

McCune Foundation

2023 ANNUAL REPORT



McCUNE FOUNDATION

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

CHAIRMAN'S STATEMENT – 2023

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 Education, Health and Human Services, Humanities and Civic, 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 2023 the Distribution Committee disbursed 89 new and conditional grants totaling \$42,730,959. The 2023 Annual Report lists these grants. Our average grant size this year is \$480,123. Sixty-six percent of all our grants made this year were dedicated to the Sunset Strategy but, more importantly, 92% of all dollars granted were dedicated to the Sunset. The spending rate this year was 22% of invested assets at the end of the fiscal year. Total grants and average grant size are down from 2022, which will likely be the peak grants budget as we approach termination. The spending rate will continue to increase as 2029 approaches.

Managing the Workload

John McCune V was Chair of the Distribution Committee from 1983 until his passing in 1993. During his tenure the Foundation became fully funded and the grant budget increased from just under four million dollars to well over thirteen million. It was during this period that the Foundation's grantmaking became more formalized and many of the Guiding Principles we live under today were formulated.

John McCune was firm about wanting the dollars available for distribution be devoted to grants that would benefit the communities the Foundation served. He wanted to minimize the dollars devoted to other activities. One result of this approach was the directive that the Foundation's operating costs would be one-half of those of our peers. One result of this guideline is that the Foundation's staff size has stayed steady at six since 1995 despite going from a grantmaking volume of \$13,825,000 to \$42,730,959 in 2023.

This staffing model is significantly smaller than our peers. Managing the workload of a grants budget that averaged about twenty-five million dollars through the years and has peaked at just over fifty million dollars, due to our sunsetting, resulted in two characteristics of our Program Staff. First, our Executive Director is also a Program Officer, which seems normal to us but is unusual. Second, our Program Officers are generalists. Many of our peers have program officers with previous and extensive experience in the fields that they oversee. This results in increased staffing and grant making that may be more directive. Our staff, while over time developing a level of expertise in various fields, spend their time looking for organizations with good ideas and the ability to execute them.

Going back to the significant increase in the Foundation's grant budget due to our sunsetting, it was clear that, if we held to the principle of being low cost, methods would need to be developed to help manage the workload of either larger or more grants. The first program that was designed to address this challenge was our Big Ideas, which are described elsewhere in this report. While these large grants would require more due diligence than standard grants, the resulting jump in average grant size would help manage the workload. Unfortunately, we quickly learned that the capacity in Southwestern Pennsylvania for grants of this size and purpose was very limited to a few, larger organizations. If our sunsetting efforts were limited to just Big Ideas we would be unable to work with enough organizations to adequately strengthen the non-profit community to make up for our future absence, which is one of our goals.

The other program that was implemented was Clusters. These are organizations in the same field and similar in nature. It was our hope that lessons learned from one organization could be applied to others – thus reducing the time spent getting to understand an organization's current needs and abilities. It was our work in small and medium size arts organizations that first made us aware of the possibilities. While we continue to organize and work in clusters, as of this writing they have not magically managed the workload. The direct benefits remain unclear but it is likely that their influence will be clarified over the next five years.

The lesson to take from all this is that there are no shortcuts to quality grantmaking. Our program officers each must maintain a relationship with our partners. Long discussions need to occur to determine each organization's current strengths, weaknesses and needs. With some organizations, they must have lengthy discussions to identify a need

that allows us to finish a body of work with a targeted final gift. With other organizations they must usher them through readiness and concept testing grants in the hope that they are prepared for a larger Sunset Grant. In the end, managing the workload doesn't mean reducing it, it means doing it fully and effectively.

Farewell

Good teachers want the best from their students. Good teachers want the best for their students. From working with her for six years on the Distribution Committee, it is easy to say that Kristen Kurland is a great teacher.

While Kristen was always completely engaged in the issues before us and the grant requests we were evaluating, her greatest strength was her intuitiveness around the committee itself. Kristen worked carefully to get to know each of us and has a high capacity for empathy. Her voice was often heard when we were stuck on something and her support in a certain direction would get us moving. On several occasions she gave of her time outside our meetings to help a fellow member understand issues before the committee or assist them in other areas of interest.

We are grateful to Kristen for all she brought to our work and know that she will bring great value to all the organizations she serves in the future.

Michael M Edwards
Chair – Distribution Committee

DISTRIBUTION COMMITTEE

Michael M. Edwards
Chairman

James V. Denova

Adam B. Edwards

John M. Edwards

Karen L. Hanlon

Kristen S. Kurland

Sarah McCune Losinger

STAFF

Laurel S. Randi
Executive Director

Rachel E. Cypher
Office Administrator

Valerie L. Fahrny
Grants Manager

Jocelyn Horner Kelly
Senior Program Officer

Michele A. Krugh
Research & Communications Associate

Stephanie K. McCarthy
Program Officer

McCUNE FOUNDATION GRANTS

Fiscal Year 2023

2023 GRANTS PROGRAM

In 2023, the McCune Foundation awarded 89 new and conditional grants totaling \$42,730,959. 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 implemented.

Highlights

In 2023, the Foundation awarded 17 Sunset grants totaling \$31,900,000. The Human Services program area had the largest number of grants and received the largest dollar amount.

Sunset

Andy Warhol Museum	\$4,000,000	<i>To endow the Learning and Public Engagement Department.</i>
Children's Institute of Pittsburgh	\$2,250,000	<i>To establish an Innovation and Sustainability Endowment (\$2,000,000) and to pursue current innovation priorities (\$250,000).</i>
Community Growth Fund	\$325,000	<i>Toward the Ways to Work Loan Fund and staff capacity.</i>
Family House, Inc.	\$1,500,000	<i>Toward the Family Assistance Endowment.</i>
Geneva College	\$250,000	<i>Toward planning for the use of its new property.</i>

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Headwaters Charitable Trust	\$250,000	<i>Toward Knox and Kane Trail safety improvements.</i>
Holocaust Center of Pittsburgh	\$275,000	<i>Toward business model development, programmatic planning, and branding to create the new Tree of Life organization.</i>
Hosanna House, Inc.	\$6,600,000	<i>Toward a general operating endowment and \$600,000 toward bridge operating support.</i>
Mon Valley Initiative	\$7,000,000	<i>Toward a comprehensive capitalization plan, including: \$5,000,000 for a general operating endowment, \$500,000 for bridge programmatic and operating support, \$1,030,000 for operating and real estate reserves, and \$470,000 to renovate of MVI's current real estate portfolio.</i>
Off the Floor Pittsburgh	\$70,000	<i>Toward a new box truck and increased communication and development staff capacity.</i>
Pittsburgh Glass Center, Inc.	\$2,200,000	<i>Toward capital and operating reserves.</i>
Riverlife	\$5,000,000	<i>To establish a Trail Care & Maintenance Endowment.</i>
Society to Preserve the Millvale Murals of Maxo Vanka	\$150,000	<i>For change capital for long-term sustainability of its campus and organizational structure.</i>
Trade Institute of Pittsburgh	\$90,000	<i>Toward building a sustainable giving program.</i>
Valley School of Ligonier	\$250,000	<i>Toward a Financial Aid Endowment.</i>
Venture Outdoors, Inc.	\$190,000	<i>Toward capitalization plan implementation, including an equipment reserve.</i>

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Woodlands Foundation, Inc.

\$1,500,000

Toward a Maintenance Endowment (\$1,125,000) and current facility repair and replacement priorities (\$375,000).

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, with the largest single award in 2023 totaling \$900,000. Standard grants encompass the following:

- **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** grants do not relate to a specific Sunset grant request. (The Foundation is not awarding new grants in this area. Any grants paid in 2023 were part of a previously awarded multiyear grant.)
- **Annual** grants to a small group of grantees;
- **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;
- **Director's Discretionary Grants** primarily support planning and assessment services in support of an organization's Sunset trajectory; and
- **Stock Transfer Grants** address any losses due to same-day market events that grantees may experience as the result of a grant being made via in-kind stock transfer.

Highlights

In 2023, the Foundation awarded 71 Standard grants totaling \$10,740,959. The Human Services and Civic areas were tied for the program areas with the largest number of grants, with the Civic category receiving the largest dollar amount.

Concept Testing

Allegheny Health Network

\$600,000

To support a fourth cohort of AlphaLab Health.

McCUNE FOUNDATION GRANTS

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Allegheny Land Trust	\$40,000	<i>Toward expanded Urban Land Conservation capacity, including a pilot revolving fund and additional staff.</i>
Grove City College	\$85,000	<i>To expand the E + I Fellows Program beyond a pilot phase.</i>
La Roche University	\$165,000	<i>Toward the development of the Lifelong Learning Center.</i>
Neighborhood Allies, Inc.	\$1,000,000	<i>For the Neighborhood Capital program.</i>
Propel Schools Foundation	\$275,000	<i>Toward the Teacher Residency Expansion Project.</i>
Riverview Children's Center	\$300,000	<i>Toward playground reconstruction and to test a staff retention fund.</i>
Robert Morris University	\$190,000	<i>To pilot an Income Share Agreement Program.</i>
Seton Hill University	\$340,000	<i>Toward the Center for Success.</i>
Washington County Community Foundation, Inc.	\$212,500	<i>Toward the Nonprofit Leadership and Engagement Program.</i>
Westminster College	\$250,000	<i>Toward the Comprehensive Program for Advancing Student Success.</i>

Readiness

Center for Hearing & Deaf Services, Inc.	\$50,000	<i>Toward achieving long-term increased financial stability.</i>
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Children's Home of Pittsburgh & Lemieux Family Center	\$135,000	<i>Toward change capital for credentialing and expansion of counseling services.</i>
City Theatre Company, Inc.	\$400,000	<i>Toward change capital to support business model evolution.</i>
Friends of the Riverfront, Inc.	\$50,000	<i>Toward a feasibility study for a Trail & Greenway Development Fund.</i>
Greater Pittsburgh Arts Council	\$75,000	<i>Toward shared services exploration and strategic planning.</i>
Imani Christian Academy	\$80,000	<i>Toward fund development capacity building.</i>
Lawrenceville Corporation	\$50,000	<i>Toward an organizational sustainability plan.</i>
Life'sWork of Western Pennsylvania	\$250,000	<i>Toward a business model transformation.</i>
Lifesteps, Inc.	\$250,000	<i>Toward concept testing a technological solutions pilot.</i>
Literacy Pittsburgh	\$75,000	<i>Toward human resources infrastructure investments.</i>
NeighborWorks Western Pennsylvania	\$200,000	<i>Toward staff and capacity investments to expand homeownership opportunities.</i>
Pittsburgh Glass Center, Inc.	\$70,000	<i>Toward marketing, communications & fundraising capacity.</i>
Pittsburgh Mercy Health System	\$70,000	<i>Toward community engagement capacity.</i>

McCUNE FOUNDATION GRANTS

Fiscal Year 2023

Pittsburgh Opera, Inc.
\$295,000 *Toward development and communications capacity that will lead to a stronger business model.*

Rivers of Steel Heritage Corporation
\$596,000 *Toward investments in staff capacity and safety and security improvements at the Carrie Furnace site.*

The Mattress Factory, Ltd.
\$140,000 *Toward contributed revenue growth and technology improvements.*

Touchstone Center for Crafts
\$85,000 *Toward business model enhancements.*

World Affairs Council of Pittsburgh
\$100,000 *Toward developing and testing sustainable earned revenue strategies.*

YMCA of Greensburg
\$235,000 *For facility master planning and maintenance needs.*

YWCA of Greater Pittsburgh
\$125,000 *To build staff capacity in volunteer engagement and marketing.*

Ending Well

Amachi Pittsburgh, Inc.
\$60,000 *Toward fundraising and communications infrastructure.*

Anchorpoint Counseling Ministry, Inc.
\$42,000 *Toward incentives to expand and strengthen its individual donor base.*

August Wilson African American Cultural Center
\$50,000 *Toward the Individual Membership & Major Gifts Expansion Initiative.*

Hill Dance Academy Theatre
\$30,000 *Toward capacity building and business planning.*

McCUNE FOUNDATION GRANTS

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New Hazlett Center for the Performing Arts

\$30,000 *Toward building capacity in fund development.*

Pennsylvania Organization for Women in Early Recovery (POWER)

\$300,000 *For the long-term sustainability of the POWER Campus.*

Pennsylvania Resources Council, Inc.

\$50,000 *Toward support for communications and fundraising strategies.*

Sustainable Pittsburgh

\$50,000 *Toward support for a Development Director.*

Three Rivers Young Peoples Orchestras

\$55,000 *To restructure the business model through building marketing and development capacity.*

Tickets for Kids Charities

\$100,000 *Toward technology and communications enhancements and a Technology Reserve Fund.*

Annual

Hosanna House, Inc.

\$300,000 *To support general operations in 2023.*

Mon Valley Initiative

\$250,000 *To support general operations in 2023.*

Special Project

ACTION-Housing Inc.

\$90,000 *To engage a national consulting team to complete a comprehensive Single Room Occupancy (SRO) Facility Asset Management and Supportive Services Study.*

ACTION-Housing Inc.

\$162,500 *Toward Second Avenue Commons operational start-up costs.*

McCUNE FOUNDATION GRANTS

Fiscal Year 2023

Bloomfield-Garfield Corporation

\$250,000

Toward predevelopment costs for the Negley Rotunda Restoration Project.

Community Foundation for the Alleghenies

\$600,350

Toward continued capitalization planning and training program support.

East Liberty Family Health Care Center

\$375,000

Toward recovery capital.

Eradicate Hate Global Summit

\$150,000

Toward the Eradicate Hate Global Summit 2023.

New Sun Rising

\$115,000

Toward the continuation of the Investment Education Program.

POISE Foundation

\$348,000

Toward the Sabbatical Program continuation.

The Hear Foundation

\$105,000

Toward building fundraising capacity.

Director's Discretionary Grants

The Foundation made 13 grants of \$50,000 or less, totaling \$321,875.

Stock Transfer Grants

The Foundation made three grants, totaling \$117,734.

PRI REDEPLOYMENT

The Foundation made one redeployment grant of \$90,000 to the Industrial Arts Workshop for its efforts in Hazelwood.

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			
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			