

2012 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 mission are Education, Health and Human Services, Humanities and Economic Development. In 2012 the Distribution Committee approved 137 new and conditional grants totaling \$22,233,417. The number of grants this year is down 20% while the average grant size is up 33%. This is the consequence of the strategic decisions made by the Distribution Committee that are explained below.

In the establishing document Mr. McCune required that all the assets of the McCune Foundation be paid out in grants by October 2029 and the Foundation cease operation on that date. Over the past year, the Distribution Committee continued the work of positioning the Foundation for this eventuality first by taking one significant action and second by implementing a new grant category.

During the first quarter of the calendar year the Distribution Committee authorized, and the Trustee executed, the distribution of 20% of the Foundation's assets to seven community foundations around the country. Over the past decade the Foundation has distributed this percentage of yearly grant dollars into most of these seven regions through our Regional and Matching Grants Programs. These programs have been terminated in the expectation that the community foundations will continue to achieve our mission in their respective areas. The Foundation will now devote 100% of its work to organizations located in, and doing business in, the twenty-six counties comprising Western Pennsylvania. These grants are not listed in the total given above but are included in the Grant History that appears later in this report.

For three years the Distribution Committee has been discussing a new grant category that has come to be known as "Big Ideas." These large grants are designed to be transformative and change the vector of the grantee in both direction and velocity. Also, these grants must have impact beyond the organization - thus strengthening a larger community. While these grants could be seen to further the Foundation's legacy, the Foundation, as a quiet donor, prefers that they be seen as the community and region's legacy.

In 2012 we made our first grant in this category to Carnegie Mellon University in support of their Innovation Ecosystem Strategic Initiative. Funds will be used to endow financial aid for undergraduate and graduate students that are on an entrepreneurial/innovation track, support course development in this field, increase staff capacity and create start-up and gap funds. This ecosystem, which will be self-sustaining, should not only strengthen CMU but also help keep their graduates in Allegheny County and create jobs for the region. This was an exciting project for both the Distribution Committee and the Foundation staff and it will set a high standard for the Big Ideas that follow.

In closing I want to thank our three new Committee members – Ronald R. Davenport, Jr., Laura E. Ellsworth, and James C. Roddey. It is imperative that each member of the Distribution Committee commits to process a great deal of material for each meeting, to engage in lively and respectful discussion and to think independently. Laura, Jim and Ron have met this commitment wonderfully in their first year and have added to the breadth of experience that already exists on our Committee.

Michael M. Edwards
Chairman