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THE CHAIRMAN'S REPORT

2013 was another productive year for the Foundation. We are very fortunate to have more than 80 volunteers that assure that our programs and processes are implemented in a timely and effective manner.

Some key events in 2013 were:

- The Strategic plan was approved by the Executive Committee and the Board of Directors.
- The Updated bylaws were approved by the Executive Committee and the Board of Directors – new bylaws have been printed and are available through the Foundation office.
- The plan for reducing scholarship spend was implemented and is on track. This change will allow us to maintain student quality and numbers, while bringing scholarship spend in line with our 4.75% spend guidelines. For the past three years the Executive Committee and Board has elected to overspend (from unrestricted funds) to reinvigorate our program and meet the strong hiring needs of our industry. A slight trend down in scholarship applicants in December 2013 is of concern; however, our Scholarship and Educational Relations committee will develop a plan to take corrective action.
- The change in investment advisor was implemented. Investments did well in 2013 with \$3.01 MM in gains.
- Paper Days 2013 was a great success with more than 360 people in attendance. The keynote was delivered by Senator Angus King, the nano cellulose generator ribbon cutting was held, and the 25th year of the Process development Center was celebrated.
- A \$2MM scholarship campaign was initiated.
- Consider Engineering again had a record applicant number of 187 with 103 attendees.
- Contributions in all categories were the best since 2007. Company membership, individual membership, and endowed gifts all increased. Thanks to all company members who increased their annual contributions by 20% over the past two years as requested by the membership committee.
- A significant effort by the search committee to identify and hire a new Executive Director (President) was successful with the naming of Carrie Enos as the New President of the Foundation in December of 2013.

With the completion and approval of an updated strategic plan and new bylaws, in addition to hiring a new president, we are well positioned for continued success.

Chair of the Board
John Wolanski

Chair of the Executive Committee
John A. Donahue

NOMINATING COMMITTEE

Officers for 2013-2014

Chair of the Board	John Wolanski	Vice President of Marketing & Sales GAC Chemical Corporation
Chair of the Executive Committee	John A. Donahue	Vice President Manufacturing Sappi Fine Paper North America
Vice President	Donna Cassese	Managing Director, Westbrook Mill Sappi Fine Paper North America
Vice President	Mark S. Cross	Principal Naxos Consulting Group
Vice President	Jeffrey Hamilton	Mill Manager, Wisconsin Rapids Mill NewPage Corporation
Vice President	Raymond J. Heuchling	President Heuchling Group, Inc.
Vice President	Morgan Hill	Pulp & Paper Scholarship Recipient
Vice President	Theodore D. Kennedy	Director New Product Commercialization & Trial Mgmt. Georgia-Pacific Corporation
Vice President	Marco L'Italien	Mill Manager Lincoln Paper & Tissue, LLC
Vice President	Craig Martin	North American Sales Director Styron, LLC
Vice President	Greg Radney	Director Northern & Western Regions Metso Automation USA Inc.
Vice President	Dustin Sleight	Pulp & Paper Scholarship Recipient
Secretary	Dennis Castonguay	Manufacturing Support Manager Verso Paper
Treasurer	David M. Colter	President GAC Chemical Corporation
President Assistant Secretary Assistant Treasurer	Carrie D. Enos	University of Maine Pulp & Paper Foundation
Ex-Officio	Barbara Kerr Hamilton	Senior Consultant Industrial Energy Emerson Process Management
Counsel	Theodore S. Curtis, Jr.	Curtis Law Firm, LLC

Directors at Large**2012-2015**

Richard Arnold	President Old Town Fuel & Fiber
Marco L'Italien	Mill Manager Lincoln Paper & Tissue, LLC
Jeffrey Lancaster	Senior Process Engineer AMEC
Mark Wescott	General Manager North America Ashland Hercules Water Technology
Vaughn Wildfong	Vice President PaperChine

2013-2016

Bruce Baker	Corporate Account Manager ABB, Inc.
Brad G. Bingham	District Sales Manager - Northeast SCA North America
Keith Meyer	Senior Vice President Andritz, Inc.
Tony Newman	Plant Manager Cascades Auburn Fiber
Jim Prendergast	NA Paper Segment Lead DuPont Titanium Technologies

2014-2017

William S. Butterfield	Executive Vice President & Chief Tech. Officer Xerium Technologies Inc.
John Desjardins	New England Sales Manager Buckman
Peter W. Hart	Dir. Pulping, Bleaching & Chemical Proc. Tech. MeadWestvaco
Michael A. Laverdiere	Director, Manufacturing Support Verso Paper
John O. Milliken	Product Manager, Filters GL & V

Standing Committee Chairs

Board of Directors	John Wolanski (2013-2015)	Vice President of Marketing & Sales GAC Chemical Corporation
Executive	John Donahue (2013-2015)	Vice President Manufacturing Sappi Fine Paper North America
Audit	William F. Igoe, Jr. (2012-2015)	
Fundraising	Keith A. Meyer (2012-2015)	Senior Vice President Andritz
Honor Award	Donald F. Beaumont (2013-2016)	Senior Vice President Valmet
Investment	Thomas LaHaise, III (2014-2017)	Portfolio Manager Morgan Stanley
Membership	Jef Howell (2012-2015)	Purchasing Manager Verso Paper
Nominating	Donald F. Beaumont (2012-2015)	Senior Vice President Valmet, Inc.
Public Relations	Louis J. Boos (2012-2015)	President Nordic Engineering
	Albert B. Moore (2012-2015)	Retired Buckman
Scholarship/ Educational Relations	Lee A. Marshall (2013-2016)	Technical Manager Sappi Fine Paper North America
University/ Industrial Support	Jeffrey Hamilton (2012-2015)	Mill Manager, Wisconsin Rapids Mill NewPage Corporation

Ex Officio Directors

Norman L. Fournier	Trustee The University of Maine System
Paul W. Ferguson	President The University of Maine
Dana N. Humphrey	Dean College of Engineering The University of Maine
Hemant P. Pendse	Chair Chemical & Biological Engineering The University of Maine



Jack Healy, Foundation President Ex Officio, welcomes the Pulp & Paper Foundation's new President, Carrie Enos to the office.

INVESTMENT MANAGEMENT COMMITTEE

The Investment Management Committee invests all funds available for investment to earn a total return that provides for both current income and long-term appreciation. As with other scholarship endowment trustees we have a duty to provide similar benefits to current and future beneficiaries. To that end our spending policy has been set at 4.75% of a three-year average of our investment's value.

In an effort to reduce the volatility of our investments, and to increase our total return, our investments are spread over several asset classes, which are not historically closely correlated. Our funds include bonds, equities, and a small proportion (~5%) of illiquid assets as private capital funds. Our funds were managed by the Commonfund until January 1, 2013, and all liquid funds at Commonfund were transferred from Commonfund to Vanguard on January 2, 2013. Vanguard rebalances our portfolio per parameters established by our committee as.

During 2013, our committee met in May and November.

The Foundation's 2013 return from investments with Vanguard was 17.67%, vs. a benchmark of 14.62%.

Our current illiquid assets will remain with Commonfund as those investments are encumbered by long-term commitments. Our real estate investments are down to \$2,233, with a total of \$443,914 being returned on a total investment of \$1,450,000 for a net loss of \$1,006,086. We all look forward to the Commonfund Real Estate fund's final closure. Several other long term investments with Commonfund are drawing to a close.

We are confident that our investments with both Vanguard and Commonfund will benefit current and future beneficiaries.

Ralph C. Keef, Chair

Distribution of Funds in the Custody of the Investment Management Committee 2013

Market Value	As of 31-Dec 2012	(%)	As of 31-Dec 2013	(%)
Multi Strategy Bond Fund	\$6,489,726	34.1%	\$0	0.0%
Multi Strategy Equity Fund	\$11,328,843	59.6%	\$0	0.0%
Vanguard Endowed	\$180,000	0.9%	\$20,158,349	95.2%
Total Liquid Assets	\$17,998,569	94.6%	\$20,158,349	95.2%
Private Equity III	\$13,194	0.1%	\$9,208	0.0%
Realty Investors LLC*	\$105,384	0.6%	\$2,233	0.0%
Capital Partners 1999	\$49,469	0.3%	\$35,115	0.2%
Energy Partners III	\$59,732	0.3%	\$52,518	0.2%
Capital Partners IV	\$767,759	4.0%	\$873,261	4.1%
Venture Partners III	\$10,706	0.1%	\$290	0.0%
Capital Partners V	\$15,215	0.1%	\$40,202	0.2%
Total Non-Liquid Assets	\$1,021,459	5.4%	\$1,012,827	4.8%
Total Invested Assets	\$19,020,028	100.0%	\$21,171,176	100.0%

* 06/30/12 and 6/30/13 valuation

Performance of Commonfund in 2013 (As Reported by Commonfund as of 12/31/13)

Fund	1 Year	3 Year	5 Year	10 yr
Multi Strategy Equity Fund**	30.14	12.87	17.13	7.96
Benchmark S&P 500	32.39	16.18	19.94	7.41
Multi Strategy Bond Fund**	0.26	4.99	8.01	5.63
Benchmark Barclays Capital Bond Index	-2.02	3.26	4.44	4.55
Capital Partners 1999	15.24	13.85	9.48	12.92
Capital Partners IV	15.84	13.86	5.01	n/a
Energy Partners III	21.53	19.32	9.05	24.70
Private Equity Partners III	12.41	6.11	2.26	9.43
Venture Partners III	-26.66	-5.09	-3.62	10.47
Realty Investors LLC*	n/a	n/a	n/a	n/a
Capital Partners V	-10.43	n/a	n/a	n/a

Note: Private capital lags the equity market by 3-6 months.

* Realty investor LLC in process of liquidation - no data available

Performance of the Pulp and Paper Foundation investments in 2012 (Vanguard only)

	1 Year	3 Year	5 Year	10 year
Pulp and Paper Foundation Total Return (net of fees)***	17.67			
Benchmark	14.62			

** note - UMPPF exited these funds ion 12/31/12 - for information purposes only

*** this investment portfolio began on 1/2/13, therefore no historical data

TREASURER'S REPORT

The financial results of the Foundation for 2013 produced an increase in net assets as a result of strong investment performance that was offset slightly by an operations deficit for the year.

Key areas to note for the year are detailed below.

- The Statement of Financial position shows the increase in our investments from approximately \$19,020,000 at 12/31/12 to approximately \$21,171,000 at 12/31/13. The increase was primarily due to investment gains.

- Membership revenue experienced an increase for the second straight year, 16% over 2012 revenue. While results were short of the budget, it is encouraging to experience another year of growth.

- Investment Income was slightly lower than 2012 results. This amount was historically calculated utilizing 5% of the rolling 3 year average based on investment balances as of September 30. The 5% rule was reduced to 4.75%. This was necessary to decrease cash flow out of our investments coupled with a modification to our scholarship funding policy. For more information, please see the reports of the Investment Management Committee as well as the Scholarship/Educational Relations Committee.

- Based on the new scholarship funding policy, scholarships awarded for the year totaled \$676,000. This amount was under budget and less than the prior year by \$80,000.

- Total University Support expenses for the year were at levels consistent with our budget and the prior year.

- Foundation Operation expenditures experienced a significant increase over 2012 due to the addition of a Development (fundraising) position. Expenditures for the year were less than budgeted primarily due to the New President transition time pushing into the first quarter of 2014.

- Operating activities resulted in a loss for the year. However, the loss was less than budgeted and an improvement over the prior year.

- A complete audit report of financial activity for 2013 follows this report.

David Colter, Treasurer

**The University of Maine
Pulp and Paper Foundation**

Financial Report

December 31, 2013



Accessible
Approachable
Accountable

Independent Auditors' Report

To the Executive Committee and Board of Directors of
The University of Maine Pulp and Paper Foundation
Orono, Maine

We have audited the accompanying financial statements of The University of Maine Pulp and Paper Foundation, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University of Maine Pulp and Paper Foundation as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Executive Committee and Board of Directors of
The University of Maine Pulp and Paper Foundation

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Macpage LLC

South Portland, Maine
March 18, 2014

Statements of Financial Position

December 31,

	2013	2012
ASSETS		
Cash	\$ 132,766	\$ 70,495
Investment income receivable		109,739
Investments	21,171,176	19,020,028
Pledges receivable - other	75,000	
Pledges receivable - endowment	35,000	
Total Assets	\$ 21,413,942	\$ 19,200,262
NET ASSETS		
Unrestricted:		
Undesignated	\$ 4,173,556	\$ 3,944,445
Designated - Soderberg Research Fund	1,835,904	1,649,888
Total unrestricted	6,009,460	5,594,333
Temporarily restricted	4,303,107	2,669,579
Permanently restricted	11,101,375	10,936,350
Total Net Assets	\$ 21,413,942	\$ 19,200,262

The accompanying notes are an integral part of these financial statements.

Statements of Activities

Year Ended December 31, 2013
(with comparative totals for 2012)

	Undesignated	Unrestricted Soderberg Research Fund	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total 2012
Operating Support and Revenue:							
Contributions				\$ 97,500	\$ 165,025	\$ 262,525	\$ 73,991
Memberships	\$ 163,294		\$ 163,294			163,294	160,425
Investment income designated for operations	811,564	\$ 74,758	886,322			886,322	901,810
Other income, net	1,282		1,282			1,282	199
Total Operating Support and Revenue	976,140	74,758	1,050,898	97,500	165,025	1,313,423	1,136,425
Expenses:							
Program Services:							
Scholarships	670,143		670,143			670,143	741,478
University support	57,362	75,000	132,362			132,362	146,128
	727,505	75,000	802,505			802,505	887,606
Support Services:							
Foundation operations	315,274		315,274			315,274	295,144
Fundraising	104,652		104,652			104,652	40,247
Total Expenses	1,147,431	75,000	1,222,431			1,222,431	1,222,997
Change in Net Assets From Operations	(171,291)	(242)	(171,533)	97,500	165,025	90,992	(86,572)
Investment Income	595,505	261,016	856,521	2,152,489		3,009,010	2,154,745
Assets Released From Restriction	616,461		616,461	(616,461)			
Amounts Designated for Operations	(811,564)	(74,758)	(886,322)			(886,322)	(901,810)
Change in Net Assets	229,111	186,016	415,127	1,633,528	165,025	2,213,680	1,166,363
Net Assets, Beginning of Year	3,944,445	1,649,888	5,594,333	2,669,579	10,936,350	19,200,262	18,033,899
Net Assets, End of Year	\$ 4,173,556	\$ 1,835,904	\$ 6,009,460	\$ 4,303,107	\$ 11,101,375	\$ 21,413,942	\$ 19,200,262

The accompanying notes are an integral part of these financial statements.

Statement of Activities

Year Ended December 31, 2012

	Undesignated	Unrestricted Soderberg Research Fund	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Support and Revenue:						
Contributions					\$ 73,991	\$ 73,991
Memberships	\$ 160,425		\$ 160,425			160,425
Investment income designated for operations	827,912	\$ 73,898	901,810			901,810
Other income, net	199		199			199
Total Operating Support and Revenue	988,536	73,898	1,062,434		73,991	1,136,425
Expenses:						
Program Services:						
Scholarships	741,478		741,478			741,478
University support	72,230	73,898	146,128			146,128
	813,708	73,898	887,606			887,606
Support Services:						
Foundation operations	295,144		295,144			295,144
Fundraising	40,247		40,247			40,247
Total Expenses	1,149,099	73,898	1,222,997			1,222,997
Change in Net Assets From Operations	(160,563)		(160,563)		73,991	(86,572)
Investment Income	444,812	185,607	630,419	\$ 1,524,326		2,154,745
Assets Released From Restriction	624,912		624,912	(624,912)		
Amounts Designated for Operations	(827,912)	(73,898)	(901,810)			(901,810)
Change in Net Assets	81,249	111,709	192,958	899,414	73,991	1,166,363
Net Assets, Beginning of Year	3,863,196	1,538,179	5,401,375	1,770,165	10,862,359	18,033,899
Net Assets, End of Year	\$ 3,944,445	\$ 1,649,888	\$ 5,594,333	\$ 2,669,579	\$ 10,936,350	\$ 19,200,262

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years Ended December 31,

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 2,213,680	\$ 1,166,363
Adjustments to reconcile change in net assets to net cash from operating activities:		
Permanently restricted contributions	(165,025)	(73,991)
Gains on investments	(2,551,987)	(1,814,341)
(Increase) decrease in investment income receivable	109,739	(5,723)
Increase in pledges receivable	(75,000)	
Net cash from operating activities	(468,593)	(727,692)
Cash flows from investing activities:		
Proceeds from sale of investments	18,087,665	19,140,482
Purchase of investments	(17,686,826)	(18,489,194)
Net cash from investing activities	400,839	651,288
Cash flows from financing activities:		
Proceeds from permanently restricted contributions	130,025	73,991
Net cash from financing activities	130,025	73,991
Net change in cash	62,271	(2,413)
Cash at beginning of the year	70,495	72,908
Cash at end of the year	\$ 132,766	\$ 70,495

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2013 and 2012

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The University of Maine Pulp and Paper Foundation (the Foundation) is a not-for-profit corporation organized to further the study and promotion of pulp and paper and related subjects at the University of Maine and to encourage students to consider paper related technical careers.

Basis of Accounting

The accounts of the Foundation are maintained under the accrual basis of accounting. The net assets of the Foundation are reported as follows:

Unrestricted Net Assets

Unrestricted net assets represent unrestricted resources over which the Board of Directors retains full control to accomplish any of the Foundation's stated purposes. The Board of Directors has designated certain monies to support research activities, classified under the Soderberg Research Fund.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent the unexpended income derived primarily from donor-restricted contributions and appreciation of investments earned on donor-restricted endowment funds which may only be utilized in accordance with the spending policy for the purpose established by the donors.

Permanently Restricted Net Assets

Permanently restricted net assets represent endowment funds that are subject to the restrictions of the gift instruments requiring that the principal be invested in perpetuity, and that income only be utilized, generally for scholarships.

Pledges Receivable

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments

Investments are carried at fair value. The fair value of fixed income and publicly traded equity securities is based on quoted market prices, when available, or market prices provided by recognized broker dealers. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year.

Investments also include interests in limited partnerships and a limited liability company (LLC) through Commonfund, an investment management company for universities and foundations. The Foundation utilized the net asset value (NAV) reported by each of the alternative investment funds as a practical expedient for determining the fair value of the investment. Those estimated values may differ significantly from values that would have been used had a ready market for the investments existed. The reported fair values as of December 31, 2013 and 2012 are based on the September 30, 2013 and September 30, 2012 values, respectively, and updated for contributions and withdrawals through December 31st.

Notes to Financial Statements

December 31, 2013 and 2012

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions

Contributions are recorded at their fair value on the date the donor makes a gift or a firm promise to give to the Foundation.

Investment Income

Investment income, including realized and unrealized gains/losses, is recorded net of management fees. Effective July 1, 2009, the State of Maine adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation has interpreted State of Maine law as requiring the preservation of the value of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

Appreciation on investments of permanently restricted funds is considered temporarily restricted until appropriated by the Foundation's Board unless otherwise indicated in the gift instrument. The gift instruments provide in general, that income in excess of amounts awarded as scholarships be added to the principal of each Endowment Fund for individual endowments with an end of the year value greater than \$50,000 (USA Scholars Funds). Income in excess of amounts awarded as scholarships is classified as temporarily restricted for individual Endowment Funds with an end of the year value less than \$50,000 but greater than \$10,000 (Named Scholarships). All income earned in Endowment Funds with an end of the year value of less than \$10,000 (Other Endowment Funds) is added to principal. Income from investments that are not donor restricted is recorded as unrestricted. When the market value of permanently restricted assets is less than the original corpus, the deficiency is used to reduce temporarily restricted assets to the extent of previously recorded appreciation, and then as a reduction of unrestricted net assets. There are no endowment funds whose market value was less than the original corpus for the years ended 2013 and 2012.

The Foundation designates only a portion of investment income, including realized and unrealized gains/losses, to be used for operations. The maximum amount of annual investment income that may be designated for operations is determined by a spending formula, which is set at 4.75% of the average of the investment market values, excluding certain funds, as of the three previous years. For 2013, this amount was based on the values at December 31, 2010, December 31, 2011 and September 30, 2012. The remainder of investment income, including realized and unrealized gains/losses, is excluded from operations.

Investment Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified purpose as well as unrestricted funds. Under this policy, the endowment assets are invested in a manner that is intended to produce this result while minimizing investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Notes to Financial Statements

December 31, 2013 and 2012

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position or activities.

Income Taxes

The Foundation is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for state or federal income taxes has been made in the accompanying financial statements. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ended December 31, 2010 through 2013.

NOTE 2 – INVESTMENTS

The fair value of investments is comprised of the following as of December 31,:

Fair Value	2013	2012
Mutual Funds		
Vanguard – Money Market	\$ 128,236	\$ 180,000
Vanguard – Equity Funds	15,433,635	
Vanguard – Bond Funds	4,596,479	
Common Fund – Cash Fund (*)		17,818,569
	<u>20,158,350</u>	<u>17,998,569</u>
Limited Partnerships and LLC:		
Various	46,846	178,753
Energy Partners III	52,517	59,732
Capital Partners IV	873,261	767,759
Capital Partners V	40,202	15,215
Total Limited Partnerships and LLC	<u>1,012,826</u>	<u>1,021,459</u>
Total Investments	<u>\$ 21,171,176</u>	<u>\$ 19,020,028</u>

(*) During 2012 the Foundation approved the change in fund managers to Vanguard. Accordingly, on December 31, 2012 the Multi Strategy Bond Fund and Equity Funds were liquidated in preparation of the transfer to Vanguard.

Notes to Financial Statements

December 31, 2013 and 2012

NOTE 2 – INVESTMENTS – CONTINUED

The following schedule summarizes investment income and its classification in the statement of activities for 2013:

	Undesignated	Soderberg Research Fund	Total Undesignated	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 94,231	\$ 41,302	\$ 135,533	\$ 340,603	\$ -	\$ 476,136
Net realized and unrealized losses	505,057	221,372	726,429	1,825,558		2,551,987
Investment management fees	(3,783)	(1,658)	(5,441)	(13,672)		(19,113)
Total investment income	595,505	261,016	856,521	2,152,489		3,009,010
Investment income designated for operations	(195,103)	(74,758)	(269,861)	(616,461)		(886,322)
Investment income less amounts designated for operations	<u>\$ 400,402</u>	<u>\$ 186,258</u>	<u>\$ 586,660</u>	<u>\$ 1,536,028</u>	<u>\$ -</u>	<u>\$ 2,122,688</u>

The following schedule summarizes investment income and its classification in the statement of activities for 2012:

	Undesignated	Soderberg Research Fund	Total Undesignated	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 81,666	\$ 34,077	\$ 115,743	\$ 279,861	\$ -	\$ 395,604
Net realized and unrealized losses	374,541	156,285	530,826	1,283,515		1,814,341
Investment management fees	(11,395)	(4,755)	(16,150)	(39,050)		(55,200)
Total investment income	441,812	185,607	630,419	1,524,326		2,154,745
Investment income designated for operations	(203,000)	(73,898)	(276,898)	(624,912)		(901,810)
Investment income less amounts designated for operations	<u>\$ 241,812</u>	<u>\$111,709</u>	<u>\$ 353,521</u>	<u>\$ 899,414</u>	<u>\$ -</u>	<u>\$ 1,252,935</u>

Notes to Financial Statements

December 31, 2013 and 2012

NOTE 2 – INVESTMENTS – CONTINUED

The following summarizes the Foundation's endowment funds, by net asset category as of December 31. The unrestricted amounts are board designated and the temporarily and permanently restricted amounts are donor restricted.

	2013	2012
Unrestricted	\$ 1,835,904	\$ 1,649,888
Temporarily restricted	4,205,607	2,669,579
Permanently restricted	11,066,375	10,936,350
	<u>\$ 17,108,886</u>	<u>\$ 15,255,817</u>

The changes in the Foundation's endowment funds by net asset category for the year ended December 31, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, January 1, 2013	\$ 1,649,888	\$ 2,669,579	\$ 10,936,350	\$15,255,817
Dividends and interest	41,302	340,603		381,905
Net appreciation in fair value	221,372	1,825,558		2,046,930
Investment management fees	(1,658)	(13,672)		(15,330)
Additions			130,025	130,025
Appropriation for expenditure	(75,000)	(616,461)		(691,461)
Endowment funds, December 31, 2013	<u>\$ 1,835,904</u>	<u>\$ 4,205,607</u>	<u>\$ 11,066,375</u>	<u>\$17,108,886</u>

The changes in the Foundation's endowment funds by net asset category for the year ended December 31, 2012 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, January 1, 2012	\$ 1,538,179	\$ 1,770,165	\$ 10,862,359	\$14,170,703
Dividends and interest	34,077	279,861		313,938
Net appreciation in fair value	156,285	1,283,515		1,439,800
Investment management fees	(4,755)	(39,050)		(43,805)
Additions			73,991	73,991
Appropriation for expenditure	(73,898)	(624,912)		(698,810)
Endowment funds, December 31, 2012	<u>\$ 1,649,888</u>	<u>\$ 2,669,579</u>	<u>\$ 10,936,350</u>	<u>\$15,255,817</u>

Notes to Financial Statements

December 31, 2013 and 2012

NOTE 3 – SCHOLARSHIP AWARD COMMITMENTS

The Foundation's scholarships are granted on an academic year basis with payments made primarily in January, June and September based upon the recipients' course registration. As of December 31, 2013, approximately \$270,000 in scholarships were anticipated for disbursement in January 2014, subject to students complying with the terms of the scholarship.

The Foundation has commitments to assist the recipients of the Bailey Fund award with certain student loans after their graduation. The awards are contingent upon the students meeting requirements regarding their employment. The total amount committed at December 31, 2013 is approximately \$37,084.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Limited Partnerships – The Foundation has investments in Energy Partners III, Capital Partners IV, and Capital Partners V that have anticipated future cash commitments of approximately \$18,400, \$217,500, and \$215,000 respectively, at December 31, 2013. Additionally, the limited partnership and LLC investments have various withdrawal restrictions which limit the Foundation's ability to liquidate its investment in these entities. Capital Partners IV does not allow withdrawal except under certain limited circumstances. Realty Investors LLC allows investors during September of each year to request fund redemptions up to 20% of units they have owned for at least five years. Redemptions are paid at the end of the subsequent calendar year at the net asset value on the redemption date. Redemptions are at the discretion of the fund managers. Management does not believe that redemptions would be approved under current circumstances at Realty Investors LLC.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Foundation is a party to a management agreement with the University of Maine. The management agreement specifies that the University will provide offices, and specified benefits paid for in full by the Foundation, and that the Foundation pay personnel directly. This agreement was entered into in December 2007, and continues indefinitely with 180 day notice by either party. During 2013 and 2012, the Foundation paid approximately \$36,000 and \$38,000, respectively, for services provided under the agreement.

NOTE 6 – FAIR VALUE DISCLOSURES

Fair Value Measurements

The Foundation has adopted a framework for measuring fair value under generally accepted accounting principles for all financial instruments that are being measured and reported on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Foundation uses various methods including market, income and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Notes to Financial Statements

December 31, 2013 and 2012

NOTE 6 – FAIR VALUE DISCLOSURES – CONTINUED

Fair Value Measurements – Continued

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 — Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 — Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the Foundation performs an analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis as of:

	Total	Level 1	Level 2	Level 3
December 31, 2013				
Limited Partnerships	\$ 1,012,826			\$ 1,012,826
Vanguard Funds	20,158,350	\$20,158,350		
	<u>\$ 21,171,176</u>	<u>\$20,158,350</u>	<u>\$ -</u>	<u>\$ 1,012,826</u>
December 31, 2012				
Common Fund	\$ 17,818,569	\$17,818,569		
Limited Partnerships	1,021,459			\$ 1,021,459
Vanguard Funds	180,000	180,000		
	<u>\$ 19,020,028</u>	<u>\$17,998,569</u>	<u>\$ -</u>	<u>\$ 1,021,459</u>

For Level 3 items, a reconciliation of the beginning and ending balances is required and follows as of December 31, 2013 and 2012:

Balance, January 1, 2012	<u>\$ 952,600</u>
Change in unrealized gain (loss)	49,450
Realized gains	75,496
Total gains included in changes in net assets	<u>124,946</u>
Net distributions	<u>(56,087)</u>
Balance, December 31, 2012	<u>\$ 1,021,459</u>

Notes to Financial Statements

December 31, 2013 and 2012

NOTE 6 – FAIR VALUE DISCLOSURES – CONTINUED

Balance, January 1, 2013	<u>\$ 1,021,459</u>
Change in unrealized gain (loss)	<u>88,752</u>
Realized gains	<u>81,329</u>
Total gains included in changes in net assets	<u>170,081</u>
Net distributions	<u>(178,714)</u>
Balance, December 31, 2013	<u>\$ 1,012,826</u>

The Limited Partnership and LLC investments do not trade in an active, open market with readily observable prices. The fair values are estimated based upon real estate appraisals and discounted cash flow models that incorporate various assumptions in discount rates and timing of payments. Due to the nature of the valuation inputs, these investments are classified within Level 3 of the valuation hierarchy.

NOTE 7 – PLEDGES RECEIVABLE

Pledges receivable at December 31, 2013 are as follows:

	Scholarships	Endowment	Total
Amounts due in:			
Less than one year	\$ 25,000	\$ 10,000	\$ 35,000
One to five years	<u>50,000</u>	<u>25,000</u>	<u>75,000</u>
	<u>\$ 75,000</u>	<u>\$ 35,000</u>	<u>\$ 110,000</u>

NOTE 8 – SUBSEQUENT EVENTS

Management of the Foundation has evaluated subsequent events through March 18, 2014, the date these financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

**Schedules of Memberships and Operating Expenses
For Unrestricted Funds**

December 31,

2013

2012

MEMBERSHIPS

Foundation sponsor	\$ 25,000	\$ 19,000
Scholarship underwriters	47,700	60,500
Company members	53,460	40,400
Special Gift members	6,200	10,150
Individual members	30,409	29,450
Matching gifts	<u>525</u>	<u>925</u>

Total Memberships

\$ 163,294	\$ 160,425
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OPERATING EXPENSES**Scholarships**

\$ 670,143	\$ 741,478
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University Support:

Pulp and Paper Foundation professor	15,000	15,000
Calder professor	15,000	15,000
Department support	12,219	14,410
Summer co-op teaching	10,000	10,000
Graduate stipends	17,781	38,590
Educational relations	48,990	46,273
Chinn Seminars	2,620	1,855
Faculty stipend (Soderberg)	5,000	5,000
Bailey grants	<u>5,752</u>	<u></u>

Total University Support

132,362	146,128
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Support Services:

Public information	17,332	21,541
Foundation office expenses	342,880	272,116
Legal counsel, accounting and consultant	18,987	11,800
Miscellaneous	<u>40,727</u>	<u>29,934</u>

Total Foundation Operations

419,926	335,391
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Total Operating Expenses

\$ 1,222,431	\$ 1,222,997
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See independent auditors' report.

Schedule of Contributions - Endowment Fund

Year Ended December 31, 2013

Gifts to Increase USA Scholars Funds:

Barrett, Mark D.	\$ 12,389
Cross, Ray H.	652
Emery, Phillip H., Sr.	1,000
Grindle, Michael E.	200
Keef, Joseph E.	5,180
Perry Family	500
Touchette, Joseph W.	17,581
	<u>37,502</u>

Gifts to Increase Named Scholarships:

Barker, Elliott R.	1,000
Boos, Louis J.	29,500
Bowden Family	1,100
Butler Family	1,000
Curtis Family	3,350
Davidson Family	1,000
Dolloff, Richard and Erdine B.	11,000
Glomb, John W.	500
Kurrie, William F.	750
LaHaise, Thomas F., Jr.	10,000
Muller, George J.	2,500
Stoess, Henry A.	1,313
	<u>63,013</u>

Gifts to Establish Named Scholarships:

Sappi Paper	<u>10,000</u>
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Gifts to Increase Endowment Funds:

Albert Moore Pat's Pizza Scholarship	396
Beaumont Family	500
Castonguay Family	500
Class of 1999	2,014
Donahue Family	500
Foley, George L. and Elizabeth Y.	1,000
GAC Chemical	2,500
Healy, Jack	1,500
Kerr, Ethyl G.	2,200
Lambert Family	1,000
Lyons Family	600
Nalco	5,000
Paine, Arnold	250
Radney Family	1,550
	<u>19,510</u>

Total Additions to Fund

\$ 130,025

See independent auditors' report.

SCHEDULE 3
THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1987	Mary Kraske & Constance Ahara	\$41,061		\$68,877	\$76,596
1989	Mr. & Mrs. Norman R. Baldwin	\$49,810		\$110,631	\$123,028
2001	Patricia West, Victor Biloiseau, Robert Roy, Brian Greenwood, Friends & Associates	\$109,984	\$12,389	\$113,029	\$138,084
1973	George D. Bearce	\$12,315		\$65,935	\$73,324
1969	Warren B. Beckler, Jr. & Family	\$10,069		\$61,084	\$67,929
1970	Joseph A. Benedetto & Mill Fibers Ltd.	\$10,169		\$61,416	\$68,299
1977	Bird Machine Company Inc.	\$10,783		\$60,138	\$66,877
1969	Mrs. Phillip S. Bolton	\$12,043		\$63,970	\$71,139
1999	Louis J. (Lou) Boos	\$50,636	\$29,500	\$24,259	\$56,477
1978	David A. Bossen	\$11,855		\$70,002	\$77,847
1976	Honeycomb Systems Inc.	\$10,264		\$58,088	\$64,597
1979	Appleton Wire	\$10,369		\$56,925	\$63,304
1969	Englehard Minerals & Chemical Corp.	\$11,334		\$61,410	\$68,292
1978	Englehard Minerals & Chemical Corp.	\$10,316		\$60,442	\$67,215
1970	Mrs. Charlotte M. Cameron	\$10,369		\$63,594	\$70,720
1971	Mrs. Hugh J. Chisholm	\$10,369		\$64,112	\$71,297
	William H. Chisholm				
1999	Cianbro Corporation	\$50,340		\$61,464	\$68,352
1998	Eugene H. Clapp, III & Family	\$45,000		\$54,944	\$61,101
1972	Mary A. Clapp, Margaret F. Stevenson and Eugene H. Clapp, II	\$11,369		\$63,414	\$70,520
1975	Robert E. Perry, Frank A. Butler, John McClure and Roy P. Webber, II	\$10,068		\$60,504	\$67,284

USA Scholars Funds:

Ahara, E. Victor
Baldwin-Harvey
Barrett, Mark D.
Bearce, George D.
Beckler, Warren B., Jr.
Benedetto, Joseph A.
Bird Companies
Bolton, Philip S.
Boos, Louis J.
Bossen Family
Bryand, Edward T.
Buchanan, William E.
Callaghan, Mae Munter
Callaghan, Olin W
Cameron, James A
Chisholm Family

Cianchette Brothers
Clapp II, Eugene H.
Clapp, Sarah, L.

Class of 1952 - 5th Year Alumni

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1972	Copeland, Stuart B.			\$81,614	\$90,760
	Mace V. Harris, Harry T. Kendall and Joe J. Jenkins	\$14,574			
1991	Correll, Elizabeth F.	\$38,200		\$61,722	\$68,639
1982	Creamer, Walter J.	\$10,000		\$44,690	\$49,698
1986	Cross, Ray H.	\$34,017	\$652	\$76,643	\$85,883
1982	Crump, James G.	\$209,924		\$365,365	\$406,308
1966	Dahl, Knud	\$168,520		\$614,913	\$683,820
1978	Dahl, Knut/Johan Richter	\$98,740		\$400,299	\$445,156
1962	Dauman, Samuel	\$10,209		\$62,502	\$69,506
1976	Desmond, Clair R.	\$12,318		\$67,069	\$74,585
1987	Dolloff, Richard and Erdine B.	\$29,973		\$39,304	\$54,708
1983	Emery, Sr., Philip H.	\$34,605	\$11,000	\$84,600	\$95,081
1970	Fales, Otis G.	\$10,369	\$1,000	\$62,350	\$69,337
1972	Ferguson Jr., Roy K.	\$166,511		\$706,394	\$785,552
1967	Frost, Frederick H.	\$11,104		\$68,621	\$76,311
1979	Gardiner, Frank J.	\$10,259		\$59,525	\$66,195
1975	Gardner, Angus J.	\$10,469		\$61,792	\$68,716
1975	Gilman, Isaac and Charles	\$10,001		\$66,764	\$74,245
	Howard Gilman				
	Charles Gilman, Jr.				
1981	Glatfelter, Ill, P. H.	\$10,000		\$52,037	\$57,869
1979	Gottesman, D. Samuel	\$10,259		\$55,164	\$61,346
1973	Graham, Edward M.	\$13,607		\$74,088	\$82,390
1977	Great Northern Paper Co.	\$18,222		\$97,543	\$108,473
1995	Greenlaw, Edward P.	\$55,393		\$105,763	\$117,614
	Madison Paper Industries				

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1970	Greep, Abel A. and Adelaide S.	\$10,692		\$66,642	\$74,110
1988	Grindle, Michael E.	\$37,450		\$59,188	\$66,020
1988	Haskell, Robert N.	\$57,297	\$200	\$148,415	\$165,046
1972	Heuer, John H.	\$17,434		\$91,438	\$101,684
1963	Hodgdon, Paul E.	\$10,929		\$63,466	\$70,578
1997	D.S. & R.H. Gottesman Foundation	\$11,369		\$62,735	\$69,766
1971	Hayward, Oliver G.	\$12,415		\$64,026	\$71,200
1963	Friends & Family	\$10,393		\$67,481	\$75,042
1977	Chas T. Main Inc.	\$10,083		\$56,030	\$62,309
1971	Alumni, Family & Friends	\$12,610		\$66,478	\$73,928
1994	Herman L. Joachim Trust	\$109,478		\$224,735	\$249,918
1986	His Family	\$36,671		\$80,222	\$89,212
1977	E. C. Jordan Company Inc.	\$10,283		\$56,967	\$63,350
1981	Sandy Hill Corporation	\$116,089		\$475,946	\$529,281
1982	Ralph C. Keef	\$21,680	\$5,180	\$50,819	\$61,694
1982	Perry H. Koplik & Sons Inc.	\$10,741		\$59,307	\$65,953
2005	The Kraske Sons & Daughters	\$50,466		\$61,618	\$68,523
1987	The Kraske Sons & Daughters	\$44,215		\$117,441	\$130,601
1971	Mrs. Caroline P. Mansfield & Friends	\$11,470		\$66,368	\$73,805
1988	John F. Marquis	\$72,246		\$118,846	\$132,164
1988	Maida B. Marquis	\$69,747		\$114,614	\$127,457
1996	Family, Friends & Associates	\$52,823		\$93,567	\$104,052
1976	Family	\$23,450		\$75,691	\$84,173
1965	Manuel C. McDonald	\$11,397		\$70,845	\$78,783

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1980	McDonald, Manuel C.				
1981	Metcalfe, William K.	\$16,899		\$89,122	\$99,109
1981	Morrison, Franck P.	\$17,195		\$86,413	\$96,097
1981	Morton, Hugh H.	\$10,000		\$51,289	\$57,037
1987	Morton, Hugh H.	\$195,986		\$264,097	\$293,691
1970	Murchison, David C.	\$10,003		\$57,601	\$64,056
1974	Neese, Sr, Elbert H.	\$10,069		\$62,377	\$69,367
1977	Northeast Division of PIMA	\$10,283		\$59,164	\$65,794
1967	Ober, J. Larcom	\$10,321		\$61,931	\$68,871
1968	Olmstead, Jr., George	\$11,514		\$69,999	\$77,843
1971	Pearson, Jr., Francis E.	\$10,535		\$60,588	\$67,378
1983	Pennings, Charles F.	\$15,008		\$61,247	\$68,110
1985	Perry Family	\$67,347	\$500	\$124,079	\$138,483
1980	Recor, Kip	\$11,313		\$58,540	\$65,100
1972	Renegar, Glen T.	\$10,369		\$61,055	\$67,897
1970	Riegel, Margaret Murchie	\$11,755		\$64,767	\$72,024
1985	Roosevelt Paper	\$15,000		\$49,516	\$55,065
1992	Rourke, Floyd H.	\$59,448		\$132,146	\$146,955
1981	Rouse, John W.	\$10,000		\$52,668	\$58,570
1986	Sanborn, James L.	\$36,832		\$76,267	\$84,814
1982	Sargent, Viola R.	\$24,269		\$104,243	\$115,925
1980	Schmidt, William C. & William Jr.	\$11,152		\$67,729	\$75,319
1968	Sheldon, Benjamin I.	\$10,069		\$61,570	\$68,470

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1971	Soderberg, Elizabeth F.	\$22,904		\$99,080	\$110,183
1968	Soderberg, Elvah L.	\$20,218		\$101,415	\$112,780
1978	Soderberg, Frederic A.	\$22,596		\$95,619	\$106,334
1975	TAPP/ Maine-New Hampshire TAPPI	\$22,756		\$92,219	\$102,553
1982	Texo/Louis Lerner	\$10,000		\$46,441	\$51,645
1996	Touchette, Joseph W.	\$58,607	\$17,581	\$50,420	\$73,651
1978	Trelfa, Fred R.	\$25,567		\$116,797	\$129,885
1978	Union Camp Corporation	\$10,016		\$62,439	\$69,436
1971	Uong, D. Diek	\$15,212		\$77,031	\$85,663
1977	Wadsworth, Harry F.	\$10,888		\$59,604	\$66,284
1980	Wallach, Ira D.	\$10,751		\$57,972	\$64,468
1983	Wallach, James and Kenneth	\$95,927		\$333,473	\$370,842
1998	Wallach, James G.	\$53,200		\$75,281	\$83,717
1981	Ward, Eugene J.	\$10,000		\$51,515	\$57,287
1966	Wilkins, Ralph A.	\$10,192		\$68,407	\$76,073
Subtotal		\$3,301,420	\$78,003	\$10,190,006	\$11,409,900

Named Scholarships

1996 Open House				\$15,366	\$17,088
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1996 Thompson Avant International Inc., Beloit Corp., Buckman Laboratories, Enterprise Engineering, Irving Forest Products; Measorex Inc., Nalco Chemical Co., Nordic Engineering, Penford Products, Specialty Minerals Inc.

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1984	Abbott, Warren A.	\$10,909		\$42,020	\$46,728
1986	Aiken, Paul & Evelyn	\$10,200		\$28,854	\$32,087
1997	Akeley, Leon F.	\$10,100		\$13,362	\$14,859
1996	Baker, Phil & Ginny	\$10,000		\$12,210	\$13,578
1986	Barker, Elliott R.	\$20,000	\$1,000	\$38,278	\$43,567
1999	Barry, Leroy J. (Roy)	\$10,648		\$13,002	\$14,459
1990	Betz Laboratories	\$10,000		\$25,514	\$28,373
1998	Bingham, Leroy M.	\$13,200		\$16,117	\$17,923
1981	Bockus, Clayton T.	\$10,225		\$42,388	\$47,138
1990	Boston Paper Trade Association	\$10,000		\$25,514	\$28,373
1989	Boutin, Delano L.	\$18,068		\$39,655	\$44,099
2012	Bowden Family	\$14,700	\$1,100	\$14,361	\$17,070
1997	Buckman Laboratories	\$10,000		\$13,362	\$14,859
1998	Burke, James L.	\$10,000		\$12,301	\$13,679
2001	Butler Family	\$11,000	\$1,000	\$12,210	\$14,578
1996	Caddoo, William H.	\$10,000		\$12,210	\$13,578
2006	Carlstorm, Edwin C.	\$4,306		\$9,442	\$10,500
2000	Chase, Andrew J.	\$25,000		\$30,525	\$33,945
1989	Chase, Jane Gray Hunley	\$19,193		\$40,067	\$44,557
2000	Chinn, Friends of Jack E	\$11,305		\$13,803	\$15,350
1997	Chinn, Jack E	\$10,000		\$12,210	\$13,578
2000	Cianchette, Alton E. (Chuck)	\$22,800		\$27,838	\$30,958
1995	Clarke, Neil G.	\$20,000		\$29,280	\$32,561
1987	Class of 1937	\$10,000		\$26,720	\$29,714

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1995	Class of 1945	\$10,000		\$16,097	\$17,901
1985	Class of 1955	\$10,464		\$29,695	\$33,023
2008	Cross, Mark & Melanie	\$11,268		\$13,559	\$15,079
1991	Crossland, Charles E.	\$24,080		\$42,112	\$46,831
2013	Curtis, Ted and Rose Marie	\$18,200	\$3,350	\$17,412	\$22,713
2004	Davidson, Family	\$22,742	\$1,000	\$25,833	\$29,728
1990	Davis, Roy L.	\$16,715		\$40,436	\$44,967
1987	Du Pont Titanium Dioxide	\$10,000		\$26,720	\$29,714
1996	Flaherty, Joseph V.	\$10,000		\$15,366	\$17,088
2013	Foley, George L. and Elizabeth Y.	\$7,000	\$1,000	\$8,022	\$10,291
2008	Genco, Helen Horner	\$11,000		\$13,236	\$14,720
1997	Gledhill, Ada M.	\$30,171		\$40,184	\$44,687
1995	Glomb, John W.	\$11,400	\$500	\$17,065	\$19,478
1987	Grant Family, The	\$10,219		\$27,305	\$30,365
1995	Haber, Jr., Peter	\$10,000		\$19,437	\$21,615
1999	Hale, David and Marion Young	\$14,582		\$17,805	\$19,800
1993	Hall, M. Bradford	\$16,581		\$31,558	\$35,095
1990	Hannigan Family	\$11,735		\$27,952	\$31,084
1982	Hans, Lois V.	\$5,500		\$25,517	\$28,377
2000	Harmon, Evelyn W.	\$11,400		\$13,788	\$15,333
2004	Hart, Peter W.	\$14,000		\$16,899	\$18,793
2002	Heal Family	\$11,366		\$13,878	\$15,433
2008	Healy, Edwin D. and Claudette	\$12,000		\$14,652	\$16,294
2008	Healy, John J. Sr. and Helen C.	\$10,099		\$12,316	\$13,696

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1986	Herbolzheimer, Jr., Phyllis & Fred				
1991	Hercules Incorporated	\$12,680		\$35,870	\$39,889
2005	Hickey Family	\$10,166		\$20,788	\$23,117
1971	Holden, Harold (II)	\$28,270		\$34,254	\$38,093
1986	Holden, Harold (III)	\$26,439		\$35,327	\$39,286
2000	Holland, Hugh G. (Dutch)	\$11,641		\$30,737	\$34,181
1985	Hume, Robert M.	\$15,000		\$18,315	\$20,367
		\$16,955		\$38,441	\$42,748
1995	Hunting Family	\$10,100		\$16,961	\$18,862
1995	Huntoon, Charles R.	\$10,250		\$16,037	\$17,834
1985	Hutchins, Curtis M. (I)	\$11,086		\$35,463	\$39,437
1986	Hutchins, Curtis M.	\$10,000		\$28,288	\$31,458
2001	Jalbert, Maurice J.	\$6,308		\$10,582	\$11,768
1986	Joachim, Otto/Richard Laufman	\$10,000		\$28,275	\$31,443
1996	Jones-Weston, Arthur & Evelyn	\$10,000		\$15,366	\$17,088
2007	Judson, Alan D. & Martha P.	\$10,700		\$13,045	\$14,507
2000	Karter Family	\$10,000		\$12,210	\$13,578
2013	Kerr, Ethyl G.	\$9,300	\$2,200	\$8,310	\$11,824
1999	Kirk, Nada Popovich	\$10,000		\$12,210	\$13,578
2000	Knight, Frank A.	\$27,000		\$32,967	\$36,661
1995	Kosloff, Irving S.	\$17,945		\$27,771	\$30,883
1995	Kurrie, William F	\$17,112	\$750	\$24,800	\$28,329

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1999	LaHaise, Thomas F., Jr.	\$34,028	\$10,000	\$28,861	\$42,095
2004	Leen Jr., Stanley J.	\$4,662		\$11,066	\$12,306
1986	Levensailor, Arthur E.	\$15,806		\$38,014	\$42,273
2003	Lowe, E. Nobles	\$14,844		\$18,508	\$20,582
1991	Lucey, Ellen Shaw	\$16,650		\$35,132	\$39,068
1986	Ludwig, Edward I. and Florence M.	\$12,625		\$35,400	\$39,367
1993	Luke Family	\$15,000		\$28,003	\$31,141
1989	Lurvey, Robert G.	\$10,058		\$23,855	\$26,528
1986	MacBrayne Family	\$10,566		\$27,847	\$30,968
2002	Magnus, Nina Campbell	\$20,630		\$27,442	\$30,517
2000	Mangan, Thomas G.	\$10,000		\$12,210	\$13,578
1996	Martin, Robert W.	\$13,516		\$16,942	\$18,840
2007	Marshall, Stanley N., Jr. (first year)	\$10,500		\$12,820	\$14,257
1986	Matik North America	\$10,000		\$28,288	\$31,458
2001	McCabe, Thomas B.	\$3,932		\$11,010	\$12,244
1985	McClure, John M.	\$10,868		\$35,086	\$39,017
1998	McQuarrie Family	\$16,325		\$20,081	\$22,332
2004	Meyer, Lollo and Charles A.	\$10,000		\$12,210	\$13,578
1985	Moody, James L.	\$10,000		\$32,285	\$35,903
2013	Moody, Sr. Winship B. "Chip"	\$30,050		\$30,050	\$33,417
2004	Moore, Winifred & Baxter	\$10,022		\$12,237	\$13,608
1994	Muller, George J.	\$16,722	\$2,500	\$24,152	\$29,359
1995	Nalco Chemical Company	\$10,750		\$16,899	\$18,793
2002	Neal Memorial	\$20,648		\$27,462	\$30,540

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1998	Nelson, Laurel E.			\$13,347	\$14,842
2000	Newell, Lewis E. and Lucille D.			\$18,680	\$20,773
1993	Norris, Thomas C.			\$18,285	\$20,334
1993	Palm, William H.			\$28,158	\$31,314
1993	Paper Chase			\$40,011	\$44,495
1991	Perkins, Anna F.			\$26,645	\$29,631
1996	Phillips, Kenneth H.			\$43,009	\$47,828
1996	Ragon Jr., Burnham R.			\$18,562	\$20,642
1990	Recor, Virginia			\$27,599	\$30,692
1999	Richards Jr., John P			\$17,699	\$19,683
1999	Rourke Family			\$12,210	\$13,578
2013	Sappi		\$10,000		\$10,000
2008	Sapoznik, Ted and Mary			\$18,315	\$20,367
1992	Simard, Gerald L.			\$21,798	\$24,241
1997	Sleight, Ina and Erland			\$35,307	\$39,264
1999	Sofia, A.J. McKimm and Samuel			\$21,370	\$23,765
2002	Specialty Minerals			\$14,835	\$16,497
1995	Stahl, Frederick A.			\$20,915	\$23,259
2000	Stoess, Henry A.		\$1,313	\$38,696	\$44,345
1975	Tappi Student Endowment Fund			\$10,747	\$11,951
1996	Thayer, Ernest			\$15,366	\$17,088
1988	Trelfa, Heidi Ruckstuhl			\$25,321	\$28,158
1987	Trelfa, Richard T.			\$27,747	\$30,856
1975	Tutt, Jr., Richard P.			\$23,334	\$25,949

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
1989	Vamvakias, James G.			\$23,717	\$26,374
1985	Violette, Richard D.			\$41,154	\$45,766
1997	Wiley, Michael S.			\$13,912	\$15,471
2000	Woodcock Family			\$12,906	\$14,352
1986	Zabe, Robert N.			\$25,104	\$27,917
1996	Zieminski, Stephan			\$13,336	\$14,830
Subtotal		\$1,690,957	\$35,713	\$2,823,413	\$3,176,271
Total Endowed Scholarships		\$4,992,377	\$113,715	\$13,013,419	\$14,586,171
<u>Special Endowment Funds</u>					
	Bailey, Harold P.	\$104,916		\$390,451	\$446,470
	Chinn, Jack E.	\$75,000		\$153,734	\$175,435
Subtotal		\$179,916		\$544,185	\$621,904
<u>Endowment Funds</u>					
	Beaumont Family	\$3,000	\$500	\$2,990	\$3,963
	Castonguay Family	\$500	\$500		\$500
	Class of 1962	\$148		\$585	\$677
	Class of 1999	\$5,802	\$2,013	\$4,090	\$6,751
	Donahue Family	\$500	\$500		\$500
	GAC Chemical	\$2,500	\$2,500		\$2,500

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION
SCHEDULE OF ENDOWMENT FUND BALANCES
Year Ended December 31, 2013
(With Comparative Value Figures for 2012)

SCHEDULE 3

Year	Major Contributors	Original Contribution Through 2013	2013 Contributions	12/31/12 Value	12/31/13 Value
	Healy, Jack	\$1,500	\$1,500		\$1,500
	Hutchins, Burleigh	\$1,370		\$4,261	\$4,936
	Johnson, Kenneth A.	\$1,236		\$4,567	\$5,290
	Lambert Family	\$1,000	\$1,000		\$1,000
	Lyons Family	\$3,600	\$600	\$3,613	\$4,785
	Kiran, Erdogan	\$2,425		\$4,667	\$5,406
	Nalco	\$5,000	\$5,000		\$5,000
	Paine, Arnold	\$4,206	\$250	\$6,909	\$8,252
	Moore, Albert Pat's Pizza	\$6,512	\$396	\$7,901	\$9,547
	Radney Family	\$1,550	\$1,550		\$1,550
	Shurling, Gene/Couch Pit Univ.	\$4,173		\$7,372	\$8,538
	Stevens, Howard	\$700		\$1,369	\$1,585
	Subtotal	\$45,722	\$16,310	\$48,325	\$72,280
	TOTAL	\$5,218,015	\$130,025	\$13,605,930	\$15,280,355

University of Maine Pulp and Paper Foundation
2014 Budget Proposal

	2012 Actual	2013 Budget	2013 Actual	2014 Proposed
Membership Income				
Foundation Sponsor	\$ 19,000	\$ 20,900	\$ 40,000	\$ 50,000
Scholarship Underwriter	60,500	63,250	47,700	52,400
Company Member	40,400	59,500	53,460	69,000
Special Gift Member	10,150	11,000	6,200	11,000
Individual	29,450	55,000	37,909	55,000
Matching Gift	925	1,000	525	1,000
Total Membership Income	\$ 160,425	\$ 210,650	\$ 185,794	\$ 238,400
Investment Income	5.00%	4.75%	104.75%	4.75%
General	203,182	195,103	195,103	202,736
Endowment	623,057	608,089	608,089	631,880
Soderberg Research	73,898	71,944	71,944	74,758
Total Investment Income	\$ 900,137	\$ 875,136	\$ 875,136	\$ 909,374
Open House	0	0	0	0
Other Income	0	0	446	0
Total Operating Income	\$ 1,060,562	\$ 1,085,786	\$ 1,061,376	\$ 1,147,774
Scholarships & Recruitment				
Undergraduate Scholarships*	755,707	700,000	675,897	650,000
Graduate Stipends	38,950	25,000	17,781	25,000
Educational Relations	46,273	50,000	48,990	50,000
Total Scholarships & Recruitment	\$ 840,930	\$ 775,000	\$ 742,668	\$ 725,000
University Support				
P & P Foundation Professor	15,000	10,000	15,000	15,000
Calder Professor	15,000	15,000	15,000	15,000
Faculty Stipends	5,000	5,000	5,000	5,000
Departmental Support	14,410	13,000	12,219	13,000
Summer Co-op Teaching	10,000	10,000	10,000	10,000
Chinn Seminars	1,855	2,500	2,620	2,500
Total University Support	\$ 61,265	\$ 55,500	\$ 59,839	\$ 60,500
Foundation Operations				
Public Information	21,541	12,000	17,332	12,000
Foundation Office	253,943	252,370	275,380	254,076
New Executive Director (3 Mos)		37,785	-	37,785
ED Search Costs		8,000	7,752	5,000
Travel - Fundraising		24,000	6,177	24,000
Development	18,173	67,500	67,500	67,500
Professional Fees	11,800	19,000	18,987	20,000
Miscellaneous	30,368	30,200	26,798	20,000
Total Foundation Operations	\$ 335,825	\$ 450,855	\$ 419,926	\$ 440,361
Total Operating Expense	1,238,020	1,281,355	1,222,433	1,225,861
Operating Surplus/(Deficit)	\$ (177,458)	\$ (195,569)	\$ (161,057)	\$ (78,087)

* includes Bailey loan repayment

\$5,752

AUDIT COMMITTEE

The function of the Audit Committee is to provide oversight of the integrity of the Foundation's financial statements, determine the qualifications and independence of the Foundation's auditor, the performance of the Foundation's accounting service and independent auditor, and the Foundation's compliance with legal and regulatory requirements. The Audit Committee recommends the appointment of an auditor and accepts its report.

The Audit Committee met twice in 2013. During those meetings we reviewed the 2012 audit as prepared by MacDonald Page, and we held a joint meeting with the investment management committee.

MacDonald Page visited the University of Maine Pulp & Paper Foundation offices on February 27, 2014 and thoroughly reviewed our systems, methodology, record keeping, and checks and balances. Once again, we continue to be impressed with the professionalism and thoroughness of MacDonald Page's review.

The audit committee met on March 18th of 2014 to review both the 2013 financial statements, as well as the 2013 audit report as prepared by our Auditors, MacDonald Page. No material weaknesses were noted.

One major change is that we are now recognizing pledges for future giving. In addition we have elected to eliminate the debit card used for miscellaneous office expenditures. To decrease liability we will replace the debit card with a credit card with a maximum allowed spend of \$15,000. All expenditures from the credit card will be reported to and reviewed by our treasurer each month. This change has been approved by the audit committee and the UMPPF Board.

We are in full agreement with the auditor's report, and are confident that our financial processes are effectively ensuring that our financial reporting is accurate, and that our finances are managed with integrity.

Bill Igoe, Chair

MEMBERSHIP COMMITTEE

The primary function of the Membership Committee is to solicit financial support from paper producer companies and suppliers in the pulp and paper industry who recognize and appreciate the mutual benefits of supporting the Foundation and the forest products industry. The Foundation develops and prepares the highest quality engineering students to work for companies in the pulp and paper industry. Company membership in the Foundation provides the following:

- Full tuition scholarships for high achieving undergraduate students.
- Access to a pool of quality engineering graduates with experience who want to work in the paper industry.
- Process Development Center (PDC) pilot plant capabilities used by industry clients for process and product development.
- Networking opportunities.
- Information on key paper industry issues.
- "Dandy Scroll" Foundation newsletters.
- Paper mill luncheon and tour events.
- Paper Days annual open house conference.
- Cost effective Company recognition, access and visibility.

The Foundation welcomed the following NEW Company Members in 2013:

- BTG
- Chem Treat Inc.
- Dalegip America Inc.
- Kean Project Engineering Inc.
- Pan Am Railways
- Penford Products
- Woodland Pulp

To date we have also received new memberships from:

- Onyx Specialty Papers
- Paperworks Industries Inc.
- Xerium Technologies Inc.

We appreciate and need the support of our Company Members to support the Foundation activities and scholarships. I would like to thank all Membership Committee members who generously volunteer their time.

Jef Howell, Chair

FUNDRAISING COMMITTEE

The Fundraising Committee encourages contributions to the Foundation that support scholarships for students planning a career in the pulp and paper and related industries.

In 2013 Sappi Fine Paper made the lead gift of \$100,000 to the University of Maine Pulp and Paper Foundation's new fundraising campaign. The campaign, announced at the Paper Days Honors Banquet, seeks to raise \$2 million to support expanded scholarships for undergraduate engineering students planning careers in the pulp and paper and related industries.

In addition to the Sappi gift, GAC President David Colter announced a company pledge of \$10,000 to the campaign. Dana Dolloff, a 1963 UMaine graduate and past pulp and paper scholarship recipient increased his named scholarship in honor of his parents (Richard and Erdine B. Dolloff) to the USA level of \$50,000. Robert Touchette, a 1953 graduate also increased his named scholarship in honor of his father Joseph W. Touchette to the USA level. Other scholarships announced included one from Barbara Kerr Hamilton, '82, to honor her grandmother, Ethyl G. Kerr. Shawn and Thad Moody presented the Winship B. "Chip" Moody scholarship which was given as a surprise to their father in honor of his 80th birthday.

Many gifts were received during 2013 for a total of \$63,013 in Named Scholarship Funds, \$37,502 in USA Scholarship Funds, \$10,000 to Establish a Named Scholarship while \$19,510 was received in gifts to increase endowment funds making the total received to all funds \$130,025.

The value of each endowment is reported separately in this annual report noting the value of the original gift. Since 1980 the Foundation has accounted for each endowment fund separately showing the value of the original gift and the market value of the fund for the last two years. New for 2013 you will notice we have added a column to the report acknowledging the major donor(s) of the funds.

Friends and supporters of the Pulp and Paper Foundation are spread across the country. Early in 2013, Executive Director Jack Healy and members of the Foundations Fundraising Committee took to the road to meet a number of Maine alumni. They traveled to Roanoke, Richmond and Atlanta to provide updates on the state of the Foundation and UMaine. The UMaine Pulp and Paper Foundation has been supporting the paper industry and the extraordinary professionals who led it for more than 60 years. Visiting with friends and donors is an important way of saying thank you for all they do to support the Foundation and its mission. More trips (both far and near) are planned for the coming year.

The Foundation is grateful for the support of its donors. We welcome gifts in celebration of a fruitful career and in honoring significant people in the lives of donors. Information about making gifts to the Foundation and the campaign is available from Foundation President Carrie Enos. You can reach Carrie by telephone at 207/581-2298.

Keith Meyer, Chair

UNIVERSITY SUPPORT COMMITTEE

The function of the University and Industrial Support Committee is twofold. The Committee acts as a liaison for the Foundation to the Chemical Engineering Department with the objective of providing industrial perspective, guidance and support (both monetary and non-monetary) in areas of importance to the Department's chair and faculty ensuring that their activities are well connected to the future of the pulp & paper and related industries. Secondly, the Committee also serves as the Industrial Advisory Board (IAB) to the Chemical and Biological Engineering Department as required by the Accreditation Board for Engineering and Technology (ABET). Whereas the first function is clearly directed to current interests of Foundation member companies, the second tends to be more global and academically focused as accreditation is based on how well students are prepared for all of the industries and other organizations by which they may become employed. The Committee met once in 2013. The Chemical and Biological Engineering Department now has two Industrial Advisory Boards, one for Chemical and one for Biological Engineering. It will be important that both of these boards stay well connected as we advise the total department.

The committee has supported and recognized the faculty of the department as appropriate by reviewing and recommending support for Foundation recognized professors. The Pulp and Paper Foundation, upon our recommendation and with approval of the Executive Committee, will again support Dr. Joe Genco, the Calder Professor, and Dr. Doug Bousfield, the UMPPF Professor. The committee has also continued to support the University through faculty and staff recognition building on the 2010 success of the establishment of the Genco Award. After awarding the first Genco to Dr. Joe Genco in 2010, and the second Genco Award to Dr. Doug Bousfield in 2011, the third to Dr. Hemant Pendse in 2012, and the fourth to Dwane Hutto and Andy Sheaf in 2013, another Genco Award will be presented at Paper Days in 2014.

Regarding the accreditation process support, the activity continues to be high at each meeting and always informative. We interviewed 15 students regarding Contemporary Issues and Global Awareness, by providing situational examples and asking how the students would respond. As in the past, we found that engineering students taking demanding class loads struggle to stay up with ongoing news events, and that their mode of awareness is certainly driven and provided by mobile and computer technology.

Looking forward we are excited to be supporting new strategies of reinstituting a Pulp and Paper Management Certificate, as well as requiring green belt certification for a portion of our scholarship recipients upon graduation.

Jeffrey A. Hamilton, Chair

SCHOLARSHIP/EDUCATIONAL RELATIONS

The primary role of the Scholarship Committee is to award scholarships, grants and loans to qualified students. The role of the Education Relations Committee is to interact with teachers and school representatives to promote the Foundation's programs, helping them to encourage their students to utilize our programs and consider a career in the Pulp and Paper Industry.

Paper Days 2013 once again provided the backdrop for the presentation of the 2013 Pulp and Paper Foundation Teacher of the Year awards. This year marked the 20th time the awards have been presented to outstanding educators. Each spring current scholarship recipients are solicited and asked to nominate math and science teachers or guidance counselors from their high schools who have been not only great teachers, educators and mentors, but also inspirational in guiding their students. Kathi King, a math teacher from Messalonskee High School and Robert Taylor, a science teacher at Spruce Mountain High School were both nominated and presented the Foundation's 2013 Teacher Awards.

Forty-four years ago the first Consider Engineering program was offered at UMaine. Today the program is as popular as ever and continues to attract the best and brightest students to apply for admission. In 2013 a record 187 students applied for admission and 103 students were invited to attend one of three 4-day sessions of our July program. Our program is designed to challenge participants, answer their questions and to show them what it will be like to be a UMaine engineering student. The program starts immediately upon arrival with "ice-breaking" challenges, problem solving challenges and a papermaking competition. The pace is set with the program not slowing down until they leave campus following lunch on Wednesday.

In September, we once again held our Scholarship Banquet where students are invited for dinner, discussion and presentation of their fall scholarship checks. The banquet gives our students the opportunity to become reacquainted with each other and to meet Foundation scholarship committee members. The banquet is also our opportunity to introduce our incoming first-year students to our upper-class scholarship recipients. Our keynote speaker at the banquet this year was Addie Nadeau, Senior Sales Consultant, AxChem USA, Inc., who "blew everyone away" with her talk on "Image". Addie spoke with no notes, was crisp, positive and engaging. Her image lessons on networking, saying thank you, taking feedback positively, and to not burn bridges was right on the money.

In 2013 our scholarship spend was \$670,143. By class the Foundation is supporting 19 seniors, 21 juniors, 22 sophomores and 24 first year students. By field of study, 55 students are studying chemical engineering; 17 students are studying mechanical engineering; 6 students are studying electrical engineering and 3 students are enrolled in bioengineering. There are 2 students studying civil engineering and electrical engineering technology, 1 student studying forestry and 1 student in computer engineering.

On the co-op front, 65 students attended our annual co-op introduction seminar and reg-

istered to participate in the 2013 co-op interview process. Seventeen companies visited UMaine during the month of October hoping to hire students for available positions at more than 20 Maine and out-of-state locations. In total more than 340 co-op interviews were conducted with 45 students accepting employment offers.

In November scholarship recipients are asked to write thank you notes to the donors of their scholarships. Each student receives biographical information pertaining to the Named Scholarships they receive. Once the letters are written they are electronically sent to the Foundation Office where they are printed. Students sign their letters and they are enclosed with the Foundation's Christmas card and mailed to our donors in December. In the case where there is no longer a living donor associated with a particular scholarship, the students are instructed to address their letters to one of the Foundation's many corporate members. We continuously receive correspondence from our scholarship donors telling us how much they appreciate hearing from our scholarship recipients.

Frist year scholarship interviews were collected with the application deadline of December 31, 2012. Seventy-four applications were received. The scholarship committee reviewed applications and invited 50 students to interview with committee members in January 2013 via SKYPE. Four full-tuition scholarship offers were extended. Additionally offers of \$7,000 per year were made to 20 students. The deadline for applying for upper-class scholarships is March 31st. The committee will review applications in mid-April and invite a group of those students to interview with the committee by the end of April with scholarship offers being extended to students by May 1st.

Lee Marshall, Chair



Lee Marshall (center), Sappi Fine Paper and Scholarship Committee Chair, congratulates students at the fall scholarship banquet held in September.

PUBLIC INFORMATION COMMITTEE

The Responsibility of the Public Information Committee is communicating a strong, positive message about the University of Maine Pulp and Paper Foundation and publicizing the programs offered to our students, corporate members and Foundation friends.

In 2013 a record 361 Foundation corporate members, friends, students and alumni attended Paper Days. This was our largest open house to date. Our keynote speaker, Senator Angus King told our audience, "This Foundation and this relationship between industry and the University is one of the greatest examples of how this could and should work in the whole country – I haven't heard of anything else that reaches this level of cooperation and exchange of information. This is really how these things should work – it is so important because universities can be so isolated."

The Foundation's website, www.maineulpaper.org continues to be updated and expanded on a regular basis making it the "go-to" place for high school students, staff and administrators to obtain up-to-date information as well as scholarship and Consider Engineering applications. All forms on the website have been updated to fillable forms making it easier for our students to complete and submit applications. Also completed is the automation of our co-op interview program. Students participating in our fall co-op interview process are now able to register and sign-up for co-op interviews electronically. We also offer a secure area of the web site featuring the resumes of students interested in co-op or permanent hire positions. This gives our company representatives the opportunity of immediate access to help fill their employment needs.

We continue to spend considerable time updating our alumni and corporate address information. The on-line service "Linked-In" has become a great resource for finding lost alumni allowing us to regain contact. As of the writing of this report we are near the end of the merging of our database with our partners in the University of Maine Development Office. The merger will make it easier for both entities to share information, affording us the opportunity to expand the distribution of Foundation news and opportunities to more alumni.

Our newsletter, "The Dandy Scroll", continues to be published twice yearly. In 2013 a new column "Where Are They Now" was added as a result of a survey we conducted with our students during the fall Scholarship Banquet. We asked what topics the students wanted to hear about. One of the replies was – "what are former scholarship recipients doing now?" Our first column featured Bill Butterfield, '76; Heather (McPherson) Pelletier, '87; and Larry Ellis, '03. If any of our alumni would like to be featured in future editions, please contact Faye at 207/581-2297 or email Faye at woodcock@maine.edu.

Louis J. Boos, Chair

OPEN HOUSE COMMITTEE

Paper Days 2013 set a new "all-time" record with 361 industry representatives, UMaine alumni, faculty and students in attendance. Paper Days is sponsored jointly by the University of Maine Pulp & Paper Foundation, the Maine Pulp & Paper Association and Northeast TAPPI/PIMA. Some of the events that took place were:

- The dedication of the new Cellulose Nanofiber Pilot Plant.
- The celebration of the 25th anniversary of the Process Development Center (the Pilot Plant).
- The tour of the PDC and the AEW.
- Keynote presentation by Senator Angus King.
- The presentation of a \$100,000 gift by Sappi to kick off our \$2,000,000 campaign.
- The 2013 Honor Award to Barbara Hamilton.
- The presentation of the Genco Award to Dwane Hutto and Andy Sheaff.
- Presentation of the 2013 Pulp & Paper Foundation Teacher Awards to Robert Taylor, a science teacher from Spruce Mountain High School and Kathie King, math teacher from Messalonskee High School.
- Recognition of five new company members: Dalegip America; Kean Engineering; Pan-Am Railways; Penford Products and Woodland Pulp.
- The presentation of 3 new scholarships and 2 USA scholarships.
- A tour of the Technology Research center in Old Town.
- A panel discussion on the changing landscape of U.S. energy.
- Introduction of the 2013 senior scholarship recipients to our audience.

For the second year our attendees participated in our "ice-breaker" business card swap allowing our scholarship recipients to introduce themselves to our industry guests. Industry representatives were asked to bring a supply of their business cards and scholarship recipients were provided business cards made for them. Throughout the day and into the social hour cards were exchanged. Prizes were awarded to the industry representative and to the student collecting the most cards. The "ice-breaker" provides an excellent opportunity for student/industry interaction and will be continued at future Paper Days events.

Paper Days/Open House has been held every April since 1950. It is a wonderful way to meet old friends and make new friends.

Albert B. Moore, Chair

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CODE OF ETHICS

Statement of Values

The Board of Directors (the Board) of the University of Maine Pulp and Paper Foundation (the Foundation) adheres to the highest ethical standards to demonstrate its commitment to the core values of integrity, honesty, fairness, openness, respect, and responsibility. The Board embraces these core values:

- Commitment to the public good;
- Accountability to the public;
- Commitment beyond the law;
- Respect for the worth and dignity of individuals;
- Inclusiveness and social justice;
- Respect for pluralism and diversity;
- Transparency, integrity and honesty;
- Responsible stewardship of resources;
- Commitment to excellence and to maintaining the public trust.

Code of Ethics

A. Personal and Professional Integrity

All staff, board members and volunteers of the Foundation act with honesty, integrity and openness in all their dealings as representatives of the Foundation. The Foundation promotes a working environment that values respect, fairness and integrity.

B. Governance

The Board is responsible for setting the strategic direction of the Foundation and oversight of the finances, operations, and policies of the organization. The Board:

- Ensures that board members have the skills and experience to carry out their duties and that all members understand and fulfill their governance duties acting for the benefit of the Foundation and its public purposes;
- Maintains a conflict of interest policy that ensures any conflicts of interest or the appearance thereof are avoided or appropriately managed through disclosure, recusal or other means;
- Is responsible for the hiring, firing, and review of the performance of the President of the Foundation, and ensures that the compensation of the President is reasonable and appropriate;

- Ensures that the President and appropriate staff provide the Board with timely and comprehensive information so that the Board can effectively carry out its duties;
- Ensures that the Foundation conducts all transactions and dealings with integrity and honesty;
- Ensures that the Foundation promotes working relationships with board members, staff, volunteers, and program beneficiaries that are based on mutual respect, fairness and openness;
- Ensures that the Foundation is fair and inclusive in its hiring and promotion policies and practices for all board, staff and volunteer positions;
- Ensures that policies of the Foundation are in writing, clearly articulated and officially adopted;
- Ensures that the resources of the Foundation are responsibly and prudently managed.

C. Legal Compliance

The Foundation complies with all local, state, and federal laws and regulations.

D. Responsible Stewardship

The Foundation responsibly and prudently manages the endowment fund including:

- Ensuring reasonable expenses in pursuit of its purposes;
- Ensuring reasonable and appropriate compensation for staff members and any others that may receive compensation;
- Ensuring that all financial reports are factually accurate and complete in all material respects.

E. Disclosure

The Foundation provides comprehensive and timely information to the public and all stakeholders and is responsible in a timely manner to reasonable requests for information. All information about the Foundation will fully and honestly reflect the policies and practices of the Foundation. All financial, organizational, and program reports will be complete and accurate in all material respects.

2013



Barbara Kerr Hamilton

Barbara attended the University of Maine where she received her B.S. in Chemical Engineering in 1982. She began her career at Union Camp in Franklin, VA. In 1987 Barbara returned to Maine to work at International Paper in Jay, ME, until 1992 when she transferred to International Paper's Quinnesec, MI mill. Upon returning to Maine once again in 1993, Barbara held the position of Lead Engineer for The Fitch Company in Bangor, ME. Currently Barbara is a Senior Energy Consultant with the Global Industrial Solutions Group at Emerson Process Controls.

The 2013 Honor Award recipient has served as a member of the Pulp & Paper Foundation's Open House and Scholarship Committee and has served as Chair of the Educational Relations Committee. Barbara has also served as the Foundation's President and most recently as Chairwoman.

Notes

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[illegible]

For complete “up-to-date” program information including:

- Paper Days/Open House
 - Pulp & Paper “Consider Engineering”
High School Summer Program
 - Pulp & Paper Foundation Sponsored Scholarships
- visit us on the web at: www.maineulpaper.org

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THE UNIVERSITY OF MAINE PULP & PAPER FOUNDATION ANNUAL REPORT 2013



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Cover Photograph - Nine students from the University of Maine's student chapter of TAPPI/PIMA are pictured with their tour guides at Sappi, Kirkniemi as part of the inaugural TREE (TAPPI/PIMA Research Expedition: Europe) trip to Finland in June 2013.