



2013 Grant Report

April 1, 2014

Dear Friends of the Harold Alfond Foundation:

We are pleased to share this Grant Report summarizing the work of the Harold Alfond Foundation in 2013 and offering guidance on future grantmaking.¹ For updates throughout the year as well as additional information on the Foundation's work, please visit our website at www.haroldalfondfoundation.org.

Financial Data and 2013 Grant Funding

Net of all grant payments, the Foundation closed the 2013 calendar year with assets of \$727 million, up from approximately \$611 million a year earlier. The Foundation's 24.1% return in 2013 was helped by strong market winds in general and a 33% return on our favorite stock, Berkshire Hathaway, in particular. Berkshire remains a major holding of the Foundation, comprising nearly half of our assets.

Following two straight years of market outperformance, we are hopeful for a 'three-peat' in 2014. Hope is not an investment policy, however, and markets are beyond our predictive powers. So we are counting our blessings, keeping our heads down, and remaining disciplined in our investment process as we aim to prudently preserve and grow the Foundation's spending power over time for the benefit of charitable organizations.

As for spending, we paid out nearly \$28 million to 29 organizations in 2013. The \$28 million was awarded primarily in Maine and was highly concentrated on a small number of organizations. In fact, of the \$28 million paid out, \$25 million (90%) went to Maine organizations and \$26.7 million (96%) went to just seven organizations. Harold Alfond had a preference for supporting the Central Maine communities where he and his family lived and worked, and nearly three-quarters of our funding was directed to organizations in the Greater Waterville and Augusta areas.

Our 2013 grantmaking is representative of the Foundation's interest in making grants consistent with Harold Alfond's own legacy of giving and his wishes that we seek to address

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

Maine's needs and opportunities with large scale projects that have the potential for high returns on philanthropic investment.

The Foundation has now awarded nearly \$200 million since Harold Alford's passing in 2007. Over that same time frame, the Foundation's asset base has grown by over \$200 million, net of grant payments.

Future Commitments

The Foundation closed the 2013 calendar year with binding grant commitments—money payable to charitable institutions in future years—of about \$34 million, down from \$40 million and \$60 million over the previous two years, respectively.² We have cut our favorite form of “debt” in half since 2011 mainly by making sizeable grant payments to [MaineGeneral Health](#) for its [new hospital](#) in north Augusta and the [Kennebec Valley Community College](#) for its new campus in Hinckley. This spending toward existing, multi-year grant projects has not yet been offset by new grant commitments of comparable size and scope.

When we consider that the \$34 million in outstanding grant commitments roughly matches what we are required to spend this year, we know that it is time to fill the grant pipeline back up. New grant commitments are necessary, and big spending will follow.

Grantmaking Preferences

Looking ahead, some perspective may be helpful to charitable organizations seeking grants from the Foundation and to others who may be interested in the Foundation's thinking and future direction.

- First, the Foundation will continue supporting organizations whose missions are consistent with Mr. Alford's giving pattern and philanthropic history. Such grants will support capital construction as well as operations and programs. We expect a significant portion of these dollars will be directed to organizations in the Central Maine area. For organizations seeking such support, we recommend that you take a close look at the Grant Guidelines page of our website. Here we list a number of organizational attributes preferred by the Foundation.

The list includes our preference for “quality management and board leadership” within an organization. We love seeing nonprofits that are well run, with a committed and engaged board. On occasion and when appropriate, we look for opportunities to use our grantmaking to incentivize efforts that strengthen the leadership and management within organizations.

² The Foundation's \$34 million of unpaid grant commitments does not include the long term commitment to the [Harold Alford College Challenge](#) (commentary below) and collateral for [MaineGeneral Medical Center's](#) “Debt Service Reserve Fund” surety bond (see details in the 2011 and 2012 Grant Reports).

Relatedly, our board looks closely at the financial viability of organizations, and our grant application requires the submission of financial reports. We look for those reports to be clear and accurate, and for management to be able to discuss them when necessary. Our grant due diligence can include many questions—but we enjoy and learn much from the exchange with grant seekers, and value the opportunity to learn about their work.

- Second, given the Foundation’s large capital base and interest in high returns on our philanthropic dollar, we will continue to prefer large scale projects that have the potential to make a transformative impact on the people and economy of Maine. The areas of education and health care will continue to be of particularly high interest, especially as they demonstrate promise for enhancement of economic development, both statewide and in Central Maine communities. On this point, additional comment is in order.

In recent remarks to the Portland Regional Chamber of Commerce, I noted our concern for the state’s “education deficit”—that is, the gap between Maine’s educational attainment and our workforce needs. According to Georgetown University researcher and Maine native Dr. Anthony Carnevale, 60% of Maine jobs in the coming decade will require workers with some form of higher education; and yet, today, more than 60% of Maine residents have no higher education. This is a particularly important challenge when we consider the following realities:

- That we live in a world economy, more competitive than ever, where the skill and capabilities of our labor force are continually tested—and where the skill and education of our workforce will determine our future leadership in the world.
- That higher education in its traditional forms is unaffordable to too many of our citizens—yet we know ‘higher ed’ is no longer a luxury, it’s a necessity.
- That higher education is under financial strain and will need to change significantly as disruptive web-based technologies are emerging and evolving, testing the value proposition of the traditional four-year residential model; and,
- That, as described in the State of Maine Chamber of Commerce’s most recent *Making Maine Work* report, our state’s workforce has declined in number and skill level as our population has aged, birth rates have declined, and the inflow of skilled workers has been offset by the exodus of young people to more attractive employment markets.

To meet these challenges, we see opportunities to encourage change and enhance education and economic prosperity through philanthropy. Similar to our past support for the Maine Community College System and Good Will-Hinckley, we will continue to explore ways to support new, alternative pathways to and forms of higher education that are more affordable, better suited, and more attractive to the 60% of our population that has not benefited from higher education in the past. We will also seek to encourage closer, more beneficial collaborative relationships between educational institutions and the business sector—to help assure that the workforce needs of our economy are met. Similarly, we are keenly interested in efforts that are ongoing to make the State of Maine’s higher education system more efficient and integrated, with curricula more relevant to students and to employers. And we will continue to

support efforts to spur a cultural change in which Maine families increasingly understand the importance of higher education to their children's lives and to our state's future.

In short, we are giving major consideration to new, large scale initiatives that, both in the short and long term, capitalize on opportunities in education which promote economic opportunity and growth. So stay tuned.

In the meantime, we recently took a big step in this direction **by deciding to automatically award a \$500 grant for higher education to every Maine resident baby.**

Harold Alfond College Challenge

Since 2008, our Foundation, working with our grantee the **Alfond Scholarship Foundation** (ASF), has *offered* \$500 to every Maine resident baby through the **Harold Alfond College Challenge**. With this program, we and our partners have undertaken a long term effort to raise aspirations for and improve access to higher education for Maine's young people.³ The College Challenge program is a first in our nation's history; it is the only program in the country to have offered a college savings account to every child.

While our Foundation has funded the program and ASF has overseen its operations, this has very much been a team effort. And what a team we have! Our 'captain' is the **Finance Authority of Maine**, which administers the program by working closely with Bank of America's Merrill Lynch. Merrill Lynch manages the State of Maine's 529 **NextGen College Investing Plan**[®], where all our \$500 grants, and any additional contributions made by families, are invested. This team is complemented by the statewide promotional efforts of hospitals, pediatricians' offices, colleges, universities, businesses and charitable and educational organizations.

Our program has three concrete objectives: (1) to offer all Maine babies a \$500 investment grant to grow and be used for their higher education; (2) to use quarterly summaries for the accounts as a means of communicating, informing, and motivating families to prepare their children for success; and (3) to encourage college savings by families themselves early in their children's lives.

As we look back over the past five years, we see terrific progress has been made through the creativity, hard work, and commitment of our partners. Since 2008, 23,000 Maine children have received our \$500 grant—that's \$11.5 million. With market gain, the Alfond grants now total over \$15.6 million. To qualify for our grant, each of those 23,000 families have filled out an application and opened a NextGen 529 account before the child's first birthday. While no contributions from the families have been required, 30% of enrolled families have, in fact, made their own contributions to the accounts, for a total now valued at \$16.4 million.

³ Under the program, the definition of higher education is appropriately broad: it includes everything from a welding course at a community college certificate program to a Political Science course at an Ivy League institution.

Between our grants and the savings of families, \$32 million has been invested for the higher education of Maine children in five years' time.

Comparing the nearly 23,000 enrolled children to the annual state birth rates over this period, we have increased the percentage of college savings accounts for children in the 0-to-6 age bracket *10 times* over the national average for all children up to 18-years of age.

We have also made good progress on our educational messaging. Every quarter, the families of the 23,000 Maine babies receive our personalized account summaries. Our quarterly summary shows—in a manner designed to be much more attractive and engaging than your typical investment account statement—just how the investment account is doing. While the account summary draws the parents' attention to the money saved and its return, it also provides specially-crafted messages in one of several themes: Finances, Literacy, Science & Math, and Health. As the child ages, the educational messaging changes to stay relevant and age appropriate. As we move to paperless communications and Internet and web technologies become more far-reaching and interactive, we expect our 'message with the money' account summaries to provide a powerful communication platform with families.

While the program has seen much success and leads the nation in college savings, only 40% of families of eligible children have actually signed up and accepted our grant. This is not an enrollment rate that we have simply accepted without great effort. Rather, our team has worked tirelessly to increase participation using a variety of targeted marketing strategies designed to encourage families to sign up. But signing up has required parents to affirmatively act, or 'opt in', by filling out and submitting an SEC-regulated investment account application—inscrutable, if not intimidating, to even the most sophisticated person. We have also required families to act in the year following birth of their child, when life can be particularly demanding for families.

Each year, our targeted strategies helped raise the enrollment rate incrementally. But the efforts have come at increased marketing costs, leading us to ask whether we are making the best use of every dollar to accomplish our enrollment objectives.

As we promised in last year's Grant Report, we have given our enrollment challenges much consideration—and so have others. Researchers at Washington University in St. Louis have found that many of the families who have not participated in our program are very likely the families that would benefit most from it. These families likely have lower incomes, have not gone to college themselves, are unfamiliar with the investment world, and are not saving for their retirement let alone for their children's higher education. In still other research, there is compelling evidence that in low-income families the mere presence of a college savings account, regardless of amount or whether the family could afford to contribute, elevates the aspirations and outlook of parents for their children's future.

This research and common sense tell us that if we are to maximize the impact of our program and elevate the future prosperity of our citizens and the Maine economy, then the College Challenge program must reach all children.

When we launched this program five years ago, we asked, “Why not offer every Maine baby a \$500 college savings grant?” We now know that the question is not whether to *offer* such a grant, counting on parents to opt in, the question is:

“Why not simply *give* every Maine baby a \$500 college savings grant?”

In response, we and our partners worked long and hard to figure out how we can do just that, and on March 6th, the 100th birthday of Harold Alfond, we announced our solution: the College Challenge is ‘*opting out of opting in*’. Going forward, every baby born in Maine will ***automatically*** be given a \$500 college savings grant. Parents will no longer be required to accept our offer and ‘opt in’ to the program, though they will have the right to ‘opt out’. Our lead partner, FAME, will use state birth records and other publicly available data to trigger the set-up of new Alfond grants automatically, with no application needed from parents.

By going ‘Automatic’, the Foundation will more than double its financial outlay for the program. We expect to reach close to 12,000 Maine babies every year at a cost of \$6,000,000 dollars per year.

With our new Automatic strategy, the first two goals of our program are essentially accomplished, because every baby is automatically awarded \$500 and every family receives our quarterly messages to promote their child’s success.

But our third objective, to promote family savings, needs help and greater community engagement to progress. On that front, we are fortunate that many of our business and nonprofit partners have already stepped up to help and, looking forward, we expect to recruit more partners. There are numerous ways for our employer partners to help—many at little or no cost—by promoting college savings among their employees or constituents:

- Employers can help by encouraging employees to set up their own 529 college savings accounts, so they can save alongside our \$500 grant. (A key technical point is that, although we are automatically furnishing an Alfond grant to each child, parents will still need to open a 529 account to contribute their own savings.)
- Employers can help facilitate ongoing college savings of employees by having their HR departments or payroll companies set up automatic payroll deductions to the 529 college accounts of their employees.
- Employers can also help by offering financial incentives for their employees to set up 529 accounts and then contribute to them on a periodic basis. By way of example, this could

mean the company or organization offers to contribute to a 529 account when the employee opens it for his or her child.

To find out which option is best for you and your company, we hope you will give Colleen Quint a call at (207) 347-8638.

Colleen, the former head of the Mitchell Institute, assumed the role of President & CEO of the Alford Scholarship Foundation on January 1 and is off to a great start. We are lucky to have her skills and energy. But she knows she has some big shoes to fill. She succeeds Henry Bourgeois, who retired after an outstanding career in Maine education and after leading our program since its inception. Because of Henry's many contributions to the program, more Maine families than ever before are saving for higher education and more children will go to college. We are fortunate to have had such a respected and talented leader, and we thank him for capping his career with us. Thank you, Henry! And welcome to the helm, Colleen!

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

In addition to the dollars allocated to support the College Challenge (which represented 13% of total spending in 2013), we fund charitable institutions 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 Alford favored because it encouraged teamwork and enhanced the philanthropic return on investment.⁴

Below, we offer commentary on select grant funding within the three areas.

Education

Of our three areas of giving, Education has long been the Foundation's principal focus. That is unlikely to change any time soon. In 2013, funding for Education accounted for 41% of all grantmaking, not including the College Challenge. Five projects are worth special mention.

- For the second year in a row, our top Education grant recipient was the **Maine Community College System** (MCCS), which the Foundation has been assisting through a multi-year grant commitment. Our funding enabled the MCCS to purchase 13 buildings and 600 acres from Good Will-Hinckley, to be used to create a second campus for the Kennebec Valley Community College (KVCC). Additional dollars are being used to help make improvements and additions to the "Alford Campus". Construction of a new classroom and laboratory building broke ground last year, and the work is well underway. A long-range campus master plan has also been completed.

⁴ For a discussion on how we think about 'return on investment' in philanthropy, please see pages 2-3 in our 2012 report.

The Alford Campus of KVCC will enable the college to serve an additional 2,500 students, and to offer programs not previously available, such as those in the area of agriculture that will utilize the existing and recently-enhanced farm facilities on campus.

Like all of the state's community colleges, KVCC has a mission vitally important to its region. Its course programming is designed in partnership with businesses, to ensure that students are learning skills relevant to the workforce. If we are to expand the reach of higher education to the 60% of our population not having previously benefited from it, KVCC and its peers will lead the way.

Good Will-Hinckley, which sold the land to the Community College System, retained well over 1,000 acres and multiple buildings itself and is now thriving. Good Will used the real estate proceeds to launch Maine's first charter school, the Maine Academy of Natural Sciences. The school offers Maine high school students with a strong interest in the natural sciences a hands-on, project-based learning experience. The school serves nearly 70 students from across the state, many of whom were in need of a fresh start. It has a waiting list of additional 40 students. Good Will has also balanced its budget and eliminated its debt. And both KVCC and Good Will are finding that being neighbors creates a number of mutually-beneficial partnership opportunities.

- Not too far afield from KVCC—either geographically or in its economically-linked mission—is Thomas College, to which the Foundation has made a major commitment to help build an Academic Center. The project broke ground last fall, and construction is on schedule and on budget. We are big fans of Thomas's exemplary model in which it conspicuously links higher education with better employment opportunities by guaranteeing jobs for students.

One cannot help but be impressed by and caught up in the tremendous positive energy and development of the school. In last year's report, we recommended that you stop by the Thomas campus, just to get a sense of all that has been achieved. It might be time to take another trip! President Laurie Lachance is overseeing a cutting-edge operation, with new buildings under construction and new programs being developed in partnership with businesses ready to hire. We are particularly excited about the Academic Center, which, when completed later this year, will provide the college, long known and respected for its business education, with classroom and learning space befitting its growing reputation.

- In 2013, we also continued making payments toward our multi-year grant commitment with the University of New England (UNE), the bulk of which (\$7 million of the \$10 million committed) helped construct the Harold Alford Forum. The Forum is an athletic and student life center on UNE's Biddeford Campus that includes an ice arena, basketball gymnasium, classrooms, a café, and a fitness center.

The balance of our funding is supporting UNE's efforts to develop the highest quality inter-professional health care training program for its students. Such opportunities, we might add, benefit not only the UNE students receiving the training but also the health care institutions providing it. The future success of Maine's hospitals—and the quality of care for Maine's citizens—depends, in large part, on having a pipeline of top notch health care professionals. UNE just happens to be Maine's #1 health care educator.

- The 2013 year also marked **Colby College's** unveiling for all to see its expanded Museum of Art now housing Paula and Peter Lunder's world class gift of art. The Foundation provided funds to help build the wing housing the new Lunder Collection. Our grant support celebrated the unity of the Alford and Lunder family and, in particular, the long term business partnership of Harold Alford and Peter Lunder. It comes as no surprise that the significance of the Lunders' gift and the museum's expansion would garner such major positive attention: the Lunder Collection is one of the nation's largest and most important collections of American art ever given to a college or university. If you have not yet seen the expanded Museum and its Lunder Collection, we hope you will soon.
- The year also included the opening of the Alford Inn at **Rollins College** in Winter Park, Florida. The Alford Inn is an entrepreneurial and unique philanthropic project. The Inn is a boutique hotel and conference center, which is owned by Rollins College and managed on behalf of Rollins by Maine-based The Olympia Companies. All operating profits from the Inn are dedicated to funding scholarships for students.

The Foundation was interested in the Rollins project because we knew Harold Alford would have loved its entrepreneurial, business-driven model. We also knew it would help the College meet two important needs: (1) if successful, the Inn will generate profits enabling the College to increase its competitiveness for and attractiveness to high-quality students (who are more cost-sensitive than ever); and (2) the Inn will offer students and families, College trustees, and other friends of the school a high-quality and convenient place to stay when visiting campus.

An ancillary—but not insignificant—benefit is that the Inn also helps meet a pressing demand for lodging in Winter Park, which, while a popular cultural and retail destination in Central Florida, has previously lacked any large scale hotel to rival the abundance of options just across the town line in Orlando.

The Alford Inn features 112 hotel rooms and suites, 10,000 square feet of meeting space, an elevated pool and fitness center, a restaurant and bar, and an expansive courtyard and public spaces. And, thanks to additional support from Ted and Barbara Alford, the hotel also just happens to be a museum, with a 100-plus piece art collection chosen exclusively for the Inn. The Alford Collection of Contemporary Art is displayed throughout the public areas of the Inn, and has not been shown elsewhere.

When we combine the Inn's educational mission, its attractive physical design and location, and the outstanding art, we feel it's a one-of-a-kind project. Fortunately, customers have thus far agreed. It is still early, but business since the August opening has been brisk, far exceeding expectations, and the Inn has already received a 4-diamond rating from AAA. If you are traveling to Central Florida and looking to escape the theme park hustle and bustle, we hope you will spend a night or more at the Inn! You can tell them we sent you. (But please do not expect a discount on your room rate because, remember, all profits fund scholarships!)

I want to close this section with a mention of another education project we have cued up for 2014. The Foundation has added a commitment of \$600,000 to **Jobs for Maine's Graduates**, an organization whose programs are much needed in Maine and whose track record of keeping kids in school and steering them toward success is outstanding. In making this grant commitment, we knew a high return on our philanthropic investment would be achieved by JMG. The money will support the organization's expansion statewide and in the communities of Dexter and Fairfield in particular. In keeping with our grant preferences, leadership at JMG is exemplary. With Craig Larrabee as CEO, it is no wonder that Maine's 'Jobs for Graduates' program leads the nation!

Health Care

In 2013, Health Care funding represented nearly 44% of the Foundation grant making. Nearly all of this was paid to **MaineGeneral Medical Center**, related to the construction of its \$312 million new regional hospital in North Augusta. It was a huge year for MaineGeneral, which had a grand opening in November that was—to put it mildly—no small feat. After two years of planning and construction, the hospitals and staffs in Augusta and Waterville had to be moved to one shiny-new facility, adjacent to the Harold Alfond Center for Cancer Care—and *this needed to be accomplished in a single day!*

MaineGeneral was fully aware of the significant risks that came with moving and merging these hospital operations, and the MaineGeneral team prepared for the day with extraordinary professionalism and dedication. And, as we watched the process, it was also not lost on us that MaineGeneral employees had been working extra hard in preparation for the move and, given limited hospital resources, were overdue for a financial 'thank you'. With these factors in mind, we chose to incentivize MaineGeneral by announcing—at the public dedication before an audience that included over 1,000 employees—that holiday bonuses would be paid to each and every employee upon the successful completion of the move. In the days ahead, MaineGeneral employees pulled out all the stops and executed the move flawlessly. It did not surprise us in the least! And we are happy to report that the Foundation made good on our promise, paying out \$2,000,000 in grant funds to cover bonuses for 4,041 employees. Full-time employees received \$500 and part-time employees received \$250.

Following the completion of the Alford Center for Health, MaineGeneral wasted no time in turning its attention to the \$16 million renovation of the Thayer Center for Health in Waterville. When that work is completed in October, Thayer will be the largest outpatient hospital in the state.

Our \$35 million financial commitment to MaineGeneral for these projects is winding down⁵ but we remain closely engaged as the hospital navigates a difficult economic environment and seeks to meet the health care needs of the people of Central Maine and Kennebec Valley.

It is still too early to know how the new hospital will fare financially, but preliminary indications are that it is being very well received by the residents of Central Maine.

Youth Development

Given the Foundation's extensive financial commitments to projects in our other areas of giving, Youth Development funding in 2013 was limited. But as we hinted would be the case a year ago, that will *not* be the case going forward.

In June of last year, the Foundation awarded a major grant to the **Alford Youth Center**, the only combined Boys and Girls Club and YMCA in the nation. While the details will be shared at a later time, we can share now that our funds will be paid out over the next decade, primarily for capital and maintenance needs. Importantly, our funding is contingent on (a) the AYC meeting pre-determined goals in a variety of organizational areas and (b) the community continuing and growing its support of the AYC year after year.

We want to note that a ten-year grant commitment is rare for us (and we would probably not recommend it for other foundations!). But, in this case, the grant structure aligns closely with the AYC's own long term strategic planning and goals. Like most community-based organizations, the AYC continues to face significant economic and financial challenges. Yet it faces these challenges head-on, with executive leadership that is proactive and energetic and a board of directors that is reinvigorated and committed to the long term success of the organization. We are enormously proud of what the AYC has accomplished, and look forward to ensuring that its mission to serve Waterville area children and their families will continue far into the future.

⁵ In addition to the \$35 million, and when the project received regulatory approval in 2011 and advanced to finalizing the debt financing plan, the Foundation made a program-related investment, or "PRI," to MaineGeneral in the amount of \$23 million, bringing our total support to \$58 million. Under the PRI, we agreed to backstop the hospital's "debt service reserve fund" by setting aside \$23 million worth of Berkshire Hathaway stock in an account collateralizing a surety bond issued by Berkshire Hathaway Assurance Corp. If MaineGeneral is ever unable to meet its debt obligations, our assets will be tapped. We outlined the specifics of the transaction and the extent of the Foundation's liability on pages 7 and 8 of the 2012 grant report. Since we last reported, our collateral not only remains secure, but with the run up in value of the Berkshire Hathaway stock pledged as collateral for the surety bond, we have been actually able to pull shares out of the collateral account without disrupting our backstop agreement.

Other Grant Funding

While the Foundation is committed to supporting organizations whose primary missions fall within our three areas of giving, we occasionally support projects and organizations with blended or varying missions that have a connection to Mr. Alford's past interests and philanthropy. This funding typically represents just a fraction of our total support, but the results achieved are often tangible and far-reaching for a community. Past examples include the renovations at the Waterville Opera House and Waterville Public Library. The example we want to highlight this year is our support for the Maine Film Center.

Many know the Maine Film Center as the organization behind the hugely successful Maine International Film Festival, held every summer in Waterville. The Maine Film Center's operating structure has been to celebrate and show films at limited times and in space borrowed or leased from other entities. While the arrangement made great sense for many years, it has more recently limited the organization's ability to be flexible and opportunistic in achieving its mission. In late 2012, the Foundation became aware of an opportunity to help the Maine Film Center purchase the Waterville-located Railroad Square Cinema, which has a 30-plus year reputation as one of the state's premier art house cinemas and was one of the original 12 art houses in the country to be honored by the Sundance Institution in 2006. Working with Colby College and other funders, the Foundation awarded the Maine Film Center a grant to acquire the Cinema, make technological upgrades, and help re-brand the facility as Maine's top independent film resource. Renovations to the Cinema will be wrapping up soon.

The Foundation's support of the Main Film Center and of other Waterville area arts and culture organizations, such as the Waterville Opera House and the Colby Museum of Art, offer a number of benefits beyond the strengthening of the individual institutions. Taken as a whole, this support builds upon Waterville's rich cultural assets to promote the attractiveness and quality of life of the City. Encouraging closer partnership among these Downtown arts and cultural organizations can have a direct economic impact on the City through increased tourism and employment. We continue to explore opportunities to support the creative economy of Waterville, and have also turned our attention outward in a search for philanthropic investments that will bolster the City's economic landscape more broadly. We look forward to providing future updates on this front.

Looking to 2014 and Beyond

In 2014, the Foundation expects to make grants approaching \$33 million, an amount considerably higher than our spending in 2013. With stable financial markets, our funding will increase each year thereafter. We know we have a lot of work to do, but our sleeves are rolled up for the heavy lifting ahead.

Fortunately, we have added another set of hands. We are delighted to announce that David Flanagan, the former CEO and Director of Central Maine Power, and of Preservation Management, has joined our board. David brings a wealth of private, government, and higher

education experience, including running CMP, working as General Counsel of the U.S. Senate Homeland Security Committee investigation of Hurricane Katrina, and chairing the University of Maine System board. I invite you to read more about David on the [Governance](#) page of our website. Suffice it to say, we are grateful to have David on our team.

In 2013, Bob Marden retired from our board. Bob was a long time friend and counselor to Harold Alford, and had been selected personally by him to serve as a trustee. We celebrated Bob's board service at a November event while dedicating the Foundation's support for the 2011 Opera House renovation and expansion in his honor. You can read our tribute to Bob by clicking [here](#). We are grateful for his many contributions to our work.

On the following pages, you will find lists of our 2013 grants and future grant commitments, both organized by area of giving.⁶

Sincerely,



Gregory W. Powell
Chairman

⁶ 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 2012 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 – 2013 Grant Payments

<i>Area of Giving and Organization</i>	<i>Amount</i>
Harold Alfond College Challenge	
Alfond Scholarship Foundation	\$3,491,757.49
Education	
Bowdoin College	2,000.00
Colby College	1,660,000.00
Educare Central Maine	2,000.00
Kents Hill School	389,258.52
Maine Community College System	3,334,893.30
Rollins College	2,615,000.00
Thomas College	1,264,339.46
University of Maine Foundation	25,963.00
University of New England	2,000,415.40
Health Care	
Kennebec Behavioral Health	2,000.00
MaineGeneral Medical Center	12,334,605.14
Spectrum Generations	1,200.00
Youth Development	
Alfond Youth Center	130,150.00
Aroostook Teen Leadership Camp	500.00
Griffin Center	2,000.00
Maine Children's Home	15,000.00
National Football Foundation - Coach Mac Fund	250,000.00
Susan Curtis Foundation - Camp Susan Curtis	14,700.00
Other	
Boston Lyric Opera	15,000.00
Boston Symphony Orchestra	15,000.00
Coastal Enterprises, Inc.	1,000.00
Friends of the Maine State Museum	2,000.00
The Jackson Laboratory	2,000.00
Maine Center for Creativity	2,000.00
Maine Film Center	150,000.00
The Pioneer Institute	5,000.00
USA Biathlon Committee	20,000.00
Waterville Opera House	129,590.00
Total Foundation Funding	\$27,877,372

Harold Alfond Foundation – Outstanding Grant Commitments*

As of 12/31/13

<i>Area of Giving and Organization</i>	<i>Amount</i>
Education	
Educare Central Maine	\$284,715
Jobs for Maine’s Graduates	600,000
Maine Community College System	3,015,107.
Maine Maritime Academy	3,400,000
Rollins College	5,000,000
Thomas College	3,485,661
University of Maine	2,000,000
University of Maine Foundation	250,000
University of New England	2,199,585
Health Care	
MaineGeneral Medical Center	\$4,552,188
Spring Harbor Hospital	300,000
Youth Development	
Alfond Youth Center	\$8,369,349
Other	
Belgrade Lakes Association	\$150,000
Belgrade Regional Conservation Alliance	25,000
Waterville Opera House	125,410
Total Foundation Outstanding Commitments	\$33,757,014

** This list does not include (1) the Foundation’s commitment to the Harold Alfond College Challenge, estimated to be at least \$6 to \$7 million per year; and (2) the Foundation’s commitment to backstop MaineGeneral Medical Center’s “Debt Service Reserve Fund” in the amount of \$23 million.*