

2011 CHAIRMAN'S STATEMENT

The mission of the McCune Foundation is to enable communities and nonprofit institutions to improve the quality and circumstances of life for present and future generations. In meeting these challenges, the Foundation employs flexible approaches and innovative strategies that are responsive to changing needs and new opportunities. The goal is to stimulate long-lasting and sustainable progress, which contributes to community vitality and economic growth.

The McCune Foundation was established in 1979 by the will of Charles L. McCune. The donor, a Director of The Union National Bank of Pittsburgh for 56 years, served as its President from 1945 until 1972, and then as Chairman of the Board until his death. As a businessman who participated in Pittsburgh's growth to prominence, we believe that Mr. McCune would grasp and hold tight to the mission listed above because it matches so closely with his life's work.

During his life, Charles McCune gave generously to charitable organizations, mostly in the Pittsburgh area, while seeking no public recognition of his philanthropy. He established the Foundation in memory of his parents, Janet Lockhart McCune and John Robison McCune. Concerning grants, Charles McCune left no more specific directions to our Distribution Committee than to make grants "...to or for the use of corporations organized and operated exclusively for religious, charitable, scientific, literary, or education purposes..." (Article Six, Paragraph 1). He showed us, however, as those who remember him can agree, a style of dealing with people and with challenges, which would be described as purposeful, simple, and direct.

The programs that result from this focus are Education, Health and Human Services, Humanities and Economic Development. In 2011 the Distribution Committee awarded 174 grants totaling \$21,165,500. Of these, just over 88% of the funds was dispensed in Pennsylvania and a detailed listing of all the grants is included in this report.

In the establishing document Mr. McCune required that all the assets of the McCune Foundation be paid out in grants by October 16, 2029 and the Foundation cease operation. For the past twelve years the Distribution Committee has been studying the implications of this requirement and examining a wide variety of methods to meet it. This past year the Committee made two decisions that will create the basis on which we move forward with the task of going out of business.

First, The Distribution Committee committed to distributing a minimum of 80% of the grant dollars to the twenty-six counties that comprise the western

one-third of the Commonwealth of Pennsylvania. The McCune Foundation has, by its mission, always been, primarily, a regional foundation working laterally to improve its targeted communities. By concentrating our work in this way we will be able to deepen our relationships with our current grant recipients and identify new partners that strengthen their communities. This approach draws on the talents and experience of our staff and will help us distribute not only the income but the principal of the Foundation.

The second decision the Distribution Committee made was to compute a “level-funding plan” for the next eighteen years. Mr. McCune’s will set out a minimum payout requirement that started small in the early years and put the bulk of the distributions in the final five years. This formula would create a heavy load on staff during those years with the final year going from a very high velocity to zero in a matter of days. The will, while laying out the minimum requirement, also gave the Distribution Committee full latitude to adjust distributions into the earlier years. This we have decided to do. It will allow us to plan for successive years more easily and will allow us to keep our staff size and operating costs under control. In the end it will slightly reduce the final amount distributed but we think this trade-off was worth a more thoughtful approach to our grant making.

In making these decisions the Distribution Committee has taken two steps toward laying out the path toward dissolution of the Foundation. We continue to work toward putting all the pieces in place. We are working on several prototype programs that may be implemented in the upcoming year and will be constantly evaluating all our work for improvements. It is our intention to keep our partners fully informed as we work toward 2029.

I want to close this statement by thanking the other three members of the Distribution Committee – Sarah Losinger, John Edwards and John McCune. Together they represent over forty-two years of service to the McCune Foundation. More importantly, they all knew Charles McCune personally and are committed to honor him and his parents in their work. Each of them brings their varied talents to our work and are gracious in their relationships with our excellent staff and partners. The Foundation benefits greatly from their commitment.

Michael M. Edwards
Chairman