



The Rocky Mountain Elk Foundation and the Pennsylvania Department of Conservation and Natural Resources have been partnering for many years to preserve a habitat in north central Pennsylvania where a herd of Rocky Mountain elk is able to thrive. (front and back covers)

Richard
King
Mellon
Foundation

2008 Annual Report

BNY Mellon Center
Suite 4106, 500 Grant Street
Pittsburgh, PA 15219-2502

telephone 412 392 2800

fax 412 392 2837

web site
foundationcenter.org/grantmaker/rkmellon

Richard King Mellon Foundation

2008 Annual Report



Contents

- 1 President's Letter
- 6 Regional Economic Development
- 16 Education
- 20 Human Services and Nonprofit Capacity Building
- 24 Children, Youth, and Young Adults
- 28 Conservation
- 34 Appropriations
- 35 Financial Statements
- 37 Notes to Financial Statements
- 39 Report of Independent Auditors
- 40 Policy and Grant Guidelines
- IBC Trustees, Officers, and Staff

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.

Trustees

Richard P. Mellon
Seward Prosser Mellon
Alison M. Byers, Psy.D.
W. Russell G. Byers, Jr.
Catharine Mellon Cathey
Bruce K. M. Henderson
Constance Elizabeth Mellon Kapp
Armour N. Mellon
Richard A. Mellon
Robert B. Burr, Jr.
Lawrence S. Busch
Michael Watson

Officers

Richard P. Mellon
Chairman
Seward Prosser Mellon
President and Chief Executive Officer
Scott D. Izzo
Director
Michael Watson
Senior Vice President
Douglas L. Sisson
Vice President
Robert B. Burr, Jr.
Treasurer
Lawrence S. Busch
Assistant Treasurer
Lisa Kuzma
Secretary
John J. Turcik
Controller

Staff

Scott D. Izzo
Director
Michael Watson
Program Officer
Brian Hill
Program Officer
Lisa Kuzma
Program Officer
Lisa Reed
Information and Grants Manager
Bernadette Braszo
Executive Assistant
Roseann Farkasovsky
Administrative Assistant
Brook Noel
Executive Assistant
Candace Jiles
Receptionist/Secretary
Andrew Zezza
Messenger

Project Director: Ellen Still Brooks
Design: ThoughtForm, Inc.
Editing: Mary Germann Brignano
Printing: Broudy Printing Inc.

Photography: courtesy of Angels' Place, page 25 (lower right); courtesy of Appalachian Mountain Club, pages 30 (lower right), 32; courtesy of ASSET, Inc., page 17; courtesy of Cardiorobotics, Inc., page 10 (upper left); courtesy of Chartiers Valley Swim Club, page 23; courtesy of Christian Camps of Pittsburgh, Inc., page 26; courtesy of The Conservation Fund, page 33 (bottom); courtesy of Branden S. Diehl, page 28 (middle and right); Scott Dietz, courtesy of National Tooling and Machining Foundation, Inc., page 27 (top); courtesy of Event Committee Pittsburgh, Inc., page 3 (bottom); courtesy of Ashley Exton, page 9 (upper right); courtesy of Fort Ligonier Association, page 2; courtesy of Gettysburg National Battlefield Museum Foundation, page 13 (top); Sara Gray, courtesy of Maine Coast Heritage Trust, page 30 (center); courtesy of Heritage Health Foundation, Inc., page 24; Willard Hill, page 29 (center), back cover; Jim Judkis, pages 6, 7, 20 (bottom); courtesy of The Kiskiminetas Springs School, page 19; Richard Knox, courtesy of Maine Coast Heritage Trust, page 30 (lower left); Hal Korber, courtesy of Pennsylvania Game Commission, page 29 (lower right); Ed Massery, courtesy of Senator John Heinz History Center, page 14; George Mendel, courtesy of Event Committee Pittsburgh, Inc., page 5 and Pittsburgh Parks Conservancy, page 33 (top); Heather Mull, courtesy of The Progress Fund, page 8, pages 20 (top), 21, 25 (top); courtesy of Plextronics, Inc., page 11 (middle and lower right); Richard Quindry, courtesy of Freedom Sciences LLC, page 11 (upper left); courtesy of Redzone Robotics, page 10 (lower right); Christopher Rolinson, courtesy of Sto-Rox Neighborhood Corporation, page 22; Ron Saffer, cover, page 29 (lower left); courtesy of Saint Vincent College, page 18; Nathan Schritter, courtesy of The Sprout Fund, page 13 (bottom); Rich Sofranko, courtesy of Pittsburgh Ballet Theatre, Inc., page 12; courtesy of Stream Restoration, Inc., page 28 (left); Amy Tronolone, Courtesy of Innovation Works, Inc., page 15; courtesy of Valley School of Ligonier, page 16; courtesy of Western Pennsylvania Conservancy, page 31 (top); courtesy of Westmoreland Symphony Orchestra, page 9 (lower right); Paul G. Wiegman, pages 1, 3 (top); Harriet Wise, courtesy of War for Empire, Inc., page 4; Brandon Ziats, courtesy of One Vision One Life, Inc., page 27 (bottom)

President's Letter

In an historic and economically challenging year for the country and the Pittsburgh region, the Trustees of the Richard King Mellon Foundation approved new grants totaling \$66,364,100 and paid out grants in the amount of \$63,836,498. Distributions reflect not only the Foundation's decision to focus on organizations most impacted by the 2008 economic downturn, but also the Trustees' preference for supporting established organizations with clear objectives and for partnering with other donors on initiatives. The Foundation remains committed to strengthening our region's families and neighborhoods, to advancing intellectual and industrial capital, and to safeguarding the natural resources of our region and our nation.



Completion of 13 miles of trail gaps in the Great Allegheny Passage, a 150-mile trail connecting Pittsburgh to Cumberland, MD, was a Pittsburgh 250 initiative. Nearly all of these rights-of-way have been secured. Shown here is Pinkerton Low Bridge.

Regional Economic Development

2008 gifts totaling \$26 million supported entrepreneurial activities in research, agriculture, recreational and cultural tourism, and urban and regional community revitalization. The Robotics Foundry and Digital Greenhouse, Inc., Idea Foundry, and Innovation Works, Inc. received a total of \$2.6 million to sustain efforts to attract capital and talent and to launch new businesses for the Pittsburgh region. A \$400,000 grant to The Progress Fund will assist an initiative to encourage local production and use of farm products. The Foundation also contributed to organizations enhancing housing, retail, and employment in several Pittsburgh urban neighborhoods. Among these gifts were \$750,000 to East Liberty Development, Inc. and \$400,000 to Operation Better Block, Inc. for Phase II of the Homewood Children's Village Initiative. Recognizing that cultural and multipurpose civic facilities play a catalytic role in the rejuvenation of



Fort Ligonier, a British fortification, built in 1758, served as a staging area for the Forbes Expedition during the French and Indian War.

neighborhoods and communities, the Foundation provided \$100,000 to the Children's Museum of Pittsburgh on the North Side, \$340,000 to The Union Project in the East End, and \$500,000 to the Westmoreland Cultural Trust in Greensburg, Pennsylvania. Support of cultural and recreational tourism included \$688,500 to Fort Ligonier Association, \$2 million to the Senator John Heinz History Center, and \$120,000 to Bike Pittsburgh.

Years of significant philanthropic investment in historic Downtown Pittsburgh continued

to produce rewarding dividends as the district gained increasing around-the-clock vitality in 2008. Over 1.5 million people attended cultural events, more than 6,000 housing units were occupied, and several hundred million dollars in construction projects were underway. These developments reflect the public-spirited collaboration of many partners, and the Trustees were pleased again to join with others to enhance the future of this vital economic core. Among the grants provided was a contribution of \$1 million to the Pittsburgh Downtown Partnership toward the renovation of Market Square.

Education

Believing that well-educated and motivated people are the cornerstone of a dynamic and prosperous region, the Foundation contributed \$12.3 million to educational institutions and initiatives from pre-kindergarten to universities. Many of these grants support literacy and learning-enhancement programs, such as \$250,000 for ASSET, Inc. and \$1 million toward the Carnegie Library of Pittsburgh capital campaign. Independent schools, schools serving children with special needs, and colleges and universities received grants primarily for facility and technology



Pale jewelweed (*Impatiens pallida*) is common along the Great Allegheny Passage.

upgrades. These included \$400,000 to Valley School of Ligonier, \$125,000 to Clelian Heights School for Exceptional Children, and \$7 million to Saint Vincent College.

Human Services and Nonprofit Capacity Building

Contributions totaling \$5.9 million assisted agencies and programs that provide fundamental care such as food, shelter, and medicine to the region's underserved and disadvantaged populations. The Greater Pittsburgh Food Bank received \$500,000, the Women's Center and Shelter of Greater Pittsburgh received \$100,000, and a gift of \$250,000 will help North Side Christian Health Center expand medical services for working families and the unemployed.

The Foundation also maintained its focus on initiatives designed to improve the delivery and sustainability of human services

programs. Wesley Spectrum Services received \$750,000 to help build its infrastructure capacity to meet an increasing demand for services and to increase overall efficiency.

Children, Youth, and Young Adults

The Foundation's 2008 grant making totaled \$5.7 million and focused on early childhood care and education programs; programs to stem youth violence and provide safe and nurturing environments after school and during summers; vocational preparation for young adults; and recreational programs. A grant of \$400,000 will assist the 4 Kids Early Learning Program of Heritage Health Foundation, Inc. Angels' Place received \$454,000. One Vision One Life, Inc., which works to prevent and mitigate youth



The Tour of Pennsylvania, a 420-mile international bike race across Pennsylvania, was held in June 2008 to commemorate the 250th anniversary of the construction of the Forbes Road connecting Philadelphia to Pittsburgh.



Located at the Forks of the Ohio, Point State Park is the former site of two French and Indian War-era forts, Forts Duquesne and Pitt. Visitors can now see new tracery outlines of the forts, tour the Fort Pitt Museum, and enjoy the refurbished green space during various outdoor events.

violence, received \$315,000. Vocational and career development initiatives of the Pittsburgh Chapter of the National Tooling and Machining Foundation, Inc. received \$175,000.

Conservation

Future economic progress and quality of life in southwestern Pennsylvania will be strongly influenced by the planning, development, and stewardship of our natural resources. Toward this end, the Foundation continues to invest in the preservation of natural habitat and wildlife, the protection of land, and the improvement of water quality.

2008 grants amounting to \$16.6 million helped conserve western Pennsylvania's

watersheds, rivers and their tributaries, forests, and wildlife. The Foundation aided several organizations in their efforts to ensure that they have the proper tools to track and analyze land, habitat, and water quality and quantity. In addition, the Foundation continued its long-standing commitment to land protection by preserving critical natural areas, recreational lands, and large intact landscapes.

A grant of \$2 million to Riverlife Task Force will help repair Pittsburgh's signature fountain at Point State Park, while \$450,000 assisted the Pittsburgh Parks Conservancy's stewardship of 1,700-plus acres of urban parkland. Support of land acquisitions and conservation easements included a grant to

The University of Pittsburgh Cathedral of Learning is awash in lighting by Casa Magica for ARTLUMIÈRE, Inc. during the Pittsburgh 250 Festival of Lights.

the Western Pennsylvania Conservancy for the acquisition of property in Cambria County.

The 2008 celebration of the founding of Pittsburgh 250 years ago provided those of us who make our homes in western Pennsylvania with a special opportunity to reflect on a remarkable region that has shaped the history of America. Looking back on the ongoing transformation of the Pittsburgh region over the past 61 years, too, makes us optimistic about the accomplishments and achievements yet to come. Our community has responded thoughtfully and courageously to social, environmental, and economic challenges and opportunities.

Seward Prosser Mellon
President





Urban Economic Development

A transformation of the East Liberty and Highland Park sections of the City of Pittsburgh is being sparked in large measure by two organizations: **East Liberty Development, Inc.** (ELDI) and **The Union Project**.

Established in 1979, ELDI is working to improve the community's housing stock, job opportunities, and retail offerings. With strong and continuous input from residents, ELDI has replaced several hundred units of low-quality, high-rise public housing with patio-style apartments that include amenities such as playgrounds and community gardens. Working with Sojourner's House and the City of Pittsburgh Housing Authority, ELDI also has renovated older properties for formerly homeless mothers and their children. ELDI also has purchased neglected properties from absentee landlords, renovated them, and put them back on the market as affordable rental housing.

Over the last several years, ELDI and its development partners have attracted such commercial retailers as Whole Foods, Home Depot, Walgreens, Staples, and Trader Joe's. More recently, ELDI has provided restaurants and

other businesses, interested in locating in East Liberty, financing for capital improvements and marketing support.

The Union Project was formed in 2001 to restore and reuse the former Union Baptist Church, positioned at the intersection of some of Pittsburgh's most racially and economically diverse urban neighborhoods. Each year The Union Project connects over 3,000 people through social enterprise, job training, and community programming. The organization operates the EatUP Café; Ceramics@UP, a community cooperative ceramics studio; and Glass Action, a stained glass restoration training apprenticeship program. The Union Project attracts a variety of rental activities such as art exhibitions, community gatherings, and exercise classes.

The Union Project's EatUp Café



One example of ELDI's residential revitalization projects includes the refurbishment and sale of these three Victorian homes. (top left)



ELDI has provided assistance to more than two thirds of the 25-plus restaurants that now call East Liberty home. Shown here are Red Room Café and Dinette. (top right and above)



Bridgett Tamiah leads a dance fitness program at The Union Project.

David Eson of Produce Grown Here, a program of The Progress Fund, works with Jane Dillner of the Dillner Family Farm to bring produce to Pittsburgh vendors.



Somerset Sweets™ onions are grown at Laurel Vista Farm that overlooks the Laurel Ridge in Somerset County.

Regional Economic Development

Agriculture and Regional Community Revitalization

A diversified economy and vibrant communities make southwestern Pennsylvania a competitive and desirable region in which to live and work. Among the organizations contributing to these attractions are **The Progress Fund** and the **Westmoreland Cultural Trust**.

The Progress Fund is capitalizing on Pennsylvania's agricultural heritage through its Produce Grown Here initiative. Over the past two years, the organization has been working with area farmers and two regional businesses, Eat'n Park Hospitality Group and Giant Eagle, to meet the growing demand for local fruits and vegetables. In-store and out-of- store branding will be done so that consumers can easily identify locally-grown foods. Moreover, participating farms can maintain their own identities while benefiting from united branding and marketing. The program will also manage the supply chain, helping to ensure a predictable supply of locally-grown products.

The restoration of historically significant buildings together with arts and entertainment



programming have effectively revitalized Downtown Pittsburgh—and now nearby Greensburg has begun to see the rewards of its similar efforts. The Westmoreland Cultural Trust has been bringing renewed life to some of the most venerable buildings in this city of 16,000, the county seat of Westmoreland County. The Trust has protected and restored several cultural and historic assets for contemporary use. Its flagship project is The Palace Theatre, which the Trust both programs with arts and entertainment events as well as rents to 17 different organizations. The 1369-seat theater draws audiences of over 50,000 each year.



The Palace Theatre in Greensburg, PA originally opened in 1926 as the Manos Theatre. (top) Morrie Brand conducts the Westmoreland Symphony Orchestra at The Palace. (below)

Innovation and Entrepreneurship



Cardiorobotics' cardioARM™ is intended to provide multiple applications for a wide range of epicardial interventions through a single incision below the rib cage as opposed to open heart surgery. The company expects to begin human clinical trials in 2010.

The Technology Collaborative (TTC) is an economic development organization focused on starting, attracting, and growing robotics, cyber-security, and digital-technology companies. TTC has made 17 rounds of grants and funded the commercialization of 127 discrete projects, which has resulted in 37 new businesses. Among the companies TTC has assisted are the following.

Plextronics, Inc. was founded in 2002 as a spinout of Carnegie Mellon University and is headquartered in Pittsburgh. The company has 68 employees and specializes in printed electronics, the next-generation light, power, and circuitry products.

Freedom Sciences, LLC, formed in 2005 and located in Philadelphia, utilizes an automated transport system that provides individuals with limited mobility an independent means of transportation and does not require significant modification to a motor vehicle. It is now commercially available. The company is affiliated with the University of Pittsburgh Human

RedZone's multi-sensor inspection service delivers a three-dimensional, digital representation of wastewater pipes to the customer's desktop.

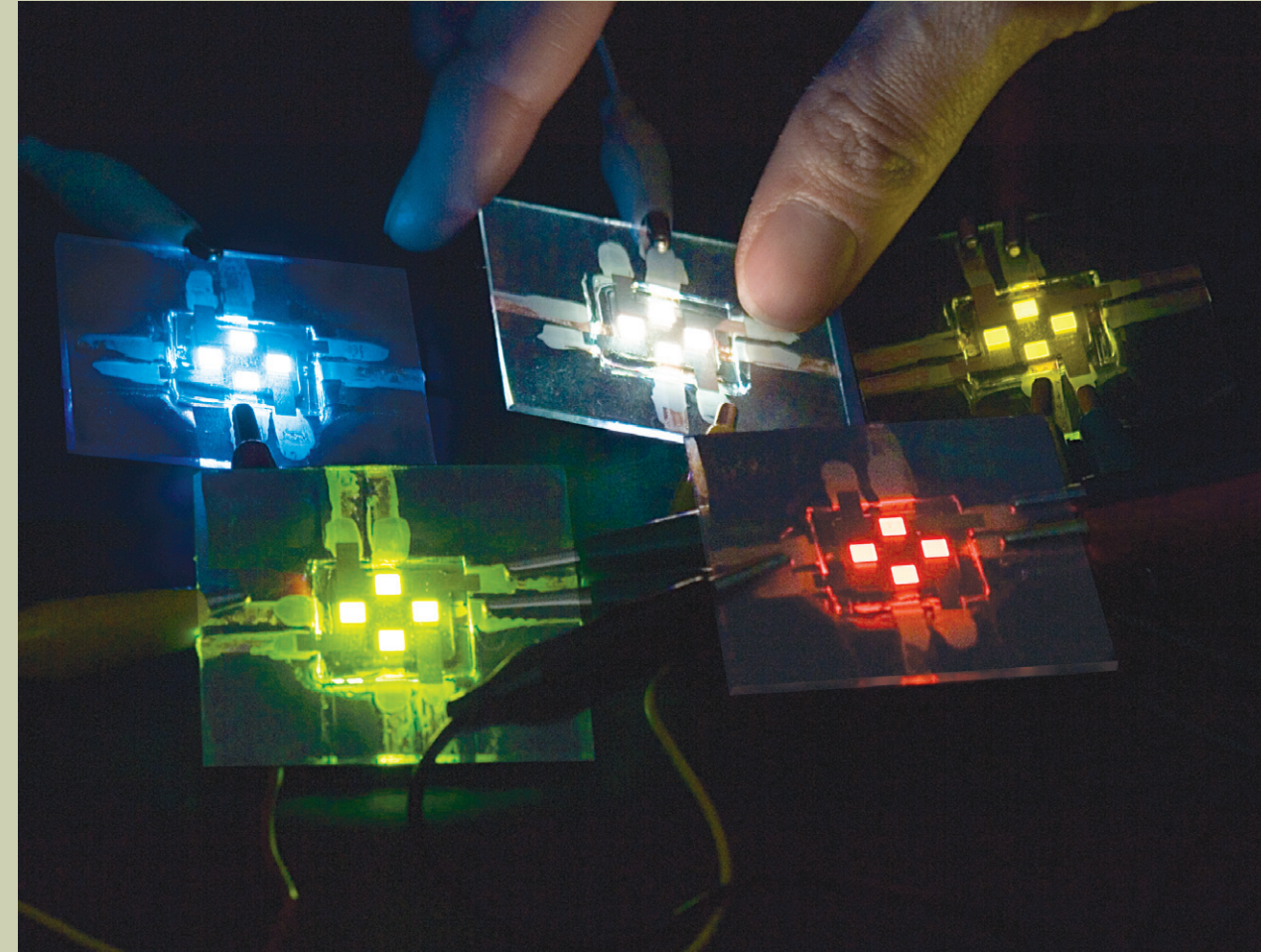
Engineering Laboratories and Carnegie Mellon University.

RedZone Robotics, founded in 1987 as a spinout of Carnegie Mellon University, is headquartered in Pittsburgh. Redzone develops automated trenchless technology solutions for the inspection and analysis of underground infrastructure systems. The company employs 53 individuals and its proprietary products and services include 11 patents granted or pending.

Cardiorobotics, Inc. was founded in Pittsburgh in 2005 as a joint spinout of Carnegie Mellon University and the University of Pittsburgh School of Medicine. Now headquartered in Rhode Island, Cardiorobotics performs its research and development functions in Pittsburgh. The company has developed the cardioARM™ that is intended to provide minimally-invasive cardiac surgery.



Freedom Sciences, LLC integrates advanced robotics technology with existing mobility devices into a cost-effective solution for independent transportation mobility. Its product includes a platform lift and dock, an articulating automotive seat, and the robotics for remote control of a power wheelchair.



Plextronics' three product categories are organic conductive inks, organic semiconductive polymers, and organic photovoltaic ink systems. (above and right)

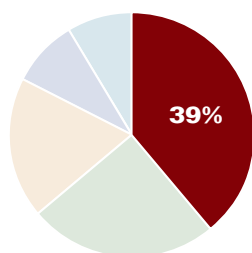


Regional Economic Development Grant Summary

Grants approved **\$25,926,000**

Number of grants **61**

Percent of grants approved



3 Rivers Connect
Pittsburgh, PA
\$445,000 toward support of the Information Commons database project

Alle-Kiski Medical Center Trust
Natrona Heights, PA
\$250,000 for emergency department renovations at the Alle-Kiski Medical Center

Allegheny Conference on Community Development
Pittsburgh, PA
\$390,000 toward general operating support

\$50,000 toward support of the iPort Project, a program designed to attract business to Pittsburgh from India

Art Works in Johnstown
Johnstown, PA
\$450,000 to regenerate a turn-of-the-century industrial building located in an historic neighborhood into a facility where artists can create, teach, and market their work



Alexandra Kochis and Christopher Budzynski perform in the Pittsburgh Ballet Theatre production of Roméo et Juliette.

Asian American Film Festival of Pittsburgh
Pittsburgh, PA
\$60,000 toward the costs associated with Silk Screen, the Asian-American film festival held on May 9-18, 2008

Bike Pittsburgh, Inc.
Pittsburgh, PA
\$120,000 for two-year support to strengthen Bike Pittsburgh, Inc.'s presence in Pittsburgh and increase efforts in making Pittsburgh safe, accessible, and friendly for bicycle transportation

Carnegie Mellon University
Pittsburgh, PA
\$125,000 toward support to examine the effectiveness of publicly-funded, technology-based, economic-development organizations in encouraging and sustaining entrepreneurial firms

CEOs for Cities NFP
Chicago, IL
\$2,000 toward 2008 annual membership

Children's Museum of Pittsburgh
Pittsburgh, PA
\$100,000 toward general operating support

Community Design Center of Pittsburgh, Inc.
Pittsburgh, PA
\$425,000 to increase civic engagement in planning and design for Pittsburgh

Community Theater Project Corporation
Pittsburgh, PA
\$6,000 toward hiring a consultant to evaluate current operations and to create a three-year business plan

\$55,000 to support the operations of the Kelly-Strayhorn Theater and to support additional focus group work



The 139,000-square-foot Gettysburg Museum of the American Civil War and Visitor Center, which opened in 2008, houses more than three million artifacts and 700,000 archival items.

Conemaugh Valley Conservancy
Hollisopple, PA
\$500,000 toward the completion of the Quemahoning Whitewater Release project

East Liberty Development, Inc.
Pittsburgh, PA
\$750,000 to provide East Liberty's new and existing businesses and restaurants the tools to excel in a changing marketplace and to revitalize East Liberty as a regional restaurant destination

Epiphany Catholic Church
Pittsburgh, PA
\$10,000 toward roof replacement

Fay-Penn Economic Development Council
Uniontown, PA
\$175,000 toward operating funds to support community and economic development programs in Fayette County

The Forbes Funds
Pittsburgh, PA
\$200,000 toward two-year support to implement the Community Quality Institute designed to improve the delivery of services for youth programs

Fort Ligonier Association
Ligonier, PA
\$688,500 to support the development and marketing functions of Fort Ligonier, payable over three years

Fort Ligonier Days, Inc.
Ligonier, PA
\$65,000 toward costs associated with the festival commemorating the 250th anniversary of the battle of Fort Ligonier, a key engagement of the French and Indian War

Gettysburg National Battlefield Museum Foundation
Gettysburg, PA
\$1,000,000 for the campaign to restore Gettysburg, the art cyclorama, and the building to house it

Grantmakers for Effective Organizations
Washington, DC
\$8,000 toward 2008 membership

Grantmakers of Western Pennsylvania
Pittsburgh, PA
\$20,000 toward general operating support

Greater Pittsburgh Arts Council
Pittsburgh, PA
\$400,000 toward a collaborative strategy for audience development

Green Building Alliance
Pittsburgh, PA
\$700,000 toward two-year general operating support and the Green Building Products Initiative

The Hispanic Center, Inc.
Pittsburgh, PA
\$100,000 toward two-year general operating support

Historical Society of Western Pennsylvania
Pittsburgh, PA
\$2,000,000 toward support of the capital campaign for the Senator John Heinz History Center

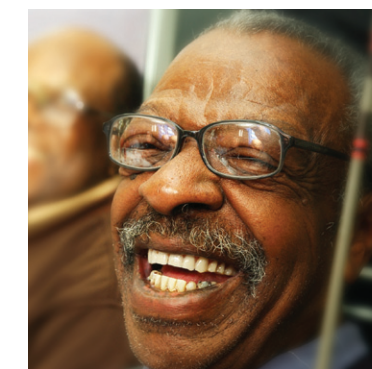
\$7,500 for the Pittsburgh 250 History Makers Gala

Idea Foundry
Pittsburgh, PA
\$500,000 for current program support and commercialization

Innovation Works, Inc.
Pittsburgh, PA
\$600,000 for two-year support of the AlphaLab, an initiative designed to serve as a catalyst for launching the next generation of software, entertainment technology, and Internet-related companies

Keystone Research Center, Inc.
Harrisburg, PA
\$10,000 as part of the Southwestern Pennsylvania Fund for Workforce Solution's match toward the national fund's \$150,000 challenge to support workforce partnership initiatives (Industry Partnerships) that benefit low-income workers as well as meeting skill needs of employers

Latrobe Area Hospital Charitable Foundation
Latrobe, PA
\$1,200,000 for the capital campaign to renovate the existing garage and to construct a new ambulance garage in Ligonier



Huston Summers was a participant in the Fisherman's Tale, one of 100 projects supported through Pittsburgh 250 Community Connections by The Sprout Fund.



An affiliate of the Smithsonian Institution, the Senator John Heinz History Center is a 275,000-square-foot museum with six floors of long-term and changing exhibition space that includes the Western Pennsylvania Sports Museum and the Library & Archives, a scholarly resource documenting 250 years of life in western Pennsylvania.

The Mon Valley Initiative

Homestead, PA
\$350,000 toward support of the Workforce and Business Development Program

Mount Washington Community Development Corporation

Pittsburgh, PA
\$22,000 toward the search for a new executive director

National Aviary in Pittsburgh, Inc.

Pittsburgh, PA
\$2,000,000 for the construction of the Immersion Theater and Education Center

New Hazlett Center for the Performing Arts

Pittsburgh, PA
\$350,000 toward two-year support of programs and the completion of capital improvements

\$15,000 toward support of CityLIVE!

Oil Region Alliance of Business, Industry & Tourism

Oil City, PA
\$5,000 toward the distribution of educational material highlighting the region's historic involvement in oil production

Operation Better Block, Inc.

Pittsburgh, PA
\$400,000 toward Phase II of the Homewood Children's Village Initiative

Shown at right are AlphaLab participants, an Innovation Works Inc. program that provides technical and administrative support to entrepreneurs.



The Pennsylvania State University

University Park, PA
\$55,000 to provide operating support to Steel City Biofuels as part of its merger with Penn State Cooperative Extension, Allegheny County

Phipps Conservatory, Inc.

Pittsburgh, PA
\$5,000,000 toward support of the capital campaign, Pittsburgh's Living Building at Phipps

Pittsburgh Ballet Theatre, Inc.

Pittsburgh, PA
\$350,000 toward general operating support

Pittsburgh Downtown Partnership

Pittsburgh, PA
\$75,000 to present programming in Market Square for the purpose of reactivating Pittsburgh's town square by making it safe, attractive, and active

\$1,000,000 toward renovation, maintenance, and programming for Market Square

\$50,000 toward the 2009 Pittsburgh Downtown Housing Initiative

Pittsburgh Filmmakers

Pittsburgh, PA
\$5,000 toward Headwater Film's production of *Rachel is.....*

Pittsburgh Opera, Inc.

Pittsburgh, PA
\$10,000 for support of Pittsburgh Opera's executive leadership search

\$350,000 toward general operating support

Pittsburgh Symphony, Inc.

Pittsburgh, PA
\$350,000 toward general operating support

The Pittsburgh Trust for Cultural Resources

Pittsburgh, PA
\$20,000 toward support of First Night 2009

The Progress Fund

Greensburg, PA
\$400,000 toward the Produce Grown Here program, which helps farmers meet the increased demand for local produce

\$22,000 to hire staff to implement an agricultural initiative

Riverlife Task Force

Pittsburgh, PA
\$250,000 toward general operating support

The Robotics Foundry and Digital Greenhouse, Inc. d/b/a The Technology Collaborative

Pittsburgh, PA
\$1,500,000 toward three-year support of programs designed to create high-value jobs by attracting and growing companies and supporting universities that are developing and leveraging the region's world-class assets in robotics, advanced electronics, and cyber security

Rosedale Block Cluster, Inc.

Pittsburgh, PA
\$250,000 toward two-year support to strengthen the administrative and program operations

The Sprout Fund

Pittsburgh, PA
\$400,000 toward general operating support

Team Pennsylvania Foundation

Harrisburg, PA
\$10,000 toward the costs associated with Destination Pennsylvania: the Governor's Conference on Tourism held on May 4-6, 2008

Three Rivers Arts Festival of Carnegie Institute

Pittsburgh, PA
\$100,000 toward costs associated with the 2008 Three Rivers Arts Festival

The Union Project

Pittsburgh, PA
\$340,000 for transitional working capital

University of Pittsburgh, Center for Social & Urban Research

Pittsburgh, PA
\$300,000 toward two-year support of the Pittsburgh Regional Indicators Consortium, a project that compiles data on a variety of economic, demographic, environmental, and social topics for the Pittsburgh region

Westmoreland Cultural Trust

Greensburg, PA
\$500,000 to expand the audience base for Westmoreland County performing arts organizations by developing a centralized ticketing system and improving and enhancing the variety and quality of performing arts presentations

Elementary Education



Valley School of Ligonier Varsity Lacrosse game

Benjamin Franklin said: “An investment in knowledge always pays the best interest,” and a diversified portfolio of education strategies and options helps to ensure that the region’s education sector is continually striving for improvement.

ASSET, Inc., an educational reform initiative founded in 1994, is dedicated to improving kindergarten through eighth-grade teaching and learning through science education. ASSET supports approximately 40 school districts as well as charter and private schools in southwestern Pennsylvania. Students in ASSET schools have scored significantly higher on standardized proficiency tests than non-ASSET schools.

The Pennsylvania Department of Education selected ASSET to design and coordinate “Science: It’s Elementary,” the statewide science program impacting more than 2,700 teachers and 72,000 students in 132 school districts across 52 counties during 2008-2009.



A competitive alternative to public schools for primary education, not only in the urban core but also in regional hubs, is an important aspect of a robust education framework. In this regard, the **Valley School of Ligonier** in Westmoreland County serves as the only independent elementary and middle day school southeast of Pittsburgh. Mr. and Mrs. Richard King Mellon founded the school in 1946 based on Mrs. Mellon’s vision for a nurturing environment that would be accessible to students from all economic backgrounds. Valley School offers classes from kindergarten through ninth grade for 200 students, with 35 percent receiving financial assistance. The student body comes from the local community as well as Somerset, Latrobe, Greensburg, and Saltsburg.

The Valley School of Ligonier is situated on a four-hundred-acre campus adjacent to Linn Run State Park.



Students and teachers in ASSET program (above and right)



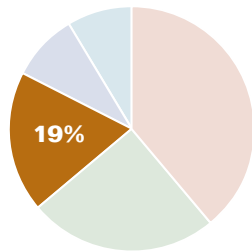
According to a 2007–2008 Horizon Research, Inc. evaluation of Science: It’s Elementary (SIE), students receiving SIE instruction from teachers who participated in SIE professional development scored significantly higher on 16 of 19 assessment scales than students whose teachers were not SIE participants.

Education Grant Summary

Grants approved **\$12,279,700**

Number of grants **17**

Percent of grants approved



A+ Schools: Pittsburgh's Community Alliance for Public Education

Pittsburgh, PA
\$300,000 toward two-year support of the Good Governance and Parent and Community Empowerment Programs

ASSET Incorporated

Pittsburgh, PA
\$250,000 to improve business systems to support growth

Beginning with Books

Pittsburgh, PA
\$375,000 for two-year support of the Neighborhood-Based Early Literacy Outreach Program

Carnegie Library of Pittsburgh

Pittsburgh, PA
\$1,000,000 toward the Libraries for Life Campaign

Carnegie Mellon University

Pittsburgh, PA
\$10,000 toward expenses associated with the conference on autism

Clelian Heights School for Exceptional Children

Greensburg, PA
\$125,000 for window replacement

DePaul Institute

Pittsburgh, PA
\$250,000 toward support of the toddler program and advancement of current technology



Saint Vincent College, a Catholic, Benedictine College in Latrobe, PA founded in 1846



Established in 1888, The Kiskiminetas (Kiski) Springs School in Saltsburg, PA is one of the oldest all-boys college preparatory boarding schools and has 210 students from 15 states and 14 countries.



The Heartwood Institute

Pittsburgh, PA
\$50,000 toward a plan to focus on transition, sustainability, and growth

Holy Trinity Catholic Church

Ligonier, PA
\$10,000 to enhance the school library

Indian Creek Valley Christian Family & Children's Center

Champion, PA
\$200,000 toward support of long-term sustainability efforts focused on development and other new sources of revenue

iPraxis

Philadelphia, PA
\$10,000 toward support of the bench2BUSINESS Conference held on November 8-9, 2008

The Kiskiminetas Springs School

Saltsburg, PA
\$2,000,000 toward construction of a new Student Services Center to improve, centralize, and enhance academic advising and co-curricular activities

La Roche College

Pittsburgh, PA
\$250,000 as a matching grant for the renovation of the John J. Wright Library

\$39,700 toward institutional advancement initiatives

Saint Vincent College

Latrobe, PA
\$7,000,000 toward the renovation of the Herbert W. Boyer School of Natural Sciences, Mathematics, and Computing

University of Pittsburgh School of Medicine

Pittsburgh, PA
\$10,000 toward support of the 2008 Mellon Lecture

Valley School of Ligonier

Ligonier, PA
\$400,000 toward marketing efforts, technology infrastructure, renovations to the athletic fields, and updates to the library collection

Programs Helping Families



North Side Christian Health Center was a 2008 recipient of an Enviro-Star Award, given by the Allegheny County Department of Health to recognize voluntary adoption of significant pollution-prevention practices.

With an annual operating budget of \$1.6 million, **North Side Christian Health Center** (NSCHC) provides primary care, social services, and prescription medication to 11,500 working and unemployed people in the City of Pittsburgh's North Side neighborhoods, all at little or no cost. In January 2008, NSCHC assumed operation of the Northview Heights Public Housing Health Center, the only health center located within Pittsburgh's public housing system. NSCHC is also one of 126 new Federally Qualified Health Centers approved nationally in the American Recovery and Reinvestment Act. Over the next two years, this designation will

provide \$1.3 million for the care of the uninsured and medically underserved.

Providing better outcomes for children and families dealing with complex physical and mental health issues requires a comprehensive model of service delivery. However, access to a multiple range of services and the funding streams to support these programs can be complex to navigate, making the best treatment difficult to achieve. **Wesley Spectrum Services** (WSS) has overcome some of these hurdles by bundling services and identifying ways to operate more efficiently. In 2006 the Wesley Institute, a special education and mental health services provider, merged with the Spectrum Family Network, a drug and alcohol addiction recovery and family support service provider, because each recognized that together they could offer an integrated and more sustainable treatment program. Through the merger, the combined organization has been able to expand into several new locations and counties, and at the same time, it has been able to reduce the unit cost of its services.

Mr. Provident works with students from the Wesley Spectrum Academy industrial arts class.



North Side Christian Health Center Executive Director Floyd Cephas and Medical Director J. Todd Wahrenberger, MD, MPH (left)

Dr. Wahrenberger and patient (below)



Mother and patient visit new pediatric floor. (below)

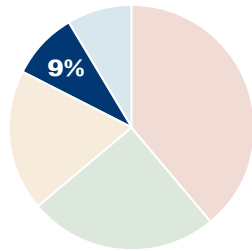


Human Services and Nonprofit Capacity Building Grant Summary

Grants approved **\$5,943,000**

Number of grants **21**

Percent of grants approved



Addison Behavioral Care, Inc.
Pittsburgh, PA
\$250,000 to hire additional positions for programs that have the ability to generate funds and ensure future sustainability for the organization

Allegheny Council To Improve Our Neighborhoods, ACTION-Housing, Inc.
Pittsburgh, PA
\$68,000 toward sustainability efforts and new affordable housing using Pittsburgh Zero Emissions Development principles

East Liberty Family Health Care Center, Inc.
Pittsburgh, PA
\$25,000 for planning in connection with the New Space Campaign

Focus on Renewal Sto-Rox Neighborhood Corporation
McKees Rocks, PA
\$500,000 toward general operating support and completion of the Father Ryan Arts Center

Good Grief Center for Bereavement
Pittsburgh, PA
\$50,000 toward transitional working capital

Greater Pittsburgh Community Food Bank
Duquesne, PA
\$500,000 toward the purchase of food for 2009

Hosanna House, Inc.
Wilksburg, PA
\$350,000 toward long-term financial sustainability

Hosanna Industries, Inc.
Rochester, PA
\$150,000 to increase mission capacity and for emergency heating needs of under-served families

Housing Alliance of Pennsylvania
Glenside, PA
\$75,000 toward two-year general operating support

Light of Life Rescue Mission, Inc.
Pittsburgh, PA
\$100,000 toward general operating support to enhance programs, upgrade facilities, and develop a facility expansion plan

North Side Christian Health Center
Pittsburgh, PA
\$250,000 toward the renovation costs associated with relocating to 816 Middle Street

Peoples Oakland, Inc.
Pittsburgh, PA
\$125,000 toward installation of a new heating, ventilation, and air conditioning system

The Pittsburgh Foundation
Pittsburgh, PA
\$100,000 toward support of the Human Service Integration Fund

Program for Female Offenders, Inc.
Pittsburgh, PA
\$300,000 toward operating support for services and development of a comprehensive public/private partnership

Providence Connections, Inc.
Pittsburgh, PA
\$125,000 toward operating support during the organization's current state of transition and growth

Sisters Place, Inc.
Clairton, PA
\$100,000 for two-year support toward capacity building to assist with efforts to diversify funding

Strength Incorporated
Pittsburgh, PA
\$325,000 toward operating support and an organizational assessment

United Way of Westmoreland County
Greensburg, PA
\$1,200,000 toward two-year support of school-readiness and after-school programs, family-support services, capacity building, and operations

Wesley Spectrum Services
Pittsburgh, PA
\$750,000 to enhance the infrastructure capacity in order to meet the increased demand for services as well as to reduce transaction costs

Women's Center and Shelter of Greater Pittsburgh
Pittsburgh, PA
\$100,000 to expand the use of the Women's Center Business System principles at the direct service level

The Woodlands Foundation, Inc.
Wexford, PA
\$500,000 toward support of the capital campaign



Chartiers Valley Swim Club helps the Greater Pittsburgh Community Food Bank collect donations.



The Father Ryan Arts Center was recently completed by the Focus on Renewal Sto-Rox Neighborhood Corporation. The facility offers live performances, classes, and workshops for the entire community.





Approximately 200 children, ranging in age from six weeks through five years, are enrolled in Heritage Health Foundation, Inc.'s 4 Kids Early Learning Program.



Children, Youth,
and Young Adults

Early Childhood Care

Two outstanding examples of providers of quality care for children are **Angels' Place** and **Heritage Health Foundation, Inc.**

Intervening on behalf of parents and children, Angels' Place operates three high-quality childcare centers and provides young single parents with classes, counseling, tutoring, and referrals to other agencies. All services are provided at no cost with the stipulation that each parent finishes his or her secondary education. At Angels' Place, 75 percent of the 83 children function at or above appropriate skill levels as measured by the Brigance Diagnostic Inventory of Early Development, and 100 percent of the 2007 preschool class mastered the necessary kindergarten readiness skills. Of the 14 recent parent graduates, 12 are now gainfully employed and two have gone on to higher education. Hundreds of young individuals have had this same success over the years, and only two percent of the young mothers have had another pregnancy during the time they were engaged with Angels' Place.



4 Kids Early Learning Program was created by Heritage Health Foundation, Inc. in 1998 to improve the quality and availability of early care and education in the Monongahela and Turtle Creek Valleys. Goals are to help parents become and remain productive members of the workforce, help area children become ready for success in school and life, and, through quality early education, prevent the social, emotional, and behavioral issues that often plague impoverished communities. The program currently offers one center-based and two school-based early-learning locations, all of which participate in Pennsylvania's Keystone Stars Quality Child Care Initiative.



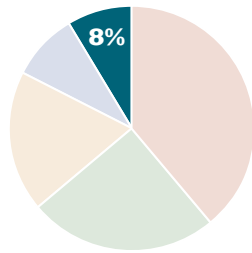
Angels' Place founding Executive Director Mary Winter (above) retired after serving the organization for 24 years. She remains active on the board. Angels' Place operates facilities in Brookline, on the North Side, and in Swissvale.

Children, Youth, and Young Adults Grant Summary

Grants approved **\$5,650,500**

Number of grants **18**

Percent of grants approved



Adelphoi Village, Inc.
Latrobe, PA
\$5,000 toward general operating support

Angels' Place, Inc.
Pittsburgh, PA
\$454,000 toward general operating support

C R Jrs. Chip, Inc.
Pittsburgh, PA
\$200,000 toward two-year general operating support

The Challenge Program, Inc.
Johnstown, PA
\$75,000 to expand into Westmoreland and Allegheny Counties

Christian Camps of Pittsburgh, Inc.
Boswell, PA
\$275,000 to enhance the recreation facilities at Lake Gloria and Que Camps for the Summer's Best Two Weeks program

Community Empowerment Association, Inc.
Pittsburgh, PA
\$10,000 toward expenses associated with the 2008 National Urban (Gang) Peace, Justice & Empowerment Summit



County of Allegheny, Department of Human Services
Pittsburgh, PA
\$1,500,000 to fund the information technology infrastructure for the Improving Outcomes for Children and Families Initiative

Glade Run Foundation
Zelienople, PA
\$500,000 toward expansion of St. Stephen's Lutheran Academy and enhancement of existing programs and services

Heritage Health Foundation, Inc.
Braddock, PA
\$400,000 toward two-year support of the 4 Kids Early Learning Program

The Kingsley Association
Pittsburgh, PA
\$350,000 to build staff and organizational capacity to meet the challenges associated with the programming and management of the new Kingsley Community Center

One Vision One Life, Inc.
Pittsburgh, PA
\$315,000 toward core programs, an organizational assessment, board and staff development, and assistance with planning for future growth

Operation Better Block, Inc.
Pittsburgh, PA
\$6,500 toward funding for the position of Lead Community Organizer

Pittsburgh Association for the Education of Young Children
Pittsburgh, PA
\$35,000 to study the financial viability of high-quality childcare

Pittsburgh Chapter of the National Tooling and Machining Foundation, Inc.
Moon Township, PA
\$175,000 to create a program that attracts more students to manufacturing

Schenley Heights Community Development Program
Pittsburgh, PA
\$200,000 to sustain the After-School Tutorial & Enrichment and the Summer Enrichment Programs, and to implement the FOCUS Me Program

The United Way of Allegheny County
Pittsburgh, PA
\$100,000 toward support of the Summer Youth Violence Prevention Project

YouthPlaces
Pittsburgh, PA
\$700,000 toward two-year support of programming and capacity building

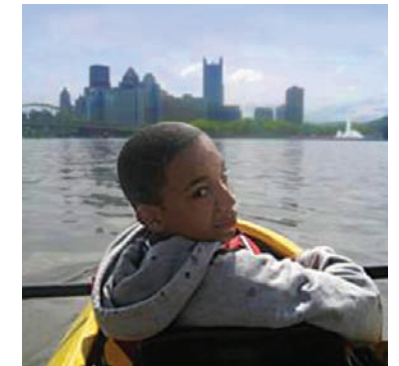
YouthWorks
Pittsburgh, PA
\$350,000 toward two-year general operating support



Pittsburgh Chapter of the National Tooling and Machining Foundation sponsors BotsIQ, where school teams draw upon their knowledge of math, science, and engineering to build robots to compete against one another.



Christian Camps of Pittsburgh, Inc. serves over 3,000 children per year at three facilities in the Laurel Mountains. Each camp offers sports, wilderness trips, and a variety of other outdoor recreation activities for children ages 8 to 18.



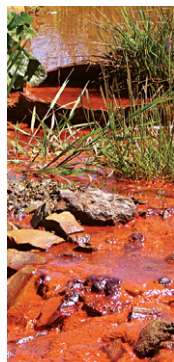
One Vision One Life, Inc. works not only with older teenagers directly involved in violence but also with younger children to help them avoid utilizing violence. These at-risk youth are part of a mentoring program that provides after-school and summertime activities.

Habitat and Watershed Protection

Utilizing a variety of strategies, several organizations are working in Pennsylvania to improve water quality and preserve the natural habitat. The **Pennsylvania Environmental Council**, for example, is working to control storm water drainage and protect streamside land in the Upper Allegheny drainage basin, the Laurel Highlands, and along riverfronts and trails in Allegheny County. **Trout Unlimited** is one of several groups working to address acid mine drainage in the West Branch of the Susquehanna basin. The **Western Pennsylvania Conservancy** has been working with farmers and landowners on streamside restoration and non-point source pollution.

In the arena of wildlife management, a special initiative is underway to restore the elk population in Pennsylvania and capitalize on the associated eco-tourism.

Elk, once called “wapiti” by Native Americans, are related to deer but are much larger. While the eastern elk that inhabited Pennsylvania in the past are extinct, a small herd of about 200 Rocky Mountain elk was introduced here several years ago. Their presence in the state has inspired a plan for elk watching and nature tourism in north central Pennsylvania. To capitalize on the growing interest in eco-tourism and a current annual visitor base of 70,000, the **Rocky Mountain Elk Foundation** has partnered with the Pennsylvania Department of Conservation and Natural Resources to develop and operate the Pennsylvania Wilds Elk Country Visitor Center. Scheduled to open in 2010, the elk center will serve as an anchor for attracting up to 130,000 visitors per year.



Abandoned mine drainage is the number one source of pollution to Pennsylvania's waterways.

Mine water in a Pennsylvania stream (left); Finished passive treatment system (middle); and Aeration device through which mine water is forced for oxygenation (right)



Male elk (bulls) average 700 pounds fully grown, stand five feet high at the shoulder, and are eight feet long nose to tail. Female elk (cows) are smaller, weighing an average 500 pounds. (above)



The Yellow Warbler is an inhabitant of Pennsylvania elk country.



With high cliffs that drop straight to the ocean, Maine's Bold Coast possesses staggering scenery. (above and right)



Canoers in Maine's North Woods (left)

Conservation

Land Protection

"The central thing for which conservation stands is to make this country the best possible place to live in, both for us and for our descendants," observed Gifford Pinchot.

The **Western Pennsylvania Conservancy** has worked in concert with the Pennsylvania Department of Conservation and Natural Resources to acquire 940 acres adjacent to the Prince Gallitzin State Forest in Pennsylvania's Cambria County. In Erie County, the **Lake Erie Region Conservancy** was able to acquire 93 acres of open space which will protect the scenic, recreational, and natural resources adjacent to the Seaway Trail National Scenic Byway and the state game lands along Lake Erie.




In Maine, the Foundation was able to take part in three conservation opportunities of

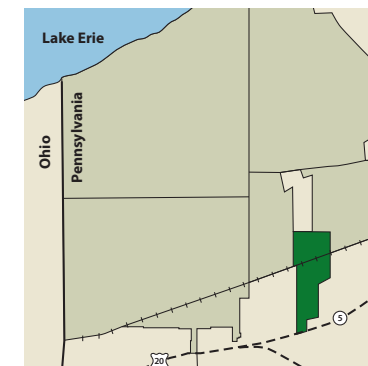
national significance. In an area where the tide pools along the rocky coastline provided Rachel Carson with the research environment for her classic marine biology study, *Edge of the Sea*, the **Maine Coast Heritage Trust** has protected 1,500 acres along the Bold Coast. In another initiative, the **Appalachian Mountain Club** is in the process of protecting—through land purchase and conservation easements—over 400,000 acres of Maine's Northern Forest, the largest intact native forest in the Eastern United States. And **The Conservation Fund** has led a successful effort to acquire the West Grand Lakes Forest, a 22,000-acre property in the center of the Downeast conservation area, a 1.3 million-acre contiguous landscape of conserved lands stretching across the Maine–New Brunswick international boundary.



Property adjacent to Prince Gallitzin State Forest in Pennsylvania's Cambria County acquired by the Western Pennsylvania Conservancy

The Lake Erie Region Conservancy's property acquisition will help protect the view from the Seaway Trail National Scenic Byway of Lake Erie.

-  Conservancy acquisition
-  State game lands
-  Seaway Trail National Scenic Byway



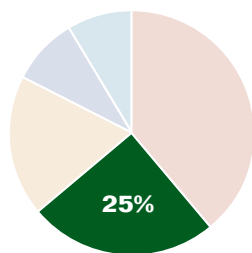


Conservation Grant Summary

Grants approved **\$16,564,900**

Number of grants **27**

Percent of grants approved



Appalachian Mountain Club
Boston, MA
\$1,500,000 toward the capital campaign for property acquisition as part of the Maine Woods Initiative

The Community Foundation of Westmoreland County
Greensburg, PA
\$180,000 to promote smart-growth strategies in Westmoreland County

The Conservation Fund
Arlington, VA
\$200,000 toward the retirement of grazing rights at Sand Ranch, NM

\$2,000,000 toward the purchase of property in Adams County, PA

\$382,500 toward the purchase of property in Indiana and Cambria Counties, PA

\$25,000 toward the creation of a land conservation web site

\$225,000 toward the development of a land conservation database

\$1,000,000 toward the purchase of property in Maine

\$500,000 toward operating support of The National Forum on Children and Nature

Lake Erie Region Conservancy
Erie, PA
\$25,000 toward the purchase of property along the Seaway Trail National Scenic Byway in Erie County, PA

Land Trust Alliance, Inc.
Washington, DC
\$75,000 toward the costs associated with the 2008 National Land Conservation Conference held in Pittsburgh on September 18-21, 2008



Maine's North Woods is over ten million acres in size with fewer than 13,000 year-round residents.



Schenley Plaza in Oakland is one of several urban landscapes that the Pittsburgh Parks Conservancy manages and operates year round.

Ligonier Camp and Conference Center
Ligonier, PA
\$300,000 toward the purchase of property in Westmoreland County, PA

Maine Coast Heritage Trust
Topsham, ME
\$2,000,000 toward the purchase and management of property on the Maine Bold Coast

Mount Washington Community Development Corporation
Pittsburgh, PA
\$40,000 to complete a trail feasibility plan for the Grand View Scenic Byway Park and toward development of a new management plan

PA Cleanways of Allegheny County, Inc.
Pittsburgh, PA
\$30,000 toward general operating support

Pennsylvania Environmental Council, Inc.
Pittsburgh, PA
\$800,000 toward two-year support of a comprehensive water quality and landscape protection program for western Pennsylvania as well as support for strategic planning and outreach related to state policy on land and watershed protection

\$250,000 toward development of a joint master plan for Ohiopyle Borough, Stewart Township, and Ohiopyle State Park

\$100,000 to support an independent evaluation of the Pennsylvania Department of Conservation and Natural Resource's efforts to create a new conservation ethic for Pennsylvania

Pennsylvania Parks and Forests Foundation
Harrisburg, PA
\$30,000 toward the costs associated with the National Symposium for State Conservation Leaders held at the University of Pennsylvania on June 23-24, 2008

Pittsburgh Parks Conservancy
Pittsburgh, PA
\$450,000 toward three-year support of operations of the Conservancy's Park Management and Maintenance Department and toward the abatement of hazardous trees

Rachel Carson Homestead Association
Springdale, PA
\$25,000 toward support of education efforts related to local conservation history, green chemistry, and organic lawn care

Riverlife Task Force
Pittsburgh, PA
\$2,000,000 toward the completion of fountain renovations at Point State Park

Rocky Mountain Elk Foundation
Missoula, MT
\$1,000,000 toward the design and construction of the Pennsylvania Wilds Elk Country Visitors Center in Elk County, PA

Trout Unlimited
Arlington, VA
\$550,000 toward two-year support of Phase III to restore the West Branch of the Susquehanna River

Western Pennsylvania Conservancy
Pittsburgh, PA
\$800,000 toward two-year support of operations for the land and freshwater conservation programs

\$1,817,100 toward the purchase of property in Cambria County, PA

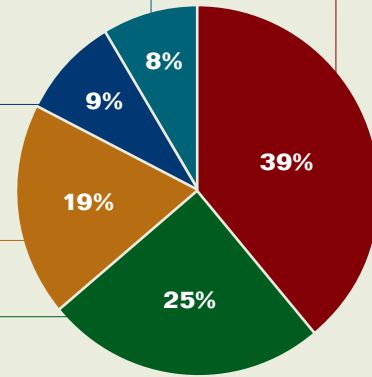
\$260,300 toward the purchase of property in Westmoreland County, PA



The Lesser Prairie-Chicken is one of many birds that can be found on the property protected by The Conservation Fund in Sand Ranch, NM.

Appropriations

By Category	Number of grants	Grants approved	Percent of grants approved
Regional Economic Development	61	\$25,926,000	39%
Children, Youth, and Young Adults	18	\$5,650,500	8%
Human Services and Nonprofit Capacity Building	21	\$5,943,000	9%
Education	17	\$12,279,700	19%
Conservation	27	\$16,564,900	25%
Totals	144	\$66,364,100	



By Area	
Pittsburgh and Southwestern Pennsylvania	\$60,226,100
Other	6,138,000
Total	\$66,364,100

1947 through 2008 Net Investment Income	
1947 through 2007	\$1,081,038,095
2008	56,110,511
Total	\$1,137,148,606

1947 through 2008 Grants Paid and Program-Related Investments	
1947 through 2007	\$1,567,588,430
2008	63,836,498
Total	\$1,631,424,928

Statements of Financial Position

December 31	2008	2007
Assets		
Cash	\$47,576	\$1,560
Other current assets	2,471,595	14,940,365
Investments:		
Stocks	700,655,072	1,245,071,500
Long-term debt instruments	391,622,316	462,972,018
Temporary investments	140,580,578	152,005,908
Alternative investments	287,453,454	343,667,543
Sub-total	1,520,311,420	2,203,716,969
Payable from unsettled securities purchases, net	(5,398,030)	(892,242)
Total investments	1,514,913,390	2,202,824,727
Program-related assets	3,000,000	3,000,000
Total assets	\$1,520,432,561	\$2,220,766,652
Liabilities and Net Assets		
Liabilities:		
Grants approved but not paid	\$36,676,667	\$34,424,065
Deferred federal excise taxes	0	3,661,139
Appropriations for program-related assets	3,000,000	3,000,000
Total liabilities	39,676,667	41,085,204
Unrestricted net assets	1,480,755,894	2,179,681,448
Total liabilities and net assets	\$1,520,432,561	\$2,220,766,652

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,	2008	2007
Investment income	\$63,051,985	\$107,016,666
Expenses		
Administrative and investment expenses	10,528,968	10,647,368
Provision for federal excise taxes	73,645	3,215,120
Benefit from deferred federal excise taxes	(3,661,139)	(1,079,448)
	6,941,474	12,783,040
Net investment income	56,110,511	94,233,626
Grants and appropriations approved	65,002,741	126,549,892
Deficiency of net investment income over approvals	(8,892,230)	(32,316,266)
Net realized (losses) gains from investments	(86,170,013)	265,653,480
Unrealized depreciation on investments	(603,863,311)	(107,944,782)
(Losses) gains on investments, net	(690,033,324)	157,708,698
(Decrease) increase in unrestricted net assets	(698,925,554)	125,392,432
Unrestricted net assets:		
Beginning of year	2,179,681,448	2,054,289,016
End of year	\$1,480,755,894	\$2,179,681,448

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

Statements of Cash Flows

For the year ended December 31,	2008	2007
Cash flows from operating activities:		
(Decrease) increase in net assets	(\$698,925,554)	\$125,392,432
Adjustments to reconcile (decrease) increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	0	61,324
Accretion	(823,593)	(1,036,481)
Deferred federal excise taxes	(3,661,139)	(1,079,448)
Realized losses (gains) on investments	86,170,013	(265,653,480)
Unrealized depreciation on investments	603,863,311	107,944,782
Increase (decrease) in cash from changes in:		
Other current assets	12,468,770	(14,524,928)
Grants approved but not paid	2,252,602	17,334,220
Accounts payable and accrued liabilities	0	(8,692,010)
Net cash provided by (used in) operating activities	1,344,410	(40,253,589)
Cash flows from investing activities:		
Purchases of investments	(4,154,990,122)	(7,904,514,245)
Proceeds from sales of investments	4,153,691,728	7,944,716,805
Net cash (used in) provided by investing activities	(1,298,394)	40,202,560
Net increase (decrease) in cash	46,016	(51,029)
Cash, beginning of year	1,560	52,589
Cash, end of year	\$47,576	\$1,560

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

Summary of Investments

December 31	2008		2007	
	Book Value	Market Quotations	Book Value	Market Quotations
Stocks				
Domestic equities	615,015,520	473,082,593	\$666,801,307	\$781,475,734
Foreign equities	278,947,334	220,233,449	347,556,652	462,703,524
Total stocks	893,962,854	693,316,042	1,014,357,959	1,244,179,258
Long-term debt instruments	451,227,897	393,563,316	460,570,455	462,972,018
Temporary investments				
Demand and interest-bearing notes	133,875,061	133,875,361	138,402,699	138,404,227
Foreign short-term investments	6,707,420	6,705,217	13,578,275	13,601,681
Total temporary investments	140,582,481	140,580,578	151,980,974	152,005,908
Alternative investments	266,889,565	287,453,454	209,801,435	343,667,543
Total investments	\$1,752,662,797	\$1,514,913,390	\$1,836,710,823	\$2,202,824,727

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 (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, Human Services and Nonprofit Capacity Building, Children, Youth, and Young Adults. Its interest in the area of Conservation is national.

Cash

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

Investments

Effective January 1, 2008, the Foundation adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("FAS 157"). FAS 157 defines fair value 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. FAS 157 also established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 FAS 157 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; and

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, 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 and long-term debt instruments are classified as Level 3 because they do not have an active market. Also, all of the Foundation's alternative investments are classified as Level 3. 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'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.

Notes to Financial Statements (continued)

Realized gain (loss) from dispositions of investments is determined by specific cost identification. Unrealized appreciation (depreciation) of investments represents the change in the difference between market 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.

Reclassifications

Certain reclassifications of the 2007 financial statements have been made to conform to the 2008 classifications. These changes had no impact on previously reported results.

Note 2: Federal Excise 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 two percent 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. For the year ended December 31, 2008, the Foundation provided for federal excise tax of two percent. The Foundation met certain distribution requirements defined in Section 4940 of the Internal Revenue Code, resulting in a reduced tax of one percent of net investment income for the year ended December 31, 2007.

There are no deferred federal excise taxes at December 31, 2008 as the Foundation has a cumulative net unrealized loss. At December 31, 2007, deferred federal excise taxes were provided at one percent, which was the rate expected to be paid on unrealized gains on investments.

Note 3: Commitments

The Foundation is a Limited Partner in limited partnerships for investment purposes. At December 31, 2008 and 2007, the Foundation had contractually committed to additional investments of \$151.9 million and \$203.7 million, respectively.

At December 31, 2008, the Foundation had outstanding trades to purchase and sell investments with a settlement date in 2009 of \$69.0 million and \$63.6 million for a net payable of \$5.4 million. At December 31, 2007, the Foundation had outstanding trades to purchase and sell investments with a settlement date in 2008 of \$63.2 million and \$62.3 million for a net payable of \$0.9 million. These transactions are reflected within the financial statements on a net basis.

Note 4: Fair Value Measurements

The following table summarizes the Foundation's investments as of December 31, 2008 based on the inputs used to value them:

Valuation Inputs	Investments	Payables from unsettled securities purchases, net
Level 1: Quoted prices	\$913,749,822	(\$5,398,030)
Level 2: Other significant observable inputs	316,795,807	0
Level 3: Significant unobservable inputs	289,765,791	0
Total	\$1,520,311,420	(\$5,398,030)

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value.

Balance as of Jan. 1, 2008	\$347,491,742
Net investment income	14,940,297
Realized gain	5,874,962
Change in unrealized depreciation	(114,824,163)
Net purchases	36,282,953
Balance as of Dec. 31, 2008	\$289,765,791

Report of Independent Auditors

To the Trustees of Richard King Mellon Foundation:

In our opinion, the accompanying statements of financial position and the related statements of activities and changes in net assets and of cash flows present fairly, in all material respects, the financial position of the Richard King Mellon Foundation at December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Richard King Mellon Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The summary of investments as of December 31, 2008 and 2007 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

May 28, 2009

Policy and Grant Guidelines

Effective January 1, 2005, the Trustees established the following program priorities:

Southwestern Pennsylvania

Regional Economic Development

Quality of Urban Life
Talent Attraction and Retention
Business Stimulus Initiatives
Rural Economic Development
Arts and Culture, Emphasizing Economic Impact

Education

Independent and Parochial Schools
Higher Education Institutions
Workforce Training

Human Services and Nonprofit Capacity Building

Critical and Strategic Service Providers

Children, Youth, and Young Adults

Early Childhood Education
After-School Programs

Western Pennsylvania

Conservation

Land Preservation
Watershed Protection and Restoration
Sustainable Environments

The Foundation gives priority to projects and programs that have clearly defined outcomes and an evaluation component. The Foundation accepts applications throughout the year. The Foundation uses the Common Grant Application Format, developed by Grantmakers of Western Pennsylvania which may be obtained on line at <http://foundationcenter.org/grantmaker/rkmellon/> or by contacting the Foundation offices:

Attention:

Information and Grants Manager
Richard King Mellon Foundation
BNY Mellon Center
Suite 4106, 500 Grant Street
Pittsburgh, PA 15219-2502
412 392 2800 telephone
412 392 2837 fax

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.



Printed in USA on 10% recycled paper

