

President's Letter

TOWARD THE END OF HIS CAREER, noted economist John Kenneth Galbraith collaborated with the BBC to create a television series and book called “The Age of Uncertainty” that described the history and insecurities of 20th century economics. That title seems appropriate to the particular age in which we now live, and the issues that characterize it, some of which are hyper-partisanship in Washington, D.C., global climate change and a painfully slow recovery from the worst financial crisis in a half-century. These and other issues of contemporary life can give rise to important questions about the path ahead. These challenges frame much of our thinking about how to focus our grant-making strategy.

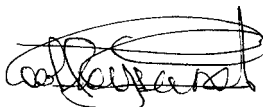
However, we are also concerned about the performance of the investment markets. Our grant resources are derived from our invested assets, and we closely observe and evaluate market trends. Like most other foundations we cut our expenses and grants in 2009 in response to the market collapse. We acted in a manner that we deemed prudent under the circumstances, even as we increased the percentage of our assets that we distributed in order to minimize the impact on grantees. As 2010 began, the markets were less tumultuous, yet more than the usual uncertainty remains. Our assets have rebounded though they have not recovered their pre-recession value.

Events of the recent past have reinforced for us the importance of two themes in our approach to philanthropy. One is the vital necessity of collaborations. The other is continued emphasis on public policy. We value collaborations for many reasons, but especially prize the leverage and efficiency that can be achieved by working together in difficult times. Our foundation seeks and promotes collaborations within philanthropy, among nonprofit grantees and with other sectors. Examples abound; one instance worth applauding is the organized group of funders who are working together to help human services organizations achieve greater good through new approaches to collaboration between these organizations. This effort is being led well by the Deaconess Community Foundation and the Saint Luke's Foundation. We are pleased to be part of it.

We have long supported public policy advocacy that supports the work of our grantees. The economic distress of the past couple of years has served to highlight the importance of advocacy. Local and state budgets have been under unprecedented strain while the federal government has sought to stimulate economic recovery with targeted increases in spending. Through many grants in virtually all of our program areas, we have sought to help

grantees shape public policy responses in this environment that would aid in transforming public education, make Cleveland a model of sustainability, greatly improve the prospects of poor children and achieve many other important goals. We will continue to do so.

Anna Traggio, a granddaughter of the Foundation's founder, became a Trustee at the end of 2009. We heartily welcome her to the Board.



Geoffrey Gund
President and Treasurer

Executive Director's Letter

SUSTAINABILITY IS ONE OF THE BYWORDS OF THE DAY. Despite the attention demanded by other pressing issues, each new environmental crisis forces more of us to recognize the necessity to live our lives in a way that does not diminish the prospects of future generations. While the urgency of this need is still recognized by too few, especially among policymakers, the overwhelming evidence mounts. We must change.

Cleveland's place and potential in the sustainability story are unique, with an iconic river that empties into a lake system containing 20 percent of the world's fresh water. Of course, the Cuyahoga River's fame was acquired involuntarily with the publicity that attended a burning oil slick in 1969. And even before then, the popular press was declaring the "death" of Lake Erie from various environmental stresses.

The fire of 1969 was a relatively minor event, but it became a powerful symbol and catalyzed the modern environmental movement even as it came to represent the decline of Cleveland and the industrial Midwest. The fire ignited an outcry that questioned the nation's stewardship of our natural resources and contributed significantly to the passage of the Clean Water Act.

Some Clevelanders would still prefer to forget the fire. But the restoration of the Cuyahoga over the past 40 years has become a remarkable story that carries its own potent symbolism. In addition, public attitudes have shifted. People are much more environmentally conscious, and there is even a growing recognition that the Cuyahoga River and the fire that made it famous give Greater Cleveland a competitive advantage if creatively leveraged.

Cleveland Mayor Frank Jackson began the process of seizing that advantage in 2009 with a three-day summit conference entitled "Sustainable Cleveland 2019," keying on the date that will mark the 50th anniversary of the river fire. The summit sought to harness thoughts from a broad range of people and organizations for creating a "green" economy. Ideas ranged from microfinance programs to a fresh water institute at the mouth of the river. These and scores of other ideas are yet being sifted. While the momentum of the summit is still to be fashioned into a meaningful force, its ultimate significance will lie in demonstrating that a place with the industrial history of Cleveland can transform itself. That transformation would be especially powerful in the home of the burning river because it would be so unexpected.

A vital element of Cleveland's sustainability advantage goes beyond the remediation of a degraded waterway and centers on fresh water itself. The world's supply of fresh water is under strain from population growth, climate change, unsustainable development practices and other forces. The social, scientific and political

issues associated with preserving fresh water will increasingly dominate the world's thinking. Cleveland's perch on the shore of one of the largest fresh water systems in the world can be forged into a vast community and economic benefit if the proper strategic focus is applied. We hope the Sustainable Cleveland 2019 summit puts us on that path.

Because Lake Erie is so vital to our future, we revisit its shoreline in this year's photographic essay. The lake also was the subject of the annual report essay in 1997. The images portray Lake Erie's natural appeal, its all-too-common inaccessibility and its enormous potential. The metaphorical impact of the photos lies in the line they portray between here and there; we have too often, in effect, walled off Lake Erie and embraced it only fitfully. As Cleveland strives to move from the tenuous present to the future we desire, and to achieve leadership in sustainable values and practices, we must find ways to tear down that wall.



David T. Abbott
Executive Director

Summary of 2009 Commitments

Arts

46 grants
\$2,336,550

Economic Development and Community Revitalization

17 grants
\$4,497,500

Education

21 grants
\$2,259,000

Environment

49 grants
\$1,749,304

Human Services

49 grants
\$2,272,875

Special Projects

19 grants
\$2,263,500

Grand Total

201 grants
\$15,378,729

Total since inception of the Foundation in 1952

\$538,513,146

Arts

THE FOUNDATION MAINTAINED ITS COMMITMENT to ensuring the vitality of Cleveland's arts community and nurturing its creative class with grants to organizations, both large and small, that reached audiences in neighborhoods and schools as well as in traditional performance and exhibition venues and that offered opportunities for local artists. Arts grantmaking totaled \$2,336,550.

Education

THE BROADWAY SCHOOL OF MUSIC AND THE ARTS

Cleveland, Ohio
Marketing and community programs.
\$10,000

CLEVELAND BOYCHOIR

Cleveland, Ohio
Recruitment efforts.
\$5,000

CLEVELAND METROPOLITAN SCHOOL DISTRICT

Cleveland, Ohio
All-City Arts Program celebration.
\$800

CLEVELAND STATE UNIVERSITY FOUNDATION, INC.

Cleveland, Ohio
Cleveland Arts Education Consortium.
\$10,000

ELEANOR B. RAINEY MEMORIAL INSTITUTE, INC.

Cleveland, Ohio
Cleveland Neighborhood Arts collaborative curriculum project.
\$16,000

GREAT LAKES THEATER FESTIVAL, INC.

Cleveland, Ohio
Educational programs.
\$90,000

YOUNG AUDIENCES OF NORTHEAST OHIO INC.

Cleveland, Ohio
Art is Education program.
\$125,000

Film and Media

THE CLEVELAND INTERNATIONAL FILM FESTIVAL, INC.

Cleveland, Ohio
Operating and project support.
\$40,000

IDEASTREAM

Cleveland, Ohio
News and public affairs programming.
\$250,000

NATIONAL PUBLIC RADIO, INC.

Washington, D.C.
Midwest news coverage.
\$80,000 over 2 years

Performing Arts

BANG AND THE CLATTER THEATRE COMPANY

Cleveland, Ohio
Start-up support.
\$29,250

CITYMUSIC CLEVELAND INC.

Cleveland, Ohio
Concerts in Cleveland neighborhoods.
\$16,000

CLEVELAND FESTIVAL OF ART AND TECHNOLOGY INC.

Cleveland, Ohio
Ingenuity Festival.
\$110,000

CLEVELAND JAZZ ORCHESTRA

Bedford, Ohio
Hanna Theatre performances.
\$10,000

CLEVELAND MODERN DANCE ASSOCIATION

Cleveland, Ohio
Operating support.
\$35,000

THE CLEVELAND PLAY HOUSE

Cleveland, Ohio
Operating support.
\$80,000

Performing Arts (continued)

THE CLEVELAND PLAY HOUSE

Cleveland, Ohio
Vision 100 project manager.
\$50,000

CLEVELAND PUBLIC THEATRE, INC.

Cleveland, Ohio
Operating support and DanceWorks support.
\$70,000

DOBAMA THEATRE, INC.

Cleveland Heights, Ohio
Operating support.
\$25,000

THE ENSEMBLE THEATER

Cleveland Heights, Ohio
Artistic support.
\$5,000

GROUNDWORKS DANCETHEATER

Cleveland Heights, Ohio
Operating support.
\$30,000

KARAMU HOUSE

Cleveland, Ohio
Operating support.
\$50,000

MUSICAL ARTS ASSOCIATION THE CLEVELAND ORCHESTRA

Cleveland, Ohio
Development department expansion.
\$350,000 *over 3 years*

NEAR WEST THEATRE, INC.

Cleveland, Ohio
Operating support.
\$20,000

OPERA CIRCLE, INC.

Cleveland, Ohio
Operating support.
\$15,000

OPERA CLEVELAND

Cleveland, Ohio
Operating support.
\$50,000

PLAYHOUSE SQUARE FOUNDATION

Cleveland, Ohio
Transitional rent support for local companies.
\$75,000

PROFESSIONAL FLAIR, INC.

Cleveland, Ohio
New website.
\$15,000

VERB BALLETS

Cleveland, Ohio
Operating support.
\$35,000

Visual Arts

CLEVELAND ARTISTS FOUNDATION

Lakewood, Ohio
25th anniversary exhibition and catalogue.
\$15,000

CLEVELAND ARTS PRIZE

South Euclid, Ohio
Citywide 50th anniversary celebration.
\$10,000

CLEVELAND PUBLIC ART, INC.

Cleveland, Ohio
Operating and project support.
\$95,000

MUSEUM OF CONTEMPORARY ART CLEVELAND

Cleveland, Ohio
Operating support.
\$90,000

SANKOFA FINE ARTS PLUS

Cleveland, Ohio
Muralist training workshops.
\$2,000

SPACES

Cleveland, Ohio
Operating support.
\$55,000

ST. VINCENT QUADRANGLE, INC.

Cleveland, Ohio
Red Dot project.
\$15,000

ZYGOTE PRESS INC.

Cleveland, Ohio
Operating support.
\$20,000

Special Programs

ART HOUSE, INC.

Cleveland, Ohio
Capacity building.
\$5,000

THE BECK CENTER FOR THE CULTURAL ARTS

Lakewood, Ohio
Strategic Growth Initiative.
\$50,000

CLEVELAND ARTS PRIZE

South Euclid, Ohio
Performance series.
\$3,500

CLEVELAND INSTITUTE OF ART

Cleveland, Ohio
President search.
\$30,000

COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

Cleveland, Ohio
Operating support.
\$210,000

COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

Cleveland, Ohio
Collaborative Marketing Database joint campaigns.
\$10,000

LEAGUE OF HISTORIC AMERICAN THEATRES

Baltimore, Maryland
Annual conference in Cleveland.
\$2,500

THE PEW CHARITABLE TRUSTS

Philadelphia, Pennsylvania
Ohio Cultural Data project.
\$25,000

POETS LEAGUE OF GREATER CLEVELAND, INC.

Cleveland, Ohio
Exhibition catalogue.
\$1,500

Economic Development and Community Revitalization

THE FOUNDATION INCREASED ITS MULTI-YEAR SUPPORT for the Fund for Our Economic Future, an innovative collaboration of philanthropic organizations working together to reinvigorate the economy of Northeast Ohio. The Foundation also continued operating support for numerous organizations working effectively to create a vibrant city, including the Downtown Cleveland Alliance, Greater Cleveland Media Development Corporation and Parkworks. The Cleveland Housing Network also received support for its programs responding to the mortgage foreclosure crisis. Economic development and community revitalization grantmaking totaled \$4,497,500.

Economic Development

CLEVELAND DEVELOPMENT FOUNDATION

Cleveland, Ohio

Cleveland-to-Pittsburgh Tech Belt Initiative.

\$5,000

ECONOMIC GROWTH FOUNDATION

Cleveland, Ohio

Operating support.

\$10,000

FUND FOR OUR ECONOMIC FUTURE

Cleveland, Ohio

Operating and program support.

\$4,000,000 over 3 years

GREATER CLEVELAND MEDIA DEVELOPMENT CORPORATION

Cleveland, Ohio

Film production, attraction and coordination.

\$45,000

Housing and Community Revitalization

CLEVELAND HOUSING NETWORK, INC.

Cleveland, Ohio

Strategic initiatives.

\$80,000

EAST SIDE ORGANIZING PROJECT, INC.

Cleveland, Ohio

Operating support.

\$20,000

Urban Design, Planning and Amenities

KENT STATE UNIVERSITY FOUNDATION, INC.

Kent, Ohio

Cleveland Urban Design Collaborative publication of Urban Infill magazine and Re-Imagining Sustainable Cleveland activities.

\$75,000

NEIGHBORHOOD PROGRESS, INC.

Cleveland, Ohio

Cuyahoga County Land Reutilization Corporation.

\$10,000

PARKWORKS, INC.

Cleveland, Ohio

Operating support.

\$100,000

URBAN LAND INSTITUTE

Washington, D.C.

Cleveland waterfront forum.

\$5,000

Special Programs

CITY CLUB OF CLEVELAND

Cleveland, Ohio

Administrative coordinator.

\$7,500

CLEVELAND LEADERSHIP CENTER

Cleveland, Ohio

Operating support.

\$25,000

Special Programs (continued)

CLEVELAND STATE UNIVERSITY FOUNDATION, INC.

Cleveland, Ohio

Save the Dream foreclosure prevention event.

\$10,000

ECONOMIC GROWTH FOUNDATION

Cleveland, Ohio

Operating support.

\$10,000

POLICY MATTERS OHIO

Cleveland, Ohio

Operating support.

\$60,000

POLICYBRIDGE

Cleveland, Ohio

Operating support.

\$25,000

TRINITY CATHEDRAL

Cleveland, Ohio

Community programs.

\$10,000

Education

THE FOUNDATION PROVIDED SIGNIFICANT SUPPORT for development of the Cleveland Metropolitan School District's transformation plan, which builds on our ongoing strategy of creating new and innovative schools in the city. The plan promises to accelerate the rate of change in Cleveland's schools and provide high-quality, relevant educational options for all Cleveland students. The Foundation also continued investment in the Ohio Grantmakers Forum statewide education policy initiative focused on improving teacher quality and preparing students for success in a global economy. Total education grantmaking was \$2,259,000.

Higher Education

ECONOMIC GROWTH FOUNDATION

Cleveland, Ohio

Cleveland Plus college student engagement.

\$40,000

WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

Princeton, New Jersey

Woodrow Wilson Ohio Teaching Fellowship.

\$200,000

National Education Policy

NATIONAL COUNCIL ON TEACHER QUALITY

Washington, D.C.

"Ohio Teacher Policy Yearbook."

\$50,000 *over 2 years*

Primary and Secondary Education

AMERICA SCORES CLEVELAND

Cleveland, Ohio

Operating support.

\$20,000

AMERICA SCORES CLEVELAND

Cleveland, Ohio

Project assessment.

\$2,000

THE CLEVELAND FOUNDATION

Cleveland, Ohio

Portfolio of Excellent Schools strategy.

Up to \$881,000

CLEVELAND HEIGHTS/UNIVERSITY HEIGHTS

CITY SCHOOL DISTRICT

University Heights, Ohio

First Ring Superintendents' Collaborative.

\$100,000

CLEVELAND SCHOLARSHIP PROGRAMS, INC.

Cleveland, Ohio

Scholarship program.

\$65,000

E CITY

Cleveland, Ohio

Operating support.

\$25,000

FACING HISTORY AND OURSELVES NATIONAL FOUNDATION INC.

Brookline, Massachusetts

Cleveland program operating support and Choosing to Participate exhibition.

\$50,000

FRIENDS OF E PREP SCHOOLS

Cleveland, Ohio

Creation of a Cleveland charter school management organization.

\$71,500 *over 6 months*

HATHAWAY BROWN SCHOOL

Shaker Heights, Ohio

Aspire program.

\$40,000

IDEASTREAM

Cleveland, Ohio

First Buckeye Robotics Team.

\$6,000

Primary and Secondary Education (continued)

ONECOMMUNITY

Cleveland, Ohio

Program and technical support for the Cleveland Metropolitan School District.

\$176,000

URBAN SCHOOL NEWS

Cleveland, Ohio

Catalyst: Ohio newsmagazine.

\$185,000

WESTSIDE INDUSTRIAL RETENTION & EXPANSION NETWORK

Cleveland, Ohio

Planning for Cleveland's new Max Hayes High School.

\$50,000

WESTSIDE INDUSTRIAL RETENTION & EXPANSION NETWORK

Cleveland, Ohio

Planning for Cleveland's new Max Hayes High School.

\$7,500

YOUTH OPPORTUNITIES UNLIMITED

Cleveland, Ohio

Program and operating support.

\$70,000

Special Programs

OHIO GRANTMAKERS FORUM

Columbus, Ohio

State education policy initiative.

\$70,000

UNITED LABOR AGENCY, INC.

Cleveland, Ohio

Ohio Youth Voices program.

\$50,000

UNIVERSITY CIRCLE INCORPORATED

Cleveland, Ohio

Early Learning Initiative.

\$100,000 *over 3 years*

Environment

THE FOUNDATION'S GRANTMAKING reflected its long-standing commitment to preserving Northeast Ohio's distinctive ecosystem as well as its support of efforts to help Cleveland become a model of urban sustainability. In addition, grants were provided for policy analysis and advocacy efforts aimed at increasing the percentage of renewable energy and energy efficiency in our state, promoting a robust local foods infrastructure, encouraging smart growth and addressing climate change. Environment grantmaking totaled \$1,749,304.

Conservation of Natural Systems and Biodiversity

THE BUCKEYE FOREST COUNCIL, INC.

Columbus, Ohio
Development of protection policies for Ohio's public forests.
\$10,000

CUYAHOGA RIVER COMMUNITY PLANNING ORGANIZATION

Cleveland, Ohio
Year of the River activities.
\$20,000

CUYAHOGA VALLEY NATIONAL PARK ASSOCIATION

Peninsula, Ohio
Operating support.
\$60,000 over 18 months

THE GREAT LAKES MUSEUM OF SCIENCE, ENVIRONMENT AND TECHNOLOGY

Cleveland, Ohio
Public programming about water issues.
\$25,000

GREAT LAKES UNITED

Buffalo, New York
Great Lakes programs.
\$40,000

NATIONAL WILDLIFE FEDERATION

Reston, Virginia
Environmental policy and constituency-building work in Ohio.
\$35,000

NEW AGRARIAN CENTER

Oberlin, Ohio
Operating support.
\$40,000

WATER WATCH OF OREGON

Portland, Oregon
Operating support.
\$50,000 over 2 years

WEST CREEK PRESERVATION COMMITTEE

Parma, Ohio
Operating support.
\$35,000

Environmental Journalism/Public Education

EARTHWATCH OHIO INC.

Chagrin Falls, Ohio
Operating support.
\$25,000

Nonprofit Capacity Building

INSTITUTE FOR CONSERVATION LEADERSHIP

Takoma Park, Maryland
Strengthening Ohio Leaders and Organizations initiative.
\$65,000

INSTITUTE FOR CONSERVATION LEADERSHIP

Takoma Park, Maryland
Managing Hard Times and Beyond distance learning programs.
\$6,500

Protection of Human Health

AMERICAN LUNG ASSOCIATION OF OHIO

Columbus, Ohio
Cleveland Clean Air Century Campaign.
\$40,000

EARTH DAY COALITION

Cleveland, Ohio
Operating support and capacity building.
\$20,000

Protection of Human Health (continued)

OHIO ENVIRONMENTAL COUNCIL

Columbus, Ohio

Citizen enforcement of the Clean Water Act in Ohio.

\$110,000

OHIO ENVIRONMENTAL COUNCIL

Columbus, Ohio

Cleveland diesel pollution reduction campaign.

\$50,000

Smart Growth

COMMUNITY FOOD SECURITY COALITION INC.

Portland, Oregon

Fresh farm food to school meals initiative.

\$25,000

FUNDERS NETWORK FOR SMART GROWTH AND LIVABLE COMMUNITIES

Coral Gables, Florida

Advancing Green and Prosperous Cities for All Conference in Cleveland.

\$10,000

LAND TRUST ALLIANCE, INC.

Washington, D.C.

Work with Ohio land trusts.

\$30,000

TRUST FOR PUBLIC LAND

San Francisco, California

Operating support.

\$62,000

Special/Exploratory

LAKE ERIE JUNIOR NATURE AND SCIENCE CENTER

Bay Village, Ohio

Leadership search.

\$10,000

Sustainability, Energy and Climate Change

BALDWIN-WALLACE COLLEGE

Berea, Ohio

Regional collegiate consortium on sustainability.

\$25,000

CASE WESTERN RESERVE UNIVERSITY

Cleveland, Ohio

Freshwater consortium business plan development.

\$9,225

CLEVELAND BOTANICAL GARDEN

Cleveland, Ohio

Program planning for year-round Green Corps urban youth gardening program.

\$30,000

THE CLEVELAND MUSEUM OF NATURAL HISTORY

Cleveland, Ohio

GreenCityBlueLake Institute.

\$50,000

THE CLEVELAND MUSEUM OF NATURAL HISTORY

Cleveland, Ohio

Great Lakes Bioneers Cleveland conference.

\$10,000

THE CLEVELAND MUSEUM OF NATURAL HISTORY

Cleveland, Ohio

Video for Sustainable Cleveland summit.

\$7,500

THE CLEVELAND MUSEUM OF NATURAL HISTORY

Cleveland, Ohio

Conference participation.

\$5,000

CLEVELAND STATE UNIVERSITY FOUNDATION, INC.

Cleveland, Ohio

Center for Energy Policy and Urban Change.

\$20,000

CUYAHOGA VALLEY COUNTRYSIDE CONSERVANCY

Peninsula, Ohio

Operating support.

\$70,000

ENTREPRENEURS FOR SUSTAINABILITY

Cleveland, Ohio

Operating support.

\$50,000

ENVIRONMENTAL LAW & POLICY CENTER OF THE MIDWEST

Chicago, Illinois

Midwest high-speed rail network project.

\$10,000

GREEN ENERGY OHIO

Columbus, Ohio

Green energy and green collar jobs for Ohio.

\$40,000

**Sustainability, Energy and Climate Change
(continued)**

NATIONAL CLEAN CITIES INC.

Columbus, Ohio
Development of a sustainable transportation plan for Ohio.
\$36,960

NATIONAL CLEAN CITIES INC.

Columbus, Ohio
Sustainable transportation forum at Cleveland State University.
\$1,045

NORTH UNION FARMERS MARKET

Cleveland, Ohio
Capacity building.
\$7,500

OBERLIN COLLEGE

Oberlin, Ohio
Design of Green Arts District.
\$75,000

OBERLIN COLLEGE

Oberlin, Ohio
Design of Green Arts District.
\$10,000

OHIO CITY BICYCLE CO-OP

Cleveland, Ohio
Operating support.
\$10,000

OHIO ENVIRONMENTAL COUNCIL

Columbus, Ohio
Operating support.
\$50,000

OHIO ENVIRONMENTAL COUNCIL

Columbus, Ohio
3C passenger rail restoration campaign.
\$10,000

OHIO GRANTMAKERS FORUM

Columbus, Ohio
Imagining a More Sustainable Cleveland program.
\$500

OHIO LEAGUE OF CONSERVATION VOTERS EDUCATION FUND

Columbus, Ohio
Operating support.
\$50,000

OHIO STATE UNIVERSITY RESEARCH FOUNDATION

Columbus, Ohio
Cleveland-Cuyahoga County Food Policy Coalition.
\$64,474

OHIO STATE UNIVERSITY RESEARCH FOUNDATION

Columbus, Ohio
Community Gardening Program.
\$42,000

PARKWORKS, INC.

Cleveland, Ohio
Building Cleveland by Design.
\$215,000

ROCKEFELLER FAMILY FUND, INC.

New York, New York
RE-AMP project.
\$30,000

THE SIERRA CLUB FOUNDATION

San Francisco, California
Campaign for strong energy efficient building codes.
\$50,000

WORKINGFILMS INC.

Wilmington, North Carolina
Cleveland local foods advocates strategy session.
\$1,600

Human Services

THE FOUNDATION PRIMARILY SOUGHT OPPORTUNITIES to invest in innovative public policy formation resulting from the evolving government landscape in Cuyahoga County, Columbus and Washington, D.C. Support for identifying and developing evidence-based interventions for at-risk children was also a priority. Grants funded advocacy efforts aimed at strengthening public policy and investment in early childhood development and access to primary health care and other basic needs for low-income families. Grant highlights included supporting reforms in the juvenile justice, community re-entry, adolescent reproductive health and adoption systems. Human services grantmaking totaled \$2,272,875.

Child and Family Welfare

ACTION AGAINST CRIME AND VIOLENCE EDUCATION FUND

Washington, D.C.
Fight Crime: Invest in Kids Ohio office.
\$25,000

ADOPTION NETWORK CLEVELAND

Cleveland, Ohio
Adopt Cuyahoga's Kids initiative.
\$75,000

THE CENTER FOR COMMUNITY SOLUTIONS

Cleveland, Ohio
Early childhood and public policy support.
\$150,000

THE CENTER FOR COMMUNITY SOLUTIONS

Cleveland, Ohio
Consultant support for public policy work.
\$6,000

CENTER FOR FAMILIES AND CHILDREN

Cleveland, Ohio
Greater Cleveland Integrated Re-entry Project.
\$50,000 over 6 months

CENTER FOR FAMILIES AND CHILDREN

Cleveland, Ohio
Mental Health Advocacy Coalition.
\$25,000

THE CHILDREN'S MUSEUM OF CLEVELAND

Cleveland, Ohio
Resource development and capacity-building initiatives.
\$16,875

CLEVELAND BASEBALL FEDERATION

Cleveland, Ohio
Program support.
\$5,000

THE CLEVELAND FOUNDATION

Cleveland, Ohio
Changing the Odds conference attendance.
\$5,500

CLEVELAND RAPE CRISIS CENTER

Cleveland, Ohio
Sexual assault public policy project.
\$50,000 over 2 years

COMMUNITY CARE NETWORK, INC.

Cleveland, Ohio
Cudell Summer Basketball League.
\$9,000

COMMUNITY RE-ENTRY, INC.

Cleveland, Ohio
Women's Re-Entry Network.
\$25,000

CUYAHOGA COUNTY BOARD OF COMMISSIONERS

Cleveland, Ohio
Invest in Children.
\$300,000

GRANTMAKERS FOR CHILDREN, YOUTH & FAMILIES, INC.

Silver Spring, Maryland
Building Early Learning Systems in the States initiative.
\$100,000

Child and Family Welfare (continued)

HEIGHTS PARENT CENTER

Cleveland Heights, Ohio
Operating support.
\$10,000

KENT STATE UNIVERSITY FOUNDATION, INC.

Kent, Ohio
Center for Innovative Practices' Evidence-Based Practices Academy.
\$50,000

MDRC

New York, New York
Foundations of Learning study.
\$50,000

MEDIA IN THE PUBLIC INTEREST INC.

Boulder, Colorado
Ohio News Connection.
\$5,000

NATIONAL WOMEN'S LAW CENTER

Washington, D.C.
Advocacy for policies to improve family economic security.
\$40,000

NORTHERN KENTUCKY CHILDREN'S LAW CENTER, INC.

Covington, Kentucky
Ohio juvenile justice reform initiative.
\$100,000

THE PEW CHARITABLE TRUSTS

Philadelphia, Pennsylvania
Partnership for America's Economic Success.
\$50,000

TOWARDS EMPLOYMENT, INCORPORATED

Cleveland, Ohio
Advocacy capacity building.
\$35,000

VOICES FOR OHIO'S CHILDREN

Cleveland, Ohio
Operating support.
\$125,000

VOICES FOR OHIO'S CHILDREN

Cleveland, Ohio
Champion for Children award celebration.
\$1,000

ZERO TO THREE – NATIONAL CENTER FOR INFANTS, TODDLERS, AND FAMILIES

Washington, D.C.
Zero to Three Policy Center.
\$25,000

Meeting Basic Needs

CARE ALLIANCE

Cleveland, Ohio
Street Medical Outreach program expansion.
\$40,000 *over 2 years*

CENTER ON BUDGET AND POLICY PRIORITIES

Washington, D.C.
Operating support.
\$125,000

THE CLEVELAND FOUNDATION

Cleveland, Ohio
Analysis of Cleveland's hunger relief initiative.
\$4,000

COALITION ON HOMELESSNESS AND HOUSING IN OHIO

Columbus, Ohio
Operating support.
\$120,000 *over 2 years*

HEALTH POLICY INSTITUTE OF OHIO

Columbus, Ohio
Operating support.
\$50,000

INTERRELIGIOUS PARTNERS IN ACTION OF GREATER CLEVELAND

Cleveland, Ohio
Operating support.
\$6,000

INTERRELIGIOUS PARTNERS IN ACTION OF GREATER CLEVELAND

Cleveland, Ohio
Homeless Stand Down program.
\$4,000

LEGAL AID SOCIETY OF CLEVELAND

Cleveland, Ohio
Community Advocacy Program and Ohio Medical-Legal Partnership.
\$30,000

LUTHERAN METROPOLITAN MINISTRY

Cleveland, Ohio
Men's emergency homeless shelter volunteer and legal programs.
\$35,000

Meeting Basic Needs (continued)

LUTHERAN METROPOLITAN MINISTRY

Cleveland, Ohio
Advocacy staffing.
\$25,000

MERRICK HOUSE

Cleveland, Ohio
Advocates for Budget Legislation Equality.
\$500

NORTHEAST OHIO COALITION FOR THE HOMELESS

Cleveland, Ohio
Cleveland homeless legal assistance program.
\$10,000

OHIO ASSOCIATION OF SECOND HARVEST FOODBANKS

Columbus, Ohio
Public policy advocacy and Ohio Benefit Bank.
Up to \$125,000

OHIO COMMUNITY ACTION TRAINING ORGANIZATION

Columbus, Ohio
Ohio Anti-Poverty Task Force regional convenings.
\$6,000

OHIO GRANTMAKERS FORUM

Columbus, Ohio
Funders' collaborative to support strategic restructuring among human services organizations in Cuyahoga County.
\$50,000

SHOES AND CLOTHES FOR KIDS INC.

Cleveland, Ohio
Operating support.
\$10,000

UNIVERSAL HEALTH CARE ACTION NETWORK OF OHIO

Columbus, Ohio
Ohio Consumers for Health Coverage coalition.
\$40,000

Reproductive Health

ADVOCATES FOR YOUTH

Washington, D.C.
Federal advocacy and Future of Sex Education project.
\$50,000

AMERICAN CIVIL LIBERTIES UNION FOUNDATION, INC.

New York, New York
Advancing Healthy Sexuality Education initiative.
\$30,000

THE CENTER FOR COMMUNITY SOLUTIONS

Cleveland, Ohio
AIDS Funding Collaborative.
\$50,000

CLEVELAND METROPOLITAN SCHOOL DISTRICT

Cleveland, Ohio
Responsible Sexual Behavior program.
\$40,000

FAMILY PLANNING ASSOCIATION OF NORTHEAST OHIO, INC.

Painesville, Ohio
Teen reproductive health clinics.
\$50,000 over 2 years

OHIO RELIGIOUS COALITION FOR REPRODUCTIVE CHOICE

Columbus, Ohio
Faith Matters project.
\$9,000

RUTGERS UNIVERSITY FOUNDATION

Piscataway, New Jersey
ANSWER: Teen-to-Teen Sexuality Education Project.
\$30,000

Special Projects

THE FOUNDATION MAINTAINED ITS COMMITMENT to fund research on the causes, nature and prevention of inherited retinal degenerative diseases. We also continued support for a wide range of organizations working to strengthen the nonprofit and philanthropic fields. Special commitments grantmaking totaled \$2,263,500.

Philanthropic Services

BUSINESS VOLUNTEERS UNLIMITED

Cleveland, Ohio
Capacity-building services to nonprofits.
\$35,000

CONSULTATIVE GROUP ON BIOLOGICAL DIVERSITY INC.

San Francisco, California
Climate and energy funders group.
\$5,000

COUNCIL ON FOUNDATIONS, INC.

Arlington, Virginia
Operating support.
\$29,500

DIOCESE OF OHIO EPISCOPAL COMMUNITY SERVICES FOUNDATION

Cleveland, Ohio
Episcopal Community Services.
\$20,000

THE FOUNDATION CENTER

Cleveland, Ohio
Cleveland office operating support.
\$30,000

FUNDERS NETWORK FOR SMART GROWTH AND LIVABLE COMMUNITIES

Coral Gables, Florida
Operating support.
\$10,000

GRANTMAKERS FOR CHILDREN, YOUTH & FAMILIES, INC.

Silver Spring, Maryland
Operating support.
\$5,000

GRANTMAKERS FOR EDUCATION

Portland, Oregon
Operating support.
\$10,000

GRANTMAKERS IN HEALTH

Washington, D.C.
Operating support.
\$5,000

GRANTMAKERS IN THE ARTS

Seattle, Washington
Operating support.
\$3,000

INDEPENDENT SECTOR

Washington, D.C.
Operating support.
\$12,500

MINNESOTA COUNCIL OF NONPROFITS, INC.

St. Paul, Minnesota
Nonprofit Voter Engagement Network.
\$50,000

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

Washington, D.C.
Operating support.
\$10,000

NEIGHBORHOOD FUNDERS GROUP, INC.

Washington, D.C.
Operating support.
\$3,000

OHIO GRANTMAKERS FORUM

Columbus, Ohio
Operating support.
\$10,500

OHIO GRANTMAKERS FORUM

Columbus, Ohio
Ohio Issues Forum.
\$10,000

Philanthropic Services (continued)

OHIO GRANTMAKERS FORUM

Columbus, Ohio

Ohio Issues Forum.

\$10,000

Retinal Degenerative Disease Research

THE FOUNDATION FIGHTING BLINDNESS

Owings Mills, Maryland

Retinal degenerative disease research.

\$2,000,000

THE FOUNDATION FIGHTING BLINDNESS

Owings Mills, Maryland

Vision Walk Cleveland.

\$5,000

George Gund

THE GEORGE GUND FOUNDATION was established in 1952 as a private, nonprofit institution with the sole purpose of contributing to human well-being and the progress of society. Over the years, program objectives and emphases have been modified to meet the changing opportunities and problems of our society, but the Foundation's basic goal of advancing human welfare remains constant.

George Gund was born in La Crosse, Wisconsin, and his family settled in Cleveland in 1897. Following graduation from Harvard College (1909) and graduate study at Harvard Business School, his early career included banking and real estate in Seattle, serving in Army intelligence during World War I, developing the Kaffee-Hag Corporation in Cleveland, attending Animal Husbandry School at Iowa State University and ranching in Nevada.

In 1936, Mr. Gund married Jessica Roesler and settled down in Cleveland to raise a family. His interest in banking culminated in his becoming President of The Cleveland Trust Company in 1941. At his death in 1966, he was Chairman of the Board.

In 1937, Mr. Gund began a formal program of charitable giving, and his philanthropic concern extended throughout his life. He carefully selected those charities to which he committed his funds. If the commitment was considerable over a long period of time, he characteristically devoted much of his time and energy to the institution.

Strong relationships developed with the educational institutions that shaped Mr. Gund's early life. He contributed time and money to University School (Cleveland), where he was a trustee, and to Iowa State University, where he established a scholarship program for students of animal husbandry. He served on the Board of Overseers of Harvard College from 1954 to 1960 and was closely involved at Harvard with the School of Public Health and the Business School from 1954 to 1966. Another interest in higher education was Kenyon College, where he served as a trustee for many years.

Although Mr. Gund had little personal experience in the arts, his devotion to them was great. Perhaps the single best example was his long association with the Cleveland Institute of Art. In 1942, he became President of the Institute and, under his leadership, saw it develop into a lively and prestigious institution.

The George Gund Foundation was created in 1952 because Mr. Gund believed the private foundation concept provided the most positive, farsighted vehicle for intelligent underwriting of creative solutions to social ills in a manner which would not be limited to

his own lifetime. He favored the corporate foundation structure directed by an experienced, sensitive board of trustees entrusted not only with disbursement of funds, but an objective, practical review of proposals. He valued the degree of freedom a private foundation can exercise in seeking and fostering innovative ideas and in implementing demonstration projects.

Today, Mr. Gund's vision is carried forth through the continued involvement of the Gund family in the Foundation's work. Since its inception, the Foundation has made grants totaling more than \$538 million toward the advancement of human welfare.

Geoffrey Gund
President

Financial Statements

Statements of Financial Position

DECEMBER 31	2009	2008
Assets		
Cash and cash equivalents	\$ 23,321,582	\$ 4,664,964
Marketable and U.S. government securities	400,385,113	328,618,979
Interest and dividends receivable	431,752	452,218
Pending security sales	149,250	657,206
Federal excise tax	79,432	275,360
Other assets	288,453	284,606
Total assets	\$ 424,655,582	\$ 334,953,333
Liabilities		
Accounts payable and accrued expenses	382,993	339,973
Grants payable	6,120,000	9,042,000
Deferred federal excise tax	2,715,166	345,383
Total liabilities	\$ 9,218,159	\$ 9,727,356
Net Assets		
Unrestricted	415,437,423	325,225,977
Total liabilities and net assets	\$ 424,655,582	\$ 334,953,333

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

Statements of Activities

FOR THE YEARS ENDED DECEMBER 31	2009	2008
Revenues, Gains and Losses		
Net realized investment gains	\$ 2,515,948	\$ 9,744,835
Net unrealized investment gains (losses)	103,281,428	(177,425,955)
Dividend income	3,939,521	4,768,259
Interest income	1,643,688	1,623,764
Other income	38,600	-
Net revenue, gains and losses	\$ 111,419,185	\$ (161,289,097)
Expenses		
Grants authorized	15,298,617	16,421,225
Administrative expenses	3,668,295	4,168,962
Loss on sale of fixed asset	-	4,550
Total expenses	\$ 18,966,912	\$ 20,594,737
Increase (decrease) in net assets before federal excise tax provision	92,452,273	(181,883,834)
Federal excise tax provision (benefit)	2,240,827	(1,593,937)
Net increase (decrease) in net assets	\$ 90,211,446	\$ (180,289,897)
Net assets – beginning	325,225,977	505,515,874
Net assets – ending	\$ 415,437,423	\$ 325,225,977

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

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31	2009	2008
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 90,211,446	\$ (180,289,897)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	50,080	64,050
Net realized gains on securities	(2,515,948)	(9,744,835)
Net unrealized (gains) losses on securities	(103,281,428)	177,425,955
Loss on sale of fixed asset	–	4,550
Deferred federal excise tax	2,369,783	(2,358,387)
Changes in assets and liabilities:		
Receivables	724,350	(554,189)
Other assets	(2,477)	(5,866)
Accounts payable and accrued expenses	43,020	(185,978)
Grants payable	(2,922,000)	(3,788,130)
Net cash used in operating activities	<u>\$ (15,323,174)</u>	<u>\$ (19,432,727)</u>
Cash flows from investing activities		
Proceeds from sale of investments	87,796,727	70,722,533
Purchase of investments	(53,765,485)	(48,599,594)
Purchase of equipment and improvements	(51,450)	(42,568)
Net cash provided by investing activities	<u>\$ 33,979,792</u>	<u>\$ 22,080,371</u>
Net increase in cash and cash equivalents	18,656,618	2,647,644
Cash and cash equivalents – beginning	4,664,964	2,017,320
Cash and cash equivalents – ending	<u>\$ 23,321,582</u>	<u>\$ 4,664,964</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid (refunded) during the year:		
Income taxes, excise	\$ (325,134)	\$ 579,759
Interest	\$ –	\$ –

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

Notes to Financial Statements

DECEMBER 31, 2009 AND 2008

Note 1 – Summary of Significant Accounting Policies

NATURE OF OPERATIONS The George Gund Foundation (“the Foundation”) is a private foundation which makes grants to educational, community service and philanthropic organizations, basically in Greater Cleveland.

BASIS OF ACCOUNTING The Foundation’s financial statements are presented on the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses are recognized when incurred. The Foundation has only unrestricted net assets.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS Cash and cash equivalents consist of highly-liquid investments with maturity dates of three months or less which are readily convertible into cash.

INVESTMENTS Marketable and U.S. securities are reported at their market value. Securities traded on a national securities exchange are valued at the last reported trading price on the last business day of the year. Realized gains or losses are determined by comparison of asset cost to net proceeds received. Unrealized gains or losses are determined by comparison of asset cost to market values at the end of the year. Presenting the fair value of program-related investments is impractical since the purpose of these investments is to provide low interest loans to nonprofit organizations to assist them in their specific projects.

The Foundation invests in certain alternative investments which include investments in limited partnerships. Market values represent the Foundation’s pro rata interest in the net assets of each limited partnership as of December 31, 2009 and 2008, as provided by the fund managers. Market values as of December 31, 2009 and 2008 are not based on audited financial information supplied by the general partner or manager of the funds. Audited information is only available annually based on the partnerships’ or funds’ year end. Management reviews monthly valuations provided by the general partner or manager of the funds and assesses the reasonableness of the fair values provided at the interim dates and included in the financial statements. As of December 31, 2009 and 2008, the Foundation had total unfunded capital commitments to alternative investments of \$7,863,257 and \$9,109,134, respectively. Because of the inherent uncertainty of the valuation of alternative investments, the market values reflected in the accompanying financial statements may differ significantly from realizable values.

FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS Furniture, equipment and leasehold improvements are stated at cost. Amortization and depreciation is recorded using both straight-line and accelerated methods over the estimated useful lives of the assets. Depreciation and amortization expense amounted to \$50,080 and \$64,050 for the years ended December 31, 2009 and 2008, respectively.

FAIR VALUE MEASUREMENT-DEFINITION AND HIERARCHY The Foundation follows FASB ASC 820-10, “Fair Value Measurements.” Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Foundation uses various valuation approaches, including market, income and/or cost approaches. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation’s assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Notes to Financial Statements (continued)

DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **LEVEL 1** Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Assets and liabilities utilizing Level 1 inputs include exchange-traded equity securities that are actively traded.

- **LEVEL 2** Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Assets and liabilities utilizing Level 2 inputs include corporate bonds, municipal bonds, private equity investments in mutual funds and certificates of deposit with maturity dates of greater than three months.

- **LEVEL 3** Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Unobservable input may be developed by outside third parties using marketing models based on information available to them. Unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing. Unobservable input shall be developed based on the best information available in circumstances, which might include the reporting entity's own data.

Assets and liabilities utilizing Level 3 inputs include equity securities that are not actively traded, private equity investments and program related investments.

RECLASSIFICATIONS Certain prior year amounts have been reclassified to conform to the current year classification.

Note 2 – Investments

Cost and market value of investments held at December 31, 2009 and 2008 were as follows:

	2009		2008	
	MARKET VALUE	COST	MARKET VALUE	COST
Fixed income securities	\$ 14,758,833	\$ 14,714,640	\$ 15,261,604	\$ 19,913,517
Common stocks and alternative investments	385,626,280	249,843,647	313,357,375	291,393,331
Total	\$ 400,385,113	\$ 264,558,287	\$ 328,618,979	\$ 311,306,848

Market values of investments are based on December 31, 2009 and 2008 published quotations, except that estimates are used when quotations are not available. Fixed income securities consist of U.S. government securities, U.S. government guaranteed securities and corporate securities. Common stocks and alternative investments consist principally of U.S. and international equity securities, investments in equity mutual funds, program-related investments, investments in limited partnerships and certificates of deposits with maturity dates of three months or more.

Published market quotations do not necessarily represent realizable values, particularly where sizable holdings of a company's stock exist, as in the case of the Foundation's holding of the Kellogg Company common stock.

Notes to Financial Statements (continued)

DECEMBER 31, 2009 AND 2008

Note 3 – Fair Value Disclosure and Measurement

The Foundation's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with FASB ASC 820-10. See Note 1 for a discussion of the Foundation's policies regarding this hierarchy.

The following fair value hierarchy tables present information about the Foundation's assets and liabilities measured at fair value on a recurring basis as of December 31, 2009 and 2008:

	FAIR VALUE MEASUREMENTS AT REPORTING DATE USING			Balance
	Quoted Prices in Active Markets for Identical Assets (LEVEL 1)	Significant Other Observable Inputs (LEVEL 2)	Significant Unobservable Inputs (LEVEL 3)	
DECEMBER 31, 2009				
Corporate Stock	\$ 182,384,915	\$ –	\$ 100	\$ 182,385,015
Corporate Bonds	–	9,026,440	–	9,026,440
Government Obligations	–	5,732,393	–	5,732,393
Limited Partnerships	–	–	53,091,472	53,091,472
Limited Partnerships – Mutual Funds	–	137,128,049	–	137,128,049
Other Investments	–	5,346,570	7,675,174	13,021,744
Total	\$ 182,384,915	\$ 157,233,452	\$ 60,766,746	\$ 400,385,113

The following table provides a reconciliation of changes in Level 3, unobservable, assets and liabilities measured at fair value on a recurring basis for the year ended December 31, 2009:

	FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)			Total
	Limited Partnerships	Other Investments	Common Stock	
Beginning balance – January 1, 2009	\$ 38,028,255	\$ 7,971,622	\$ 100	\$ 45,999,977
Total gains or losses (realized/unrealized)				
Included in changes in net assets	14,115,422	(34,946)	–	14,080,476
Purchases	1,209,134	–	–	1,209,134
Sale proceeds	(261,339)	(261,502)	–	(522,841)
Ending balance – December 31, 2009	\$ 53,091,472	\$ 7,675,174	\$ 100	\$ 60,766,746

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date

	\$ 14,030,751	\$ (34,946)	\$ –	\$ 13,995,805
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Notes to Financial Statements (continued)

DECEMBER 31, 2009 AND 2008

DECEMBER 31, 2008	FAIR VALUE MEASUREMENTS AT REPORTING DATE USING			Balance
	Quoted Prices in Active Markets for Identical Assets (LEVEL 1)	Significant Other Observable Inputs (LEVEL 2)	Significant Unobservable Inputs (LEVEL 3)	
Corporate Stock	\$ 161,568,497	\$ –	\$ 100	\$ 161,568,597
Corporate Bonds	–	11,786,249	–	11,786,249
Government Obligations	–	3,475,355	–	3,475,355
Limited Partnerships	–	–	38,028,255	38,028,255
Limited Partnerships – Mutual Funds	–	105,288,901	–	105,288,901
Other Investments	–	500,000	7,971,622	8,471,622
Total	\$ 161,568,497	\$ 121,050,505	\$ 45,999,977	\$ 328,618,979

The following table provides a reconciliation of changes in Level 3, unobservable, assets and liabilities measured at fair value on a recurring basis for the year ended December 31, 2008:

	FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)			Total
	Limited Partnerships	Other Investments	Common Stock	
Beginning balance – January 1, 2008	\$ 57,205,529	\$ 8,046,266	\$ 100	\$ 65,251,895
Total gains or losses (realized/unrealized)				
Included in changes in net assets	(20,343,623)	(63,370)	–	(20,406,993)
Purchases	1,750,000	–	–	1,750,000
Sale proceeds	(583,651)	(11,274)	–	(594,925)
Ending balance – December 31, 2008	\$ 38,028,255	\$ 7,971,622	\$ 100	\$ 45,999,977

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date

	\$ (20,584,496)	\$ (63,370)	\$ –	\$ (20,647,866)
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Gains and losses (realized and unrealized) included in changes in net assets include net investment gains of \$84,671 and \$240,873 and net unrealized investment gains (losses) of \$13,995,805 and (\$20,647,866) for the period ended December 31, 2009 and 2008, respectively.

Note 4 – Credit Concentration

Aside from its holdings in the Kellogg Company, the Foundation's portfolio of investments is highly diversified; however, at December 31, 2009 and 2008, 32% and 35% of the total market value of securities and 88% and 73% respectively, of dividend income in each year are attributable to ownership of Kellogg Company stock.

Notes to Financial Statements (continued)

DECEMBER 31, 2009 AND 2008

Note 5 – Leases

The Foundation occupies office space in the Landmark Office Towers under a lease that terminates on December 31, 2018. Base annual rentals are \$120,080 for the remaining term of the lease, with escalation charges from these base rentals. There are renewal options for additional periods. Rental expense for the years ended December 31, 2009 and 2008 amounted to \$129,570 and \$149,948, respectively.

The future minimum lease commitments for the next five years under leases with terms in excess of one year are as follows:

2010	\$ 120,080
2011	121,956
2012	123,833
2013	123,833
2014	127,585
Thereafter	519,722
	\$ 1,137,009

Note 6 – Net Assets

Net assets include the accounts of two board-designated funds (principal and income) both of which consist entirely of unrestricted net assets. The principal fund consists of investments in securities and receives the realized and unrealized gains or losses on those assets. The income fund receives interest and dividends on the principal fund investments which are used for grants and administrative expenses. At December 31, the statements of financial position included the following income fund accounts:

	2009	2008
Cash	\$ 8,868,094	\$ 1,815,409
Receivables	511,184	727,578
Other assets	42,426	39,949
Due to principal fund	(87,517)	(77,385)
Accounts payable	(382,993)	(339,973)
Grants payable	(6,120,000)	(9,042,000)
Deferred federal excise tax	1,439	860
	\$ 2,832,633	\$ (6,875,562)

The following is a summary of the changes in total net assets:

	2009	2008
Income fund	\$ 9,708,195	\$ 5,036,261
Principal fund	80,503,251	(185,326,158)
Increase (decrease) in net assets	90,211,446	(180,289,897)
Net assets – beginning	325,225,977	505,515,874
Net assets – ending	\$ 415,437,423	\$325,225,977

The change in individual funds includes transfers by the Foundation of \$23,256,574 in 2009 and \$20,008,461 in 2008 from the principal fund to the income fund.

Notes to Financial Statements (continued)

DECEMBER 31, 2009 AND 2008

Note 7 – Employee Benefit Plan

The Foundation has an employee's tax-sheltered annuity plan for all eligible employees. Such a plan is intended to comply with the requirements of Section 403(b) of the Internal Revenue Code (IRC). Employer contributions are required at 9% of the participants' compensation up to the Social Security wage base for the year and 14.7% of the participant's compensation in excess of this wage base, with a limit of \$245,000 of compensation for the year ended December 31, 2009 and \$230,000 for the year ended December 31, 2008. Employer contributions to the plan for the years ended December 31, 2009 and 2008 amounted to \$114,930 and \$110,496, respectively. Participants are also permitted to make salary reduction contributions to the plan.

Note 8 – Excise Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC, but is subject to a 2% (1% if certain criteria are met) federal excise tax on net investment income, including net realized gains, as defined by the IRC.

Deferred federal excise taxes are provided on the unrealized appreciation or depreciation of investments and interest and dividend income and certain expenses being reported for financial statement purposes in different periods than for tax purposes.

Current excise taxes were provided at 1% and 2% for 2009 and 2008, respectively, and deferred excise taxes were provided at 2% for 2009 and 2008. The current and deferred portions of the excise tax provisions were \$(405,474) and \$2,646,301, respectively, netting to \$2,240,827 in 2009. The current and deferred portions of the excise tax provisions were \$296,632 and \$(1,890,569), respectively, netting to \$(1,593,937) in 2008.

The Organization adopted the provisions of FASB ASC 740-10, "Accounting for Uncertainty in Income Taxes," which provides guidance on the recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues. Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the accompanying financial statements.

Accrued interest relating to uncertain tax positions would be recorded as a component of interest expense, and penalties relating to uncertain tax positions would be recorded as a component of general and administrative expenses.

The federal income tax returns of the Organization for 2007, 2008 and 2009 are subject to examination by the IRS, generally for three years after they were filed.

Note 9 – Subsequent Events

The Organization has evaluated subsequent events from the balance sheet date through March 30, 2010.

Independent Auditors' Report

TO THE BOARD OF TRUSTEES, THE GEORGE GUND FOUNDATION

We have audited the accompanying statements of financial position of The George Gund Foundation as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The George Gund Foundation at December 31, 2009 and 2008, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Walthall, Drake & Wallace LLP

Certified Public Accountants

Cleveland, Ohio

March 30, 2010

Grant Guidelines

THE HISTORY OF THE GEORGE GUND FOUNDATION reflects a deep commitment to place, to the Greater Cleveland community that was the home of its founder and that remains the Foundation's home. The Foundation's philanthropic stewardship of this region derives not just from our history, but also from our belief that Cleveland can continue to develop original responses to urban issues and from our hope that collaborations across boundaries can create a crucible of innovation in all fields of endeavor. Moreover, the urban emphasis of our work stems from a belief that thriving cities are among the nation's best hopes for addressing our essential problems. This focus is especially vital in an era of diminished government involvement in urban issues, intensifying globalization and heightened awareness of the central role of regions.

The Foundation's guidelines reflect our long-standing interests in the arts, economic development and community revitalization, education, environment and human services because these areas embrace most of the major issues that any community must address. While we continue to organize much of our work within these program areas, there is increasing awareness that many issues and, therefore, many grant proposals do not fit neatly into one program category. Indeed, the work of a growing number of nonprofit organizations brings together aspects of several of our core interests, and, as a result, we are becoming ever more interdisciplinary in our approach.

This is particularly evident with initiatives that aim to make Cleveland, and urban areas generally, more globally competitive, livable, sustainable and just. It is in this domain that the greatest need and maximum opportunity converge with the Foundation's primary interests, expertise and ongoing stewardship. We especially seek to support innovative ideas being pursued by creative and entrepreneurial organizations.

Our primarily urban focus motivates us to devote attention and resources to the illumination of policies that shape the issues we care about. National, state and local policymaking affects all of the Foundation's work and the work of the organizations we fund. Consequently, we feel a special obligation to support the nonpartisan voice of nonprofit advocacy in policy deliberations that directly relate to our program interests.

Global climate change is an urgent issue that cuts across all of the Foundation's programs. Every organization and individual can help to address this problem. The Foundation takes seriously our own responsibility, and we now require grant applicants to tell us what they are doing or considering to reduce or to eliminate their

organizational impact on climate change. Our website includes links to helpful resources, and Foundation staff will assist grant seekers – both new and those of long standing – in all of our program areas with questions they may have.

Arts

The Foundation values and supports the role the arts play in making Cleveland and its region a more desirable place to live, encouraging the growth of a creative workforce, catalyzing development in our neighborhoods and serving as a bridge between various segments of the community. The Foundation encourages a lively, diverse arts community in Greater Cleveland by funding projects in the city and its first-ring suburbs that contribute to Cleveland's urban vitality, attract new audiences, expand artistic offerings and increase organizational capacity. We also try to balance continuing support that ensures the stability of Cleveland's arts institutions with funding for new initiatives, programs and organizations that foster creativity in our community. Arts education continues to be a priority, with a focus on curriculum-related partnerships between arts organizations and the Cleveland Metropolitan School District. In addition, the Foundation seeks to advance the region's understanding of the importance of the arts by supporting the Community Partnership for Arts and Culture.

Economic Development and Community Revitalization

Sustaining uniquely urban assets such as vibrant neighborhoods and a thriving downtown is a key part of a successful regional strategy to promote economic growth. The Foundation devotes considerable attention to these dynamics, in particular by supporting collaborative efforts that leverage resources. As a result, the highest priority is given to initiatives that bolster the impact of Foundation-supported intermediary organizations working to

GRANT GUIDELINES (CONTINUED)

improve the competitiveness of Cleveland's neighborhoods and its metropolitan region. Examples of such initiatives include quality urban planning and design, improvements to urban parks and public spaces, promotion of equal opportunity and diversity in housing and the workplace and redevelopment of Cleveland's downtown, neighborhoods and first-ring suburbs.

Education

Education is fundamental to success, and if Cleveland is to produce, attract and retain talent and be the thriving center of a robust regional economy, expectations about education must rise exponentially. Consequently, our Foundation's focus is on the transformation of public education in Cleveland in order to equip children from early childhood onward with the skills they ultimately will need to meet the demands of college, the 21st-century workplace and international standards. Our primary area of interest is the creation and support of new, innovative, excellent schools in Cleveland. Related to that strategy is the recognition that high-quality teachers supported by excellent principals make an enormous difference in student success. Therefore, we seek to support efforts to guarantee quality teachers and principals in every classroom and school. We maintain a desire to support disadvantaged students through key transitions, especially to higher education. We also have an interest in the efforts of public and private universities in Greater Cleveland to forge innovative ventures that enhance the region.

Environment

Human well-being is inextricably linked to the quality of the environment. Urban areas bring this fact into sharp focus as historic disregard for the environment and modern development pressures create great challenges. Cleveland's relationship to these issues – and, therefore, its opportunity – are unique because the 1969 fire on the Cuyahoga River was a key factor in launching the modern environmental movement. The Foundation supports organizations that seek to build on that legacy in order to transform the community into a model of urban sustainability. The Foundation focuses on opportunities to take advantage of Cleveland's distinctive ecosystem to advance environmental improvements, promote alternatives to urban sprawl, devise innovative ways for cities to take a leading role in the fight against climate change and increase public awareness of environmental issues.

Human Services

Heightened focus on developing a more globally competitive city and region demands recognition that people are at the heart of this effort and that all segments of society can make constructive contributions. To maximize these contributions, direct attention must be paid to the needs of those most at risk of being left out of social and economic transformation. Building human capital begins at birth, and the Foundation pays special attention to the needs of Greater Cleveland's disadvantaged children through grants to support early childhood care and education, abuse prevention

and improved foster care and adoption systems. In addition, the Foundation provides some support for the local "safety net" of food, clothing, shelter and access to health care. A closely related set of interests is reflected in the Foundation's desire to help vulnerable populations achieve access to health insurance, the legal system, community support following release from prison and safe and affordable reproductive health services.

The Foundation normally does not consider grants for endowments. Capital requests must meet the Foundation's program goals and also adhere to green building standards of environmental sustainability. Details on these requirements are available from the Foundation. Grants are not made for debt reduction or to fund benefit events.

The Foundation does not make grants to individuals, nor does it administer programs it supports. Grants are limited to organizations located in the United States.

The Foundation makes grants only to organizations that meet Internal Revenue Code requirements as nonprofit tax-exempt organizations and to qualified government units and agencies. Grant funds may not be used to participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office.

Grant Application Procedures

THE FOUNDATION ENCOURAGES INQUIRIES about the application of our funding guidelines to specific ideas in advance of the submission of formal proposals. Foundation staff welcome the opportunity to provide guidance, suggest alternatives and recommend partners.

Proposals are considered three times a year by the Foundation's Trustees – at a winter-spring meeting, a summer meeting and a fall meeting. Deadlines for submitting proposals for consideration at the next regularly scheduled meeting of the Trustees are March 15, July 15 and November 15. Proposals are due the next business day if a deadline falls on a weekend.

Every proposal must include a climate change statement, a brief explanation of what the organization is doing or considering to reduce or to eliminate its impact on climate change. The Foundation's website, www.GundFoundation.org, includes resources to assist grantees with this task. In this same spirit, we ask that organizations do not submit proposals in notebooks, binders or plastic folders and print proposals on both sides of each sheet of paper.

Each application also must include a completed cover sheet, available at www.GundFoundation.org, which is signed by the organization's board chair and executive director. Proposals should also include:

Organizational Background

History, mission, types of programs offered, constituencies served.

Project Description

Justification of need, specific goals and objectives, activities planned to meet goals and objectives, project time line, qualifications of key personnel, methods of evaluation.

Project Budget

Anticipated expenses, including details about how Foundation funds would be used, and anticipated income, including information about other sources approached for funding.

Organizational Budget

Previous and current year budget and proposed budget for project year(s) showing both income and expenses, the organization's most recent audited financial statement. Do **NOT** include IRS 990 forms.

Supporting Documents

List of current trustees, letters of support, readily available printed material about organization such as annual reports and brochures, IRS letter confirming Internal Revenue Code 501(c)(3) status and classification as a public charity or information confirming status as a government unit or agency.

The Foundation also will accept the Ohio Common Grant Form, available at www.OhioGrantmakers.org, if organizations are using it to apply to multiple funders. Faxed or electronic proposals are not accepted.

All grant applications and requests for information should be addressed to: The George Gund Foundation, 1845 Guildhall Building, 45 Prospect Avenue West, Cleveland, Ohio 44115 (telephone 216.241.3114).

All proposals are screened and evaluated by the staff before presentation at Trustee Meetings. Receipt of proposals will be acknowledged by mail.

Grantseekers may obtain information about other foundation and corporate funding sources at the Foundation Center in Cleveland, 1422 Euclid Avenue, or by calling 800.424.9836 for the locations of other Foundation Center offices.

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*Term ended June 2009.

Credits

THE PHOTOGRAPHS

Lynn Whitney's striking photographs provide a glimpse into life on Cleveland's lakefront, illustrating the varied recreational, cultural and commercial roles Lake Erie plays in our community. The lake, part of one of the world's largest fresh water systems, also is a significant asset in the efforts of many to make Cleveland a leader in sustainability. Whitney, head of the photography program at Bowling Green State University since 1987, has exhibited both nationally and internationally. She has undergraduate degrees from Boston University and the Massachusetts College of Art and earned her Master of Fine Arts from Yale University. Her previous work includes a commission by the Toledo Museum of Art to document construction of the Veterans' Glass City Skyway in that city.

Lake Erie

The George Gund Foundation has provided funding for many years to organizations focused on the Great Lakes Basin and improved water quality. Most recently the Foundation has supported organizations advocating for full funding of the Great Lakes Restoration Initiative and those working to restore and protect the watersheds flowing into Lake Erie. Grantees working in these areas include:

GREAT LAKES SCIENCE CENTER

GREAT LAKES UNITED

**GREAT LAKES REGIONAL CENTER - NATIONAL WILDLIFE
FEDERATION**

WEST CREEK PRESERVATION COMMITTEE

CUYAHOGA RIVER COMMUNITY PLANNING ORGANIZATION

OHIO ENVIRONMENTAL COUNCIL

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