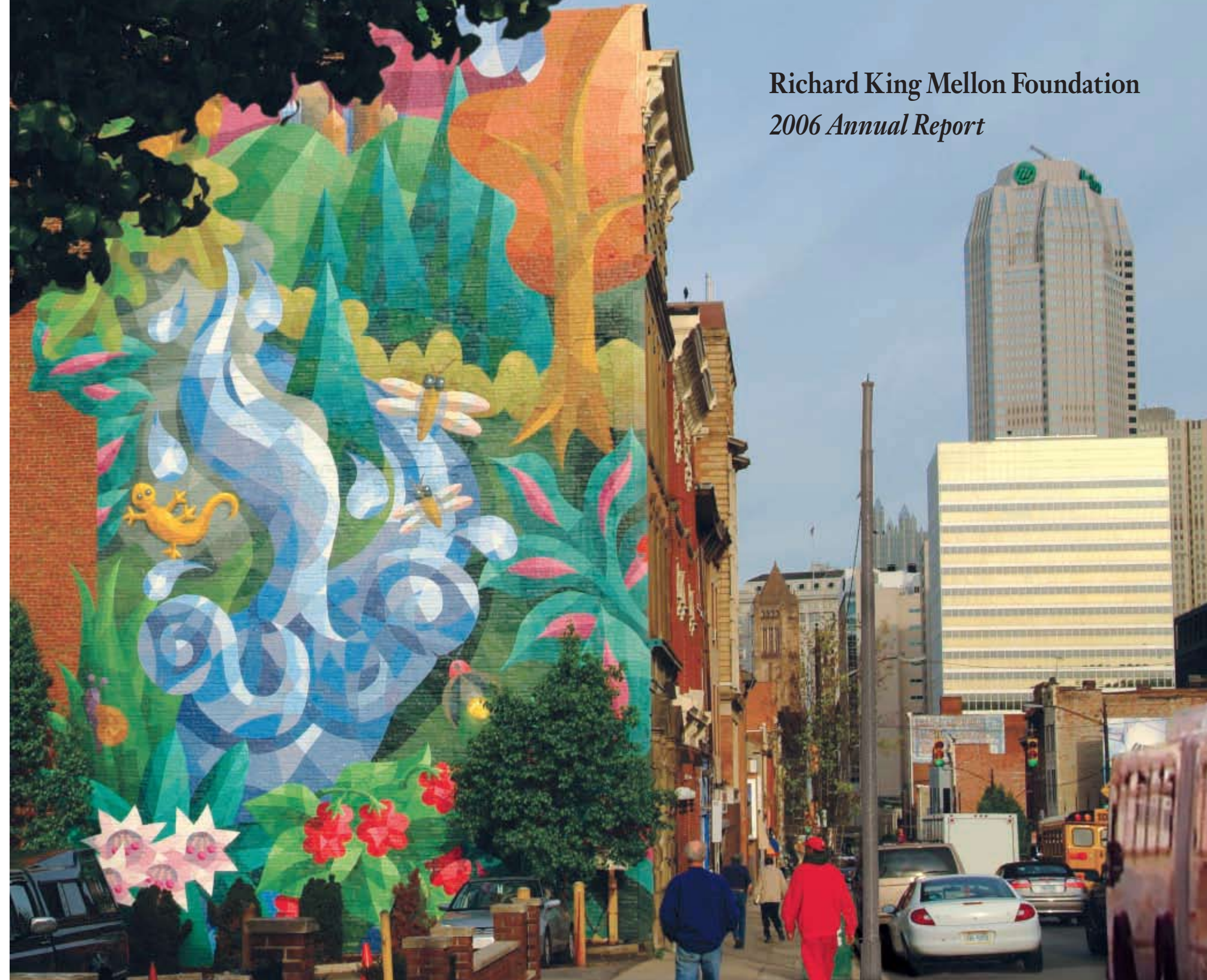


Richard King Mellon  
Foundation  
*2006 Annual Report*

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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.



Richard King Mellon  
Foundation

2006 Annual Report

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Trustees, Officers, and Staff *inside back cover*

Cover  
**On the Road to a New Pittsburgh**  
*Gregg Valley’s Urban Paradise is one of the public art projects  
“sprouting” in Pittsburgh neighborhoods. Please see pages 18/19.*

## *President's Letter*

### **2006 Foundation Highlights**

Last year I had the pleasure of announcing an important transition for the Richard King Mellon Foundation, as six grandchildren of Richard King Mellon and Constance Prosser Mellon became trustees of the Foundation: Alison M. Byers, Psy.D., W. Russell G. Byers, Jr., Armour N. Mellon, Richard A. Mellon, Catharine Mellon Cathey, and Constance Elizabeth Mellon Kapp. This year I am pleased to report that Bruce K.M. Henderson, also a grandchild of General and Mrs. Mellon, was elected as a trustee on November 20, 2006. We are delighted to complement the board with these seven new members and welcome the fresh perspectives, ideas, and experiences of a new generation as the Foundation transitions to the future.

In 2006 the trustees approved new grants totaling a record \$86,995,705, and the Foundation paid out \$93,486,648 toward new grants. With much of this grant making, in five program priorities, we hope to highlight and strengthen the advantages of Pittsburgh and southwestern Pennsylvania as a vibrant, forward-looking, and desirable region.

### **Regional Economic Development**

Gifts totaling \$41 million for Regional Economic Development reflected southwestern Pennsylvania's emergence as a center of education, biomedical research and technology, medical care, environmental quality, and livability. We work with public and private partners to enhance Pittsburgh's assets in order to attract and keep a new generation of talented workers and community builders.

Among the Foundation's representative grants was \$600,000 for the Idea Foundry's Transformation Fellowship program to help develop ideas in information technology into marketable products and companies. The Robotics Foundry and Digital Greenhouse, Inc. also received \$600,000 for a technology commercialization competition to leverage the region's world-class advantages in advanced electronics, cyber security, and robotics.

A grant of \$1,750,000 to the African American Cultural Center of Greater Pittsburgh reflects the city's pride in its growing diversity, as does a gift of \$30,000 for "Silk Screen," Pittsburgh's first Asian American Film Festival.

The success of "Pittsburgh Roars," a regional arts-marketing initiative supported by the Richard King Mellon Foundation in 2005, led to \$500,000 in continuing support in 2006.

Additional grant making enhanced regional quality of life by assisting in the development of parks, the installation of a wireless network throughout Downtown Pittsburgh, the protection of our rich urban architectural fabric, the stewardship of shade trees, and the promotion of rural tourism in historic southwestern Pennsylvania.

### **Conservation**

The Foundation has been a leader in the protection, preservation, and restoration of green and natural infrastructure throughout the United States, and these initiatives continued with gifts of \$16 million in 2006. Our policy has been to form key partnerships with public and private agencies to identify, acquire, and safeguard strategically targeted sites. The Conservation Fund, for example, received \$4,380,000 to help acquire conservation easements on approximately 257,000 acres of working forestland in Adirondack State Park. Representing one of the largest land

conservation projects in New York's history, the newly protected lands will conserve sensitive wildlife habitat, protect water quality, and serve as sustainably managed, working forests to benefit the Adirondack Region's economy.

### **Education**

The Foundation's longtime support of education continued with gifts totaling \$15 million in 2006. Grants included \$1,000,000 toward Pre-K Counts, a three-year pilot to build quality pre-kindergarten programs in Pennsylvania.

Seton Hill University in Greensburg, Pennsylvania, received \$1,500,000 toward development of its Center for the Performing Arts. A gift of \$300,000 over two years will help the Greater Pittsburgh Literacy Council expand its English as a Second Language (ESL) program.

### **Children, Youth, and Young Adults**

Among the Foundation's \$8 million in giving in this priority was a contribution of \$1,300,000 to Boys and Girls Clubs of Western Pennsylvania toward a capital campaign to upgrade facilities and enhance programming.

The resulting changes will enable the clubs to significantly increase the number of youth served over the next three years.

The Ligonier Valley Young Men's Christian Association will use a grant of \$1,000,000 as matching funds in a campaign to complete facility improvements and endowment expansion, while Outside-In School of Experiential Education will apply a lead gift of \$800,000 toward a capital campaign to add new facilities. A model for other youth programs, Outside-In helps and guides troubled youth and their families.

### **Human Services and Nonprofit Capacity Building**

In 2006 the Foundation contributed \$6 million to support human service organizations through key intermediary organizations and a select number of critical and strategic service providers. The trustees approved contributions of \$1,000,000 to the Baton Rouge Area Foundation to support Hurricane Katrina recovery planning costs, and \$300,000 to New Orleans Police Foundation toward the housing needs of first responders following the devastating 2005 storm.

The Children's Institute of Pittsburgh, committed to children with special needs and their families, received \$1,500,000 for a capital campaign.

And, to further the Foundation's policy of encouraging and facilitating resource sharing, the trustees approved a gift of \$400,000 to Goodwill Industries of Pittsburgh to support a merger with Northside Common Ministries and for building renovations.

Since 1947 the trustees of the Richard King Mellon Foundation have enjoyed the privilege of helping to build a great city and, through gifts of land to the American people, enhancing the quality of life throughout the United States. We are especially proud that a new generation is now joining in the work begun by Richard King Mellon and Constance Prosser Mellon nearly 60 years ago.



Seward Prosser Mellon  
*President*



## Wonder

With 30,000 miles of brooks and streams, 6,000 miles of rivers, and nearly 3,000 lakes and ponds, Adirondack State Park offers some of the best canoeing and kayaking in the world. Partnering with the **The Conservation Fund** in one of the largest land conservation projects in New York State history, the Richard King Mellon Foundation helped to preserve 257,000 acres of working forests in the park. The newly conserved forestland will be managed according to Sustainable Forestry Initiative standards. The agreement restricts future development and subdivision on the property and provides for certain defined public access rights on specific portions. In addition, the project will maintain open space in the park, create new public recreation opportunities, protect major river corridors, and conserve critical wildlife habitat for spruce grouse, endangered bats, and several rare plant bogs.

*Serenity in Adirondack State Park*







## Enjoyment

Thanks to land conservation that started in the 1920s, Allegheny County residents enjoy one of the nation's outstanding county parks systems. In 2006 this regional treasure expanded by 65 acres, with the acquisition of a brownfield adjacent to 3,010-acre North Park. The site will be reclaimed for recreation—but first it will play an important part in the North Park Lake Aquatic Ecosystem Restoration Project by serving as a collection site for sediment dredged from the lake.

The Richard King Mellon Foundation donated half the cost to purchase the land; funds from Growing Greener II, a voter-approved bond issue, covered the other half. The Foundation valued the guidance and partnership of **The Western Pennsylvania Conservancy** in helping to facilitate this land purchase.

*Morning in North Park*



## Purpose

The life of a high-risk teen can turn on the availability of quality after-school activities. **YouthPlaces** operates daily after-school programs year-round at 17 sites in metropolitan Pittsburgh—programs focusing on academics, life skills, and career development. Parents and community and youth leaders shape these activities in order to develop young people’s skills, increase their opportunity for success, and provide them with safe places to play and discover their talents.

Lori Schaller, executive director of YouthPlaces, stated that their programs “create opportunities for change, learning, and growth for many youth in communities without needed resources and services.”

*After-school African drumming workshop  
in the Hill District*







## Strength

**Outside In School of Experiential Education** began as wilderness excursions for troubled teenagers—and has evolved into comprehensive services for restoring family relations, reducing harmful behavior and substance abuse, and better managing the pressures of home, school, and community.

“Outside In is all about personal growth opportunities. We challenge each student, each family, to live life to the fullest. We love to tell our boys on expedition who are struggling under the weight of their backpack that ‘it’s all about becoming a better man.’ Before long, they see it in each other and they see it in themselves—they are stronger, wiser, more patient, more capable. They like the changes they see.”

—Michael C. Henkel, founder and executive director, Outside In School of Experiential Education

*On the trail with Outside In School of Experiential Education*



# Play

When it's Free Play time at **Riverview Children's Center**, a tree house can become a magic forest and a stuffed rabbit may have an important secret to share. Childhood is a special place and time, and play is how children discover their world, learn to communicate with others, and gain independence. Play can help children cope with both the triumphs and challenges of their lives.

In a nurturing and creative environment, Riverview focuses on children's care, social and cognitive development, educational needs, and interests, with careful attention to the individual needs of each child.

*Free Play time at Riverview Children's Center*







## Welcome

At the **Greater Pittsburgh Literacy Council**, adults whose native language is not English soon feel more at home in a new culture as they improve their English listening, reading, and writing skills. English as a Second Language (ESL) now serves approximately half the Literacy Council's student enrollment. Beyond gaining conversational fluency, students also have the opportunity to work with tutors who can help with cultural concerns and issues of daily life.

"The success of this program is remarkable as we witness these students becoming more comfortable with our language and culture and communicating more effectively in their everyday activities," says Don Block, executive director of the Greater Pittsburgh Literacy Council.

*Learning English, learning a culture at the  
Greater Pittsburgh Literacy Council*



## Courage

**The Children's Institute** is all about “amazing kids.” Comprising Pennsylvania’s only free-standing pediatric rehabilitation specialty hospital, a day school for children who are challenged by complex and severe disabilities, and an adoption service, The Children’s Institute is dedicated to the well-being of children, young people, and their families. The goal of the physicians, nurses, therapists, permanency planning specialists, and teachers in this “amazing place” is to enable each child to reach his or her fullest potential.

“Our ‘amazing kids’ want the same thing every other child wants—to be happy,” says David Miles, president and CEO. “Through dedicated medical, educational and family strengthening programs, we help children with special needs to do more. And they help us to understand the true meaning of courage.”

*A day at The Children's Institute*







## Commitment

**The Sprout Fund** supports innovative ideas and grassroots community projects that are catalyzing change in the Pittsburgh region. Advancing community-led solutions to regional challenges, Sprout empowers young and creative people to become more involved and active in their communities.

Since 2003, through Sprout's public art program, communities have collaborated with local artists to create 31 colorful, enduring murals. Each work in this "museum without walls" engages neighbors and residents in civic dialogue and visually represents the community's people, history, and vision for the future.

"Murals transform the urban landscape and raise awareness about the important role that local artists can have in shaping communities," says Sprout's founding executive director Cathy Lewis Long.

*Jonathan Laidacker at work on Interpretations of Oakland, a 2006 Sprout Public Art community mural*



## Dreams

“When I was five years old,” Pulitzer Prize-winning playwright August Wilson told a Pittsburgh audience, “I got my first library card from the Carnegie Library Hill District branch on Wylie Avenue. Andrew Carnegie will forever be for me that man who made it all possible for me to be standing here today. I wore out my library card and cried when I lost it.” Wilson said that when he became a teenager, “I would leave the house each morning and go to the main branch of the Carnegie Library in Oakland where they had all the books in the world. I felt suddenly liberated.”

“**Carnegie Library of Pittsburgh** remains an important force for our region,” says Dr. Barbara Mistick, Director of Carnegie Library of Pittsburgh. “As the region’s most visited asset, the library provides more than books. We are the cornerstone of every neighborhood we serve, providing valuable economic and educational support to the community.”

*First library card*





2006 APPROPRIATIONS

<i>By Category</i>	
Conservation	\$16,401,500
Regional Economic Development	40,961,305
Children, Youth, and Young Adults	8,017,500
Education	15,035,000
Human Services and Nonprofit Capacity Building	6,580,400
	<b>\$86,995,705</b>

<i>By Area</i>	
Pittsburgh & Southwestern Pennsylvania	\$71,804,005
Other	15,191,700
	<b>\$86,995,705</b>

1947-2006 NET INVESTMENT INCOME

1947-2005	\$895,132,958
2006	91,671,511
	<b>\$986,804,469</b>

1947-2006 GRANTS PAID AND PROGRAM-RELATED INVESTMENTS

1947-2005	\$1,364,886,110
2006	93,486,648
	<b>\$1,458,372,758</b>

The following sections provide brief reports on the Richard King Mellon Foundation's grant activities in 2006, as well as descriptions of the organizations the Foundation has assisted.



Conservation

Beringia South  
Kelly, WV

\$300,000 to support the efforts of this environmental research and education organization to develop a scientifically based conservation plan for large carnivores in anticipation of land development.

Chesapeake Bay Foundation  
Annapolis, MD

\$1,500,000 to improve the water quality and wildlife habitat of Pennsylvania's waterways through significant and targeted restoration of forest riparian buffers and wetlands, payable over 3 years.

Community Foundation  
of Greater Johnstown  
Johnstown, PA

\$85,000 to support education and outreach on the deer population as part of the Ecosystem Management Project in Pennsylvania.

Conemaugh Valley Conservancy  
Hollsopple, PA

\$140,000 to assist with engineering and design of the Quemahoning Reservoir Whitewater Release Project.

The Conservation Fund  
Arlington, VA

\$4,380,000 to acquire conservation easements on approximately 257,000 acres of working forestland in Adirondack State Park. The newly protected lands will conserve sensitive wildlife habitat, protect water quality, and serve as sustainably managed, working forests to benefit the Adirondack Region's economy.

\$4,084,000 for purchase and protection of land in West Texas.

\$607,000 for purchase and protection of land in northern Pennsylvania.

\$60,000 for purchase and protection of land in western Pennsylvania.

Ducks Unlimited, Inc.  
Memphis, TN

\$260,000 to help restore wetlands in southwestern Pennsylvania.

Friends of Hq̃ ital  
Albert Schweitzer Haiti  
Pittsburgh, PA

\$150,000 for the reforestation program for Haiti and to expand outreach activities in Pittsburgh.

Friends of the Royal River  
Yarmouth, ME

\$325,000 to help purchase and protect land on Little John Island.

Green Building Alliance  
Pittsburgh, PA

\$400,000 to support the integration of environmentally responsible and high-performance design, construction, and operating practices in the Greater Pittsburgh building market, payable over 2 years.

Mt. Washington Community  
Development Corporation  
Pittsburgh, PA

\$100,000 to support the Grand View Scenic Byway Park project, an effort that fulfills both conservation and economic development objectives of the Foundation.

National Audubon Society  
Harrisburg, PA

\$180,000 to support the conservation of important bird areas in western Pennsylvania, payable over 3 years.

Nine Mile Run Watershed  
Association, Inc.  
Pittsburgh, PA

\$100,000 to support the Nine Mile Run Rain Barrel Initiative, designed to further the restoration and protection of the Nine Mile Run Watershed through citizen engagement, demonstration projects, and advocacy.



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

\$40,000 to support efforts to prevent dumping and littering, promote proper disposal of materials, change attitudes and behavior about illegal dumping, and decrease the number of illegal dumps.

*Pennsylvania Resources Council, Inc. Pittsburgh, PA*

\$30,000 to support the Steel City Biofuels project, designed to promote the use and production of biofuels and their benefits.

*The Pennsylvania State University University Park, PA*

\$180,000 to support a research project on the combined effects of acidity and temperature on trout distribution, payable over 3 years.

*Pheasants Forever St. Paul, MN*

\$40,000 to support a wild pheasant restoration project in central Pennsylvania.

*Pittsburgh Community Broadcasting Corporation Pittsburgh, PA*

\$50,000 to support a series related to environmental protection and restoration by The Allegheny Front, western Pennsylvania's only local environmental affairs radio program.

*Rocky Mountain Elk Foundation Missoula, MT*

\$884,000 to help purchase and protect Pennsylvania land to ensure the future of elk, other wildlife, and their habitat.

*Ruffed Grouse Society of America Coraopolis, PA*

\$250,000 as a 2-to-1 matching grant to encourage board donations and 2-year funding for a new CEO.

\$32,000 to support projects designed to enhance wildlife habitat in Ohio and West Virginia.

*Selway Institute Bellevue, ID*

\$300,000 toward publishing results of a 10-year study on cougar interaction with reintroduced wolves in Glacier National Park and Yellowstone National Park.

*TEAM Pennsylvania Foundation Harrisburg, PA*

\$50,000 to support the Governor's Outdoor Conference designed to better engage the public with the outdoors.

*Texas A&M Research Foundation College Station, TX*

\$301,000 to support quail research.

*Trout Unlimited Arlington, VA*

\$500,000 to support the West Branch of the Susquehanna restoration initiative, payable over 2 years.

*Western Pennsylvania Conservancy Pittsburgh, PA*

\$582,500 toward the purchase and conservation of 244 acres of scenic land in Westmoreland County, Pennsylvania.

\$235,000 toward the restoration of North Park Lake, located in a 3,000-acre county park in northern Allegheny County.

*Westmoreland County Park & Recreation Citizens Advisory Board Greensburg, PA*

\$256,000 to expand and develop an active recreation area at Twin Lakes County Park, a popular and heavily used facility located in central Westmoreland County.

Total Conservation \$16,401,500

Children, Youth, and Young Adults

*A Second Chance, Inc. Pittsburgh, PA*

\$275,000 toward a building addition and renovations to better accommodate kinship care and support to families and children in need of services.

*Auberle Development McKeesport, PA*

\$139,500 to support a transitional living program for homeless men ages 17 to 21.

*Beginnings, Inc. Johnstown, PA*

\$150,000 to expand a home-based early literacy program for 2- and 3-year-olds, to cover 3 years.

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

\$1,300,000 toward a capital campaign to upgrade facilities and increase youth participation, including development of a youth enterprise initiative.

*Bradley Center Pittsburgh, PA*

\$235,000 to develop the Hollywood Movie Theater Project as a vocational training opportunity for youth in the center's residential programs.

*Catholic Youth Association of Pittsburgh, Inc. Pittsburgh, PA*

\$25,000 to upgrade and replace equipment at the summer camp site in Laurel Hill State Park, which annually serves 200 inner-city children.

*East End Cooperative Ministry, Inc. Pittsburgh, PA*

\$150,000 toward an intensive after-school program for middle and high school youth.

*The EdVenture Group Morgantown, WV*

\$230,000 toward an initiative to advance the academic improvements of students in after-school programs.

*Every Child, Inc. Pittsburgh, PA*

\$150,000 to strengthen the development infrastructure to more effectively support the agency's permanency services to children in western Pennsylvania, including those with special needs.

*Gateway Rehabilitation Center Aliquippa, PA*

\$750,000 to develop the Youth Services Center for drug and alcohol rehabilitation.

*Girl Scouts of Beaver and Lawrence Counties, Inc. Beaver, PA*

\$10,000 to support the merger of 5 local Girl Scout councils in western Pennsylvania.

*Hill House Association Pittsburgh, PA*

\$250,000 toward summer programs that provide safe environments for youth.

*Indian Creek Valley Christian Family & Children's Center Champion, PA*

\$300,000 to support the financial aid program, to cover 2 years.

*Keisterville Community and Youth Center, Inc. Keisterville, PA*

\$150,000 to help build a community center, partially payable as a matching grant.

*Latrobe Foundation Latrobe, PA*

\$15,000 to support improvements to the Latrobe Little League park and playing field.

*Laughlontown Community Center, Inc. Laughlontown, PA*

\$25,000 to upgrade outdated and unsafe playground equipment.

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

\$25,000 to create a recreation center for school-aged children at Latrobe Kinder-Schull facility.

*Ligonier Valley Young Men's Christian Association of PA, Inc. Ligonier, PA*

\$1,000,000 toward a capital campaign to support capital improvements and financial sustainability, payable as a challenge grant.

*Macedonia Family and Community Enrichment Center, Inc. Pittsburgh, PA*

\$53,000 toward a Freedom Schools program, providing literacy-rich summer programming for children ages 5 to 18.

*Manchester Youth Development Center, Inc. Pittsburgh, PA*

\$100,000 toward transitional operating support to promote the positive development of 300 children in a constructive, wholesome, and safe learning environment.

*The National Foundation for Teaching Entrepreneurship Pittsburgh, PA*

\$50,000 to support the NFTE Alumni Academy, designed to help program graduates achieve business success.



<b>One To One the Mentoring Partnership of Southwestern PA</b> <i>Pittsburgh, PA</i>	<b>Riverview Children's Center</b> <i>Verona, PA</i>
\$150,000 toward operating support for programs that meet the need for high-quality mentoring programs for youth, payable equally over 2 years.	\$210,000 toward transitional operating support to enable the organization to address long-term sustainability issues, to cover 3 years.
<b>Outside In School of Experiential Education, Inc.</b> <i>Greensburg, PA</i>	<b>Schenley Golf Operating Corporation</b> <i>Pittsburgh, PA</i>
\$800,000 toward a capital campaign for expansion as a result of an increasing demand for services for troubled teens.	\$100,000 to provide underserved children with an opportunity to develop, through golf and character education, such life-enhancing values as honesty, integrity, and sportsmanship.
<b>Pennsylvanians for Responsible Use of Animals</b> <i>Mechanicsburg, PA</i>	<b>Seton Hill Child Services, Inc.</b> <i>Greensburg, PA</i>
\$10,000 to support Hunters Sharing the Harvest Program, which delivers venison to area food banks.	\$150,000 toward capital improvements to a child care center that serves children aged 6 weeks to 12 years.
<b>Pine Springs Camp Incorporated</b> <i>Jennerstown, PA</i>	<b>Shady Lane School</b> <i>Pittsburgh, PA</i>
\$200,000 toward a capital campaign to improve the buildings, grounds, and infrastructure of this faith-based, family retreat and summer camp.	\$250,000 toward a campaign to ensure the long-term provision of quality preschool programs.
<b>Pittsburgh Soccer in the Community</b> <i>Cranberry Township, PA</i>	<b>Urban Impact Foundation</b> <i>Pittsburgh, PA</i>
\$40,000 to engage approximately 600 underserved, inner-city youth in positive activities while instilling such values as teamwork, conflict resolution, and tolerance, payable over 2 years.	\$50,000 to support summer and year-round academic programs for youth in grades K-10 on Pittsburgh's North Side.

<b>The Washington Hospital Foundation</b> <i>Washington, PA</i>	<b>ASSET, Inc.</b> <i>Pittsburgh, PA</i>
\$125,000 to support ECHO (Educate Children for Healthy Outcomes), an early intervention program for young girls and a program of the hospital's Teen Outreach initiative, to cover 2 years.	\$100,000 to help support core operations while ASSET leads a state-funded science program.
<b>YouthPlaces</b> <i>Pittsburgh, PA</i>	<b>Berks County Intermediate Unit</b> <i>Reading, PA</i>
\$250,000 to support after-school, neighborhood-based, quality programs for underserved, high-risk youth aged 12 to 18.	\$1,000,000 to support second-year implementation of Pre-K Counts in southwestern Pennsylvania.
<b>YouthWorks</b> <i>Pittsburgh, PA</i>	<b>Chatham College</b> <i>Pittsburgh, PA</i>
\$250,000 to support YouthWorks, a communitywide, multi-institutional effort that provides preemployment training and job opportunities for youth.	\$100,000 to support the Pittsburgh Teachers Institute for educators in Pittsburgh Public Schools.
<b>Communities in Schools of Pittsburgh-Allegheny County, Inc.</b> <i>Pittsburgh, PA</i>	<b>Holy Family Learning</b> <i>Pittsburgh, PA</i>
\$300,000 to support dropout prevention and diploma retrieval for at-risk youth, payable over 2 years.	\$150,000 to incorporate audiovisual technology into the classroom as part of a quality review enhancement initiative.
Total Children, Youth, and Young Adults	
\$8,017,500	

<b>Armbrust Wesleyan Christian Academy</b> <i>Armbrust, PA</i>	<b>Juniata College</b> <i>Huntingdon, PA</i>
\$32,000 to upgrade the local area computer network for the K-8 elementary school, serving 105 students in central Westmoreland County.	\$300,000 toward construction of residential units at the environmental field station.
<b>Family Communications, Inc.</b> <i>Pittsburgh, PA</i>	<b>Maine College of Art</b> <i>Portland, ME</i>
\$125,000 toward strategic planning to explore future programming directions.	\$250,000 to support the capital campaign for Maine College of Art.
<b>Gettysburg National Battlefield Museum Foundation</b> <i>Gettysburg, PA</i>	<b>Mon Valley Education Consortium</b> <i>McKeesport, PA</i>
\$500,000 to support the Campaign to Preserve Gettysburg.	\$200,000 to support The Future is Mine, a program that connects students to authentic career awareness experiences.
<b>Greater Latrobe School District</b> <i>Latrobe, PA</i>	<b>Negro Educational Emergency Drive</b> <i>Pittsburgh, PA</i>
\$50,000 to support the Center for Student Creativity Courtyard Campaign, a project of the Art Conservation Trust.	\$200,000 toward scholarship support.
<b>Greater Pittsburgh Literacy Council</b> <i>Pittsburgh, PA</i>	<b>Northside Urban Pathways</b> <i>Pittsburgh, PA</i>
\$300,000 to expand English as a Second Language (ESL) program, to cover 2 years.	\$150,000 to expand the tutoring program for charter school students in grades 6-12, payable over 2 years.
<b>University of Pittsburgh School of Medicine</b> <i>Pittsburgh, PA</i>	<b>Pennsylvania Institute for Conservation Education</b> <i>Bloomsburg, PA</i>
\$10,000 to support the 2006 Mellon Lecture program.	\$90,000 to support the PA Wildlife Leadership Program for 2007.



Valley School of Ligonier  
Ligonier, PA

\$7,000,000 to support the Valley School Fund.

Westminster College  
New Wilmington, PA

\$500,000 to renovate the McGill Library to meet Middle States accreditation standards.

Westmoreland County Community College Educational Foundation, Inc.  
Youngwood, PA

\$250,000 to establish a certified radiologic technology program.

Winchester-Thurston School  
Pittsburgh, PA

\$250,000 to support the Many Voices, One Vision capital campaign to expand and improve facilities.

Total Education\$15,035,000

Human Services  
and Nonprofit Capacity Building

Allegheny Mountain Rescue Group, Inc.  
Pittsburgh, PA

\$10,000 to support search and rescue services.

Baton Rouge Area Foundation  
Baton Rouge, LA

\$1,000,000 toward recovery planning costs as a result of Hurricane Katrina.

Bethlen Home of the Hungarian Reformed Federation of America  
Ligonier, PA

\$47,000 toward installation of an emergency generator at Bethlen Home's Ligonier Gardens, a personal care home.

The Children's Institute of Pittsburgh  
Pittsburgh, PA

\$1,500,000 to support a capital campaign for building acquisition and renovations.

The Community Foundation of Westmoreland County  
Greensburg, PA

\$600,000 to strengthen the foundation's grant-making capacity through unrestricted support (\$300,000), payable over 3 years, and an endowment challenge grant (\$300,000).

Goodwill Industries of Pittsburgh  
Pittsburgh, PA

\$400,000 to support a merger between Northside Common Ministries and Goodwill Industries, including building renovations.

Greater Pittsburgh Community Food Bank  
Duquesne, PA

\$225,000 to support a 3-year plan to build capacity among the Food Bank's Subsidiary Distribution Organizations in 10 outlying counties.

Hosanna House, Inc.  
Wilksburg, PA

\$50,000 operating support while the agency develops a plan for long-term sustainability.

Hosanna Industries, Inc.  
Rochester, PA

\$62,000 to support Hurricane Katrina relief efforts.

Independent Sector  
Washington, DC

\$12,200 toward operating support.

New Hope for Neighborhood Renewal, Inc.  
Pittsburgh, PA

\$50,000 to support an ex-offender reentry program implemented by One Vision One Life.

New Orleans Police Foundation  
New Orleans, LA

\$300,000 to support the housing needs of first responders in New Orleans following Hurricane Katrina.

Operation Outward Reach, Inc.  
Youngwood, PA

\$156,000 to support acquisition and creation of a campus headquarters for programs that provide community-based vocational training for inmates of the state prison system.

Phoebe Foundation, Inc.  
Albany, GA

\$500,000 to support a capital campaign for the Albany Community Hospice.

Pittsburgh Urban Leadership Service Experience  
Pittsburgh, PA

\$20,000 to support operations while the board implements a fund-raising plan.

Pittsburgh Vision Services  
Pittsburgh, PA

\$75,000 to rebuild essential technology infrastructure.

Program for Female Offenders  
Pittsburgh, PA

\$75,000 toward operating support and engagement of a consultant.

Rankin Christian Center  
Rankin, PA

\$35,000 to implement a community service program for clients referred by district magistrates and the courts.

Sisters of St. Francis of Millvale, PA  
Pittsburgh, PA

\$13,200 to expand a volunteer service program for young adults.

Southwestern Pennsylvania Human Services, Inc.  
Charleroi, PA

\$275,000 to build organizational capacity through renovations of the Community Health Services building.

Strength Incorporated  
Pittsburgh, PA

\$250,000 to support operations while the board diversifies the earned and contributed revenue base.

Travelers Aid Society of Pittsburgh  
Pittsburgh, PA

\$600,000 to support a behavioral health transportation program, payable equally over 3 years.

United Way of Westmoreland County  
Greensburg, PA

\$25,000 to help rebuild the capacity of the United Way of South Fayette.

UPMC McKeesport  
McKeesport, PA

\$300,000 toward renovations of the Kelly Building to expand the nursing program, increase hospital rooms, and provide space for specialty physicians.

Total Human Services and Nonprofit Capacity Building\$6,580,400



# Regional Economic Development

**African American Cultural Center of Greater Pittsburgh**  
*Pittsburgh, PA*

\$1,750,000 to support a capital campaign to develop the August Wilson Center for African American Culture in Pittsburgh's downtown Cultural District, payable over 3 years.

**Allegheny Conference on Community Development**  
*Pittsburgh, PA*

\$225,000 to support transportation and engineering studies designed to enhance access into and out of Oakland, the third-busiest business center in Pennsylvania.

\$50,000 to promote and support the participation of more young people with the Regional Investors Council.

**Allegheny Historic Preservation Society, Inc.**  
*Pittsburgh, PA*

\$250,000 toward stabilization of Calvary United Methodist Church, a historically significant church on the North Side of Pittsburgh, to include waterproofing, plastering, and painting the sanctuary.

**Allegheny West Civic Council, Inc.**  
*Pittsburgh, PA*

\$364,000 to support improvements within the business district including planting trees and beds, repairing brick sidewalks, and installing light fixtures.

**Artists and Cities**  
*Pittsburgh, PA*

\$10,000 to help phase out operations.

**Asian American Film Festival of Pittsburgh**  
*Pittsburgh, PA*

\$30,000 to support *Silk Screen*, an annual film festival designed to celebrate the diversity and multicultural appreciation of the Asian and Asian American experience through cultural events.

**Bike Pittsburgh, Inc.**  
*Pittsburgh, PA*

\$40,000 toward a community outreach campaign to promote awareness and support for cycling in Pittsburgh.

**Carnegie Institute**  
*Pittsburgh, PA*

\$500,000 continued support for the "Pittsburgh Roars" project.

**Carnegie Library of Pittsburgh**  
*Pittsburgh, PA*

\$1,000,000 to help expand the library's fund-raising capacity toward its self-sustainability within 3 years.

**The Center That C.A.R.E.S.**  
*Pittsburgh, PA*

\$300,000 to support One Vision One Life, Allegheny County's violence prevention initiative.

**Children's Hospital of Pittsburgh Foundation**  
*Pittsburgh, PA*

\$3,000,000 to support programs at Children's Hospital located in the Lawrenceville section of Pittsburgh.

**City Theatre Company, Inc.**  
*Pittsburgh, PA*

\$300,000 to support initiatives designed to build the audience and the donor base, payable equally over 3 years.

**Community Design Center of Pittsburgh, Inc.**  
*Pittsburgh, PA*

\$625,000 to support initiatives to ensure that design consideration is at the forefront of new development in the Pittsburgh region.

**Community Loan Fund**  
*Pittsburgh, PA*

\$550,000 to support the Minority and Women Educational Labor Agency by providing a carpenters' training program and facilitating access to bonding.

**Community Theater Project Corporation**  
*Pittsburgh, PA*

\$132,000 to support a plan to increase usage of the theater and to broaden the funding base through support from individuals and small businesses, partially payable as a challenge grant.

**County of Allegheny**  
*Pittsburgh, PA*

\$25,000 to support a fiscal and operational review consultation.

**The Downtown Management Organization**  
*Pittsburgh, PA*

\$375,000 payable over 3 years to support the Downtown Living Initiative.

\$125,000 to develop a wireless network infrastructure within the downtown area.

\$50,000 toward operating support for Pittsburgh Downtown Partnership.

**Eastside Neighborhood Employment Center**  
*Pittsburgh, PA*

\$125,000 toward the Step Up Program, a collaboration among West Penn Hospital, Goodwill Industries, and ENEC to encourage and support incumbent workers enrolled in nursing school.

**Economic Growth Connection of Westmoreland**  
*Greensburg, PA*

\$750,000 toward operating support to provide private sector technical and financial assistance for businesses seeking to establish in or relocate to Westmoreland County.

**Event Committee Pittsburgh Allegheny Conference on Community Development**  
*Pittsburgh, PA*

\$1,500,000 to support the Year of Glass venues to be held in 2007, including the *Chibuly at Phipps: Gardens & Glass* exhibit.

**Fayette County Community Action Agency, Inc.**  
*Uniontown, PA*

\$150,000 to expand medical and dental offices to enable service to more clients.

**Fay-Penn Economic Development Council**  
*Uniontown, PA*

\$225,000 to support efforts to assist in the economic revitalization of Fayette County, the most distressed county in Pennsylvania.

**The Forbes Fund**  
*Pittsburgh, PA*

\$50,000 to field-test a capacity-building pilot for nonprofits.

**Fort Ligonier Association**  
*Ligonier, PA*

\$67,000 toward a strategic planning process.

**Grantmakers of Western Pennsylvania**  
*Pittsburgh, PA*

\$20,000 to support the 2006 Nonprofit Summit.

\$19,405 toward operating support for 2006.

**Greater Pittsburgh Convention & Visitors Bureau Education Foundation, Inc.**  
*Pittsburgh, PA*

\$500,000 to promote tourism in Allegheny County, including the Pittsburgh and its Countryside campaign, payable over 2 years.

**Gristmill Productions**  
*Jennerstown, PA*

\$30,000 toward 2006 emergency operating support while the organization addresses long-term fiscal sustainability.

**Hill House Association, Inc.**  
*Pittsburgh, PA*

\$150,000 to support *Find the Rivers!*, a community-building initiative designed to facilitate community involvement in river-related planning and development.

**The Historical Society of Western Pennsylvania**  
*Pittsburgh, PA*

\$150,000 toward preserving and enhancing public access to Meadowcroft Rockshelter and Museum, an internationally significant, 16,000-year-old archeological site.

**Idea Foundry**  
*Pittsburgh, PA*

\$600,000 to support the Transformation Fellowship Program, which identifies and transforms ideas in information technology into marketable products and companies.

**Johnstown Area Heritage Association**  
*Johnstown, PA*

\$500,000 toward completion of its Children's Museum and other related capital needs.

**Jumonville**  
*Hopwood, PA*

\$25,000 to support a documentary on George Washington to help educate students and the public as well as to promote southwestern Pennsylvania's historical significance.

**Manchester-Craftsmen's Guild**  
*Pittsburgh, PA*

\$250,000 to support a jazz branding campaign for MCG Jazz, a social enterprise supporting youth education programs.

**McKeesport Symphony Society**  
*McKeesport, PA*

\$50,000 to support educational and economic outreach programming, payable as a 1:2 match.

**Oakland Planning and Development Corporation**  
*Pittsburgh, PA*

\$220,000 toward landscape design related to the Western Portal Bridge leading into Oakland.

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

\$225,000 to support Buy Fresh Buy Local campaign designed to promote local farm products to individuals and institutional consumers, payable over 3 years.

**Pittsburgh Chapter AIA Charitable Association**  
*Pittsburgh, PA*

\$50,000 to support the logistical work of the Pittsburgh Gaming Task Force for a Pittsburgh-based casino.

**Pittsburgh Gateways Corporation**  
*Pittsburgh, PA*

\$100,000 toward a business plan to determine the feasibility of establishing an American Music Center in Pittsburgh.



**Pittsburgh Life Sciences Greenhouse**  
*Pittsburgh, PA*

\$14,000,000 to support initiatives designed to create jobs and companies by establishing southwestern Pennsylvania as a world leader in the life sciences industry, paid as 2 separate grants.

**Pittsburgh Parks Conservancy**  
*Pittsburgh, PA*

\$10,000 to support the Urban Parks Summit for 2008 in Pittsburgh.

**Pittsburgh Partnership for Neighborhood Development**  
*Pittsburgh, PA*

\$500,000 to support the partnership's community development activities for 2007.

**Pittsburgh Regional Healthcare Initiative**  
*Pittsburgh, PA*

\$1,000,000 to support programs to promote patient safety and quality care, payable over 3 years.

**Pittsburgh Shade Tree Commission**  
*Pittsburgh, PA*

\$450,000 to implement a shade tree restoration and maintenance plan to ensure the effective stewardship of trees in the City of Pittsburgh, payable over 3 years.

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

\$1,700,000 to help purchase and restore property in the Cultural District.

**The Progress Fund**  
*Dawson, PA*

\$1,300,000 to help build the rural economy by providing entrepreneurial coaching and capital. The grant supports rural tourism loan programs and also provides infrastructure grants along the Great Allegheny Passage.

**Riverlife Task Force**  
*Pittsburgh, PA*

\$1,000,000 to support development of the South Shore Riverfront Park, including completion of riverfront trails.

**The Robotics Foundry and Digital Greenhouse, Inc.**  
*Pittsburgh, PA*

\$600,000 to support a technology commercialization competition designed to identify and support the development of start-up organizations with economic development potential.

**Scottdale Free Public Library**  
*Scottdale, PA*

\$150,000 toward a capital campaign to build a new library serving Scottdale, East Huntingdon Township, Upper Tyrone, and Everson.

**Southwestern Pennsylvania Corporation**  
*Pittsburgh, PA*

\$25,000 to support the Farmers' Market Alliance of Western Pennsylvania, a membership organization designed to enhance the capacity and viability of the region's farmers' markets.

**Sustainable Pittsburgh**  
*Pittsburgh, PA*

\$500,000 to support Sustainable Pittsburgh's 2007 outdoor recreation and community renewal programming.

**Three Rivers Arts Festival of Carnegie Institute**  
*Pittsburgh, PA*

\$117,900 toward the sustainability of FLUX, a multidisciplinary, community-based arts events series that celebrates the region's artists and communities, to cover 3 years.

**3 Rivers Connect**  
*Pittsburgh, PA*

\$600,000 toward program support to further advance the Information Commons databases to promote more effective community planning.

**Tides Center/Western Pennsylvania**  
*Pittsburgh, PA*

\$450,000 to support the Sprout Fund, created to help address the regionally recognized issue of talent attraction and retention.

**The Union Project**  
*Pittsburgh, PA*

\$200,000 to provide transitional operating support while they strengthen capacity for earned income, and to match a state historic preservation grant for roof repair and restoration.

**United Fire Companies of Ligonier**  
*Ligonier, PA*

\$150,000 toward capital equipment needs.

**University of Pittsburgh Center for Social & Urban Research**  
*Pittsburgh, PA*

\$60,000 toward development of a Web site for the Southwestern Pennsylvania Regional Indicators Project.

**University of Pittsburgh Institute of Politics**  
*Pittsburgh, PA*

\$90,000 toward annual support, payable equally over 3 years.

**War for Empire, Inc.**  
*Pittsburgh, PA*

\$32,500 toward program support for Fort Necessity.

**Washington County Community Foundation**  
*Washington, PA*

\$250,000 to support a development campaign, partially payable as a match for endowment gifts from individuals.

**West Virginia University Foundation**  
*Morgantown, WV*

\$13,500 to support consulting work on an energy program.

**Westmoreland Museum of Art**  
*Greensburg, PA*

\$105,000 to support the *Born of Fire* traveling exhibition.

**Windber Hospital Palliative Care Foundation**  
*Windber, PA*

\$50,000 to support the Signature Bird Feeder Program, designed both to provide income to the hospice and to bring comfort to those with terminal illnesses.

**WQED Pittsburgh**  
*Pittsburgh, PA*

\$1,000,000 to support technology upgrades that will enable WQED to remain competitive.

\$900,000 to support *On Q Magazine*, a nightly television program that focuses on southwestern Pennsylvania issues, payable equally over 3 years.

\$100,000 to support a documentary on renowned environmentalist Peter Matthiessen as a promotional vehicle for WQED.

**Young Women's Christian Association of Greater Pittsburgh**  
*Pittsburgh, PA*

\$150,000 to support a 3-year pilot of YW Enterprising Women, a business development program for low- and moderate-income women.

Total Regional Economic Development \$40,961,305



Statements  
of Financial  
Position

	December 31,	
	2006	2005
ASSETS		
Cash	\$ 52,589	\$ 253,083
Other current assets	415,437	280,206
Investments:		
Stocks	1,154,419,152	1,056,477,390
Long-term debt instruments	454,367,292	474,031,503
Temporary investments	164,327,598	44,120,225
Alternative investments	312,037,977	303,687,562
Total	2,085,152,019	1,878,316,680
Program-related assets	3,000,000	3,000,000
Other assets	83,655	178,192
Total assets	\$2,088,703,700	\$1,882,028,161
LIABILITIES AND NET ASSETS		
Liabilities:		
Grants approved but not paid	\$ 17,089,845	\$ 25,702,345
Accounts payable and accrued liabilities	9,584,252	714,266
Deferred federal excise taxes	4,740,587	4,206,615
Appropriations for program-related assets	3,000,000	3,000,000
Total	34,414,684	33,623,226
Unrestricted net assets	2,054,289,016	1,848,404,935
Total liabilities and net assets	\$2,088,703,700	\$1,882,028,161

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,	2006	2005
Investment income	\$ 106,734,142	\$ 74,369,963
Expenses		
Administrative and investment expenses	10,353,204	10,012,825
Provision for federal excise taxes	4,175,455	3,018,685
Provision for deferred federal excise taxes	533,972	4,206,615
	15,062,631	17,238,125
Net investment income	91,671,511	57,131,838
Grants and appropriations approved	84,874,148	81,505,019
Excess (deficiency) of net investment income over approvals	6,797,363	(24,373,181)
Net realized gains from investments	145,689,514	67,523,604
Unrealized appreciation on investments	53,397,204	81,273,391
	199,086,718	148,796,995
Increase in unrestricted net assets	205,884,081	124,423,814
Unrestricted net assets:		
Beginning of year	1,848,404,935	1,723,981,121
End of year	\$2,054,289,016	\$1,848,404,935

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



Statements  
of Cash Flows

For the year ended December 31,	2006	2005
Cash flows from operating activities:		
Increase in net assets	\$ 205,884,081	\$ 124,423,814
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	94,537	94,538
Accretion	(930,801)	(54,489)
Deferred federal excise taxes	533,972	4,206,615
Realized gains on investments	(145,689,514)	(67,523,604)
Unrealized appreciation on investments	(53,397,204)	(81,273,391)
Increase (decrease) in cash from changes in:		
Other current assets	(135,231)	3,425,083
Grants approved but not paid	(8,612,500)	7,204,130
Accounts payable and accrued liabilities	8,869,986	714,266
Net cash provided by (used in) operating activities	6,617,326	(8,783,038)
Cash flows from investing activities:		
Purchases of investments	(6,174,805,549)	(10,279,689,086)
Proceeds from sales of investments	6,167,987,729	10,288,491,213
Net cash (used in) provided by investing activities	(6,817,820)	8,802,127
Net (decrease) increase in cash	(200,494)	19,089
Cash, beginning of year	253,083	233,994
Cash, end of year	\$ 52,589	\$ 253,083

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

Summary  
of Investments

	December 31, 2006		December 31, 2005	
	Book Value	Market Quotations	Book Value	Market Quotations
STOCKS				
Domestic equities	\$ 534,106,239	\$ 743,866,715	\$ 472,449,372	\$ 660,373,562
Foreign equities	267,252,801	410,552,437	271,407,322	396,103,828
TOTAL STOCKS	801,359,040	1,154,419,152	743,856,694	1,056,477,390
LONG-TERM DEBT INSTRUMENTS	451,625,008	454,367,292	478,816,376	474,031,503
TEMPORARY INVESTMENTS				
Demand and interest-bearing notes	161,635,253	161,640,053	39,297,980	39,301,597
Foreign short-term investments	2,688,435	2,687,545	4,829,157	4,818,628
TOTAL TEMPORARY INVESTMENTS	164,323,688	164,327,598	44,127,137	44,120,225
ALTERNATIVE INVESTMENTS	193,785,597	312,037,977	190,854,991	303,687,562
TOTAL INVESTMENTS	\$1,611,093,333	\$2,085,152,019	\$1,457,655,198	\$1,878,316,680

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



Statements  
of Cash Flows

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TOTAL INVESTMENTS	\$1,611,093,333	\$2,085,152,019	\$1,457,655,198	\$1,878,316,680

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

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

**Investments**  
For financial reporting purposes, investments are stated primarily at market quotations, which may not necessarily represent realizable values. Market quotations of foreign investments include the effect of the conversion into U.S. dollars at the foreign currency exchange rate in effect at year-end. Investments for which market quotations are not available are stated at estimated values as determined by investment managers. The book value of direct investments shown on the summary of investments is cost, except for donated assets which are valued at the market quotations at the date of receipt by the Foundation. Investments in alternative investments are valued at fair market value as determined in good faith by the general partner.

The Foundation's investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value

of investments, it is at least reasonably possible that significant changes in risks in the near term may materially affect the amounts reported in the financial statements.

Realized gain (loss) from dispositions of investments is determined by specific cost identification. Unrealized 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 2005 financial statements have been made to conform to the 2006 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. 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, 2006.

For the year ended December 31, 2005, the Foundation provided for federal excise tax of two percent.

At December 31, 2006 and 2005, respectively, deferred federal excise taxes are provided at one percent, which is the rate expected to be paid on unrealized gains on investments.

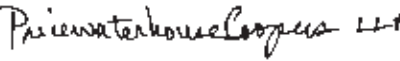
**NOTE 3 — Commitments**  
The Foundation is a Limited Partner in limited partnerships for investment purposes. At December 31, 2006 and 2005, the Foundation had contractually committed to additional investments of \$173.9 million and \$146.8 million, respectively. At December 31, 2006 and 2005, the Foundation subscribed to purchase fixed income obligations with an issuance date of January 2007 and 2006, respectively. The obligations totaled \$31.6 million and \$39.6 million at December 31, 2006 and 2005, respectively. At December 31, 2006 and 2005, the Foundation subscribed to sell fixed income obligations with an issuance date of January 2007 and 2006, respectively. The obligations totaled \$23.3 million and \$28.7 million at December 31, 2006 and 2005, respectively.

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 Richard King Mellon Foundation at December 31, 2006 and 2005, 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, which 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 audit was 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, 2006 and 2005 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.



May 15, 2007

Richard King Mellon Foundation Grant Application

(The Foundation accepts the *Common Grant Application Format*)

Date of Application: \_\_\_\_\_

Legal Name of Organization: \_\_\_\_\_  
(Should be the same as on IRS determination letter)

Current Annual Operating Budget: \_\_\_\_\_

Address: \_\_\_\_\_

Administrative Officer/Title: \_\_\_\_\_

Telephone Number: (\_\_\_\_\_) \_\_\_\_\_ FAX Number: (\_\_\_\_\_) \_\_\_\_\_

Project Name: \_\_\_\_\_

Purpose of Grant *(one sentence)*: \_\_\_\_\_

Beginning and Ending Dates of Project/Campaign: \_\_\_\_\_

Amount Requested: \$ \_\_\_\_\_ Total Project Cost: \$ \_\_\_\_\_

Signature, Board of Directors Chairperson: \_\_\_\_\_ Date: \_\_\_\_\_

Typed Name and Title: \_\_\_\_\_

Signature, Executive Director: \_\_\_\_\_ Date: \_\_\_\_\_

Typed Name and Title: \_\_\_\_\_

Required Attachments:

Copy of current IRS determination letter indicating 501(c)(3) tax-exempt status.

Executive Summary providing an overview of the organization, and describing the proposed program or project, how it will benefit the community, and the organization's capacity and plan to operate the project.

Description of the plan to document progress and results.

Project budget.

Organization's history, including goals, current programs and activities, and accomplishments.

List of Board of Directors and officers, with affiliations, addresses and telephone numbers.

Audited financial statements for the current and prior two years with corresponding operating budgets.

Other sources of funding and financial plan to sustain the project.



Richard King Mellon Foundation

Pittsburgh, Pennsylvania

Approved in December 2004 and effective January 1, 2005, the trustees established the following program priorities:

REGIONAL FOCUS FOR PENNSYLVANIA

- Conservation
- Land preservation
  - Watershed protection and restoration
  - Sustainable environments

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

- Children, Youth, and Young Adults
- Early childhood education
  - After-school programs

- Education
- Charter schools, parochial schools, and independent schools
  - Higher educational institutions
  - Workforce training

- Human Services and Nonprofit Capacity Building
- Critical and strategic service providers

The Foundation gives priority to projects and programs that have clearly defined outcomes and an evaluation component. It does not consider requests on behalf of individuals or from outside the United States. The Foundation does not encourage requests from outside Pennsylvania.

All proposals must be accompanied by a completed application form (see previous page) and addressed to:

Director  
Richard King Mellon Foundation  
One Mellon Center  
500 Grant Street, Suite 4106  
Pittsburgh, PA 15219-2502

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

\*As of November 20, 2006

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