

## Looking Forward

This past year was a noteworthy one in many regards. Founded in 1979 and designed to have a 50-year life, 2024 saw the McCune Foundation's 45<sup>th</sup> year of investing in southwestern Pennsylvania's future. Just as the region has grown and evolved to meet current needs and opportunities, so too has the Foundation. At its inception, the Foundation focused primarily on higher education and human service organizations. In the mid-1990s, our focus expanded to include investments in the humanities and arts. We also started to invest in community and economic development to support a new economy for Pittsburgh and the revitalization of its neighborhoods. This work continues today through the efforts of our nonprofit partners and the Sunset strategy which is grounded in our Guiding Principles and focused on:

1. Seeking and facilitating Big Ideas that shift the trajectory of an entire ecosystem of organizations and stakeholders. These investments are intended to significantly accelerate a body of work or priority area.
2. Strengthening nonprofit partners so they can capitalize on opportunities, weather storms with resilience and most effectively deliver on their missions. These long-term investments are intended to be transformational for an organization, help it to thrive and optimally serve the community.
3. Strengthening the capacity of the region's nonprofit sector so it serves the community optimally and maximally.

With five more years until its completion, the Foundation remains fully committed to the Sunset strategy. Since 2011, the Foundation has awarded nine (9) Big Idea grants and 145 final grants totaling over \$328 million. Each engagement was customized to the individual opportunities and needs of our partners. We anticipate awarding approximately \$161 million more in grants over the next five years. It has been both thrilling and deeply meaningful to see the well-considered and solutions-focused ideas that our nonprofit partners have brought to us since we launched our Sunset strategy 13 years ago, and we look forward to seeing many more. We also look forward to continuing to learn along the way by listening to our nonprofit partners. With their feedback, we are further refining our work until the end. We are grateful for the time spent by those who completed surveys and interviews.

In addition to a rich body of grantmaking work, 2024 also ushered in both an ending and a beginning in leadership at the Foundation. After 25 years on the Distribution Committee, and almost 15 years as Chair, Mike Edwards retired from the Committee. Mike grew up in Pittsburgh but hadn't lived here for over 40 years, yet his commitments to the Foundation and the region were unwavering. We all, on staff and on the Committee, owe him a debt of gratitude for his thoughtful, steady leadership which guided us through the development and implementation of the Sunset strategy, among many other key milestones.

Adam Edwards and John Edwards, next-generation McCune family members, assume the Chair and Vice Chair roles of the Foundation. Adam has been on the Distribution Committee for 11 years and John for five. They, along with the full Distribution Committee made up of family and community members, have been deeply engaged with the strategic, programmatic and operational work of the Foundation during some of its most critical periods. Lisa (Edwards) Storey, also a next-generation McCune family member, joined the Distribution Committee in September.

As we look ahead to the Foundation's final five years of operations, what encourages and sustains us is the inspiring work that will be alive and well long after the Foundation itself has closed. As we enter our final chapter, we see a robust pipeline of investments and look forward to the ideas and opportunities that are yet to reach us.

Finally, we would like to express our great appreciation for the staff and Distribution Committee. Our small but mighty staff of five have a combined 60 years of service at the Foundation, and the seven-member Distribution Committee has 51 years of combined service. Their collective, longstanding commitments allow us to absorb lessons learned, iterate and evolve in greater service to the region. We look forward to continuing to do so until our completion in 2029.

Adam Edwards, Incoming Chair

Laurel Randi, Executive Director

## **Chairman's Statement 2024**

*The McCune Foundation supports non-profit organizations that advance the quality of life for the people of southwestern Pennsylvania by fostering community vitality and economic growth to improve the region for current and future generations.*

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. His life was spent providing capital to people with good ideas and the ability to execute them.

Charles McCune also 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. He left us a legacy less of what to do, and more of how to do it. As those who knew him will attest, his style of dealing with people and with challenges would be described as purposeful, simple, and direct. The Foundation he created continues to provide capital to people with good ideas and the ability to execute them.

In the McCune Foundation's establishing document, Mr. McCune required that all the assets of the Foundation be paid out in grants by October 16, 2029 and the Foundation cease operation on that date. The 2016 Chairman's Statement gave a history of the major decisions the Distribution Committee has made to meet this requirement. Our commitment to the Sunset Strategy was made fully apparent in 2017. While our work continues in the Education, Health and Human Services, Humanities and Civic program areas, we no longer organize our grantmaking around these categories. Now, our Sunset Strategy deals with Sunset Grants, Concept Testing, Readiness and Ending Well with each being described in the Annual Report.

In 2024 the Distribution Committee disbursed 94 new and conditional grants totaling \$47,572,750. The 2024 Annual Report lists these grants. Our average grant size this year is \$506,093. Seventy percent of all our grants made this year were dedicated to the Sunset Strategy but, more importantly, 95% of all dollars granted were dedicated to the Sunset. The spending rate this year was 29% of invested assets at the end of the fiscal year.

The McCune Foundation made two Big Idea grants this year. The first was to Allegheny College for \$15,000,000. \$13,900,000 of this amount is to endow the Community Impact Hub, which coordinates the work of students and faculty at the College with local non-profits on projects that benefit the Meadville community. The balance is to cover the first year of programming and rental costs. The second Big Idea grant was to the Allegheny Health Network for \$9,400,000 toward the Alpha Lab Health Revolving Investment Fund.

## **How do you measure success?**

This is a question we ask grant seekers to address when they are submitting requests to the Distribution Committee. The answers help us evaluate their requests and become part of the follow-up reports we ask for after a set number of years. The use of the word “measure” is interesting, and possibly a little lazy, since it implies a quantitative response when a broader answer is more beneficial.

How do we measure our success?

The first six words of our Mission Statement are “*The McCune Foundation supports non-profit organizations...*” This part of the statement declares what we do – not what we aspire to. It states simply that our purpose is to support the work of others. Measuring success for this lends itself to a quantitative response. In 45 years, the McCune Foundation has supported 1,206 organizations by making 5,488 grants totaling \$1,055,496,072.

How do we measure success for the part of our mission that is more aspirational: “*.... organizations that advance the quality of life for the people of Southwestern Pennsylvania by fostering community vitality and economic growth to improve the region for current and future generations.*” A quantitative measurement of this could be the number of people served by the organizations we have supported. Yet not everyone served will experience improved lives. Conversely, those that do benefit could bring improvement to others around them. Measuring this dynamic is a bit like trying to count the leaves that fall from just one tree in a dense forest.

Henry Beukema, our former Executive Director, used to say that our Sunset grants were a transfer of our Foundation’s DNA to our grant recipients. What he meant was that our assets, the core of any foundation, would become a core asset of our grant recipients. This transfer of assets by a sunset foundation like McCune is different than perpetual foundations and has caused us to move away from programmatic grants to grants that add to an organization’s balance sheet – like endowment, revolving and reserve funds. The continuing benefits these assets bring to their organizations can become a measurement of success.

Our staff has begun compiling the status of any funds that were part of this transfer. They call it our Community Balance Sheet and the data are drawn from the follow-up reports that have been received during the year. So far, the report, dated August 22, 2024, covers sixty grants to fifty-seven organizations. Those grants totaled \$191,069,871 for permanent or “living assets” and their current value is \$176,853,233.

At first blush, the drop in value is concerning. Yes, some endowment funds show a loss due to market conditions, but others are being carried at book value awaiting the first follow-up report after a recent grant. Also, the nature of reserve funds is such that they will show a reduction as they are being used and before they are replenished.

It covers sixty of what is probably thousands of capital grants the Foundation has made. Most of the dollars granted out since 2016 were for our Sunset and we made a great many capital grants going back to the Foundation’s inception. This August run is just the start of measuring the assets from the McCune Foundation that remain in the community supporting non-profit organizations that provide services to the people of southwestern Pennsylvania. It is our hope that these organizations, and the capital we supplied, will continue to do so for a very long time after we are gone.

### **Farewell**

After twenty-five years as a Distribution Committee Member and fourteen years as its Chair, I retired from both positions after our September meeting. Having spent over forty-five years as a grantmaker for various foundations, I considered using this moment to share some of what I have learned. Fortunately for everyone, I have been at it long enough to know that there is a myriad of ways to make grants and grantmaking is a very personal activity. Giving advice to other grantmakers is worse than throwing mustard seeds on rocky soil and, therefore, should be avoided. That being said, there is one comment I want to make on my way out.

It is quite unusual to be charged with giving someone else’s money away. Grantmaking, at its core, is very transactional. All we grantmakers do is decide if someone can turn the money we give them into a benefit for society. They do the hard part. They, hopefully, transform the lives of others. We just take someone else’s money and give it to the doers. I have found it to be fascinating work with many challenges but in the end, as Henry Beukema always said, the story is not about us. It was never about us.

I cannot let this moment pass without saying that I have been privileged to work with all the people who have served the McCune Foundation. We have been blessed with staff members and Distribution Committee members who consistently demonstrate a commitment to our mission. This commitment makes working together harmonious and, many times, inspiring. I never took any of this for granted and, while I will miss you all, I will hold the experience close to my heart forever.

Michael M. Edwards