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 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 P. 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.
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.

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
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 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 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 years of significant philanthropic investment in historic Downtown Pittsburgh continued
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

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

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.
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.
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 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 programming and rents to 17 different organizations. The 1369-seat theater draws audiences of over 50,000 each year.
Innovation and Entrepreneurship

The Technology Collaborative (TTC) is an economic development organization focused on starting, attracting, and growing robotics, cybersecurity, 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.

Cardiorobotics, Inc. was founded 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. The company expects to begin human clinical trials in 2010.

RedZone Robotics, founded in 1987 as a spinout of Carnegie Mellon University, is headquartered in Pittsburgh. Red Zone 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.

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 Innovation and Entrepreneurship Engineering Laboratories and Carnegie Mellon University.

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

Regional Economic Development

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.
Regional Economic Development

Grant Summary

3 Rivers Connect
Pittsburgh, PA
$45,000 toward support of the Information Commons database project

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

Allegheny Conference on Community Development
Pittsburgh, PA
$190,000 toward general operating support

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

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

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

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

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

Fort Ligonier Association
Ligonier, PA
$6,850 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

Greater Pittsburgh Arts Council
Pittsburgh, PA
$20,000 toward general operating support

Green Building Alliance
Pittsburgh, PA
$20,000 toward general operating support

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

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

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

Latrobe Area Hospital
Latribe, PA
$500,000 toward the completion of the Quemahoning Whitewater Release project

Latrobe Area Hospital Charitable Foundation
Latribe, PA
$688,500 to support the development programs in Fayette County

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$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

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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.

**Regional Economic Development**

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

**The Pennsylvania State University**

University Park, PA

- $57,000 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

- $310,000 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 quality and variety of performing arts presentations
Elementary Education

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.

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.

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

**Education**

**Education Grant Summary**

<table>
<thead>
<tr>
<th>Grants approved</th>
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<tbody>
<tr>
<td>Number of grants</td>
<td>17</td>
</tr>
<tr>
<td>Percent of grants approved</td>
<td>19%</td>
</tr>
</tbody>
</table>

- **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

- **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

- **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

**Saint Vincent College, a Catholic, Benedictine College in Latrobe, PA founded in 1846**
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.
Human Services and Nonprofit Capacity Building Grant Summary

Addison Behavioral Care, Inc.  
Pittsburgh, PA  
$270,000 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.  
Wilkinsburg, PA  
$350,000 toward long-term financial sustainability  

Hosanna Industries, Inc.  
Pittsburgh, PA  
$150,000 to increase mission capacity and for emergency heating needs of underserved 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  
$200,000 toward 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  
$380,000 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
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.

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.

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

<table>
<thead>
<tr>
<th>Organization</th>
<th>Location</th>
<th>Grant Amount</th>
<th>Grant Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelphi Village, Inc.</td>
<td>Latrobe, PA</td>
<td>$5,000</td>
<td>toward general operating support</td>
</tr>
<tr>
<td>Angels’ Place, Inc.</td>
<td>Pittsburgh, PA</td>
<td>$454,000</td>
<td>toward general operating support</td>
</tr>
<tr>
<td>C R Jrs. Chip, Inc.</td>
<td>Pittsburgh, PA</td>
<td>$200,000</td>
<td>toward two-year general operating support</td>
</tr>
<tr>
<td>The Challenge Program, Inc.</td>
<td>Johnstown, PA</td>
<td>$75,000</td>
<td>to expand into Westmoreland and Allegheny Counties</td>
</tr>
<tr>
<td>Christian Camps of Pittsburgh, Inc.</td>
<td>Boswell, PA</td>
<td>$275,000</td>
<td>to enhance the recreation facilities at Lake Gloria and Que Camps for the Summer’s Best Two Weeks program</td>
</tr>
<tr>
<td>Community Empowerment Association, Inc.</td>
<td>Pittsburgh, PA</td>
<td>$10,000</td>
<td>toward expenses associated with the 2008 National Urban (Gang) Peace, Justice &amp; Empowerment Summit</td>
</tr>
<tr>
<td>County of Allegheny, Department of Human Services</td>
<td>Pittsburgh, PA</td>
<td>$1,500,000</td>
<td>to fund the information technology infrastructure for the Improving Outcomes for Children and Families Initiative</td>
</tr>
<tr>
<td>Glade Run Foundation</td>
<td>Zelienople, PA</td>
<td>$500,000</td>
<td>toward expansion of St. Stephen’s Lutheran Academy and enhancement of existing programs and services</td>
</tr>
<tr>
<td>Heritage Health Foundation, Inc.</td>
<td>Braddock, PA</td>
<td>$400,000</td>
<td>toward two-year support of the 4 Kids Early Learning Program</td>
</tr>
<tr>
<td>The Kingsley Association</td>
<td>Pittsburgh, PA</td>
<td>$350,000</td>
<td>to build staff and organizational capacity to meet the challenges associated with the programming and management of the new Kingsley Community Center</td>
</tr>
<tr>
<td>One Vision One Life, Inc.</td>
<td>Pittsburgh, PA</td>
<td>$35,000</td>
<td>toward core programs, an organizational assessment, board and staff development, and assistance with planning for future growth</td>
</tr>
<tr>
<td>Operation Better Block, Inc.</td>
<td>Pittsburgh, PA</td>
<td>$6,500</td>
<td>toward funding for the position of Lead Community Organizer</td>
</tr>
<tr>
<td>Pittsburgh Association for the Education of Young Children</td>
<td>Pittsburgh, PA</td>
<td>$35,000</td>
<td>to study the financial viability of high-quality childcare</td>
</tr>
<tr>
<td>Pittsburgh Chapter of the National Tooling and Machining Foundation, Inc.</td>
<td>Moon Township, PA</td>
<td>$175,000</td>
<td>to create a program that attracts more students to manufacturing</td>
</tr>
<tr>
<td>Schenley Heights Community Development Program</td>
<td>Pittsburgh, PA</td>
<td>$200,000</td>
<td>to sustain the After-School Tutorial &amp; Enrichment and the Summer Enrichment Programs, and to implement the FOCUS Me Program</td>
</tr>
<tr>
<td>The United Way of Allegheny County</td>
<td>Pittsburgh, PA</td>
<td>$100,000</td>
<td>toward support of the Summer Youth Violence Prevention Project</td>
</tr>
<tr>
<td>YouthPlaces</td>
<td>Pittsburgh, PA</td>
<td>$700,000</td>
<td>toward two-year support of programming and capacity building</td>
</tr>
<tr>
<td>YouthWorks</td>
<td>Pittsburgh, PA</td>
<td>$350,000</td>
<td>toward two-year general operating support</td>
</tr>
</tbody>
</table>

### Grants approved: $5,650,500

### Number of grants: 18

### Percent of grants approved: 8%

---

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.

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.

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.
Conservation

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.

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.
“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.

The Lake Erie Region Conservancy’s property acquisition will help protect the view from the Seaway Trail National Scenic Byway of Lake Erie.
Schenley Plaza in Oakland is one of several urban landscapes that the Pittsburgh Parks Conservancy manages and operates year round.

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

Conservation Grant Summary

<table>
<thead>
<tr>
<th>Grants approved</th>
<th>$16,564,900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of grants</td>
<td>27</td>
</tr>
<tr>
<td>Percent of grants approved</td>
<td>25%</td>
</tr>
</tbody>
</table>

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

Ligonier Camp and Conference Center
Ligonier, PA
$500,000 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
$900,000 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 | $25,826,000 | 9%
Children, Youth, and Young Adults | 18 | $5,650,500 | 8%
Human Services and Nonprofit Capacity Building | 21 | $5,943,000 | 19%
Education | 17 | $12,279,700 | 25%
Conservation | 27 | $16,564,900 | 39%
**Totals** | **144** | **$66,364,100** | **30%**

### Statements of Financial Position

#### December 31

<table>
<thead>
<tr>
<th>Assets</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$47,576</td>
<td>$1,560</td>
</tr>
<tr>
<td>Other current assets</td>
<td>2,471,595</td>
<td>14,940,365</td>
</tr>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>700,655,072</td>
<td>1,247,071,500</td>
</tr>
<tr>
<td>Long-term debt instruments</td>
<td>391,622,316</td>
<td>462,972,018</td>
</tr>
<tr>
<td>Temporary investments</td>
<td>140,580,578</td>
<td>152,005,908</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>287,453,454</td>
<td>343,667,543</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>1,520,311,420</strong></td>
<td><strong>2,203,716,969</strong></td>
</tr>
<tr>
<td>Payable from unsettled securities purchases, net</td>
<td>$(5,398,030)</td>
<td>$(892,242)</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>1,514,913,390</strong></td>
<td><strong>2,202,824,727</strong></td>
</tr>
<tr>
<td>Program-related assets</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$1,520,432,561</strong></td>
<td><strong>$2,220,766,652</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants approved but not paid</td>
<td>$36,676,667</td>
<td>$34,424,065</td>
</tr>
<tr>
<td>Deferred federal excise taxes</td>
<td>0</td>
<td>3,661,139</td>
</tr>
<tr>
<td>Appropriations for program-related assets</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>39,676,667</strong></td>
<td><strong>41,085,204</strong></td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>1,480,755,894</td>
<td>2,178,681,448</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$1,520,432,561</strong></td>
<td><strong>$2,220,766,652</strong></td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>$63,051,985</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>Administrative and investment expenses</td>
<td>10,528,968</td>
</tr>
<tr>
<td>Provision for federal excise taxes</td>
<td>73,645</td>
</tr>
<tr>
<td>Benefit from deferred federal excise taxes</td>
<td>$(3,661,139)</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>6,941,474</strong></td>
</tr>
<tr>
<td>Net investment income</td>
<td>56,110,511</td>
</tr>
<tr>
<td>Grants and appropriations approved</td>
<td>65,002,741</td>
</tr>
<tr>
<td>Deficiency of net investment income over approvals</td>
<td>$(8,892,230)</td>
</tr>
<tr>
<td>Net realized (losses) gains from investments</td>
<td>186,170,013</td>
</tr>
<tr>
<td>Unrealized depreciation on investments</td>
<td>$(603,963,311)</td>
</tr>
<tr>
<td>(Losses) gains on investments, net</td>
<td>$(690,033,324)</td>
</tr>
<tr>
<td>(Decrease) increase in unrestricted net assets</td>
<td>$(698,825,554)</td>
</tr>
<tr>
<td>Unrestricted net assets:</td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>2,178,681,448</td>
</tr>
<tr>
<td><strong>End of year</strong></td>
<td><strong>$1,480,755,894</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Richard King Mellon Foundation 2008 Annual Report

Alternative investments

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>266,889,565</td>
<td>287,453,454</td>
</tr>
<tr>
<td>Foreign equities</td>
<td>343,667,543</td>
<td>209,801,435</td>
</tr>
</tbody>
</table>

Stocks

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign equities</td>
<td>142,468,770</td>
<td>142,524,928</td>
</tr>
<tr>
<td>Grants approved but not paid</td>
<td>2,525,602</td>
<td>17,334,220</td>
</tr>
</tbody>
</table>

Cash, beginning of year

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by investing activities</td>
<td>$1,344,410</td>
<td>$40,253,589</td>
</tr>
</tbody>
</table>

Net cash provided by investing activities

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments</td>
<td>(4,154,990,122)</td>
<td>(7,904,514,245)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>4,153,691,728</td>
<td>7,944,710,805</td>
</tr>
</tbody>
</table>

Cash flows from investing activities

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign short-term investments</td>
<td>133,875,061</td>
<td>133,875,361</td>
</tr>
<tr>
<td>Demand and interest-bearing notes</td>
<td>670,706,217</td>
<td>670,706,217</td>
</tr>
<tr>
<td>Total temporary investments</td>
<td>140,582,481</td>
<td>140,580,578</td>
</tr>
<tr>
<td>Total investments</td>
<td>$1,752,862,797</td>
<td>$1,516,913,390</td>
</tr>
</tbody>
</table>

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

Summary of Investments

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>615,015,520</td>
<td>781,475,734</td>
</tr>
<tr>
<td>Foreign equities</td>
<td>278,947,534</td>
<td>462,703,524</td>
</tr>
<tr>
<td>Total stocks</td>
<td>693,962,854</td>
<td>1,244,179,258</td>
</tr>
<tr>
<td>Long-term debt instruments</td>
<td>451,227,897</td>
<td>462,972,018</td>
</tr>
<tr>
<td>Temporary investments</td>
<td>133,875,061</td>
<td>138,404,227</td>
</tr>
<tr>
<td>Foreign short-term investments</td>
<td>670,706,217</td>
<td>138,404,227</td>
</tr>
<tr>
<td>Total temporary investments</td>
<td>140,582,481</td>
<td>152,005,908</td>
</tr>
<tr>
<td>Total investments</td>
<td>$1,752,862,797</td>
<td>$2,202,824,727</td>
</tr>
</tbody>
</table>

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.

Level 3: Inputs that are unobservable.

Investments

Investments are accounted for using the cost method or the equity method when the investment is significant to the Foundation. Investments include a continuously growing portfolio of alternative investments that help finance the Foundation’s philanthropic and program activities.

Alternative investments are classified as Level 3. These investments 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 of 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. Determination of the Foundation’s investments in stocks and long-term debt instruments is 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 auditors. 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 had outstanding trades to purchase and sell investments with a settlement date in 2008 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 3: Commitments

The Foundation is a Limited Partner in limited partnerships formed 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 2008 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:

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

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: 289,765,791
- Balance as of Dec. 31, 2008: $289,765,791

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

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.

/s/ Howard Levitan
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.