

McCune Foundation

2024 ANNUAL REPORT



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Three PPG Place, Suite 400
Pittsburgh, Pennsylvania 15222
(412) 644-8779
www.mccune.org

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

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 45th 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 Randj, Executive Director

DISTRIBUTION COMMITTEE

Michael M. Edwards
Chairman

Brooks Broadhurst

James V. Denova

Adam B. Edwards

John M. Edwards

Karen L. Hanlon

Sarah McCune Losinger

Lisa Storey (effective 9/18/2024)

STAFF

Laurel S. Randi
Executive Director

Rachel E. Cypher
Administrative Services Manager

Valerie L. Fahrny
Grants Manager

Michele A. Krugh
Research & Communications Associate

Stephanie K. McCarthy
Program Officer

McCUNE FOUNDATION GRANTS

Fiscal Year 2024

2024 GRANTS PROGRAM

In 2024, the McCune Foundation paid 94 new and conditional grants totaling \$47,572,750. In alignment with the Foundation's Sunset strategy, grants are assigned to one of three grant types: Sunset, Standard, and PRI Redeployment, each of which also has multiple subcategories. These three grant types, and their relevance to the Sunset strategy, are described below.

SUNSET

Sunset grants are a completion of a body of work with a grantee, representing the culmination of a series of engagements in a specific area of impact or an investment in the organization as a whole. In keeping with the Sunset strategy, each Sunset grant is unique, guided by the organization's history with the Foundation, its specific needs, the opportunities present, and the local context within which it is operating. All Sunset grants are aligned and additive to an organization's existing priorities, as evidenced by a current strategic plan or strategy document, even if the strategies are yet to be fully implemented.

Highlights

In 2024, the Foundation awarded 24 Sunset grants totaling \$34,185,000. The Human Services area received the highest number of grants, and the largest amount of funding went to Education.

Sunset

Allegheny College \$6,000,000	<i>Toward \$13,900,000 to endow the Community Impact Hub (CIH), and \$1,100,000 for year one programming (\$590,000) and for functional updates to a rented physical location for CIH in downtown Meadville (\$510,000).</i>
Allegheny Health Network \$9,400,000	<i>Toward the Alpha Lab Health Revolving Investment Fund.</i>
Attack Theatre, Inc. \$100,000	<i>Toward \$315,000 for the implementation of a strategic financial plan.</i>
Bike Pittsburgh, Inc. \$100,000	<i>Toward \$250,000 for capacity building for revenue generation and working capital.</i>

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Construction Junction, Inc.

\$235,000

Toward \$570,000 for building internal capacity.

Duquesne University

\$250,000

Toward \$750,000 for the Center for Integrative Health staff investments and capacity building.

Holocaust Center of Pittsburgh

\$125,000

Toward \$450,000 for business model development, programmatic planning, and branding to create the new Tree of Life organization.

Hosanna Industries, Inc.

\$350,000

Toward a home repair program fund to address a waiting list over the next three to five years.

Literacy Pittsburgh

\$4,000,000

For capitalization plan implementation, including \$2,500,000 toward an operating endowment, \$1,000,000 for an operating reserve, and \$500,000 for a working capital fund.

Millvale Community Library

\$100,000

Toward the Millvale Community Library Facilities Fund.

Peoples Oakland, Inc.

\$350,000

To support necessary facility upgrades.

Society to Preserve the Millvale Murals of Maxo Vanka

\$200,000

Toward \$350,000 for change capital for long-term sustainability of its campus and organizational structure.

Squirrel Hill Health Center

\$2,500,000

Toward \$3,000,000 for working capital (\$1,000,000), the establishment of a rainy-day fund (\$1,500,000), and due diligence for a future central site (\$500,000).

Sweetwater Center for the Arts

\$200,000

Toward \$375,000 for change capital to strengthen the organization's financial model.

The Neighborhood Academy

\$2,100,000

Toward a capital reserve fund.

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The Pittsburgh Project
\$250,000 *Toward preserving and improving program and community space.*

Trade Institute of Pittsburgh
\$40,000 *Toward \$145,000 for building a sustainable giving program.*

Venture Outdoors, Inc.
\$310,000 *Toward \$500,000 for capitalization plan implementation, including an equipment reserve.*

Washington County Community Foundation, Inc.
\$4,000,000 *Toward a capacity building grants and services endowment for Washington County nonprofits.*

Western Pennsylvania School for Blind Children
\$750,000 *Toward expanded adult programming and a respite care facility.*

Winchester Thurston School
\$1,250,000 *Toward endowment for the continued implementation of City as Our Campus: Student need-based financial aid (\$750,000) and faculty professional development (\$500,000) as part of evolutions to the City as Our Campus model.*

Women's Center and Shelter of Greater Pittsburgh
\$1,500,000 *To establish a facility endowment fund (\$750,000) and to create an endowed internal staff sabbatical program (\$750,000).*

YouthPlaces
\$75,000 *Toward \$175,000 for strategic business planning and a working capital reserve.*

STANDARD

Standard grants are a continuation of the Foundation's historical grantmaking program but have taken on new forms in service of the Sunset strategy. They are usually five- or six-figure grants. Standard grants encompass the following:

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- **Concept Testing** grants fund organizations to pilot and assess strategic (and often transformational) opportunities, typically over multiple years, prior to considering a Sunset request;
- **Readiness** grants help organizations address business model changes or other capacity or infrastructure needs in advance of a prospective Sunset grant;
- **Ending Well** served as an important category to finish grantmaking with organizations whose funding history with the Foundation did not meet the criteria for a Sunset grant over \$750,000. Ending Well grants could occur in a series, or as a single, final engagement. As per the Sunset strategy evolutions implemented in September 2022, the Ending Well grantmaking category was retired and all final grants are now called Sunset. Any Ending Well grants paid in 2024 were part of a previously awarded multiyear grant;
- **Special Project** grants respond to time-sensitive opportunities, emergency needs requests, broad community efforts, projects benefitting multiple grantees, or other one-time/short-term discrete projects in alignment with the Foundation's mission and values; and
- **Director's Discretionary Grants** primarily support planning and assessment services in support of an organization's Sunset trajectory.

Highlights

In 2024, the Foundation awarded 70 Standard grants totaling \$13,387,750. The Human Services area received the highest number of grants and the largest amount of funding.

Concept Testing

Allegheny Land Trust

\$135,000

Toward \$250,000 to continue refining the urban Community Conservation model.

Carnegie Science Center

\$350,000

Toward \$700,000 to pilot a Rapid Science Engagement Initiative.

Chatham University

\$570,000

Toward \$850,000 to create the Academic Success Center to improve student retention.

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DePaul School for Hearing and Speech
\$200,000 *Toward \$350,000 to launch an apprenticeship model for teachers of the deaf by replicating the Grow-Your-Own Teacher apprenticeship model for specialized teachers.*

Grantmakers of Western Pennsylvania
\$878,750 *Toward \$2,478,750 for the Regional Capacity Building Initiative.*

Greater Pittsburgh Community Food Bank
\$1,225,000 *Toward \$2,450,000 for continued development of the Collective Impact Initiative focused on community-driven solutions to increase food access.*

Grove City College
\$85,000 *Toward \$255,000 to expand the E + I Fellows Program beyond a pilot phase.*

Neighborhood Allies, Inc.
\$1,000,000 *Toward \$2,000,000 for the Neighborhood Capital program.*

Pennsylvania Environmental Council, Inc.
\$250,000 *Toward \$500,000 for a pilot project for sustainable trail maintenance training, certification, and organizational effectiveness.*

Presbyterian SeniorCare Network
\$650,000 *Toward \$1,300,000 to continue concept testing for the Center for Innovation & Care Transformation.*

Propel Schools Foundation
\$275,000 *Toward \$550,000 for the Teacher Residency Expansion Project.*

Riverview Children's Center
\$75,000 *Toward \$375,000 toward playground reconstruction and to test a staff retention fund.*

Robert Morris University
\$190,000 *Toward \$710,000 to pilot an Income Share Agreement Program.*

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Seton Hill University	\$345,000	<i>Toward \$1,000,000 for the Center for Success.</i>
Washington County Community Foundation, Inc.	\$212,500	<i>Toward \$425,000 for the Nonprofit Leadership and Engagement Program.</i>
Westminster College	\$250,000	<i>Toward \$500,000 for the Comprehensive Program for Advancing Student Success.</i>

Readiness

Center for Hearing & Deaf Services, Inc.	\$25,000	<i>Toward \$375,000 for improved long-term increased financial stability.</i>
Children's Home of Pittsburgh & Lemieux Family Center	\$115,000	<i>Toward \$250,000 of, change capital for credentialing and expansion of counseling services.</i>
City of Asylum Pittsburgh	\$100,000	<i>Toward \$150,000 to create a Director of Development position.</i>
City Theatre Company, Inc.	\$400,000	<i>Toward \$800,000 for business model evolutions.</i>
Extra Mile Education Foundation	\$170,000	<i>Toward \$237,500 for building fundraising and marketing capacity.</i>
Familylinks, Inc.	\$400,000	<i>Toward IT and system upgrades.</i>
Focus On Renewal Sto-Rox Neighborhood Corporation	\$200,000	<i>For capacity enhancements and strategic planning.</i>
Kingsley Association	\$270,000	<i>Toward \$370,000 for increased fundraising capacity and physical infrastructure enhancements to support revenue generation.</i>

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Life'sWork of Western Pennsylvania

\$150,000 *Toward \$750,000 toward a business model transformation.*

Lifesteps, Inc.

\$100,000 *Toward \$350,000 for concept testing technology solutions for service delivery.*

Manchester Youth Development Center, Inc.

\$250,000 *Toward investments in technology and financial capacity, and a staffing needs assessment.*

Pittsburgh Opera, Inc.

\$260,000 *Toward \$860,000 for development and communications capacity.*

Pittsburgh Public Theater Corporation

\$370,000 *Toward \$595,000 for capitalization plan implementation investments.*

Pittsburgh Symphony Inc.

\$300,000 *Toward \$750,000 to build the Symphony's capacity to improve first-year ticket buyer retention rates.*

Primary Care Health Services, Inc.

\$400,000 *Toward the implementation of earned revenue strategies.*

Rivers of Steel Heritage Corporation

\$165,000 *Toward \$800,000 for investments in staff capacity, and safety and security improvements at the Carrie Furnace site.*

South Hills Interfaith Movement

\$205,000 *Toward \$250,000 for development and staff capacity investments for sustainability.*

Touchstone Center for Crafts

\$145,000 *Toward growing staff capacity and facility improvements.*

Westmoreland Community Action

\$180,000 *Toward \$250,000 for building data and financial capacity.*

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World Affairs Council of Pittsburgh

\$100,000

Toward \$200,000 to develop and test sustainable earned revenue strategies.

Ending Well

Pennsylvania Resources Council, Inc.

\$25,000

Toward \$200,000 to implement communications and fundraising strategies.

Pittsburgh Botanic Garden

\$75,000

Toward \$300,000 for expanding market awareness.

Sustainable Pittsburgh

\$25,000

Toward \$150,000 toward support for a Development Director.

The Pittsburgh Camerata

\$55,000

Toward \$200,000 for the establishment of joint administrative resources serving both Pittsburgh Camerata and the Pittsburgh Girls Choir.

Special Project

Carlow University

\$50,000

Toward a University Shared Services Business Plan.

Community Foundation for the Alleghenies

\$420,100

Toward \$840,200 for continued capitalization planning and training.

Eradicate Hate Global Summit

\$150,000

Toward \$450,000 for 2024 - 2026 program support.

New Sun Rising

\$115,000

Toward \$230,000 for the continuation of the Investment Education Program.

Pittsburgh Downtown Partnership

\$200,000

Toward strategic planning.

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POISE Foundation

\$250,000

Toward \$500,000 for the Sabbatical Program continuation in 2025 and 2026.

POISE Foundation

\$340,000

Toward \$688,000 for the Sabbatical Program continuation.

The Hear Foundation

\$180,000

Toward \$285,000 for building fundraising capacity.

Director's Discretionary Grants

The Foundation made 20 grants of \$50,000 or less, totaling \$506,400.

PRI REDEPLOYMENT

The Foundation assigned ownership of its Strategic Investment Fund PRI position (\$1,748,000) to Bridgeway Capital in 2024.

Historical Grant Totals

<u>Year</u>	<u>Total</u>	<u>Grants</u>	<u>Year</u>	<u>Total</u>	<u>Grants</u>
1980	\$1,909,500	101	2011	\$21,165,500	174
1981	\$2,385,000	94	2012	\$102,412,861	147
1982	\$3,308,500	99	2013	\$25,986,115	134
1983	\$3,874,500	89	2014	\$27,018,000	140
1984	\$3,857,300	49	2015	\$28,204,500	130
1985	\$12,149,310	56	2016	\$27,499,927	132
1986	\$13,144,265	45	2017	\$28,981,770	122
1987	\$11,234,258	30	2018	\$30,999,475	115
1988	\$10,158,285	39	2019	\$34,130,100	93
1989	\$13,364,994	37	2020	\$39,694,954	161
1990	\$15,289,998	39	2021	\$38,279,015	138
1991	\$13,358,171	39	2022	\$51,288,575	90
1992	\$11,613,467	43	2023	\$42,730,959	89
1993	\$13,616,950	72	2024	\$47,572,750	94
1994	\$13,555,400	111			
1995	\$13,825,050	99			
1996	\$16,341,104	131			
1997	\$21,480,575	142			
1998	\$28,087,930	160			
1999	\$29,331,700	161			
2000	\$28,391,003	143			
2001	\$27,858,921	185			
2002	\$25,375,494	188			
2003	\$23,612,390	197			
2004	\$25,597,625	201			
2005	\$27,309,422	194			
2006	\$26,792,859	213			
2007	\$28,941,100	170			
2008	\$27,049,256	183			
2009	\$18,251,789	165			
2010	\$19,630,510	172			