



Richard
King
Mellon
Foundation

Securing Today to Build a Sustainable Future

2017 Annual Report

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FRONT COVER

Over three and a half million acres of critical habitat have been protected since the inception of the Richard King Mellon Foundation's American Land Conservation program. Along with The Conservation Fund, this partnership has helped protect key parcels in all 50 states—from Civil War battlefields to expansive landscapes. As part of The Conservation Fund's Working Forest Fund program, over 22,700 acres spanning New York, Vermont, and Massachusetts were acquired in 2017.

Photo: Carl Heilman for TCF

Richard King Mellon

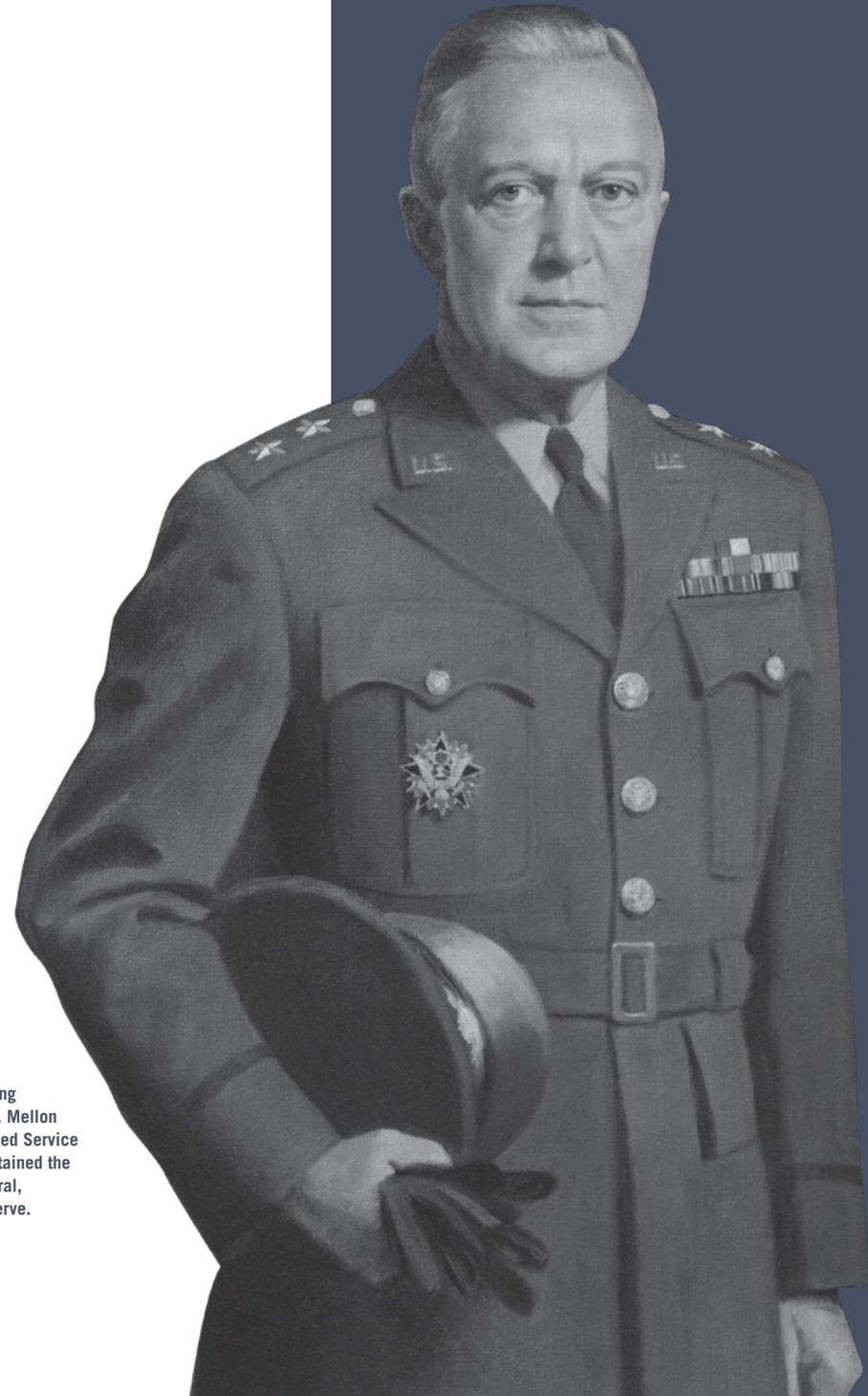
1899 – 1970

RICHARD KING MELLON WAS BORN IN PITTSBURGH, Pennsylvania, on June 19, 1899, the son of Richard Beatty Mellon and Jennie King Mellon. Mr. Mellon served his country in both World Wars and in peacetime, attaining the rank of Lieutenant General, United States Army Reserve, and receiving the Distinguished Service Medal.

Mr. Mellon was the dominant figure in the financial, industrial, and civic life of his community for many years. He was president of Mellon National Bank and for twenty years Chairman of the Board of Mellon National Bank and Trust Company; as a director, he aided the growth of many of the nation's leading enterprises, particularly Gulf Oil Corporation and Aluminum Company of America. Mr. Mellon, President and Governor of T. Mellon and Sons, inspired and led the rebirth of a great American city. His creative energies forged the Pittsburgh Renaissance, a nationally recognized architectural, civic, social, and educational venture.

In 1936 Mr. Mellon married the former Constance Mary Prosser, who served as Chairman of the Board of Trustees of the Richard King Mellon Foundation from its inception in 1947 until her death in 1980. A renowned sportsman, Mr. Mellon generously endeavored to preserve the quality of the natural environment and to protect its wildlife. Mr. Mellon died on June 3, 1970.

Serving his country during World War II, Richard K. Mellon received the Distinguished Service Medal. He eventually attained the rank of Lieutenant General, United States Army Reserve.



CHAIRMAN'S LETTER

In 2017, the Richard King Mellon Foundation trustees approved 159 grants and program-related investments totaling \$116,247,100, and paid out commitments totaling \$122,061,483. This year, marking the Foundation's seventh decade, we were especially cognizant that making meaningful societal change is a complex endeavor that requires considerable time and resources.

AS SUCH, WE ARE GRATEFUL to report that the Foundation's endowment assets reached an all-time high in 2017 of \$2,613,194,264, or an increase of \$1,092,761,703, or 72%, over a 9-year period. During the same time period, the Foundation also awarded \$909,102,428 to our grantee partners, demonstrating the sustainable nature of our grant making. With that in mind, this letter and the report that follows highlight grants that play a key role in shaping a productive, sustainable future for the region's citizens and institutions.

With recent Foundation support, the Fred Rogers Company (FRC) has re-emerged as a forward-thinking producer of educational children's media, airing some of the most popular children's shows on broadcast television to nearly 10 million children monthly; an additional 90 million people stream the shows on various digital platforms. Regardless of the format, FRC seeks to build on Fred Rogers' legacy by creating quality children's media that model an enthusiasm for learning and earns parents' and caregivers' trust. With a \$6 million Foundation grant, FRC will seek to raise \$15.6 million to launch the *Legacy Lives On Fund*, designed to achieve multiple goals: produce three new children's programs and add new seasons of "Daniel Tiger's Neighborhood;" invest in new creative ideas for educational content; market the new content; and develop staff through training and other programs.

In 2008, with Foundation support, Saint Vincent College established the Herbert W. Boyer School of Natural Sciences, Mathematics, and Computing, named for the co-founder of Genentech. Today 95% of Boyer School graduates are employed or pursuing additional education. To leverage this success, the college launched a \$48-million campaign in 2016 to create an education and research hub to foster interdisciplinary science and technology education and prepare tech-savvy students to successfully solve real-world problems using technological literacy, critical thinking, and research skills. To be housed in an expanded, renovated library facility, the hub will offer access to electronic resources; a writing lab; technology-enabled study spaces for online and traditional instruction; a video production



Prosser and Sandy Mellon attend the dedication of Excelsa Square's new medical facility and the recognition of Mrs. Mellon's years of service to the Latrobe Area Hospital Foundation.

Photo courtesy of Excelsa Health

suite; and a makerspace that includes 3D printers, laser cutters, and CAD software. With these and other tools and resources, Saint Vincent College expects to prepare graduates to lead the next wave of discovery and invention; further faculty leadership around integrating technology and media to build a community of learners; and create an interdisciplinary center for science and technology engagement that optimizes the college's vast digital and electronic media resources to support student and faculty research. A Foundation grant of \$5 million will move the college closer to this goal.

Launched in 2013, Community Kitchen Pittsburgh (CKP), a mission-based, multifaceted food service company, focuses on food services, food education, food rescue and access, and workforce training. CKP concentrates on initiatives that train at-risk individuals in the food services industry and generate revenue. Most CKP workforce training programs are located in a newly renovated Hazelwood building. To meet growing demand for CKP graduates, CKP seeks to renovate the remaining two floors of the building so that it can consolidate training and catering programs, offer a new diploma program, and partner with a for-profit restaurant to open a street-facing eatery. This expansion will support the ongoing revitalization

CHAIRMAN'S LETTER



A \$600,000 Foundation grant will enable CKP to renovate the second and third floors in its Hazelwood building, the first step toward achieving its other goals.

of Hazelwood's business district and increase job opportunities within the community, where unemployment hovers near 18%. A \$600,000 Foundation grant will enable CKP to renovate the second and third floors in its Hazelwood building, the first step toward achieving its other goals.

Bridgeway Capital, a community development financial institution, has striven since 1990 to make western Pennsylvania a thriving region by providing capital and educational opportunities to entrepreneurs and expanding small businesses that create jobs. An important, growing aspect of Bridgeway's effort is the Craft Business Accelerator's (CBA) work to transform entrepreneurial craftspeople into businesses capable of "selling globally by growing locally." A \$4.15 million Foundation grant will support the CBA's investment in craft businesses in three key areas: access to capital; growth and sustainability; and continued revitalization of the Homewood community. Revitalization includes completing renovations at 7800 Susquehanna Street, the commercial building that shows how a blighted urban community can benefit from craft businesses. Within three years, the CBA expects to achieve an economic impact of \$6.75 million and businesses it supports will create 100 new jobs.

Incorporated in 1954, the Pennsylvania Trolley Museum (PTM) tells the story of Pennsylvania's trolley era to a diverse audience by using the museum's collection of electric railway and railroad equipment, associated artifacts, and archives to ensure visitors enjoy rewarding and educational experiences. The museum's award-winning collection comprises more than 50 historic railway cars, five locomotives, and a series of structures, platforms, and stations, including the vintage 1908 Wexford Station. It also includes streetcars from several states, including New Orleans' famous Streetcar Named Desire. An economic analysis of the PTM's expansion plans indicates an

American Rivers, Inc., a national conservation organization that protects and restores healthy natural rivers and the life forms they sustain, has, in the last 15 years, removed nearly 90 outdated dams in western Pennsylvania, positioning the Keystone State as a national leader in dam removal.

expanded campus—including a welcome and education center, trolley rides and tours, a park area, and more—can increase attendance to 53,000 visitors annually. As the PTM undertakes a campaign to raise \$13 million for the expansion, a Foundation grant of \$750,000 over two years will support facility upgrades and programming for a new heritage complex.

American Rivers, Inc. (AR), a national conservation organization that protects and restores healthy natural rivers and the life forms they sustain, has, in the last 15 years, removed nearly 90 outdated dams in western Pennsylvania, positioning the Keystone State as a national leader in dam removal. During the last two years, the group worked closely with the Foundation and the National Fish and Wildlife Foundation to create a conservation business plan for measurable progress in 11 key landscapes in western Pennsylvania. AR also created a robust data set to promote a water efficiency strategy for Georgia's Flint River and laid the groundwork for permanent protection of the river. With Foundation support of \$650,000 over two years, AR will continue these efforts by removing at least six dams in Pennsylvania and developing a strategy to ensure the Flint River supports fish and other species, among other endeavors.

During the last 70 years, and with regular support from the Mellon family, the Ligonier Valley Library has adapted to changing community demographics and increasing demand by constructing an expanded Georgian-style building; partnering

with other libraries, nonprofits, and schools; adopting new technology to support digital learning, social events, and archiving of historical documents; and delivering educational, literacy, and cultural programs for children, teens, and families. Undertaking a \$4.5 million campaign, the library now seeks to renovate the building's interior and exterior (\$3 million) and replenish and strengthen several of its funds (\$1.5 million). The \$3 million portion of this grant will enable the library to enhance its facility, programs, and services to meet the needs of its diverse patrons; contribute to the aesthetic appeal of the historic Ligonier Diamond; reduce the facility's operating costs through energy efficient renovations; and strengthen its fiscal sustainability by replenishing various funds.

Together, the Foundation's trustees and I are honored to support endeavors that promote a promising future for residents of southwestern Pennsylvania, their children, grandchildren, and generations to come. We are also proud to aid in protecting natural domains and the threatened and endangered species that inhabit them, in this region, and across our land.



Seward Prosser Mellon

Chairman

CONSERVATION

Ensuring Environmental Protection for Today and Tomorrow

Seventy years ago, the Foundation made its first conservation-related grants to the World Wildlife Fund, Ducks Unlimited, and the National Wildlife Federation. Since then, protecting the nation's land, water, and natural habitats has been a mainstay of its philanthropic endeavors. In 2017, the Foundation awarded 30 conservation grants and program-related investments totaling \$43,155,000, many to supporting organizations whose ongoing endeavors protect land and water that sustain natural habitats.





Pennsylvania state dignitaries help launch the Keystone 10 Million Tree Partnership, an endeavor to plant 10 million trees in Pennsylvania by 2025 with the help of local, state, and regional partners, including Chesapeake Bay Foundation.

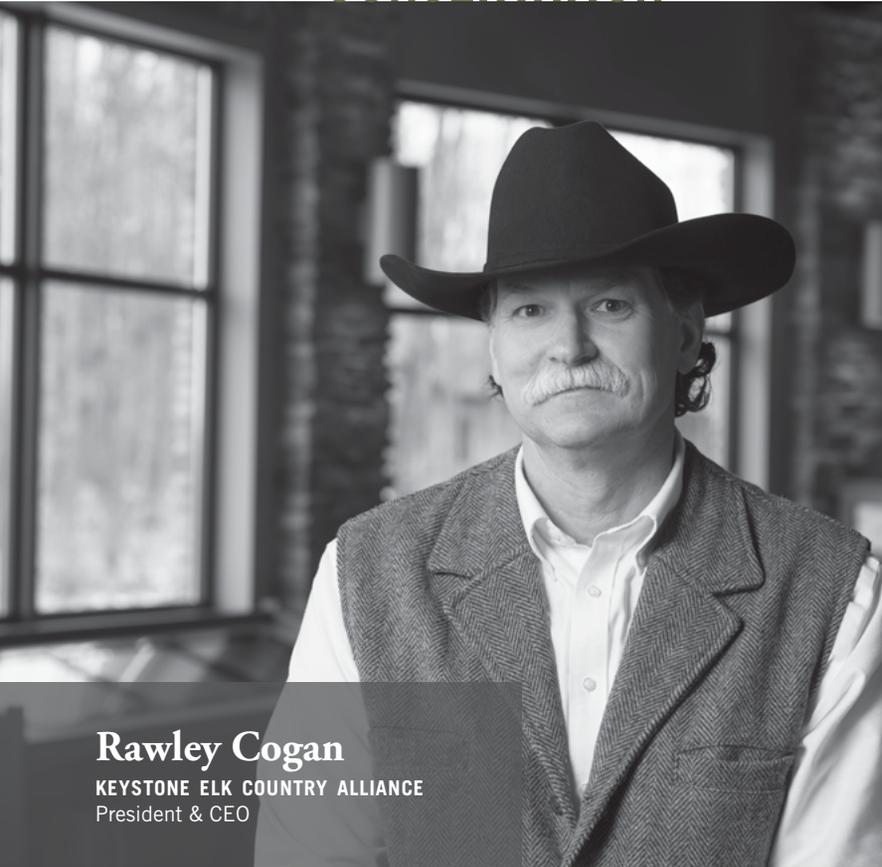
Photo Courtesy of CBF

CHESAPEAKE BAY FOUNDATION

Improving the Susquehanna River Basin

CHESAPEAKE BAY FOUNDATION (CBF) is the largest nonprofit conservation organization working to save, restore, and protect the Chesapeake Bay and its tributary rivers. For four decades, it has served as a watchdog and advocated on behalf of the bay to businesses, government, and the public across the six-state Chesapeake watershed. Because of CBF's successful educational and restoration activities in Pennsylvania's Susquehanna River watershed, the Foundation has supported its endeavors for nearly 30 years.

A three-year Foundation grant of \$1 million will support CBF's continued watershed restoration efforts in 14 Pennsylvania counties in the Susquehanna River basin, including counties in focal areas identified by the Foundation and the National Fish and Wildlife Foundation. This grant will create 100 conservation/erosion control plans and two watershed implementation plans; restore 225 acres of riparian area; and implement best land management practices on 3,000 acres of farmland—decreasing excess nitrogen flows by 70,000 pounds, phosphorus loading by 1,000 pounds, and sediment runoff by more than 2.5 million pounds.



Rawley Cogan

KEYSTONE ELK COUNTRY ALLIANCE
President & CEO

THE KEYSTONE ELK COUNTRY ALLIANCE

Increasing Knowledge About Elk in Pittsburgh

ESTABLISHED IN 2009, the Keystone Elk Country Alliance (KECA) is a wildlife conservation organization focused on Pennsylvania's elk herd and the Elk Country Visitor Center, which attracted 81,000 visitors in 2017 and more than 2.4 million since opening the Elk Center in remote Benezette, Pennsylvania, in the northern tier of the state. The Elk Center was built, in part, to drive economic development in the region and to see and hear bugling elk. As a result, the region has new restaurants, stores, galleries, hotels, campgrounds, and cabins; regional tourism spending is almost \$2 billion annually; and employs nearly 13,000. The KECA staff of environmental educators offers a conservation curriculum, which meets the state standards established by the Department of Education, to local schools and others that participate through distance learning, reaching thousands of students each year, in addition to the hundreds of thousands of visitors to the center.

Based on a successful initiative in Philadelphia, a Foundation grant of \$200,000 will provide two-year support of operations in greater Pittsburgh that will enable KECA to hire a regional coordinator; build partnerships with local conservation groups, including the Audubon Society of Western Pennsylvania; and expand its education, outreach, local profile, and fundraising efforts, growing by 50 percent within three years.

CONSERVING PENNSYLVANIA'S ELK COUNTRY FOR FUTURE GENERATIONS

PRESIDENT AND CEO of the Keystone Elk Country Alliance (KECA) Rawley Cogan is a lifelong conservationist with a deep commitment to conserving and protecting elk habitats throughout Pennsylvania. Mr. Cogan was instrumental in completing the Elk Country Visitor Center, which has attracted visitors from 45 countries and all 50 states.

Prior to assuming leadership of KECA in 2010, Mr. Cogan served the Rocky Mountain Elk Foundation as development officer and lands program manager. During a 20-year tenure with the Pennsylvania Game Commission, he held various positions, including that of state

elk biologist. In that role, he was chairman of the state's elk hunt advisory committee and the senior author of Pennsylvania's first modern-day elk hunt and Pennsylvania's elk management plan. A prolific author, Mr. Cogan has written widely for conservation, outdoor, and professional publications, and hosts a national television show, "Friends in Wild Places." He holds degrees from Penn State University and Slippery Rock University in wildlife technology, recreation, and forest resources, and an MS from Pennsylvania State University in wildlife and fisheries science.



At the Elk Center, guests can use touch screen interactive panels to learn about the history of elk, the animals' behaviors, the LEED Gold Certified Visitor Center, as well as test their knowledge of various species of wildlife.

NINE MILE RUN WATERSHED ASSOCIATION

Managing Storm Waters to Ensure Clean Water

THROUGH CITIZEN ENGAGEMENT, demonstration projects, and advocacy, Nine Mile Run Watershed Association (NMRWA) restores and protects the Nine Mile Run Watershed, which includes all of Regent Square, as well as parts of Wilkinsburg, Swissvale, Edgewood, and Pittsburgh. The organization's "green infrastructure" strategy employs rain barrels and rain gardens, pervious pavement, bioswales, green roofs, tree planting, and man-made wetlands to reduce and capture runoff—from impervious roads, sidewalks, and roofs—that causes the stream to rise quickly during storms. With previous support from the Foundation, NMRWA expanded its education and outreach programs, assisted municipalities in adopting plans and ordinances to better manage storm water, and implemented projects to capture and reduce storm water flows, as well as improve water quality. Its multifaceted efforts are minimizing detrimental effects of storm water and combined sewage overflow.

A two-year Foundation grant of \$375,000 will support NMRWA's ongoing education and outreach efforts with residents, students, municipal officials, and regulators; continued watershed monitoring and restoration initiatives; and, as appropriate, collaboration with groups working in other nearby watersheds to help eliminate sewage overflow to Pittsburgh and Allegheny County rivers and streams.



Nine Mile Run Watershed Association's Restoration Stewardship Coordinator carries out monthly water quality testing of the restored stream in Frick Park.



WESTERN PENNSYLVANIA CONSERVANCY

Safeguarding the Laurel Highlands and French Creek

THE WESTERN PENNSYLVANIA CONSERVANCY (WPC) works to protect the region's exceptional natural resources. Guided by scientists, WPC has, to date, conserved more than 252,000 acres of land, restored watersheds, and saved wildlife—all of which have ecological and recreational value.

For more than 50 years, the Foundation has supported WPC's efforts to protect land and better manage ecosystems in the Laurel Highlands. A \$650,000 Foundation grant will help WPC protect three specific parcels: Casey Laine, Sisters of St. Joseph, and Beals, which provide habitat for key species, expand land for outdoor recreation, and, in the case of the Beals property, includes one of the most prolific spring systems in the Laurel Highlands. This grant also will help WPC protect Indian Caverns, a natural limestone cave in the Spruce Creek valley. In addition to restoring bat habitat, preserving the property will provide frontage along Pennsylvania's Spruce Creek, allowing public access for fishing on one of Pennsylvania's premier trout streams.

A second Foundation grant, for \$725,000, will provide three-year support of the French Creek Collaborative, a multi-organization effort to nurture long-term protection of this important waterway that was named by George Washington in 1753 and today is internationally recognized for its extraordinary native biodiversity that includes many species extirpated from other river systems. The grant will provide a land protection fund, enabling WPC to respond quickly to opportunities in the watershed and empower the French Creek Valley Conservancy to spearhead public education initiatives that raise awareness about the watershed, including an updated website, expanded ecotourism programming, and increased public presentations.

The 92-acre Cambridge Springs Natural Area in Crawford County, PA, is located in the French Creek watershed, adjacent to State Game Land 277. It is open to the public for hunting, hiking, and wildlife watching.

Photo Courtesy of Western Pennsylvania Conservancy



Skinner Mountain in Fentress County, TN, sits in the Cumberland Plateau and is part of the largest stretch of contiguous forest in the Appalachians.
Photo: David Johnston for TCF

THE CONSERVATION FUND

Protecting Critical Habitats of Threatened and Endangered Species

WITH ASSISTANCE FROM THE FOUNDATION, The Conservation Fund (TCF) works to protect important landscapes and provide capital to finance conservation efforts, while ensuring that the economic fabrics of communities are thoroughly woven into the process. This partnership has safeguarded three million acres of critical habitat and open space in all 50 states. Much of the recent conservation work is accomplished through TCF's Working Forest Fund, which acquires and aggregates large land tracts to protect whole landscapes and their flora and fauna that can suffer from the impacts of land fragmentation. Part of TCF's success is due to its ability to build partnerships with timber investment companies and state agencies that see the advantages of long-term conservation of working forestlands.

Three separate 2017 Foundation grants will support TCF's conservation efforts. An investment of \$15 million (\$1.5 million as a grant and \$13.5 million as a PRI) will protect nearly 15,000 acres near Skinner Mountain in Fentress County, Tennessee, part of the largest stretch of contiguous forest in the

Appalachians. The land is home to a variety of threatened and endangered species, including some that live in the underlying limestone, making the subterranean habitat as important as the forests.

A \$10 million PRI will support a TCF and Lyme Timber partnership to protect more than 18,500 acres in the two-million-acre Pennsylvania Wilds Region. Situated in the headwaters of the Ohio River and Chesapeake Bay in one of the Foundation's priority landscapes, this large timberland tract will advance the successful expansion of Pennsylvania's elk restoration efforts, enhancing the species movement and ensuring long-term habitat protection.

With another \$10 million PRI, TCF will work with The Forest Land Group to protect more than 22,700 acres in New York, Vermont, and Massachusetts. In addition to the land's timber value to the local economy, the streams flowing from the highlands help sustain naturally reproducing trout populations, as well as plant communities unique to the region.

CONSERVATION

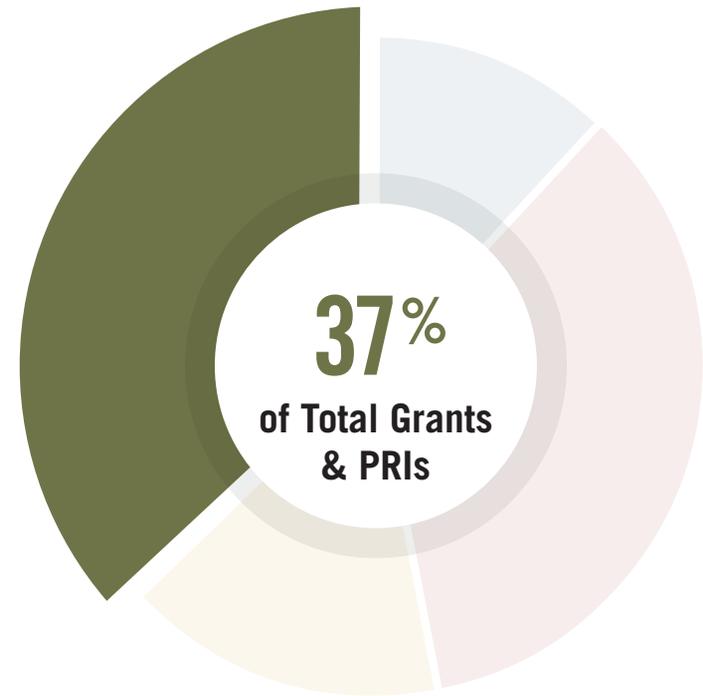
Grant & Program-Related Investment Summary

Grants & PRIs Approved

\$43,155,000

Total Grants & PRIs

30



PROTECTING NATURAL ASSETS

To ensure greater impact from its investments, the Foundation produced a well-defined set of conservation priorities that includes national, regional, and local goals. At the national level, the Foundation will work with its long-standing conservation partners to protect 250,000 acres of habitat, while at the regional level the Foundation is collaborating with the National Fish and Wildlife Foundation and others in 11 focal areas in western Pennsylvania to protect and restore terrestrial and aquatic habitat for key indicator species such as the Cerulean Warbler, Golden-winged Warbler, Eastern Brook Trout, and Eastern Hellbender. Locally, the Foundation will continue to support efforts to create trails, enhance public parks, and install green infrastructure to mitigate storm water flows to improve water quality.

Air & Waste Management Association
PITTSBURGH, PA
\$10,000 toward scholarships for students to attend the 110th Annual Conference and Exhibition 2017 held in Pittsburgh in June 2017

Allegheny County Parks Foundation
PITTSBURGH, PA
\$400,000 toward two-year support of operations

American National Fish and Wildlife Museum
SPRINGFIELD, MO
\$100,000 toward support of museum operations

American Rivers, Inc.
WASHINGTON, DC
\$650,000 toward two-year support of river restoration in 11 key landscapes in western Pennsylvania and Georgia's Flint River

Chesapeake Bay Foundation, Inc.
ANNAPOLIS, MD
\$1,000,000 toward three-year support to improve the water quality of Pennsylvania's rivers and streams by reducing agricultural nutrient and sediment pollution

The Conservation Fund
ARLINGTON, VA
\$13,500,000 as a program-related investment toward purchase of property in Tennessee

\$900,000 toward three-year support of operations

\$1,500,000 toward purchase of property in Tennessee

\$10,000,000 as a program-related investment toward purchase of property in New York, Vermont, and Massachusetts

\$10,000,000 as a program-related investment toward purchase of property in McKean, Potter, and Cameron counties, Pennsylvania

Foundation for Pennsylvania Watersheds
ALEXANDRIA, PA
\$450,000 to support targeted watershed restoration within the 11 priority landscapes in western Pennsylvania

Hollow Oak Land Trust, Inc.
CORAOPOLIS, PA
\$25,000 to partner with Trail Pittsburgh to link parks, conservation areas, and other greenspaces within a network of recreational trails and wildlife corridors

Keystone Elk Country Alliance
BENEZETTE, PA
\$200,000 toward two-year support of operations, to expand education and outreach efforts in western Pennsylvania, and to diversify funding

Land Trust Alliance, Inc.
WASHINGTON, DC
\$85,000 toward costs associated with the 2018 National Land Conservation Conference held in Pittsburgh

Mountain Watershed Association, Inc.
MELCROFT, PA
\$275,000 toward two-year support of restoration efforts in Indian Creek and Jacob's Creek watersheds, and to provide energy updates to the office building

National Fish and Wildlife Foundation
WASHINGTON, DC
\$600,000 toward restoration of forest and freshwater habitats in the Pennsylvania portion of the Central Appalachian-Allegheny Plateau region

\$315,000 to monitor the population response to implementation of the Western Pennsylvania Restoration Plan among priority forest bird species

The Nature Conservancy, Inc.
HARRISBURG, PA
\$200,000 to reduce the impacts of energy infrastructure development in western Pennsylvania and the central Appalachian region, and to enable more Pennsylvania forest owners to access forest certification, timber markets, and forest carbon markets through the Working Woodlands program

Nine Mile Run Watershed Association, Inc.
PITTSBURGH, PA
\$375,000 toward two-year support of restoration efforts of Nine Mile Run Watershed and to offer expertise to regional organizations

Pennsylvania Land Trust Association
HARRISBURG, PA
\$10,000 toward educational opportunities for western Pennsylvania conservation leaders

Pennsylvania Parks and Forests Foundation
CAMP HILL, PA
\$80,000 toward support of the Pennsylvania Outdoor Corps summer program

\$10,000 to prepare a white paper that will describe the history, current and future needs, and the impacts of investments in park and forest infrastructure



Logged for the past century, this recently protected property spans New York, Vermont, and Massachusetts. The streams flowing from the highlands support naturally reproducing trout populations, as well as plant communities unique to the region.

**Pittsburgh Community
Broadcasting Corporation**

PITTSBURGH, PA

\$65,000 toward production of a radio series to address issues of habitat, restoration, and conservation in western Pennsylvania

Ruffed Grouse Society

CORAOPOLIS, PA

\$475,000 to implement early successional habitat management plans; automate four major business processes; leverage GIS technology data; and conduct a national search for a CEO and achieve methodical transition

Society of Environmental Journalists

WASHINGTON, DC

\$25,000 toward scholarships associated with the 27th Annual Conference of the Society of Environmental Journalists held in Pittsburgh in October 2017

Sustainable Pittsburgh

PITTSBURGH, PA

\$400,000 toward two-year support of the Sustainable Pittsburgh Campaign

West Virginia University Foundation, Inc.

MORGANTOWN, WV

\$35,000 toward two-year support to promote hunting heritage teaching and outdoor activities

Western Pennsylvania Conservancy

PITTSBURGH, PA

\$650,000 to complete three land protection projects in the Laurel Highlands focal geography totaling approximately 240 acres, and to protect Indian Caverns in Huntington County, including land along Spruce Creek

\$725,000 toward three-year support of the French Creek Collaborative (\$275,000) and toward a land conservation fund (\$450,000) for work in that watershed

Willistown Conservation Trust, Inc.

NEWTOWN SQUARE, PA

\$95,000 to create a network of automated wildlife telemetry stations in western Pennsylvania to track migratory birds, bats, and insects

EDUCATION

Keeping Pace in Changing Times

In 2017, the Foundation awarded 16 education grants totaling \$18,695,000, with numerous grants supporting organizations updating their offerings to keep pace with societal changes. The Foundation grants highlighted here aspire to help students—and others—succeed in a world marked by changes in technology, the economy, and the media.





Christopher Ayers hosts one of WESA's many program offerings, NPR's *All Things Considered*.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

Improving Local and Regional Reporting

DESIGNED AS A VEHICLE FOR THE PUBLIC, the Pittsburgh Community Broadcasting Corporation works to create dialogue about community issues and stories. Launched in 2011 (in partnership with the Pittsburgh philanthropic community), 90.5 WESA employs a National Public Radio (NPR) news and information format that informs people across platforms and prompts dialogue about global, national, and community issues. WESA carries much of NPR's programming, locally produced content, and, during overnight hours, the BBC World Service.

In addition to national and international news coverage from the worldwide resources of NPR, a staff of journalists based on Pittsburgh's South Side provides daily coverage of local and regional news. Under the leadership of Terry O'Reilly, CEO of 90.5 WESA since mid-2016, the station and its reporters have won more than a dozen awards, and listenership, donors, and corporate underwriters all have increased. Overall, more than 250,000 people listen to Pittsburgh Community Broadcasting's programs every week, and tens of thousands engage on the website and mobile digital services each week. A Foundation grant of \$750,000 over two years will support additional staff to improve local and regional reporting and support ongoing fundraising and other growth efforts.



Suzanne Mellon

CARLOW UNIVERSITY
President

CARLOW UNIVERSITY

Training Students For a New Workforce

ESTABLISHED IN 1929, Carlow University, a Catholic, liberal arts institution, engages its culturally diverse community of 2,400 students in lifelong learning, scholarship, and research, and plays an important role in supplying talent to the region. In 2015, 95% of the university's graduates who sought jobs found employment within six months in the healthcare, education, and social services sectors.

Dramatic changes in the workforce in the coming decade are expected to create 930,000 positions as baby boomers retire; automation and technology require new preparation and training; and parents take time off to raise children. These changes will require employers to enhance the skills of current employees and increase reliance on Carlow and other training institutions for adult learners.

A Foundation grant of \$500,000 will provide two-year support to Carlow to establish the Hub for Workforce Development and Innovation. This competency-based education model helps demonstrate that students possess the knowledge that employers demand. Working in Hazelwood, Homewood, and other high unemployment and underemployment communities, Carlow will use appropriate strategies to engage individuals on paths to certification or degree programs. Specifically, the Foundation grant will support a coordinator to manage the hub's corporate and community partnerships and an academic coach to guide students along these new pathways.

TRANSFORMING HIGHER EDUCATION

CARLOW UNIVERSITY'S 10TH PRESIDENT, Suzanne K. Mellon, Ph.D., is a visionary leader whose previous role as executive vice president and professor at Saint Anselm College in Manchester, New Hampshire, prepared her well to take over at the helm of Carlow University.

Since beginning her tenure as president in July 2013, Dr. Mellon has enriched all aspects of the university. Among her achievements is completion of an inclusive strategic plan that led to a new vision and a new philosophy statement for the university. Under her guidance,

the university completed its first comprehensive fundraising campaign, the largest in its history, raising more than \$33 million. Dr. Mellon also has been instrumental in increasing the university's endowment to more than \$23 million; developing a new Women of Spirit Institute and redesigning social justice institutes at the university; enhancing the governance role of the board of trustees; and implementing a new model for branding and marketing across all university venues.



SELF-EVALUATION

- Think about your behaviors in the workplace
- Rate yourself based on how well you utilize the Seven "S" Behaviors
- Rate in the "My 2018" blank box
 - 1. Never use this approach/behavior
 - 2. Rarely use this approach/behavior
 - 3. Occasionally use this approach/behavior
 - 4. Often use this approach/behavior
 - 5. Always act as a leader and use this approach/behavior

For nearly a century, Carlow University has been an integral part of Pittsburgh's higher education system, partly by keeping current with the ever-changing needs of the workforce. The newly established Carlow Hub for Workforce Development and Innovation is one way to maintain an effective legacy.

EDUCATION



February 9, 2018 marks the 50th anniversary of *Mister Rogers' Neighborhood*. Today, new Fred Rogers Company programs continue to educate and entertain children. Images courtesy of FRC

THE FRED ROGERS COMPANY

Ensuring the Legacy Lives On

BUILDING ON FRED ROGERS' LEGACY, The Fred Rogers Company (FRC) creates quality programs that engage and inspire children to learn and grow. In recent years, FRC has re-emerged as a forward-thinking, top producer of award-winning educational children's programs that reach nearly 10 million children each month on broadcast television and another 90 million people who stream the shows on various digital platforms.

In 2016, FRC developed a strategic plan to ensure it would continue to thrive in an ever-changing media landscape. As a result of the plan, FRC launched a \$25-million capital campaign, \$15.6 million of which will be dedicated to creating the *Legacy Lives On Fund*.

A Foundation grant of \$6 million over two years will help FRC launch the *Legacy Lives On Fund*, which has three interrelated goals: produce three new children's programs and add a new season of "Daniel Tiger's Neighborhood;" invest in new creative ideas for educational content; and develop staff through training and other programs. The fund expects to generate a positive internal rate of return, which FRC will reinvest in new productions, enhancing the company's collection of educational content.



Saint Vincent's education and research hub will foster interdisciplinary education in science and technology, and prepare students to succeed in a new economy that values information and technology literacy, critical thinking, and research skills.

SAINT VINCENT COLLEGE

Preparing Students to Succeed in a New Economy

IN 2008, WITH FOUNDATION SUPPORT, Saint Vincent College, the first Benedictine college in the U.S., established the Herbert W. Boyer School of Natural Sciences, Mathematics, and Computing, named for the co-founder of Genentech. On average, 95% of Boyer School graduates obtain employment in their field (51%) or enroll in graduate or professional education (44%) within one year of graduation. To leverage the success of this investment, in 2016, the college launched a \$48-million campaign to create an education and research hub integrating Benedictine values and student and faculty engagement with science and technology to prepare students to succeed in an economy that values information, technological literacy, the arts, and critical thinking as problem-solving tools.

A Foundation grant of \$5 million over three years, contingent upon the college raising all necessary funds, will support construction of this hub which will be housed in a renovated and expanded library facility and built to LEED standards. It will offer students access to electronic research resources, a writing lab, technology-enabled study spaces, common areas that permit food and drink, a video production suite, and a makerspace. Librarians will be onsite daily to educate students about accessing resources and navigating digital information sources. To date, the college has raised nearly \$15 million toward the total cost of more than \$41 million and will begin construction in May 2018.

EDUCATION

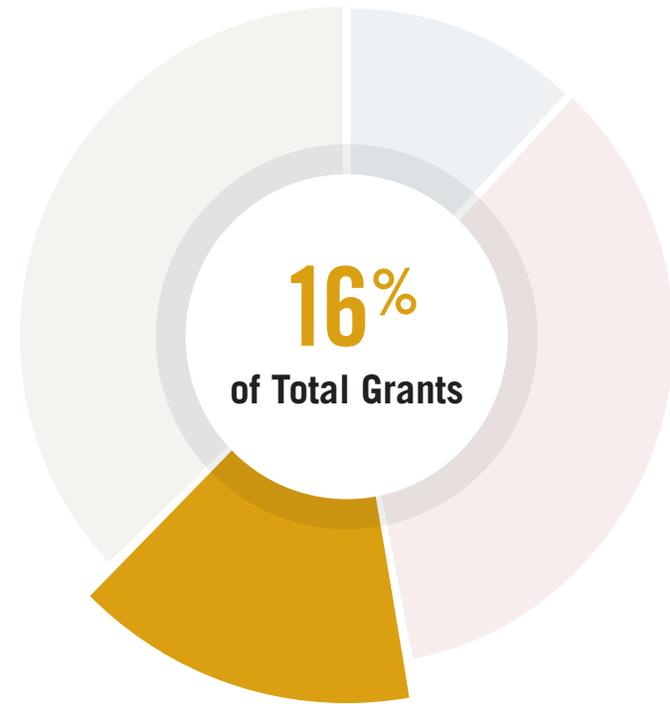
Grant Summary

Grants Approved

\$18,695,000

Total Grants

16



STRENGTHENING EDUCATIONAL INSTITUTIONS

Pittsburgh and the region are home to some of the best public, private, charter, and parochial K-12 schools, colleges, and research universities in the country. Building upon the importance of these educational institutions to the regional community and economy, the Foundation's educational priorities include strengthening K-12 schools, colleges, and universities through investments in capital facilities, advanced curriculum, and workforce training that prepare students to participate in the new economy. The Foundation also looks to leverage federally-funded research carried out at universities to support economic development in both urban and rural communities. At the same time, the Foundation's priorities include exploring new initiatives for improving educational outcomes for students attending Pittsburgh's lowest-performing K-12 schools.

Bible Center Church, Inc.

PITTSBURGH, PA

\$450,000 toward two-year support of Oasis Project programs

Braddock Carnegie Library Association

BRADDOCK, PA

\$500,000 to develop a feasibility plan for the Building Master Plan and for support of 2018 operations

Carlow University

PITTSBURGH, PA

\$500,000 toward two-year support to establish the Hub for Workforce Development and Innovation

Carnegie Library of Pittsburgh

PITTSBURGH, PA

\$500,000 toward two-year support of capital improvements to the Carrick Library

Coro Center for Civic Leadership

PITTSBURGH, PA

\$300,000 toward support of work in local communities

EDSYS, Inc.

PITTSBURGH, PA

\$70,000 toward two-year support of outdoor recreational opportunities for students at City Charter High School

The Fred Rogers Company

PITTSBURGH, PA

\$6,000,000 toward two-year support to launch the *Legacy Lives On Fund*

Green Vale School

OLD BROOKVILLE, NY

\$500,000 toward capital projects

Ligonier Valley Library Association

LIGONIER, PA

\$3,000,000 toward capital renovations and program needs

Millvale Library

MILLVALE, PA

\$10,000 to provide a fiber optic cable and connection to the library hub

Pittsburgh Community Broadcasting Corporation

PITTSBURGH, PA

\$750,000 toward two-year support to improve local and regional reporting, and toward capacity-building efforts

Pressley Ridge

PITTSBURGH, PA

\$300,000 toward two-year support of the Family Engagement Initiative

Saint Vincent College

LATROBE, PA

\$5,000,000 toward three-year support of construction of an education and research hub

University of Pittsburgh

PITTSBURGH, PA

\$10,000 toward support of programs and activities of the Dick Thornburgh Forum for Law & Public Policy

Urban Innovation 21

PITTSBURGH, PA

\$505,000 toward two-year support of the Citizen Science Lab to recruit high school students from Homewood to participate in the International Genetically Engineered Machine Competition; purchase a genetic sequencer; launch an out-of-school transportation initiative; and explore the potential of expanding lab facilities to generate earned revenue

Wireless Neighborhoods

PITTSBURGH, PA

\$300,000 toward two-year support for educational out-of-school programs, which serve primarily minority and lower income Pittsburgh Public School students

HUMAN SERVICES

Promoting Self-Reliance Amidst Life's Struggles

In 2017, the Foundation awarded 50 human services grants totaling \$14,253,500, including those highlighted here that support initiatives that strive to promote individuals' self-sufficiency, often following addiction, incarceration, poverty, or other struggles.





Volunteers distribute food, water, and medical supplies to residents in Puerto Rico whose homes and businesses were destroyed by Hurricane Maria.

BROTHER'S BROTHER FOUNDATION

Shipping Relief Supplies to Where They're Needed Most

BROTHER'S BROTHER FOUNDATION (BBF) promotes international health and education by efficiently and effectively obtaining and distributing donated medical, educational, agricultural, emergency disaster aid, and other resources to those in need. Founded in 1958 and based in Pittsburgh, BBF is currently ranked #56 among Forbes' top 100 charities. In the first nine months of 2017, BBF sent medical and humanitarian supplies, pharmaceuticals, and text books valued at nearly \$88 million to people in need in 55 countries. BBF also provided supplies for more than 200 medical mission trips.

Following 2017's devastating storms in Florida, Houston, and Puerto Rico, BBF worked with Puerto Rican physicians in the Pittsburgh area to identify real-time needs and connect affected medical institutions in Puerto Rico with necessary supplies and resources. With cooperation from other foundations, BBF procured and shipped medical and disaster response items on two Pittsburgh Pirates-sponsored relief flights to Puerto Rico. A Foundation grant of \$700,000 will help BBF offset expenses associated with having sent, to date, a total of 44 shipments of medical supplies, water, pharmaceuticals, food, and generators to Florida, Houston, Puerto Rico, and the Virgin Islands.



Jennifer Flanagan
COMMUNITY KITCHEN PITTSBURGH
Executive Director and Founder

COMMUNITY KITCHEN PITTSBURGH

Using the Food Service Industry to Create Self-Sufficiency

LAUNCHED IN 2013, Community Kitchen Pittsburgh (CKP) is a mission-based, multi-faceted food service company focused on four interrelated areas: food services, food education, food rescue and access, and workforce training. Based on the Catalyst Kitchen model, which operates in more than 70 cities in North America, CKP's initiatives both train at-risk individuals for jobs in the food services industry and generate earned revenue by providing food services for schools, non-profits, and other organizations. In 2017, more than 60 individuals graduated from CKP's training program and 92 percent landed jobs with starting wages of more than \$11 per hour. Dozens of employers use CKP graduates—who have more than 520 hours of culinary training—to fill vacancies.

With more than 30 new restaurants slated to open in Pittsburgh in the coming year, the city has tremendous need for line and prep cooks—adding to the demand for CKP graduates. Most of CKP's workforce training program operates on the first floor of a newly renovated building in Hazelwood. A Foundation grant of \$600,000 will support CKP's renovation of the remaining two floors, enabling it to consolidate training, retail, and catering programs, and offer a new diploma program for students.

CREATING OPPORTUNITY IN HAZELWOOD

WITH A BACKGROUND AS AN ANALYST for the Allegheny County Department of Human Services, a social innovation accelerator, and chief business and program officer for Springboard Kitchens, Jennifer Flanagan was well suited to found Community Kitchen Pittsburgh (CKP) in 2013. The company came about, she says, after identifying “both a need and an opportunity to work within the regional system to increase access to high quality healthy food and living-wage jobs, and [the realization] that the two goals could be closely integrated.”

After only four years of operation, CKP has 11 board members, 22 staff, and, most significantly, has processed and delivered two million meals, catered hundreds of events, educated 3,000 students about healthy eating, and trained 175 individuals with a job placement rate in the 90th percentile, giving many a second chance at productivity and success, following addiction, incarceration, and other life challenges.



Community Kitchen Pittsburgh provides on-the-job training, supportive services, and job placement opportunities in the culinary arts.



As part of a work readiness program, Washington City Mission's Vocational Training Center serves as the primary donation, sorting, and distribution center for the organization's five community thrift stores.

WASHINGTON CITY MISSION

Facilitating Transitions to Independent Living

WASHINGTON CITY MISSION feeds the hungry, shelters the homeless, and offers hope to individuals struggling with addiction and abuse. In 2015, the organization served more than 500 people with direct rehabilitative services through its shelters, dining facility, medical clinic, legal clinic, and thrift stores. Through its work readiness program, City Mission provided work therapy training to 68 percent of its clients, facilitating their transition to independent living.

That same year, City Mission's vocational training center was destroyed in a fire. Needing a replacement, the organization purchased a dilapidated 40,000 square foot warehouse nearby. It serves as the primary processing center for donations to City Mission's five thrift stores, which accounted for \$1.17 million in

revenue in 2016. It also is the worksite for clients in the work readiness program, who receive hands-on job training by sorting and repairing donations and managing distribution. The training improves their self-confidence and overall employment prospects.

With a Foundation grant of \$500,000, City Mission will undertake an extensive renovation of the warehouse, including upgrades to the electrical and plumbing systems, as well as installations of flooring, sprinklers, and interior components. In addition to meeting code requirements, the renovations will create a more comfortable work environment for clients in the work readiness program.



TWIN LAKES CENTER

Combating the Opioid Epidemic

UNDER THE AUSPICES OF SOMERSET HOSPITAL, Twin Lakes Center provides comprehensive, cost-effective treatment for individuals, groups, and families suffering from substance abuse, as well as educational resources and prevention activities within the region. An independent, fully licensed non-profit organization, the Center serves approximately 6,000 individuals annually at a residential facility in Somerset, Pennsylvania, and through outpatient services in Somerset and surrounding communities.

Drug overdoses have increased by more than 500 percent since 1990, and currently, the residential facility offers limited space for treatment activities. Office space for staff is cramped and inadequate as well. A Foundation grant of \$500,000 will support a \$3 million addition and renovation to the existing facility that will increase its residential treatment capacity by approximately 50 percent. The project will increase the number of rooms for men and add a separate women's facility. The renovation also will reconfigure office and treatment space to better serve patients' needs. Additional staff, including two registered nurses, seven LPNs, three counselors, and two chemical dependency technicians will be funded by the Center's operations.

Twin Lakes Center provides a quiet and relaxing recovery environment where services include detoxification, short-term residential treatment, partial hospitalization, outpatient treatment, prevention services, and DUI services.

HUMAN SERVICES

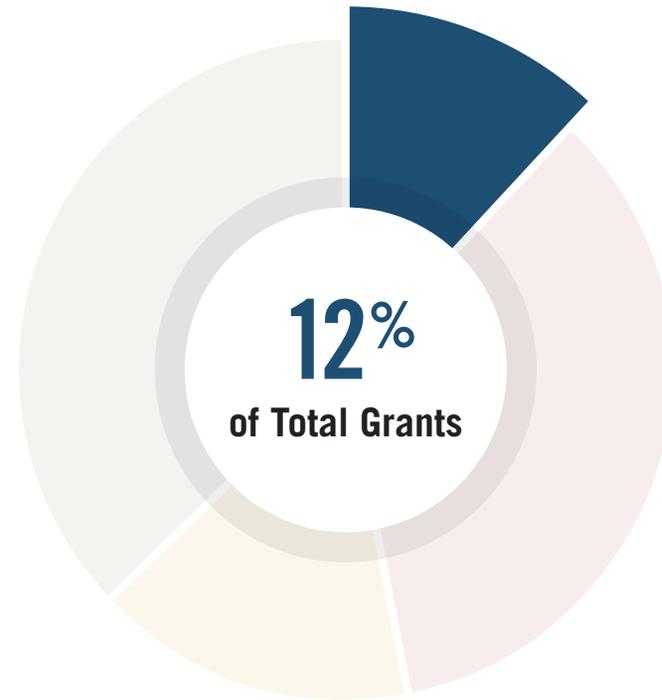
Grant Summary

Grants Approved

\$14,253,500

Total Grants

50



IMPROVING THE HEALTH AND WELL-BEING OF RESIDENTS IN THE REGION

Based on analysis of the issues facing Pittsburgh communities by the Foundation's staff and trustees, our human service funding will focus on engaging regional partners to reduce infant mortality rates, an issue that is considered an indicator of population health and one in which some groups continue to experience rates that are significantly higher than local or national averages. In addition, the Foundation will continue to make grants to evidence-based initiatives that help individuals and families thrive, including programs that emphasize high-quality early childhood education, workforce development, violence prevention, and basic needs such as food and shelter. Across these human service efforts, the Foundation will rely on data to help target support to areas with the greatest need and in which success can be measured by academic achievement, economic stability, and safe neighborhoods with healthy residents.

Achieva**PITTSBURGH, PA**

\$96,000 to purchase vans to transport clients to community-based sites

Albert Schweitzer Fellowship–Pittsburgh**PITTSBURGH, PA**

\$150,000 toward two-year support of capacity-building efforts

Allegheny Council to Improve Our Neighborhoods-Housing, Inc.**PITTSBURGH, PA**

\$550,000 toward 2018 housing initiatives in the Hill District and North Point Breeze, and to include more locally-produced products in new and existing housing

Bethlehem Haven of Pittsburgh**PITTSBURGH, PA**

\$250,000 toward two-year support of operations and capacity-building efforts

The Blessing Board**OAKMONT, PA**

\$40,000 toward support of operations

Boys and Girls Clubs of Western Pennsylvania**PITTSBURGH, PA**

\$275,000 toward two-year support to consolidate youth programming at Hosanna House in Wilkinsburg

Brother's Brother Foundation**PITTSBURGH, PA**

\$700,000 to send medical and other relief supplies to Puerto Rico and the Florida and Houston areas devastated by hurricanes

Calvary United Methodist Church**LIGONIER, PA**

\$40,000 toward restoration efforts to the building's exterior brick facade

Catalyst Connection**PITTSBURGH, PA**

\$750,000 toward programs to increase advanced manufacturing and robotics careers (\$250,000) and operating support (\$500,000)

CCChampions**PITTSBURGH, PA**

\$25,000 to develop outcomes-driven programming for high-need pediatric cancer patients

Center for Victims**PITTSBURGH, PA**

\$750,000 toward safety and technology improvements for the Carson Street office

Center of Life**PITTSBURGH, PA**

\$450,000 toward renovations (\$250,000) and operating support (\$200,000)

Chestnut Ridge Community Volunteer Fire Department**STAHLSTOWN, PA**

\$175,000 toward replacement of a rescue truck

Community Kitchen Pittsburgh**HAZELWOOD, PA**

\$600,000 toward capital improvements to the Hazelwood Training Facility

East End Cooperative Ministry**PITTSBURGH, PA**

\$350,000 toward support of operations

Elizabeth Seton Center, Inc.**PITTSBURGH, PA**

\$150,000 to replace a failed fire alarm system in the Pioneer Avenue center

FOR Sto-Rox Neighborhood Corporation**MCKEES ROCKS, PA**

\$550,000 toward two-year support of operations

Greater Pittsburgh Community Food Bank**DUQUESNE, PA**

\$200,000 toward support of operations

Heritage Community Initiatives**BRADDOCK, PA**

\$70,500 toward roof repairs and associated water remediation

Higher Achievement Program, Inc.**PITTSBURGH, PA**

\$300,000 toward support of the Bridge to College program and Higher Achievement's programs in Homewood

Highlands Hospital**CONNELLSVILLE, PA**

\$250,000 toward renovations to a former elementary school to accommodate programs for autistic youth

Homewood Children's Village**PITTSBURGH, PA**

\$800,000 toward support of operations

Hosanna House, Inc.**WILKINSBURG, PA**

\$300,000 toward support of operations

Hosanna Industries, Inc.**ROCHESTER, PA**

\$150,000 toward two-year support to provide home repairs for low-income households in southwestern Pennsylvania

Hunters Sharing the Harvest, Inc.**HARRISBURG, PA**

\$75,000 toward three-year support of the food bank program, including new shared services

Laurel Valley Senior Citizen Center**NEW FLORENCE, PA**

\$30,000 to eliminate a line of credit and pay down a mortgage

Light of Life Rescue Mission, Inc.**PITTSBURGH, PA**

\$165,000 to provide assistance to female-headed families who struggle with homelessness, addiction, and abuse

Ligonier Valley Fire Companies**LIGONIER, PA**

\$175,000 toward expansion of the Darlington Volunteer Fire Company's fire hall to provide space for emergency apparatus

Ligonier Valley Learning Center, Inc.**LIGONIER, PA**

\$150,000 to reduce debt incurred from past funding cuts of program operations



In 2015 a fire destroyed Washington City Mission's Vocational Training Center, an integral part of the mission's Life Recovery Program. A newly renovated 40,000-square-foot warehouse now houses the Work Readiness Program, which provides a comfortable environment for clients who complete the three-to-six month program.

Ligonier Valley Young Men's Christian Association of Pennsylvania

LIGONIER, PA
\$350,000 toward debt reduction to close out the capital campaign

Manchester Youth Development Center, Inc.

PITTSBURGH, PA
\$250,000 toward support of operations and programs

North Hills Community Outreach, Inc.

ALLISON PARK, PA
\$54,000 toward upgrades to computer and phone equipment

Open Hand Ministries, Inc.

PITTSBURGH, PA
\$50,000 toward 18-month support to rehabilitate two high-quality, energy-efficient affordable houses in Pittsburgh's East End

Pennsylvania Partnerships for Children

HARRISBURG, PA
\$125,000 to increase access to high-quality childcare and pre-K programs

Pittsburgh Association for the Education of Young Children

PITTSBURGH, PA
\$400,000 to create support for parents and educators that help to provide quality learning experiences for children in Homewood

The Pittsburgh Foundation

PITTSBURGH, PA
\$275,000 toward support of the Human Service Integration Fund (\$150,000) and the Jail Collaborative Fund (\$125,000)

Pittsburgh Mercy Health System

PITTSBURGH, PA
\$156,000 toward two-year support of care manager services

Pittsburgh Three Rivers Marathon, Inc.

PITTSBURGH, PA
\$25,000 to spark an interest in physical activity and healthy eating in children in low-income communities

Presbyterian SeniorCare

OAKMONT, PA
\$725,000 toward two-year support to spark interest in careers in the healthcare economy in middle and high school students

Rebuilding Together Pittsburgh

PITTSBURGH, PA
\$500,000 to stabilize and preserve affordable housing in Homewood

Sojourner House

PITTSBURGH, PA
\$200,000 toward two-year support of operations

Three Rivers Rowing Association

PITTSBURGH, PA
\$32,000 to engage urban high school girls and disabled veterans in community rowing programs

Three Rivers Workforce Investment Board, Inc.

PITTSBURGH, PA
\$10,000 to develop a plan to collect qualitative, unstructured data from individuals to determine what motivates them to engage in programs aimed at reducing barriers to employment and improving health outcomes

\$25,000 to support a national search for the next CEO of Partner4Work

Tri-City Life Center, Inc.

LOWER BURRELL, PA
\$360,000 toward purchase of a mobile health clinic and three-year support of capacity-building efforts

Twin Lakes Center, Inc.

SOMERSET, PA
\$500,000 toward renovation and expansion of existing inpatient/outpatient units, as well as construction of a separate women's facility

Union Mission of Latrobe, Inc.

LATROBE, PA
\$400,000 toward two-year support to construct a new and expanded facility to serve the homeless male population, in partnership with Homes Build Hope

United Way of Southwestern Pennsylvania

PITTSBURGH, PA
\$600,000 toward human service programming primarily benefiting Westmoreland County residents

Urban Impact Foundation

PITTSBURGH, PA
\$150,000 toward 18-month support of educational programs

Washington City Mission

WASHINGTON, PA
\$500,000 toward renovations of the Vocational Training Center to house the Work Readiness Program

REGIONAL ECONOMIC DEVELOPMENT

Strengthening All Facets of Southwestern Pennsylvania

The Foundation awarded 63 regional economic development grants and program-related investments totaling \$40,143,600. Among them are several that support initiatives that create jobs, transform sites for new uses, promote tourism, preserve the region's history, and encourage new business development.





The Mill 19 building will serve as the anchor property at Hazelwood Green and as the headquarters for Carnegie Mellon University's Advanced Robotics for Manufacturing Institute and Manufacturing Futures Initiative.

HAZELWOOD GREEN

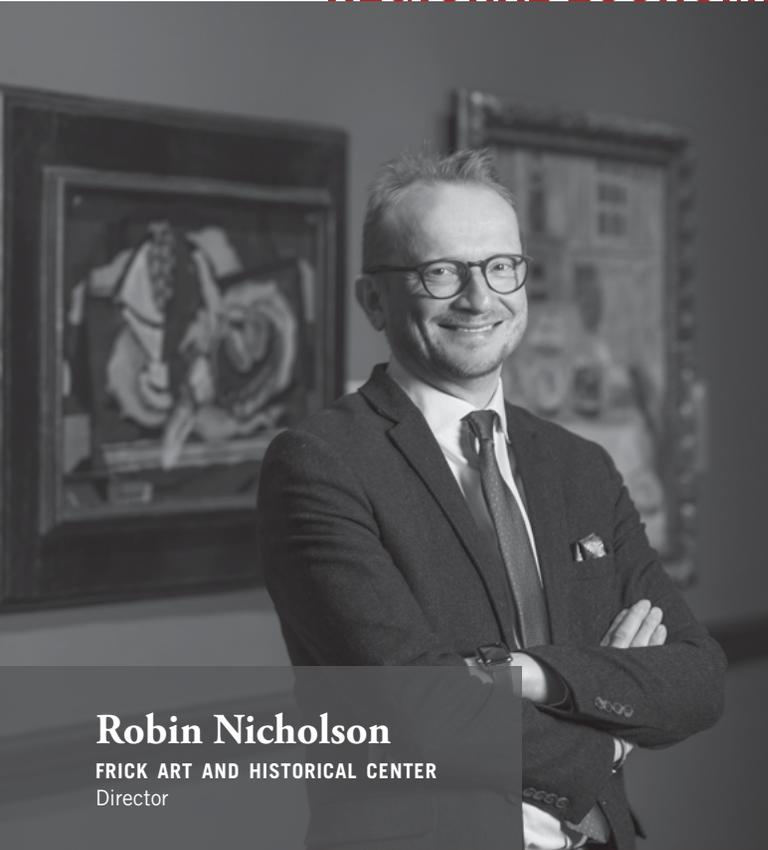
Reimagining the LTV Coke Works Site

IN 2002, the Foundation joined several other philanthropic foundations to form Almono, LP, a limited partnership that purchased the former 178-acre LTV Coke Works site in Hazelwood. Renamed Hazelwood Green, this last large urban brownfield is a unique site with a prominent riverfront location. In December 2016, the Foundation allocated funding to support Phase I development of the site, including green space, sewage infrastructure, transportation and other offsite improvements, and the completion of Mill Street. An Uber test track occupies more than 40 acres of the site and is one location where driverless cars are being tested. Construction is underway on the site to house Carnegie Mellon University's Advanced Robotics for Manufacturing Institute as the first anchor tenant in the iconic Mill 19 building, with occupancy expected in 2019.

Hazelwood Green is envisioned as a world-class model for sustainable development with unparalleled public open spaces. Over time, the site's access to Monongahela River shoreline will be reopened to the Hazelwood community. Hazelwood Green development will catalyze investment in the neighborhood, and draw upon the deep history and culture that remain intact in the community.

A 2017 Foundation grant of \$1,155,600 will support operating expenses, including retaining project and financial management entities, finalizing the master plan, retaining a marketing firm to rebrand and market the site, legal fees, insurance, debt service, security, and a contingency. Another grant in 2017 made to the Hazelwood Initiative in the amount of \$1,425,000 will support the acquisition of key properties along the Second Avenue business district in Hazelwood.

REGIONAL ECONOMIC DEVELOPMENT



Robin Nicholson

FRICK ART AND HISTORICAL CENTER
Director

FRICK ART & HISTORICAL CENTER, INC.

Enriching a Regional Cultural Gem

BUILT ON THE PHYSICAL PROPERTY and housing the extensive art collection of the Frick family, Frick Art & Historical Center, Inc. serves the public by preserving, presenting, and interpreting the fine and decorative arts and historically significant artifacts of the collection. One of the region's most important cultural institutions, the Frick and its visitors aid in the region's annual spending in the arts, which exceeds \$1.17 billion.

To leverage the momentous membership growth that resulted from *Killer Heels: The Art of the High-Heeled Shoe*, the first of three fashion exhibitions, which brought 24,300 visitors and 1,300 new members to the Frick, a \$500,000 grant from the Foundation will enable it to be the first American museum to present iconic works from the collection of Paul Mellon. Partnering with the Virginia Museum of Fine Arts, the Frick will exhibit 65 paintings and eight sculptures—many of which have not been seen publicly for a generation—that cover more than 150 years of French art.

A second Foundation grant of \$100,000 will support the Pittsburgh Airport Authority's initiative to promote the region's assets at the airport through exhibits, live performances, and interactive activities. An airport display, building on the success of *Killer Heels*, highlights the museum's current and future fashion and fine art exhibition, including *Undressed: A History of Fashion in Underwear*; *Van Gogh, Monet, Degas: The Mellon Collection of French Art from the Virginia Museum of Fine Arts*; and *Isabelle de Borchgrave: Fashioning Art from Paper*.

MERGING FASHION AND ART

"I THINK THEY'VE DONE A FABULOUS JOB IN planning for the future," Robin Nicholson said about Frick Art & Historical Center when he was hired to be its third director in 2014. An outstanding scholar, leader, and collaborator, Mr. Nicholson previously held posts with the Virginia Museum of Fine Arts in Richmond, Virginia, the Drambuie corporate art collection, and The Fine Art Society, where he ran the company's gallery in Edinburgh.

Among his achievements at the Frick to date are spearheading a \$15 million capital campaign and museum expansion on budget and ahead of schedule and raising more than \$16 million.

In 2016, Mr. Nicholson secured additional major funding, including a \$1 million grant for exhibitions and accessibility, the largest non-capital gift ever received by the Frick. He also developed and implemented the museum's first-ever comprehensive strategic planning exercise, with twin goals of five-year and 25-year planning.

An expert in the art of the Stuart royal courts in 18th-century Paris and Rome, the Edinburgh native is the author of an academic study of the portraits of Prince Charles Edward Stuart, published by Bucknell University. Mr. Nicholson is also an avocational landscape photographer, working primarily in black and white.



*Degas' **The Little Dancer**, one of the many pieces on display during the exhibition **Van Gogh, Monet, Degas: The Mellon Collection of French Art** from the Virginia Museum of Fine Arts.*

REGIONAL ECONOMIC DEVELOPMENT



The A.M. Byers Building, constructed in 1883, formerly housed the offices of an iron company. Located on Pittsburgh's South Side, it is now known as South Side Traveler's Rest and is operated as a hostel, conveniently located near the Great Allegheny Passage bike trail.

THE PROGRESS FUND

Bringing Rural Expertise to Pittsburgh's Urban Core

THE PROGRESS FUND (TPF) lends capital and provides technical assistance to small businesses in 40 Pennsylvania counties, the state of West Virginia, and Maryland's mountain counties. This capital creates economic opportunities for new and existing entrepreneurs, as well as jobs with above average wages. It also expands the regional economy, especially through support of tourism. TPF's experience demonstrates that when businesses are physically clustered or offer similar goods and services, those locations became regional attractions. To maximize the economic impact of the Great Allegheny Passage, in 2007 TPF launched the Trail Town Program, which has been recognized nationally as an innovative model and has since been replicated in other trail corridors and towns.

The clustering strategy used to activate the trail towns can produce similar results in struggling urban communities. A two-year Foundation grant of \$700,000 will allow TPF to hire a program officer and lender to explore possibilities in Pittsburgh's Hazelwood and North Side neighborhoods. Funding also will enable TPF to continue to grow even as new loan business decreases because of overall economic conditions in many rural counties.



Ligonier Diamond Park, a focal point in the community, offers enjoyment to both residents and tourists.

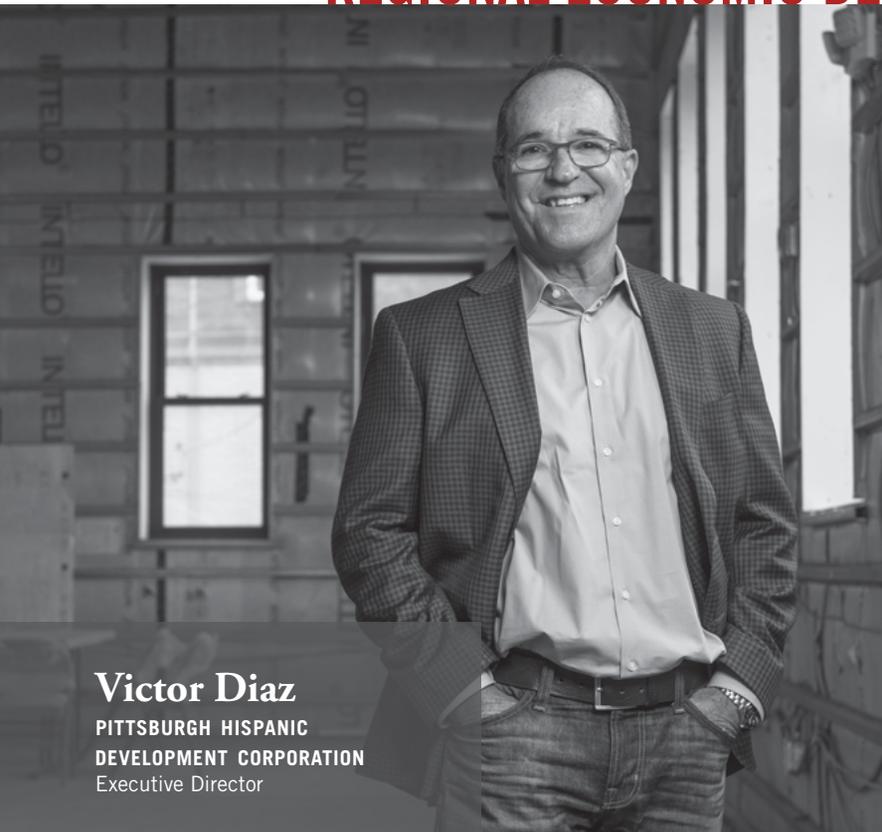
LIGONIER BOROUGH

Preserving and Improving a Historic Park

FOR MORE THAN 225 YEARS, the Ligonier Historic District, listed on the National Register of Historic Places, has served as the town's central destination for residents, tourists, and commerce. The Mellon family has been a longtime, significant contributor to the district by supporting the construction and renovation of several historic buildings, including the library, town hall, and bank, among others. More recently, the Foundation has supported renovation, maintenance, and beautification projects for the Diamond and, in 2016, Foundation funding allowed the project architect to complete an engineering design and schematics for Diamond Park.

In 2017, a \$3,035,000 Foundation grant will support redevelopment of the park, including replacing and repurposing all large trees; installing new electrical, perimeter lighting and sound systems and adding security cameras and a masonry extension to the bandstand; replacing the brick pavers and installing ADA handicap ramps; replacing wooden benches with new semi-circle benches; and reducing the park perimeter at each corner by up to four feet. These features will improve park safety, reduce maintenance costs, benefit local businesses, and enhance residents' and visitors' enjoyment of Diamond Park for decades to come.

REGIONAL ECONOMIC DEVELOPMENT



Victor Diaz
PITTSBURGH HISPANIC
DEVELOPMENT CORPORATION
Executive Director

PITTSBURGH HISPANIC DEVELOPMENT CORPORATION

Helping Hispanic Businesses and Families

THE PITTSBURGH HISPANIC DEVELOPMENT CORPORATION (PHDC), a community development corporation, offers Hispanics in greater Pittsburgh opportunities for economic growth, primarily through business development services such as technical assistance and accounting and financial services, as well as services specific to Hispanic business owners such as language translation and assistance navigating unfamiliar institutions. PHDC also supports those who live in or are relocating to the region by helping them find quality, affordable housing. The organization is also seeking to develop a space for a business incubator, which would allow PHDC to increase its impact by providing a structured space for business tenants to connect, collaborate, and share services.

A two-year Foundation grant of \$375,000 will support PHDC's business development and housing assistance initiatives, as well as enable it to make improvements on a Beechview-based facility for which PHDC currently has a long-term, low-rent lease with the city of Pittsburgh. Foundation funding will cover half the cost of the facility's interior build-out, making it suitable to house 17 incubating businesses, and include such amenities as shared meeting space and internet service.

LIFTING UP HISPANIC BUSINESSES

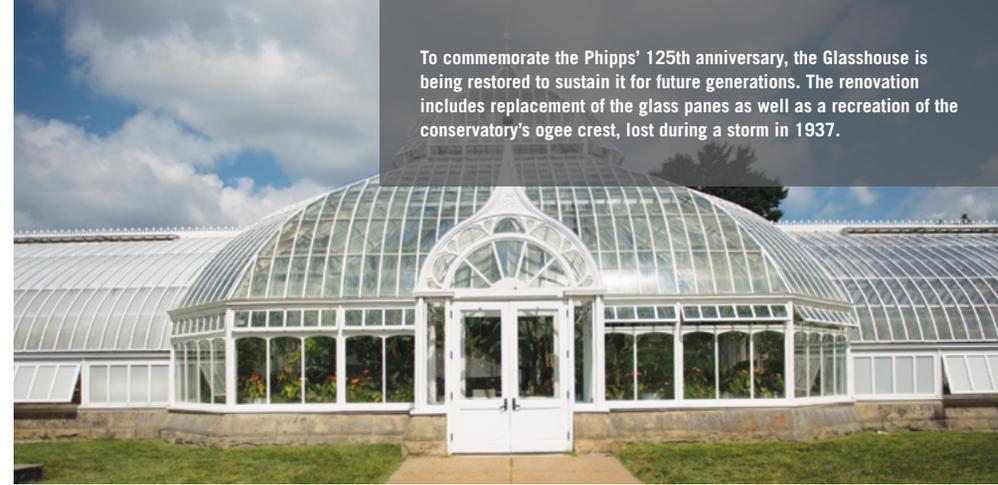
VICTOR DIAZ is a highly successful business professional with a degree in environmental science from Rutgers University. He was born in Pinar del Rio, Cuba and immigrated with his family to Elizabeth, N.J. in 1966, and has resided in Pittsburgh since August of 2000. Mr. Diaz is founder and president of Videotek Construction, LLC, which specializes in closed circuit inspection of sewer lines. In 2011, Mr. Diaz co-founded VTC Supply, a specialty hauling company serving the transportation and construction industries.

In the nonprofit arena, Mr. Diaz is co-founder of the Pittsburgh Metropolitan Area Hispanic Chamber of Commerce and Foundation,

and in 2013, he founded the Pittsburgh Hispanic Development Corporation, a community development corporation serving the Pittsburgh area with a mission to attract Hispanic investment and workforce to the region. Pittsburgh Hispanic Development Corporation focuses on an incubator/co-worker space in Beechview, which will help increase the presence of Hispanic-owned and operated businesses in the community, as well as foot traffic and general activity, which are much needed in the community.



Pittsburgh's Beechview neighborhood is home to PHDC's business incubator, helping to create businesses and bring people to the community.



To commemorate the Phipps' 125th anniversary, the Glasshouse is being restored to sustain it for future generations. The renovation includes replacement of the glass panes as well as a recreation of the conservatory's ogee crest, lost during a storm in 1937.

PHIPPS CONSERVATORY

Preserving the Past with an Eye to the Future

A GREEN OASIS in the middle of Pittsburgh's Oakland neighborhood, Phipps Conservatory and Botanical Gardens produces breathtaking seasonal flower shows and supports stunning outdoor botanical gardens, which are open to the public year-round. The Phipps strives to connect people to nature's beauty, nurture an appreciation for the diversity of life, and instill a responsibility to preserve it. Even as it transforms this remarkable Pittsburgh icon—adding state-of-the-art exhibit, education, and visitor spaces—with an eye toward the future, the Phipps understands the need to burnish the 125-year-old historic jewel, the Glasshouse.

A \$5 million grant from the Foundation—in support of the Phipps' \$41.5-million capital campaign—will fund improvements to the Victorian-era Glasshouse, making it safer and more energy efficient. When completed, it will serve as an international model of modern green construction and energy technologies that also meets standards for historic restoration. The Foundation funding also will create a Living Campus at the Center for Sustainable Landscapes.

REGIONAL ECONOMIC DEVELOPMENT

INVIGORATING HOMEWOOD

IN THE WAKE OF HAITI'S EARTHQUAKE in 2010, Pittsburgh (Beaver County) native Ian Rosenberger founded Thread, which salvages trash from poor communities in Haiti and Honduras and uses it to create sustainable, dignified jobs as a route out of poverty for individuals in these communities. To date, Thread has shipped nearly 200,000 pounds of recycled plastic out of Haiti, the first step on its journey to become fabric and then finished goods for global companies, including Timberland, Marmot, and Reebok. The work creates jobs and is good for the planet and the apparel industry, which employs almost one-

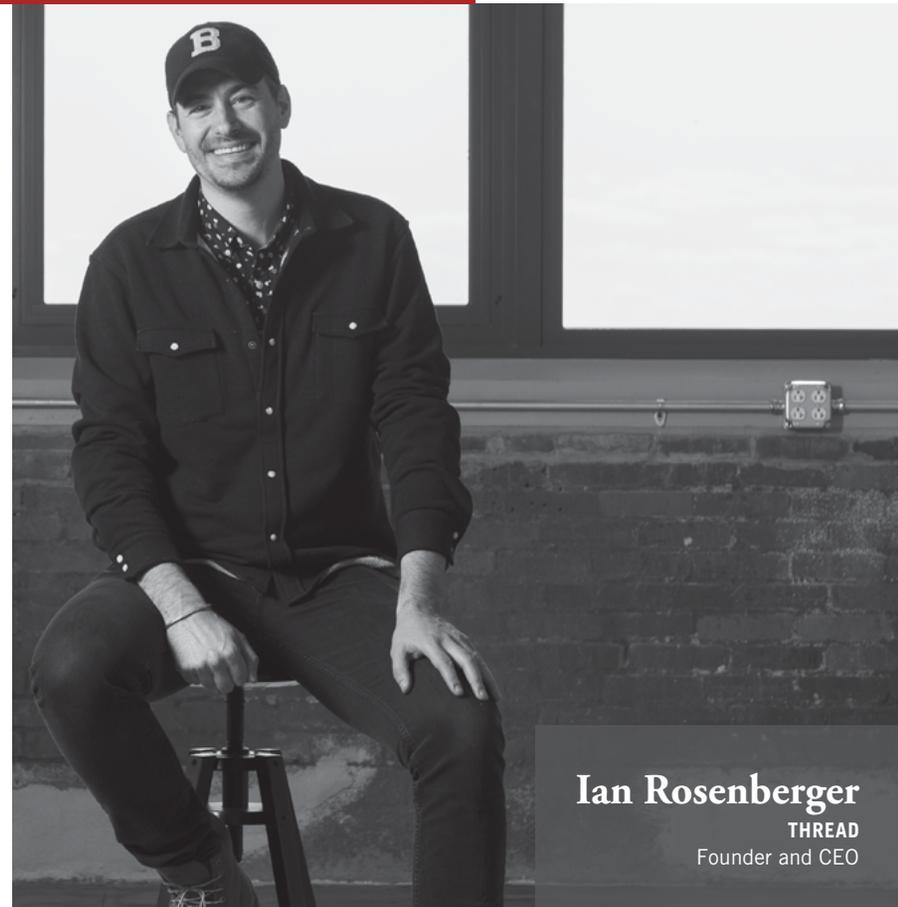
fifth of the world's population and remains among its dirtiest and most polluting. Mr. Rosenberger has spent nearly 10 years studying economic redevelopment and working with the poor and so far has raised over \$8 million to invest in creating and placing people into good, dignified jobs. He attended Penn State, where he served as the Undergraduate Student Government president, and is an Eagle Scout. He and his wife, Raashi, believe that ending poverty will be possible by the time they have grandchildren.

THREAD INTERNATIONAL PBC, INC.

Creating Sustainable Jobs to Alleviate Poverty

AFTER THE 2010 EARTHQUAKE in Port-au-Prince, Haiti, that left more than 300,000 people dead and 1.5 million homeless, Ian Rosenberger visited the country to learn how he could help people recover from the damage. After visiting there, Ian founded Thread, a for-profit B corporation, in an effort to create as many jobs as possible in Haiti. Thread leverages the immense amounts of waste communities without adequate sanitation infrastructure produce, employing Haitians to collect, process, and transform it into fabric. The company then sells the material to major apparel brands. So far, Thread has saved over 40 million plastic bottles from landfills and oceans. Over 1,500 people earn income from the Thread collection network.

A Foundation program-related investment in the amount of \$1.5 million—\$750,000 payable in year one with the balance to be held in reserve and paid in the form of a low-interest loan and convertible debt—supports a cut-and-sew manufacturing facility in Homewood's 7800 Susquehanna building, where Thread occupies 6,200 square feet, making it the anchor tenant in the building. The company has hired six full-time employees from within Homewood and plans to hire at least 11 more, training them to manufacture finished products, and offering them a pathway out of poverty in a neighborhood in which unemployment is nearly 12 percent.



Ian Rosenberger
THREAD
Founder and CEO



A Thread employee from Homewood receives training at the company's new cut-and-sew facility.

FRIENDS OF FLIGHT 93 NATIONAL MEMORIAL

Enhancing a Learning Center

FLIGHT 93 NATIONAL MEMORIAL, the final resting place of the 40 passengers and crewmembers of Flight 93, is operated by the National Park Service. Its official charitable partner, the Friends of Flight 93 National Memorial, supports the memorial with a focus on awareness, education, volunteer support, preservation, and stewardship. Ninety minutes from Pittsburgh, the memorial marks the exact location where Flight 93 crashed and encompasses more than a dozen individual design features, including a visitor center complex and a learning center.

A Foundation grant of \$600,000 will support the Tower of Voices, an architectural and musical design piece that will be the most iconic feature of the memorial. Symbolically standing 93 feet tall and featuring 40 individual chimes, the tower will occupy the highest point in the park and its chimes will produce deep tones in the immediate vicinity. LED lighting will illuminate the tower's walls, walkways, and parking area. A trail will wind from the parking area to a raised observation area to view the tower. The grant also will fund a learning center coordinator who will educate visitor and school groups, provide marketing assistance, and support activities related to teacher accreditation, leadership development, and other educational initiatives.



The Tower of Voices, seen here as an artist's rendering, is under construction at the Flight 93 National Memorial.

REGIONAL ECONOMIC DEVELOPMENT

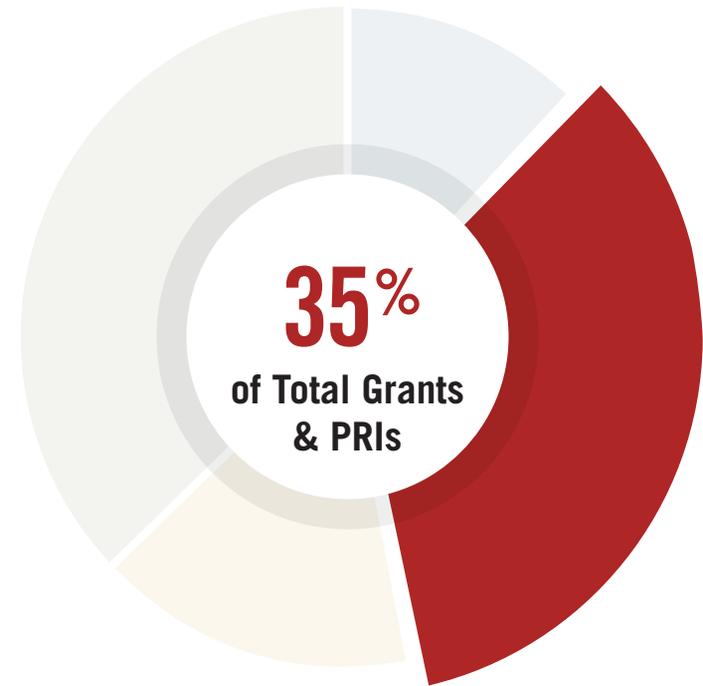
Grant & Program-Related Investment Summary

Grants & PRIs Approved

\$40,143,600

Total Grants

63



A NEW ECONOMY

Pittsburgh and the region have a rich history of making products for the world. Building upon those traditions, the Foundation's regional economic development priorities are now focused on opportunities in advanced and additive manufacturing, robotics, and the economics of growth in rural and urban communities. Recognizing that a region's economy cannot truly be successful unless all communities participate, the Foundation will also collaborate and invest in several underserved communities to support affordable housing, business infrastructure, workforce training, and entrepreneurship programs designed to help residents gain access to the new economy.

African American Cultural Center
PITTSBURGH, PA
\$600,000 to support building operations

**Allegheny Conference on
Community Development**
PITTSBURGH, PA
\$15,000 toward expenses associated with staff travel to the Center for Transportation Excellence Conference in May 2017

\$480,000 toward support of operations

\$50,000 toward development of a project to record and disseminate through a variety of media the story of the burgeoning “third generation” transformation of the Pittsburgh region

ALMONO, LP
PITTSBURGH, PA
\$1,155,600 as a program-related investment toward support of operations at the Almono site

Andrew Carnegie Free Library
CARNEGIE, PA
\$500,000 to create an urban park connecting the Carnegie Library and Music Hall to Carnegie’s Main Street

Bible Center Church, Inc.
PITTSBURGH, PA
\$210,000 toward operations and sustainability efforts for Everyday Cafe

Bike Pittsburgh, Inc.
PITTSBURGH, PA
\$120,000 toward three-year support to expand bike lanes and educate people on biking amenities in Pittsburgh

Bricolage
PITTSBURGH, PA
\$150,000 toward two-year support to increase audience reach and grow Bricolage’s regional and national presence

Bridgeway Capital
PITTSBURGH, PA
\$120,000 to finalize a brand strategy for the Pittsburgh Maker Movement, develop three creative platforms for that brand, and articulate an engagement plan

\$4,150,000 to expand the Craft Business Accelerator program

\$130,000 to build the capacity of the Craft Business Accelerator

Carnegie Institute
PITTSBURGH, PA
\$100,000 to conduct a series of community conversations to learn more about changing needs, and to conduct an environmental scan of the museum’s best practices

Carnegie Mellon University
PITTSBURGH, PA
\$200,000 to conduct research and provide policy recommendations on how to integrate renewable energy and other growing energy sources into the U.S. electric power sector

City Theatre Company, Inc.
PITTSBURGH, PA
\$250,000 toward 18-month support of operations and website redevelopment

Community Foundation of Fayette County
UNIONTOWN, PA
\$150,000 toward support of enhancing grantmaking capabilities to better serve the nonprofit community in Fayette and Greene counties

**Community Foundation of
Greater Johnstown**
JOHNSTOWN, PA
\$450,000 toward a joint grantmaking program with the Richard King Mellon Foundation’s fields of interest in the Johnstown area and surrounding counties, and Lift Johnstown

Frick Art & Historical Center, Inc.
PITTSBURGH, PA
\$100,000 toward installation of an exhibit at the Pittsburgh International Airport highlighting the Frick’s upcoming fashion exhibitions

\$500,000 toward support of the Paul Mellon Art Collection Exhibit

**Friends of Flight 93 National
Memorial, Inc.**
SHANKSVILLE, PA
\$600,000 toward completion of the Tower of Voices at the Flight 93 Memorial and to hire a learning center coordinator

Gettysburg Foundation
GETTYSBURG, PA
\$1,500,000 toward rehabilitation of the landscape and cultural resources at Little Round Top

Grantmakers for Effective Organizations
WASHINGTON, DC
\$25,000 towards costs associated with the Leading Change Conference 2017 held in Pittsburgh

Grantmakers of Western Pennsylvania
PITTSBURGH, PA
\$23,000 toward support of operations

**Greater Pittsburgh Convention and Visitors
Bureau Education Foundation, Inc.**
PITTSBURGH, PA
\$100,000 toward two-year support of customer service training

Grow Pittsburgh
PITTSBURGH, PA
\$100,000 toward support of operations

Innovation Works, Inc.
PITTSBURGH, PA
\$240,000 toward installation of displays at the Pittsburgh International Airport highlighting Pittsburgh-based start-ups and products

\$1,750,000 toward two-year support of the Early Stage Company Investment Program (\$1,000,000), Scalable Innovation Manufacturing Support Program (\$500,000), and Startable Pittsburgh (\$250,000)

Ligonier Borough**LIGONIER, PA**

\$3,035,000 to redevelop the historic Ligonier Diamond Park

The Mountain Playhouse, Inc.**JENNERSTOWN, PA**

\$200,000 toward support of operations

National Aviary Pittsburgh, Inc.**PITTSBURGH, PA**

\$100,000 to engage 18 craft businesses, makers, and artist entrepreneurs from the Pittsburgh region to integrate the fields of aviculture and art

New Hazlett Center for the Performing Arts**PITTSBURGH, PA**

\$215,000 toward support of programming (\$200,000) and Front Porch Theatricals (\$15,000)

Operation Better Block, Inc.**PITTSBURGH, PA**

\$380,000 toward economic development programs in Homewood

PA Cleanways of Allegheny County, Inc.**PITTSBURGH, PA**

\$125,000 toward two-year support of operations, website development, business plan development, and storage and moving expenses

Passive House Western Pennsylvania**CANONSBURG, PA**

\$25,000 toward costs associated with the annual North American Passive House Network conference to be held in Pittsburgh in the fall of 2018

Pennsylvania Association for Sustainable Agriculture**MILLHEIM, PA**

\$50,000 toward support of operations

Pennsylvania Trolley Museum**WASHINGTON, PA**

\$750,000 toward two-year support of facility upgrades and programming for the new immersive heritage complex

Phipps Conservatory, Inc.**PITTSBURGH, PA**

\$5,000,000 toward capital projects to complete the Living Campus and restore the 19th-century glasshouse complex

Pittsburgh Ballet Theatre, Inc.**PITTSBURGH, PA**

\$350,000 toward 18-month support of operations

Pittsburgh Downtown Partnership**PITTSBURGH, PA**

\$750,000 toward three initiatives to enhance Pittsburgh's public spaces

Pittsburgh Entertainment Project**PITTSBURGH, PA**

\$500,000 toward support of operations

Pittsburgh Gateways Corporation**PITTSBURGH, PA**

\$2,500,000 toward two-year support of facilities improvements to the Energy Innovation Center

Pittsburgh Hispanic Development Corporation**PITTSBURGH, PA**

\$375,000 toward two-year support of the Hispanic business incubator project and housing initiative (\$125,000), and to build out the interior of the Beechview incubator space (\$250,000)

Pittsburgh Opera, Inc.**PITTSBURGH, PA**

\$300,000 toward 18-month support of operations

Pittsburgh Parks Conservancy**PITTSBURGH, PA**

\$950,000 toward two-year support of watershed restoration, green infrastructure, and park management projects

The Pittsburgh Public Theater Corporation**PITTSBURGH, PA**

\$250,000 toward 18-month support of operations

Pittsburgh Symphony, Inc.**PITTSBURGH, PA**

\$500,000 toward 18-month support of operations and capacity-building efforts

Pittsburgh Trust for Cultural Resources**PITTSBURGH, PA**

\$1,500,000 toward 18-month support to implement digital infrastructure

\$150,000 toward support of

JazzLive International

\$750,000 toward programming for the

African American Cultural Center

The Progress Fund**GREENSBURG, PA**

\$700,000 toward two-year support to expand lending activities to bring Trail Town expertise to opportunities within the Pittsburgh urban core

PublicSource, Inc.**PITTSBURGH, PA**

\$600,000 toward 18-month support of operations

Redevelopment Authority of the City of Connellsville**CONNELLSVILLE, PA**

\$435,000 to assist with gap financing needs, restoration of parks, purchase of equipment, and green-space planning and development

Riverlife**PITTSBURGH, PA**

\$500,000 toward support of operations and advancing strategic riverfront improvement goals

Thread International PBC, Inc.

PITTSBURGH, PA

\$1,500,000 as a program-related investment to establish a cut-and-sew facility (equipment, personnel, space, and operations) to employ Pittsburghers from the Homewood community

Thrill Mill, Inc.

PITTSBURGH, PA

\$1,050,000 toward two-year support of operations

University of Pittsburgh

PITTSBURGH, PA

\$85,000 to hire a technical management consultant for the Manufacturing Assistance Center in Homewood

University of Pittsburgh, Center for Social & Urban Research

PITTSBURGH, PA

\$300,000 toward two-year support of the Pittsburgh Regional Indicators project

University of Pittsburgh, Graduate School of Public and International Affairs

PITTSBURGH, PA

\$100,000 toward two-year support to enhance capacity and provide 12 municipalities with education and training around transit-oriented development

Urban Innovation 21

PITTSBURGH, PA

\$500,000 toward support of bridge financing

Urban Redevelopment

Authority of Pittsburgh

PITTSBURGH, PA

\$50,000 to engage a team of consultants to execute a proposal to establish an Amazon headquarters in Pittsburgh

Valley School of Ligonier

LIGONIER, PA

\$350,000 toward purchase and renovation of property located in Ligonier

Washington and Jefferson College

WASHINGTON, PA

\$600,000 toward two-year support to provide access to and interpretation of shale development data and to conduct an economic impact study of the ethane cracker plant slated to be built in Beaver County, Pennsylvania

Waynesburg University

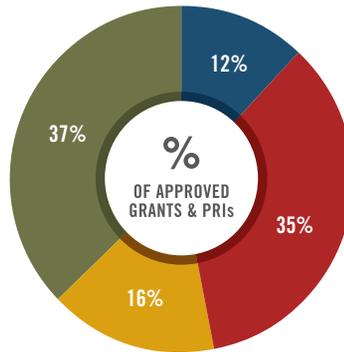
WAYNESBURG, PA

\$850,000 toward two-year support of community development efforts

APPROPRIATIONS 2017

BY PROGRAM PRIORITY

BY PROGRAM PRIORITY	NUMBER OF GRANTS & PRIs	APPROVED GRANTS & PRIs
Regional Economic Development	63	\$ 40,143,600
Education	16	\$ 18,695,000
Human Services	50	\$ 14,253,500
Conservation	30	\$ 43,155,000
Totals	159	\$116,247,100



BY GEOGRAPHIC AREA

Pittsburgh + Southwestern PA	\$ 76,172,100
Other	\$ 40,075,000
Total	\$116,247,100

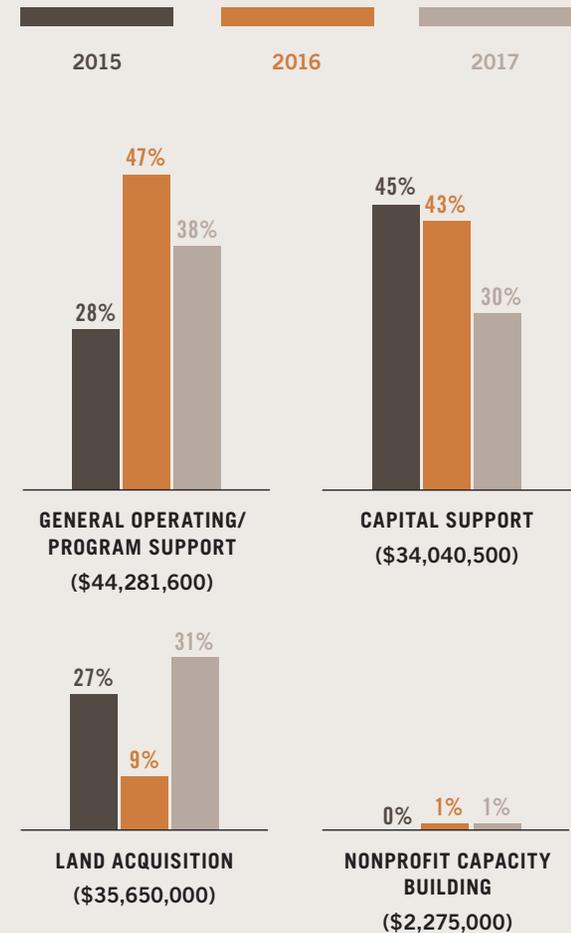
NET INVESTMENT INCOME

1947 through 2016	\$1,591,430,368
2017	\$ 48,524,828
Total	\$ 1,639,955,196

GRANTS PAID + PROGRAM-RELATED INVESTMENTS

1947 through 2016	\$2,418,465,873
2017	\$ 122,061,483
Total	\$2,540,527,356

BY SUPPORT TYPE



STATEMENTS OF FINANCIAL POSITION

December 31,	2017	2016
ASSETS		
Cash	\$ 626,591	\$ 857,367
Other current assets	5,435,323	4,345,875
Investments:		
Equities	1,406,113,001	1,278,232,655
Fixed income	569,128,078	554,204,892
Temporary investments	123,100,505	89,666,199
Alternative investments	418,522,868	333,289,589
Subtotal	2,516,864,452	2,255,393,335
Payable from unsettled securities purchases, net	(2,237,702)	(6,573,917)
Total investments	2,514,626,750	2,248,819,418
Program-related assets	92,505,600	63,100,000
Total assets	\$2,613,194,264	\$2,317,122,660
LIABILITIES AND NET ASSETS		
Liabilities:		
Grants payable	\$ 29,854,666	\$ 39,337,029
Deferred federal excise taxes	4,972,128	2,823,143
Appropriations for program-related assets	93,255,600	63,100,000
Total liabilities	128,082,394	105,260,172
Unrestricted net assets	2,485,111,870	2,211,862,488
Total liabilities and net assets	\$2,613,194,264	\$2,317,122,660

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31,	2017	2016
INCOME		
Investment income	\$ 66,625,869	\$ 67,766,468
Realized gains on investments	116,706,577	36,103,627
Unrealized gains on investments	214,898,514	53,011,194
Total income	398,230,960	156,881,289
EXPENSES		
Grants approved, net of rescissions	106,880,537	109,376,139
Administrative, investment, and program	14,558,449	13,486,241
Provision for taxes	1,393,607	2,370,021
Provision for deferred taxes	2,148,985	530,112
Total expenses	124,981,578	125,762,513
Change in unrestricted net assets	273,249,382	31,118,776
UNRESTRICTED NET ASSETS		
Beginning of period	2,211,862,488	2,180,743,712
End of period	\$2,485,111,870	\$2,211,862,488

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended December 31,	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 273,249,382	\$ 31,118,776
Adjustments to reconcile change in unrestricted net assets to net cash used by operating activities:		
Accretion	(864,748)	(481,744)
Deferred federal excise taxes	2,148,985	530,112
Realized gains on investments	(116,706,577)	(36,103,627)
Unrealized gains on investments	(214,898,514)	(53,011,194)
Increase (decrease) in cash from changes in:		
Other current assets	(1,089,448)	1,734,682
Program-related assets	(29,405,600)	(10,000,000)
Grants payable	(9,482,363)	7,034,015
Appropriations for program-related assets	30,155,600	9,500,000
Net cash used by operating activities	(66,893,283)	(49,678,980)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,249,544,295)	(1,053,763,810)
Proceeds from sales of investments	1,316,206,802	1,104,067,260
Net cash provided by investing activities	66,662,507	50,303,450
Net change in cash	(230,776)	624,470
CASH		
Beginning of year	857,367	232,897
End of year	\$ 626,591	\$ 857,367

The accompanying notes are an integral part of these financial statements.

2017 SUMMARY OF INVESTMENTS

	December 31, 2017	
	Book Value	Fair Value
Equities	\$1,018,961,919	\$1,405,201,233
Fixed income	585,243,460	569,089,600
Temporary investments	123,101,106	123,100,505
Alternative investments	290,107,497	417,235,412
Total investments	\$2,017,413,982	\$2,514,626,750

The accompanying notes are an integral part of these financial statements.

2016 SUMMARY OF INVESTMENTS

	December 31, 2016	
	Book Value	Fair Value
Equities	\$1,067,013,224	\$1,276,592,302
Fixed income	578,032,485	551,244,914
Temporary investments	89,686,557	89,666,199
Alternative investments	231,772,898	331,316,003
Total investments	\$1,966,505,164	\$2,248,819,418

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Richard King Mellon Foundation (“the Foundation”) are prepared on the accrual basis of accounting.

Nature of Operations

The purpose of the Foundation is to provide grants to organizations in Pittsburgh and Southwestern Pennsylvania, primarily in the areas of Regional Economic Development, Education, and Human Services and Nonprofit Capacity Building. Its interest in the area of Conservation is national.

Cash

Cash includes operating accounts plus domestic income cash held in bank custody accounts.

Investments

In accordance with the authoritative guidance on fair value measurements and disclosures under Generally Accepted Accounting Principles (GAAP), the Foundation discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are as follows:

LEVEL 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

LEVEL 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

LEVEL 3: Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, interest rates, yield curves, volatilities, prepayment speeds, default rates, and other factors. A financial instrument's level, within the fair value hierarchy, is based on the lowest level of any input that is significant to the fair value measurement. The Foundation considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets are classified as Level 1 and include active listed equities and certain short-term fixed income investments. The Foundation does not adjust the quoted price for such instruments, even in situations where the Foundation holds a large position and a sale of all its holdings could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources, are classified as Level 2. These include certain U.S. government and sovereign obligations, government agency obligations, investment grade corporate bonds and less liquid equity securities.

Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment. Certain of the Foundation's investments in stocks, equity positions in private companies, and long-term debt instruments are classified as Level 3 because they do not have an active market.

The fair value of the Foundation's alternative investments are measured using the net asset value (NAV) per share, or its equivalent, as a practical expedient. The practical expedient is an acceptable method under GAAP to determine the fair value of certain NAV investments that (a) do not have a readily determinable fair value predicated upon a public market and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company under GAAP. These investments are primarily made under agreements to participate in limited partnerships and are generally subject to certain withdrawal restrictions. Values for these partnerships, which may include investments in both nonmarketable and market-traded securities, are provided by the general partner and may be based on recent transactions, cash flow forecasts, appraisals and other factors. Market values may be discounted for concentration of ownership. Because of the inherent uncertainty of valuing the investments in such partnerships and certain of the underlying investments held by the partnerships, the Foundation's estimate of fair value may differ significantly from the values that would have been used had a ready market for the investments existed. The financial statements of the limited partnerships are audited annually by independent auditing firms. Investments in these partnerships may be illiquid, and thus there can be no assurance that the Foundation will be able to realize the value of such investments in a timely manner. The Foundation believes that the use of the practical expedient for its alternative investments is a reasonable estimate of fair value as of December 31, 2017 and 2016.

The Foundation's investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that significant changes in risks in the near term may materially affect the amounts reported in the financial statements.

Realized gain (loss) from dispositions of investments is determined by specific cost identification. Unrealized gain (loss) of investments represents the change in the difference between fair value quotations and the total book value of investments held at the beginning and end of the year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants

Grants approved, net of rescissions are recognized at the time of approval provided the grant is not subject to significant future conditions.

Program-Related Assets

The Foundation makes investments which advance its charitable mission and qualify as charitable distributions by the Internal Revenue Service. Such investments, which include loans made to various organizations and equity investments in limited partnerships, earn below risk-adjusted market rates of return. Management has reviewed the program-related assets and believes no allowance is necessary as of December 31, 2017 and 2016.

NOTE 2: TAXES

The Foundation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Foundation is subject to a federal excise tax equal to 2% of net investment income, which consists of interest and dividend income, realized gains on sales of investments less realized losses to the extent that they can be offset against realized gains, less related investment expenses. The Foundation met certain distribution requirements defined in Section 4940 of the Internal Revenue Code, resulting in a reduced tax of 1% of net investment income for the year ended December 31, 2017.

At December 31, 2017 and 2016, deferred federal excise taxes are provided at 1%, which is the rate expected to be paid on unrealized gains on investments.

The Foundation is subject to the authoritative guidance on accounting for uncertainty in income taxes issued under Generally Accepted Accounting Principles. This guidance establishes a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Foundation has recorded no uncertain tax liabilities pursuant to this guidance. The Foundation continually reviews its tax positions and such conclusions under the guidance based on factors including, but not limited to, ongoing analyses of tax laws and regulations.

NOTE 3: COMMITMENTS

The Foundation is a Limited Partner in limited partnerships for investment purposes. At December 31, 2017 and 2016, the Foundation had contractually committed to additional investments of \$374.6 million and \$349.9 million, respectively.

At December 31, 2017, the Foundation had outstanding trades to purchase and sell investments with a settlement date in 2018 of \$2.8 million and \$0.6 million for a net payable of \$2.2 million. At December 31, 2016, the Foundation had outstanding trades to purchase and sell investments with a settlement date in 2017 of \$7.0 million and \$0.4 million for a net payable of \$6.6 million. These transactions are reflected within the financial statements on a net basis.

NOTE 4: FAIR VALUE MEASUREMENTS

The following table presents the investments carried on the Statements of Financial Position by level within the valuation hierarchy as of December 31, 2017 and 2016.

There were no significant transfers between Levels 1, 2, and 3 during the years ended December 31, 2017 and 2016.

Investments at Fair Value as of December 31, 2017

Investments	Level 1	Level 2	Level 3	NAV	Total
Equities	\$ 882,711,236	\$ 1,497,189	\$15,584,415	\$ 506,320,161	\$1,406,113,001
Fixed income	237,633,096	138,146,072	0	193,348,910	569,128,078
Temporary investments	123,100,505	0	0	0	123,100,505
Alternative investments	0	0	0	418,522,868	418,522,868
Total investments	\$1,243,444,837	\$139,643,261	\$15,584,415	\$1,118,191,939	\$2,516,864,452

Payables from unsettled securities purchases, net at Fair Value as of December 31, 2017

Payables, net	Level 1	Level 2	Level 3	NAV	Total
Equities	\$(911,768)	\$ 0	\$0	\$ 0	\$ (911,768)
Fixed income	0	(38,478)	0	0	(38,478)
Alternative investments	0	0	0	(1,287,456)	(1,287,456)
Total payables, net	\$(911,768)	\$(38,478)	\$0	\$(1,287,456)	\$(2,237,702)

Investments at Fair Value as of December 31, 2016

Investments	Level 1	Level 2	Level 3	NAV	Total
Equities	\$ 850,735,361	\$ 2,438,990	\$10,678,466	\$414,379,838	\$1,278,232,655
Fixed income	225,827,613	155,124,837	1,049,309	172,203,133	554,204,892
Temporary investments	89,666,199	0	0	0	89,666,199
Alternative investments	0	0	0	333,289,589	333,289,589
Total investments	\$1,166,229,173	\$157,563,827	\$11,727,775	\$919,872,560	\$2,255,393,335

Payables from unsettled securities purchases, net at Fair Value as of December 31, 2016

Payables, net	Level 1	Level 2	Level 3	NAV	Total
Equities	\$(1,640,354)	\$ 0	\$0	\$ 0	\$(1,640,354)
Fixed income	0	(2,959,977)	0	0	(2,959,977)
Alternative investments	0	0	0	(1,973,586)	(1,973,586)
Total payables, net	\$(1,640,354)	\$(2,959,977)	\$0	\$(1,973,586)	\$(6,573,917)

The following tables present a roll-forward of the amounts for the years ended December 31, 2017 and 2016 for investments classified within Level 3:

Fair Value Measurements using Level 3 Inputs for the year ended December 31, 2017

Investments	Balance at December 31, 2016	Net Investment Income	Realized Gain/(Loss)	Change in Unrealized Gain/(Loss)	(Sales)	Purchases	Balance at December 31, 2017
Equities	\$10,678,466	\$ 0	\$32,743	\$ (22,912)	\$ (325,568)	\$5,221,686	\$15,584,415
Fixed income	1,049,309	73,181	9,101	(79,039)	(1,052,552)	-	-
Total investments	\$11,727,775	\$73,181	\$41,844	\$(101,951)	\$(1,378,120)	\$5,221,686	\$15,584,415

Fair Value Measurements using Level 3 Inputs for the year ended December 31, 2016

Investments	Balance at December 31, 2015	Net Investment Income	Realized Gain/(Loss)	Change in Unrealized Gain/(Loss)	(Sales)	Purchases	Balance at December 31, 2016
Equities	\$7,680,472	\$ 0	\$ 5,298	\$ 49,842	\$ (59,593)	\$3,002,447	\$10,678,466
Fixed income	563,562	5,086	(63,237)	79,592	(181,840)	646,146	1,049,309
Total investments	\$8,244,034	\$5,086	\$(57,939)	\$129,434	\$(241,433)	\$3,648,593	\$11,727,775

The Foundation has certain investments that do not have readily determinable fair values but permit direct redemption or distributions at times specified under the governing documents. As a practical expedient, the Foundation relies on the net asset value (NAV) of these investments as their fair value. The net asset values that have been provided by the investees have been derived from the fair values of the underlying investments as of the reporting date. The following table summarizes the nature of these investments and any related liquidation restrictions or other factors which may impact the ultimate value realized. There are no current plans to sell any of these investments.

Category of Investment	Investment Strategy	Number of Funds	Fair Value Determined Using NAV	Unfunded Commitments (\$ millions)	Redemption Terms	Remaining Life
Equities	Domestic	1	\$ 45,313,408	\$ 0	(1)	n/a
Equities	Domestic, international & emerging markets	5	461,006,753	0	(2)	n/a
Fixed Income	Long-term debt, global & high yield	7	193,348,910	0	(3)	79% n/a, 20% 7 years, 1% 16 years
Alternative investments	Buyouts, distressed debt, energy, real estate & venture capital	223	418,522,868	374.6	(4)	(5)
Totals		236	\$1,118,191,939	\$374.6		

All percentages below based on percent of total fair value of investments determined using NAV:

- (1) Subject to shareholder approval.
(2) All funds subject to 0-30 days prior notice, 68% subject to daily redemptions, 26% subject to monthly redemptions, 6% subject to quarterly redemptions.
(3) 78% subject to monthly redemption with 10-30 days prior notice, 22% subject to quarterly redemptions.
(4) All redemptions, sales, or transfers subject to approval of general partner.
(5) 19% 1 year, 18% 2-5 years, 54% 6-10 years, 9% 11-15 years; all funds subject to extensions between 0-3 years.

NOTE 5: PROGRAM-RELATED ASSETS

The program-related assets are comprised of loan and equity assets. The scheduled loan repayment and equity recovery time frame are listed below:

December 31, 2017	Loan Program-Related Assets	Equity Program-Related Assets	Total
Due within 1 year	\$ 5,850,000	\$ 0	\$ 5,850,000
Due after 1 year through 5 years	35,107,142	0	35,107,142
Due after 5 years through 10 years	24,392,858	0	24,392,858
Due after 10 years	13,203,000	13,952,600	27,155,600
Total	\$78,553,000	\$13,952,600	\$92,505,600

NOTE 6: SUBSEQUENT EVENTS

The Foundation evaluated all activity through May 24, 2018, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the Notes to Financial Statements.

REPORT OF INDEPENDENT AUDITORS

TO THE TRUSTEES OF RICHARD KING MELLON FOUNDATION:

We have audited the accompanying financial statements of the Richard King Mellon Foundation (“the Foundation”), which comprise the statements of financial position as of December 31, 2017 and December 31, 2016 and the related statements of activities and changes in net assets and of cash flows for the years then ended.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Foundation’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richard King Mellon Foundation as of December 31, 2017 and December 31, 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary summary of investments is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

Pittsburgh, PA
May 24, 2018

POLICY AND GRANT GUIDELINES

The following grantmaking objectives and grant program priorities were approved by the Trustees in April 2016 for the five-year period ending December 31, 2021.

PROGRAM PRIORITIES

Southwestern Pennsylvania

Regional Economic Development

- Strengthen the capacity of arts organizations to attract visitors to the region and improve quality of life
- Improve housing, crime and safety, and economic opportunities in distressed communities
- Support development and improvement of regional infrastructure
- Cultivate and support the link between innovation and manufacturing
- Increase economic opportunities in rural communities
- Enhance Pittsburgh's national reputation as a destination city for creating, attracting, and retaining start-up companies and entrepreneurial talent

Education

- Improve capacity of educational and workforce programs via community-based organizations
- Improve infrastructure of higher education institutions and educational and workforce programs
- Improve institutional infrastructure and educational outcomes for children in the lowest-performing public schools

MISSION

The Foundation seeks to improve the competitive position of the region; strengthen the vitality of southwestern Pennsylvania, particularly the City of Pittsburgh and its neighborhoods; and protect precious green and natural infrastructure, particularly in western Pennsylvania.

Human Services

- Invest in programs designed to achieve holistic and broadscale outcomes
- Capitalize on innovations by the Department of Human Services and others to serve at-risk children and foster youth, and improve early childcare quality
- Support efforts by hospitals, health centers, and public agencies to develop innovative means to reduce chronic diseases and obesity; explore interventions for community-wide epidemics; and support the community's efforts to reduce the growing violence problems
- Encourage and improve alignment of workforce training programs with market demand

Western Pennsylvania

Conservation

- Protect critical forested ecosystems and provide sustainable economic development for communities
- Leverage partnerships and data to conduct habitat restoration in 11 key western Pennsylvania landscapes
- Protect regional natural assets such as rivers, trails, and parks

The Foundation gives priority to projects and programs that have clearly defined output, outcomes and an evaluation component, and has a preference for partnering with donors on initiatives. The Foundation accepts applications throughout the year.

Please visit the Foundation's website at www.rkmf.org for information on how to apply. For questions, please contact the Foundation's office at:

INFORMATION AND GRANTS MANAGER
Richard King Mellon Foundation
BNY Mellon Center
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FAX 412 392 2837

The Foundation does not consider requests on behalf of individuals or from outside the United States. The Foundation does not encourage requests from outside Pennsylvania.

Trustees

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