center has always been about more than a merger. It is about encouraging innovation in one area of public education to catalyze broader transformation across the entire UMaine System. It is about setting an example of how, in a state with limited resources, we can band together to create something truly unique, of the very highest-quality, and that best serves the people of Maine.

With this project, Aristotle’s prescient words are never far from our minds. This has certainly been “no easy matter.” We are inspired by the transformative nature of the Maine Center vision, and by the tireless work undertaken by faculty and administrators alike, from Orono to Portland, to achieve it. Any future funding will be paid in installments, with each installment requiring the achievement of milestones that we believe are necessary for the project’s success. Stay tuned.

- [UMaine Athletics](#). Let’s shift now to our third grant area within the University of Maine System. In 2016 we approved a \$1.5 million award to support UMaine Athletics. The award established the “[Alfond Fund](#),” a centralized fundraising structure designed to help significantly increase fundraising for all UMaine sports programs through an enhanced, more streamlined giving program. The Foundation’s grant also continues the Foundation’s direct support for [Maine Football](#).

Our grant in support of UMaine Athletics further the historical giving legacy of Harold Alfond, an avid fan of the Black Bears. But it also recognizes that the state’s only Division I college sports program—with 400 current student-athletes and 18,000 student-athlete alumni worldwide—is of great educational and economic

value to Maine's flagship university and to our state. At last count, 4,500 Maine citizens were UMaine season ticket holders!

- **Thomas College** is Central Maine'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. The Foundation has now invested just under \$12 million in the College. We could not be happier with how Thomas has put these funds to work or the outcomes it has achieved, both on campus and regionally.

In 2016, we tripled-down on Thomas by awarding additional grant funds to launch an Institute for Business Innovation at the College. In this effort, Thomas is launching new academic and experiential offerings to directly meet the needs of area businesses. Key features will include a paid internship program, entrepreneurship programming, mentoring, and professional development courses.

- You may have noticed a theme running through much of this Education section: a focus on business education. Research tells us business students are critically needed by Maine's businesses. In fact, there are not enough MBA graduates to fill the jobs in Maine requiring an MBA degree. So, in addition to the support for the Maine Center and Thomas, we have recently announced a \$4 million grant to **Husson University** to help educate even more business professionals.

For over 100 years, Husson has provided high-quality business education to the people of Maine. Today, Husson's business school is our state's largest and fastest growing, with programs stretching from Presque Isle to York. Forty-percent of Husson students study business in a curriculum focused on experiential learning. Husson's strong working partnerships with major area employers ensure students enter the workforce job-ready. There is only one problem: Husson does not have a dedicated business school building. Our funds will change that by supporting construction of a state-of-the-art College of Business building, bringing together multiple business schools and programs under one roof, along with the Richard E. Dyke Center for Family Business.

- The Foundation's grants increasingly reflect the importance of community partnerships in higher education. Such partnerships provide valuable hands-on experience for students while more closely aligning the mission of higher education with the needs of the private sector. One example is our recent grant to **Downeast Institute for Applied Marine Research and Education**.

Set atop the rocky shores of Beals, Maine, the Institute is known for its groundbreaking shellfish research, engaging educational programs, and strong partnership with the University of Maine at Machias (UMM). UMM professor Dr. Brian Beal helped found the Institute and has been integral to its growth. We recently

announced a \$1.8 million grant to the Institute to support its expansion efforts and, specifically, to help construct a residence facility for students and visiting scientists.

We are thrilled to support any project with such promise and broad community support—especially when we are the *third* largest funder! So we want to thank the Next Generation Foundation for its generous gift, as well as the University of Maine System, with whom the Institute has partnered to receive state marine bond funding. The University of Maine System recently announced an effective merger of the University of Maine and University of Maine at Machias. Our grant was, in part, a tribute to this merger and we look forward to University of Maine students having more direct access to the cutting-edge research of the Institute (and the high-quality lodging soon to be available).

- Before we move on from marine research institutions with strong ties to education, the great work of **Bigelow Laboratory for Ocean Sciences** deserves high praise. While many of the world's top scientists already call Bigelow's East Boothbay campus home, many more will soon be able to visit. Bigelow has just completed the construction of a beautiful new residence center that, by providing housing to students and visiting scientists, will facilitate expanded research and educational programs. The Foundation awarded \$3.1 million to the project, but we were delighted to play second fiddle to another, larger donor who wishes to remain anonymous.

Even as we celebrate the continued success of Bigelow, we join the Bigelow community in mourning the loss of Dr. Graham Shimmiel, the organization's Executive Director. Dr. Shimmiel's tremendous leadership transformed the institution. Among his many achievements was development of Bigelow's \$32 million marine research and education campus. Dr. Shimmiel's strategic vision and steady guidance were instrumental in the Foundation's decision to award grant funds—not once, but twice. We will celebrate Dr. Shimmiel's legacy on May 12<sup>th</sup>, when we help cut the ribbon on the brand new residence center, to be named in his honor.

## *Health Care*

Health Care grant spending represented just 8% of grant spending in 2016, but the numbers do not fully illustrate the scope of our work in 2016 or what we have in store going forward.

Maine has one of the highest incidences of cancer in the country—with approximately 9,000 new cancer cases each year. With that in mind, we are continuing our investment in enhanced cancer care in our state. In 2016, the Foundation committed to two overlapping initiatives.

- First, we committed \$8.4 million to the **Jackson Laboratory**, one of Maine’s greatest assets, recognized worldwide for its important biomedical research. These funds have helped launch the “Maine Cancer Genomics Initiative,” which will provide personalized cancer care *at no cost* to 1,800 Maine residents with the most hard-to-treat cancers. The program is based at MaineGeneral Medical Center’s Harold Alfond Center for Cancer Care, and Jackson is working in partnership with clinical institutions and oncology practices statewide. The Initiative will offer patients a form of precision-based genomic cancer medicine only previously available at major cancer research hospitals in other states. And it will ensure that health care providers can knowledgeably connect their patients to the latest diagnostic methods and clinical guidelines and trials, based on the patient’s unique genetic profile.
  
- Second, we have agreed to commit \$10 million to the **MaineHealth** and **MaineGeneral Health** systems to establish the “MaineHealth Cancer Care Network.” The Network seeks to optimize cancer diagnosis and treatment, improve cost effectiveness, and provide the highest-quality care as close to the patient’s home as possible. Key elements include:
  - The hiring of new specialty oncology physicians to be shared throughout the hospital systems and their affiliates;
  - The hiring of “patient navigators,” social workers, and a “survivorship coordinator,” all of whom will help improve care coordination within the network for patients and their families;
  - Improved information technology linkages between MaineHealth and its affiliates, including MaineGeneral, and improved data analysis;
  - Enhanced coordination, access to, and participation in appropriate clinical trials; and,
  - Access to the Dana-Farber Cancer Institute and its clinicians for those Maine patients in need of highly-specialized care not available in Maine.

In the face of the wrenching challenges cancer poses for our state’s citizens, these projects seek to create the highest-quality system of patient-centered cancer care close to home. Harold Alfond believed in Maine and chose to have his own cancer care in our state. We want others to feel comfortable that, in making that same decision for themselves, they will be choosing the highest quality of treatment.

In addition to our investment in cancer care, we have recently announced a grant to support the education of nurses, who stand on the front lines of health care delivery. Nurses represent Maine’s largest health occupation and, as such, are indispensable to keeping all

Mainers healthy. Yet Maine has a shortage of nurses and higher education nursing programs are limiting enrollments because their laboratories and clinical training spaces are inadequate. They lack the funding to make improvements.

**Saint Joseph's College** is a leader in nursing education in Maine, producing some of the best nursing graduates in New England. In the face of resource challenges, it has moved proactively to create a **Center for Nursing Innovation**. The Center will encompass on-campus and online nursing education from bachelors to doctorate degrees. It will feature top-notch facilities, including the best in science and **SIM technologies**. We have **committed \$1.5 million** toward this effort and are confident that, given the institution's strong, entrepreneurial leadership, and the state's pressing nursing need, these dollars will be very well spent.

### ***Youth Development***

In 2016 the Foundation awarded over \$1.4 million in Youth Development grant funding (representing 4% of total giving). Of this figure, a significant portion was again directed to the **Alfond Youth Center** (AYC), the only combined YMCA and Boys and Girls Club in the nation.

The AYC support included funds for the renovation and conversion of the Purnell Little League Field into a scaled-replica of the famous Wrigley Field. "**Purnell-Wrigley**" (as it is now known) joins the AYC's *other* Major League Baseball-licensed replica field, "**Maine's Fenway**" at Camp Tracy. These fields, along with AYC's other athletic facilities, highlight the very best of the organization's mission to support the health and wellness needs of children and families and the organization's outstanding leadership, starting right at the top with Board Chair Dr. Meg Griffin, Past Chair Brent Burger, and CEO Ken Walsh. No one will ever accuse this team of setting the bar low. They envision nothing less than Waterville becoming *the* go-to destination for youth sports camps and tournaments.

Finally, in late 2016, the Foundation announced its commitment of a \$1.4 million matching challenge grant to the **Olympia Snowe Women's Leadership Institute**, where Senator Snowe has launched a program to help strengthen the confidence, raise the aspirations, and build the leadership skills of young women across Maine. Like many of our grants, this one comes with a catch: the Institute must match the grant award dollar-for-dollar. Considering that the Institute is the work of Senator Snowe (who, we might add, is the most successful electoral politician in Maine's history, with 14 wins and 0 losses), we might as well just write the check now!

### ***Looking to 2017 and Beyond***

As noted at the outset of this report, the Foundation expects to make grants approaching \$38 million in 2017. With stable financial markets, our funding outlays in future years may increase still more. We recognize this challenge a growing asset base creates for a grantmaker and are committed to meeting the challenge in a manner consistent with Harold Alfond's

historical pattern of giving and our preference for large scale projects generating transformative, enduring contributions to the State of Maine.

On the following pages, we summarize our 2016 grants and future grant commitments, both organized by area of giving.<sup>6</sup>

Sincerely,



Gregory W. Powell  
Chairman

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<sup>6</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 2016 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 – 2016 Grant Payments

<i>Area of Giving and Organization</i>	<i>Amount</i>
<b>Harold Alfond College Challenge</b>	
Alfond Scholarship Foundation	\$7,045,232
<b>Education</b>	
American University in Bulgaria	5,000
Bigelow Laboratory for Ocean Sciences	1,600,000
Colby College	12,100,000
Downeast Institute for Applied Marine Research & Education	1,809,000
Educare Central Maine	250,000
Jobs for Maine's Graduates	92,152
Kents Hill School	3,172,549
Lesley University	1,000,000
Maine Maritime Academy	639,743
Massachusetts Institute of Technology	25,000
Rollins College	1,000
Saint Joseph's College	500,000
Thomas College	1,012,898
University of Maine	800,000
University of Maine Foundation	350,000
University of Maine System	650,000
<b>Health Care</b>	
Belgrade Regional Health Center	15,000
Jackson Labs	2,860,000
Kennebec Valley Behavioral Health	2,000
Mount Desert Island Hospital	25,000
Spectrum Generations	1,200
Spring Harbor Hospital	75,000
<b>Youth Development</b>	
Alfond Youth Center	709,740
Aroostook Teen Leadership Camp	500
Children's Center Early Intervention and Family Support	5,000
Gulfshore Playhouse	5,000
Kennebec Valley YMCA	250,000
Maine Children's Home	415,000
Seeds of Peace	25,000
Susan Curtis Foundation	14,400
Tree Street Youth	1,650

**Other**

Belgrade Lakes Association	125,000
Belgrade Regional Conservation Association	25,000
Beth Israel Congregation	50,000
Boston Lyric Opera	12,500
Coastal Enterprises, Inc.	1,000
Friends of Acadia	1,000
Friends of Belgrade Lakes Village	30,000
Friends of the Maine State Museum	5,000
Friends of Quarry Road	142,500
Southeast New Hampshire Habitat for Humanity	1,000
Maine Center for Economic Policy	1,000
Maine Irish Heritage Center	5,000
Maine Jewish Museum	1,000
The Iris Network	5,000
The Pioneer Institute	15,000
U.S. Biathlon Association	275,837
United Way of Mid Maine	12,500
Waterville Development Corporation	200,000
Waterville Opera House	15,000
Waterville Creates!	409,180
<b><i>Total Foundation Funding</i></b>	<b>\$36,789,581</b>

## Harold Alfond Foundation – Outstanding Grant Commitments<sup>7</sup>

As of 12/31/16

<i>Area of Giving and Organization</i>	<i>Amount</i>
<b>Alfond Leaders Student Debt Reduction Program<sup>8</sup></b>	\$1,500,000
<b>Education</b>	
Bigelow Laboratory for Ocean Sciences	\$694,863
Carrabassett Valley Academy	750,000
Colby College <sup>9</sup>	16,000,000
Educare Central Maine	250,000
Good Will-Hinckley	2,750,000
Maine Maritime Academy	900,000
Mitchell Institute	1,000,000
Saint Joseph’s College	1,000,000
Thomas College	3,934,443
University of Maine	800,000
University of Maine Foundation	1,500,000
<b>Health Care<sup>10</sup></b>	
The Jackson Laboratory	5,550,000
<b>Youth Development</b>	
Alfond Youth Center	5,370,482
Olympia Snowe Women’s Leadership Institute	1,400,000
<b>Other</b>	
Friends of Belgrade Lakes	120,000
Waterville Creates!	2,224,983
Waterville Development Corporation	800,000
<b>Total Foundation Outstanding Commitments</b>	<b>\$54,429,771</b>

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<sup>7</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; or (2) the Foundation’s commitment to backstop MaineGeneral Medical Center’s “Debt Service Reserve Fund” in the amount of \$23 million.

<sup>8</sup> The Foundation utilized a charitable set-aside in 2015 for the first \$4,000,000 in support for the Alfond Leaders Student Debt Reduction Program. The total program outlay, over approximately 13 years, will be \$5,500,000. As such, the Outstanding Grant Commitments list notes the remaining \$1,500,000 to be allocated in the future.

<sup>9</sup> A considerable portion of the \$16,000,000 in grant funds payable to Colby College is earmarked for the Waterville Downtown Development efforts.

<sup>10</sup> The Foundation’s grant to MaineHealth and MaineGeneral for the Cancer Care Network, as described in the report, was not finalized as of 12/31/16.