

**THE PITTSBURGH
FOUNDATION**
QUARTERLY
Fall 2019

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rooted in the Black experience.*

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PRESIDENT'S MESSAGE

Pittsburgh Foundation President and CEO Lisa Schroeder speaks with Foundation donor and financial advisor Doug Stirling on Explorer, the LEED-certified boat-turned-floating-classroom for Rivers of Steel's Science, Technology, Engineering and Math education program serving the region's school districts. Stirling was one of scores of donors hosted Sept. 12 for a tour of riverfront developments at this year's fall donor event. The following is excerpted from Schroeder's remarks to the group:

One of the many reasons I was so thrilled to be asked to lead the Foundation is that I experienced firsthand — as a grantee, as a board member and as the president of Riverlife — the tremendous collective power we have to improve lives. Some of what I have learned along the way will inform my leadership at the Foundation:

- You can have very diverse stakeholders who have strong points of view and still be collaborative.
- To be successful for the long term, we need to be known and trusted broadly in the community. I have been impressed to see that we are perceived that way now by key constituencies, but we can reach further. I believe we're poised to be the community convener on important issues so that as many viewpoints as possible are honored in decision making for our region's future. This will be the standard at The Pittsburgh Foundation in deciding how to better the community.
- The active involvement of our donors, grantees, staff and Board, as well as public, private and philanthropic partners, is as important as the resources we provide. We need more of you working with us to identify opportunities and understand the root causes of significant problems, so that we can act boldly and invest accordingly. We will accomplish more by working together.
- Lastly, we will continue to honor the values that have formed the region's character. Pittsburgh native son, acclaimed author and historian David McCullough said it best when he addressed the first Riverlife Task Force in 1999: "Don't make it like other places, because Pittsburgh was never, ever like other places. Make it a place where people want to bring those who they love.... Be as ambitious as you possibly can."

Lisa
Lisa Schroeder
 president & CEO

TRUSTED AND VERIFIED

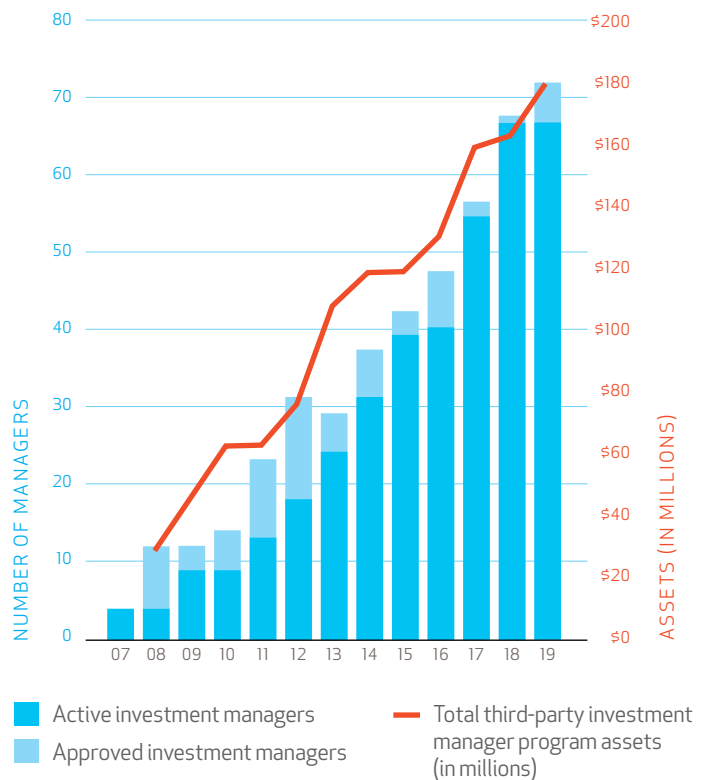
THE RELATIONSHIP BETWEEN FINANCIAL ADVISORS AND THEIR clients is one built over years on trust established over the long term. Pittsburgh Foundation donors see real value in relying on their financial advisor as they manage their foundation fund.

That's the mission of the Foundation's Third-Party Investment Manager program. Advisors who successfully complete a due-diligence process led by the Investment staff qualify to become third-party managers. These advisors are then authorized to continue managing assets donated to the Foundation by their clients. Their activities are closely monitored by the Foundation's Finance and Investment staff. This arrangement allows trusted advisors to manage donor assets, providing their clients with the level of comfort, investment style and service they expect in the effort to maximize their clients' grant-making potential.

Since its inception in 2007, the program has grown from five advisors to nearly 70. And with this growth has come the need for an approval and onboarding process that is as efficient as it is rigorous. Thanks to the efforts of Investment Analyst Bradley Jones and Development Officer Amy Razem, the application procedure will soon be almost entirely online.

The combination of trust and ongoing verification deepens relationships while ensuring that donors and their advisors reach their giving goals through the Foundation.

GROWTH OF THIRD-PARTY INVESTMENT MANAGER PROGRAM





Organizations like the Jewish Association on Aging provide senior citizens with activities during the day. That gives caregivers, most of whom work full time, a break in the exhausting cycle of caretaking while also supporting themselves and their children.

THE PRICE OF CARING

PENNSYLVANIA IS AGING and the caregivers are exhausted. That's because the state offers no paid family and medical leave program when workers need time off to care for elderly or disabled relatives, for newborn babies or newly adopted children, for sick children, or even for themselves after a serious illness.

Now, with a \$75,000 grant from The Pittsburgh Foundation, the Women and Girls Foundation of Southwestern Pennsylvania and Pathways PA are developing an advocacy campaign to win state legislative approval of the Family Care Act, which would guarantee paid family and medical leave in Pennsylvania. Bi-partisan legislation has been introduced in the General Assembly to establish a fund that would function much like workers' compensation, drawing a half-cent per dollar through payroll deductions.

The program would cover all Pennsylvania workers and their families and would be a major victory for people in minimum-wage or low-skilled jobs that don't offer paid time off.

The Women and Girls Foundation and Pathways PA are engaging AARP and other senior citizens organizations, veterans groups, pediatric health care providers, and business and labor leaders in advocacy efforts.

A 10-year analysis of California's paid leave program found that it saves money by reducing employee turnover, particularly for small businesses with fewer than 50 employees.

Demographics are a factor: Pennsylvania has the fourth-oldest population in the nation and is ranked fifth in the number of residents over age 65. Given these realities, it's no wonder that 78% of workers and 56% of employers surveyed for a 2018 Pennsylvania Dept. of Labor report favor paid family and medical leave.

Support is strong across all demographics and party lines; 80% of those polled endorsed it once they realized it would benefit workers who are caring for elderly relatives.





➔ Olivia Steeley places branches in a contractor bag. She and other Youth Philanthropy Interns clean debris and litter from a Habitat for Humanity construction site.

THE BEAUTY OF COLLABORATION

FUELED BY AN ABUNDANCE OF TEAMWORK, a group of about 30 high school- and college-age students took part in a seven-week program meant to encourage next generation philanthropy. The Youth Philanthropy Internship—a partnership of The Community Foundation of Westmoreland County, The Heinz Endowments and the Community Foundation for the Alleghenies—brings together young people from across western Pennsylvania to address the most pressing issues in their communities.

For five weeks, the interns met with local nonprofits and delved into refugee and immigrant assistance, youth advocacy and mentorship, and mental health services. The students developed grant-making priorities, created audio documentaries about their findings and provided more than 400 hours of volunteer service. Then they convened on July 26 at CFWC for a Youth Philanthropy Summit to share ideas. The group recommended \$170,000 in grants to nonprofits, with \$70,000 for Westmoreland-area programs focused on teenage career development and food and housing insecurity.

The convening ended with an all-hands-on-deck service-learning project at Central Westmoreland Habitat for Humanity, which brings families, volunteers and resources together to build affordable housing in low-income areas. The organization has received funding from CFWC's Revitalizing Westmoreland grant program for the Weidlein Plan/Barclay Plan neighborhood Beautification Project to provide no-cost residential beautification to owner-occupied and long-term rental homes and the community playground. The interns cleared debris and litter at a lot that will soon be the site of a new home built by Habitat for Humanity.

"This Youth Philanthropy Summit allowed us to learn more about the diversity of issues that other regions close to us are currently facing," says Olivia Steeley, CFWC 2019 intern. "It was such a fun experience being able to hear everyone's stories while working together."



CREATIVE FUNDING





A shared grant-making initiative supports excellence in artwork rooted in the Black experience.

AN AUDIO BOOK AND VIDEO SERIES reinterpreting a book by Pittsburgh's first African American medical doctor, an artist residency at the Pittsburgh Glass Center exploring plasma and neon light in glass, and a graphic novel about the experiences of growing up as a Black girl are among 27 ambitious projects to receive funding from the Advancing Black Arts in Pittsburgh grant-making program so far this year.

Too often, philanthropy has left artists of color out of its grantmaking. Advancing Black Arts in Pittsburgh supports excellence in artwork rooted in the Black experience. A partnership of the region's two largest place-based philanthropies, The Pittsburgh Foundation and The Heinz Endowments, this funding program was established in 2010 to address racial disparity and funding inequity.

Since its inception, the program has awarded 356 grants totaling \$5.6 million to build the careers of individual artists and increase the sustainability of cultural organizations that focus on Black arts. Funding also is dedicated to raising awareness of the Black arts sector, supporting collaboration by Black artists and cultural organizations, and advancing the field.

Writer and actor Asia Bey, posing here in character, and producer Graciela Sarabia, received a \$15,000 grant to support "GoodTalkGoodFun: with Asia!," which Bey and Sarabia describe as an absurdist variety show that "radically recognizes Black ingenuity, creativity and hilarity" and features interviews with real and fictional Pittsburgh figures and professionals.

IMAGE BY GRACIELA SARABIA



STAFF PROFILE

ARTISTIC SUPPORT

ERIKA JOHNSON'S PASSION FOR THE ARTS, conservation and social justice in Pittsburgh shines through in everything she does. She joined The Pittsburgh Foundation's Program and Policy Department as an administrative coordinator in April.

"Erika brings a wealth of understanding about our local nonprofit community to the Program staff," says Michael Yonas, director of the Foundation's research and special initiatives.

Before joining the Foundation, Johnson taught environmental science and local history at Rivers of Steel. More specifically, her teaching took place in a floating classroom on the organization's environmentally friendly riverboat, Explorer. Before her time at Rivers of Steel, she also was executive director of the Pittsburgh Center for Creative Reuse.

At the Foundation, Johnson supports Program staff and grantees, and assists in grants distribution to the community.

"After 16 years of working in the nonprofit arts and environment sector, it's exciting to be able to serve the community from the philanthropic side. I love being part of a team that is thinking really hard and clearly about how we can make Pittsburgh and the world a better place," she says. "My colleagues inspire me to lean into my commitments to racial equity, accessibility, creativity, sustainability and social change."

➔ Erika Johnson at the first-ever Advancing Black Arts in Pittsburgh BBQ, where 150 members of the arts community gathered to eat, drink and revel in the many contributions of Black artists to the cultural landscape in and beyond our region.

LIFTING COMMUNITY VOICES

ON DEC. 31, 2015, The Daily News rolled off the presses for the final time, and its home city, McKeesport, along with other Mon Valley communities that had been served by the newspaper for 131 years, became a news desert, deprived even of basic obituaries of local residents.

A digital news resource and the Mon Valley Independent helped to fill a small part of the void, and now, thanks to a collaboration funded by The Pittsburgh Foundation, more local Mon Valley stories can be told. Point Park University's Center for Media Innovation and YouthCAST (Community and Schools Together) Leadership Network, led by McKeesport native Keno Fitzpatrick, are equipping residents and student journalists with real-world reporting skills. That work includes guidance from professional journalist mentors.

Earlier this year, the Point Park Center was awarded a two-year, \$180,000 grant from the Foundation, a portion of which is to develop the community newsroom in McKeesport. The project is based in the former Daily News building under the name Tube City Center. Led by Pulitzer Prize-winning photographer Martha Rial, Tube City serves as a space for journalism workshops, photography safaris and a new writers group.

The goal is for the community newsroom to "provide a place where community members learn how to share their own stories," says Center for Media Innovation Director Andrew Conte. "We want to put journalism back in the hands of citizens."

Skylar Palmer, left, shows his older brother, Zekeil, photographs taken during a McKeesport Community Newsroom-sponsored photo safari in conjunction with the Riverfront Concert Series in McKeesport.

IMAGE BY MARTHA RIAL, 2019.



CONCUSSION REPERCUSSIONS



WESTERN PENNSYLVANIA IS, arguably, the center of the football universe. Now, with a grant from The Pittsburgh Foundation and the Chuck Noll Foundation for Brain Injury Research, the region is poised to become a world leader in the study of chronic traumatic encephalopathy (CTE), a neurodegenerative disease. Scientists hope that the athlete-focused brain bank will help researchers understand if and how traumatic brain injuries on the field may affect dementia, Alzheimer's and other neurodegenerative diseases.

The two philanthropies are among the earliest funders — The Pittsburgh Foundation by way of a \$125,000 grant and the Chuck Noll Foundation also with a \$125,000 donation — to establish the nation's first brain bank focused on athletes. It will be housed at the University of Pittsburgh's Department of Neuropathology in the School of Medicine, which has a 30-year

history of cataloging and storing brain-only autopsies of adults and children who have died from dementia, neurological disorders or brain injury.

Neuropathology Brain Bank researchers will reach out to former professional athletes from a variety of sports, including football, hockey, wrestling and soccer, to ask them to take part in cognitive assessments that include a clinical dementia rating. Players will be asked to make a post-mortem donation of their brains to the project.

Chuck Noll was the Steelers' head coach from 1969 to 1991. Under his leadership, the team was the first in the NFL to develop concussion protocols. To further this work, the Steelers in 2016 established the Chuck Noll Foundation and have since made about \$1.2 million in grants to nine research teams at local universities.

Steelers' Jim Clack, #50, and Ray Mansfield, #56, lift Head Coach Chuck Noll onto their shoulders. Terry Bradshaw, #12, and John Fuqua, #33, are also pictured. IMAGE CIRCA 1972



LIVING WATERS

PITTSBURGH FOUNDATION FUND HOLDER DICK WUKICH says everyone should make pottery. They would feel the clay in their hands, and they would have a sense of accomplishment. The effect of it, he says, would help mend a fractured world. The Slippery Rock artist taught pottery classes at Slippery Rock University for 43 years and has been a potter since he attended North Braddock Scott High School until 1961.

Wukich's work goes beyond artful ceramic pots. He travels the world teaching people how to make life-saving water filters from a mix of clay and other easily obtainable and sustainable materials, such as sawdust. This year, he won an outstanding achievement award from the National Council on Education for the Ceramic Arts.

Since 2013, Wukich's donor-advised fund has helped him direct his passion for helping others to projects closer to home. His grants include a gift to Focus North America, a Pittsburgh-based national movement of Orthodox Christians tackling poverty and its effects in the United States, including southern California, Minnesota, Detroit, St. Louis and Pittsburgh, with services such as trauma counseling, a free health center and a weekend food program for kids whose only reliable meals might be free lunches at school.

"I'm always on the lookout for ways to help people here or anywhere in the world, and I think pottery can help save the world," says Wukich. The artist is currently working with two men on a water filter factory and training shop in Bridgeville that will lead to the launch of a space in Nepal. While Wukich has cut back on his traveling, he hopes to return to the Middle East at some point to build a factory to manufacture water filters for the region. "After all, water is life," he says.



Ceramicist Dick Wukich on his farm near Slippery Rock. He travels the world teaching people in developing countries who get their water from rivers and creeks to make filters from a mix of sawdust and clay that is then fired.



TURNING MARKET GAINS INTO COMMUNITY GOOD

GIVING NOW WHILE THE MARKET IS UP makes it possible to take an income tax deduction for the full fair market value of shares — and avoid long-term capital gains tax on the appreciation.

The stock market is approaching record heights, but a glance back at the NASDAQ for December 2018 suggests that the market bubble may be about to burst. That poses both a challenge and an opportunity for charitably minded investors who would typically give at year-end. If donors wait too long and the market dips, then potential tax deductions and the amount available to give to charity goes down.

Giving now, while the markets are still high, neutralizes this volatility. Donations of appreciated stock or mutual fund shares (held for more than a year) provide greater tax advantages than gifts of cash. The only difference is that donors are making the gifts they would normally make later in the year a few weeks earlier than planned.

Why experts predict a market drop: The so-called “Buffett Indicator” is the ratio of the total U.S. stock market valuation to the gross domestic product (GDP) and named for master investor Warren Buffett. A measure of 100% indicates that stocks are valued fairly, while higher levels suggest that stocks may be overvalued. In 2000, at the height of the dot-com boom, the indicator set a record of 148%. On Sept. 20, 2019, the indicator had reached 144%, signaling that market declines may be about to occur.

According to Pittsburgh Foundation Executive Vice President Yvonne Maher, “The Buffett piece is very telling. It only takes looking back to December of last year, when the market dipped dramatically, to see that people didn’t get enough bang for their year-end charitable buck.”

Donors who wait to give may miss the opportunity for appreciation.

“Why not just bake in the market gains today by donating appreciated securities now? If the stock market declines as we saw in December 2018, you will secure the fair market value as a charitable deduction. If you think the market still has some growth and you like the stock, donors could buy that same stock back through cash and step up the basis,” Maher says.

The strategy makes good sense for investors who are charitably inclined and for their advisors.

“Referring clients now to The Pittsburgh Foundation to donate appreciated stocks and mutual funds while the market is up is a triple win,” says Peter M. Strobe, CAP®, CFP®, managing director of Strobe Financial Group at UBS. “My clients achieve their charitable goals. They minimize the risk of potential market volatility while maximizing tax efficiencies, and they benefit charities in need.”

The “give early” strategy also has benefits in capital gains. If a stock has increased in value since the time it was purchased, then the stockholder pays capital gains on the increased value. But if the stock’s value declines, then

donors can deduct the full market value and lock in those charitable deductions for five years.

Greg Allison, CPA, JD, CFP®, who is a shareholder at Schneider Downs & Co., explains.

“If you bought a stock for \$10 that is now worth \$30 and you donate the stock now, you get a charitable deduction of \$30, subject to certain income limitations. But if you wait until the end of the year, and the stock’s value goes down to \$20, then your deduction would be based on that lower value,” says Allison.

Allison also points out that, if you donate a stock but still like it as an investment, you can buy it again to reset your basis at a higher value. If the stock appreciates again, this will reduce your future capital gains tax when the investment is ultimately sold. If the stock happens to decrease in value, it may present tax leveraging opportunities. For example, if you buy it at \$30 and the stock’s value declines to \$20, Allison says, “you could harvest the loss by selling the stock for \$20 and then use the \$10 capital loss to offset other gains.”

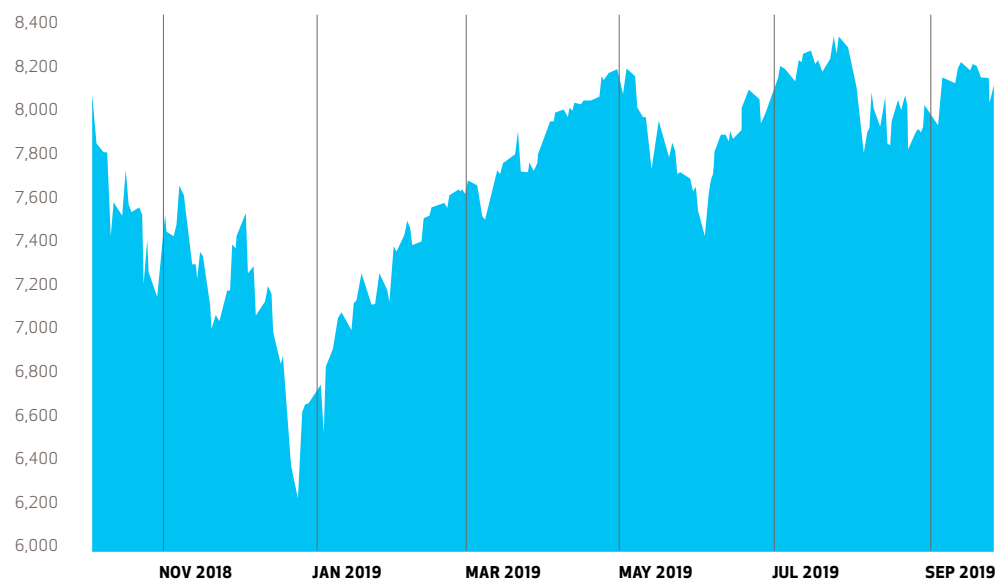
The Foundation has also been seeing donors giving year-round instead of waiting until year-end.

“People are being opportunistic in taking the appreciation because they are concerned about seeing how far south the market’s value went last December,” Maher says.

More Bank for your “Bunch.”

This trend toward year-round giving may be due to the 2018 Tax Cuts and Jobs Act, which

→ A look at the NASDAQ Composite index over the last 12 months (Nov. 2018 – Sept. 2019) shows how waiting until the end of the year to donate securities can reduce your charitable impact (and tax benefits).



increased the standard deduction. According to the IRS, the act nearly doubled the standardized deduction to \$12,000 for individuals, \$18,000 for heads of household and \$24,000 for married couples filing a joint tax return. These changes mean that, for most people, itemizing every year is no longer worthwhile. Many savvy taxpayers are now “bunching” their giving, meaning they compile their donations into one large gift that exceeds the standard minimum deduction.

While not all charities are set up to accept gifts of stock and other securities, community foundations such as The Pittsburgh Foundation can. Donors who set up donor-advised funds at a community foundation then make gifts from their funds to nonprofits they would normally support. This approach allows donors to exceed the standard deduction, to itemize in future years and to benefit from the expertise of the Foundation for grant-making consultation.

The power of community foundation funds

The number of donor-advised funds (DAFs) at The Pittsburgh Foundation and the assets in those funds have grown significantly over time, creating significant benefits for the community: From 2009 to 2018, grants to nonprofits from DAFs doubled from 588 donor-advised funds representing \$133 million to 1,070 donor-advised funds representing \$338 million in assets. Likewise, in 2009, grants to the Pittsburgh community totaled \$11 million. By 2018, the Foundation’s annual grantmaking had doubled to \$22 million. This comes as no surprise to Foundation staff.

“I have never experienced a community of givers like Pittsburgh. Local people who make their money here give back here. Over the past three years, 70% of our grants were made to benefit nonprofits in Allegheny County,” Maher says.

The Foundation also sees donors using required minimum distributions from their IRAs to establish charitable funds.

“If you’re 70½ or older, you can give up to \$100,000 annually to set up a scholarship fund at The Pittsburgh Foundation or establish a designated fund to benefit a specific charity, or an unrestricted fund that our Foundation can use to support the most pressing community needs,” says Maher.

By **Kitty Julian** | director of communications



2019 END OF YEAR GIVING DATES

- Last day to contribute a mutual fund to TPF/CFWC (in most cases): Dec. 13.
- The opportunity to recommend a grant by paper or email for end-of-year payment closes at 12 p.m., Dec. 20.
- The opportunity to recommend a grant through the online portal for end-of-year payment closes at 12 p.m., Dec. 27.
- The last day a stock gift can be deposited into the TPF/CFWC account: Dec. 31.*
- Checks must be postmarked by year-end: Dec. 31.
- Our offices are closed on Nov. 28, Nov. 29, Dec. 24, and Dec. 25.
- Our offices are open until 3 p.m. on Dec. 23 and Dec. 31.

*Please make the Foundation aware of your stock gift ahead of the transfer.

Tax information provided herein is not intended as tax or legal advice and cannot be relied on to avoid statutory penalties. Always check with your tax and financial advisors before implementing any gift plan.





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NEW FUNDS May 1, 2019 – Sept. 30, 2019

Morgan and Braden Fyffe Charitable Fund
Gammarus Fund
David Borrebach & Margaret Kinsky Fund
Doris Berg Ely Fund
GTSF–The Hill Family Scholarship
GTSF–Amy Fisher Maxwell Memorial Scholarship Fund
Rob DePasquale Charitable Fund
ZMP Family Foundation
Lance's Heart Strings Fund
Bridge To Independence Fund
Livingston Family Fund of Pennsylvania

Railroad tracks as seen from the window of the McKeesport Community Newsroom. The organization is helping to quench the news desert created when the McKeesport Daily News shuttered in 2015 after 131 years of publication. Story on p. 9.

IMAGE BY MARTHA RIAL, 2019

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