

The George Gund Foundation

2012 ANNUAL REPORT



PRESIDENT'S LETTER

Each year I write a letter for the annual report as I have for the last 20 years.

This year, in recounting the work of The George Gund Foundation, it is with sadness that I note the death in early 2013 of my brother George Gund III who was a faithful Trustee of the Foundation for 32 years. George was the second family Trustee to join the Foundation and was, at his death, the longest serving Trustee on the Foundation Board.

George made a steadfast contribution to the Foundation in a wide variety of areas. He hardly missed a meeting in his years of tenure, and he was always available for comment on his wide-ranging interests which often overlapped with those of the Foundation. In addition to his worldwide pursuits in film, sports and the arts, George had an interest in a wide number of concerns in the Cleveland area. He was on the boards of the Cleveland International Film Festival, the Cleveland Orchestra and the Cleveland Museum of Art. He conceived the idea of the Cleveland Cinematheque at the Cleveland Institute of Art in 1980 and was a founding trustee of that organization in 1984.

George supported the Foundation at a most personal level, making available and fully sponsoring three retreats of The George Gund Foundation Board and staff at his ranch in Elko, Nevada, in June 1982, July 1997 and July 2007. These retreats gave Foundation program officers and Trustees a chance to meet and reflect on the work of the Foundation in a superb setting. Our meetings lasted three full days and were very productive. In the evenings, George provided unforgettable entertainment that reflected his unique interest in the West – whether it was readings by cowboy poets or a dance performance by a local Basque group.

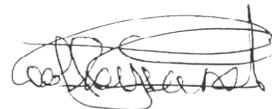
As with any encounter with George, those gatherings reflected both his larger-than-life quality and his exuberantly childlike nature that could only ignite a sympathetic response. Everybody was able to relate to George; he asked the child inside of you to come out and play.

George's warmheartedness was always at the forefront in his relations with the Foundation. His ready smile, his gentle humor and his good-natured easy friendliness were unique and will be deeply missed.

George had many enthusiasms – hockey, the West, travel and film among them. Art played an important role in George's life, and in his final year as a Trustee he participated in awarding the Foundation's largest grant of 2012 – \$5 million – to the Cleveland Museum of Art for its stunning renovation and expansion project. The wing that houses the museum's education programs, innovative Gallery One and Gartner Auditorium is now called the Gund Family Pavilion. George would have been delighted by the many visitors watching films in the auditorium, learning more about art in the education classrooms and using new technology to better appreciate the masterpieces housed throughout the museum.

In its first meeting of 2013, the Foundation made several grants in George's memory that will continue to support the Cleveland programs he cared about so deeply. The George Gund III Memorial Central and Eastern European Film Competition at the Cleveland International Film Festival, the George Gund III Fund for Artistic Excellence at the Cleveland Orchestra and an endowment contribution to the Cinematheque will carry on his good work.

George's wide-ranging interests, commitment to philanthropy and affection for Cleveland also will live on in the efforts of the Foundation as we continue the work started by our father.



Geoffrey Gund
President and Treasurer

EXECUTIVE DIRECTOR'S LETTER

More than a billion people lack access to clean, fresh water.

From the perspective of water-abundant Northeast Ohio, that fact may seem almost incomprehensible. We are used to treating water as a seemingly inexhaustible, virtually free resource. Turn on the tap and there it is. But in many areas of the world that's a dream, and even in arid parts of the United States, water supplies are strained. People there eye our water covetously. A pipeline from the Great Lakes to Arizona may not be likely, but as with most issues, it's important that we keep the larger context in mind. It's increasingly vital to take a global perspective and not just a local one. Indeed, the water crisis that afflicts large parts of the earth is expected to worsen as humankind dithers instead of taking action to address climate change.

Climate action is imperative for many reasons, and we who enjoy ample fresh water must not be complacent. Some scientists predict that Great Lakes water levels will drop substantially if climate change continues unabated. There are many things that we as citizens can do about climate change. We can, for starters, demand that many of our policymakers stop ignoring the overwhelming science simply because they don't like what it says. But we also must pay special attention to our water resources and not take them for granted. Our region's water supply is under stress from many causes, including renewed green algae blooms on Lake Erie and the massive water demands of the hydraulic fracturing boom. Immediate economic gain must be balanced by our need for long-term preservation of vital assets.

And in striking that balance there will be additional opportunities that could provide Northeast Ohio with both competitive advantage and an important chance to help address the global water crisis. This region has learned a great deal about remediation of polluted water since the famous Cuyahoga River fire in 1969 catalyzed a push for environmental renewal. Enhancing and sharing that expertise can help the world deal with similar challenges.

Many organizations that already are deeply engaged in water issues have joined forces under the banner of The Alliance for Water Future to share knowledge and spur innovative solutions to water issues. NorTech, the technology-based economic development organization, has mapped a cluster of existing and emerging companies that have the potential to grow the region's water expertise. That capability can both create jobs locally and help solve water problems globally.

Why do we have this regional strength? Because the research and manufacturing capacity in our region, which at an earlier time primarily contributed to the pollution of our waterways, is turning more and more to solving water problems. And that brings me to the photographic essay that is featured in this year's annual report.

Jeff Whetstone's evocative images of the Cuyahoga River illustrate not only its winding route through diverse landscapes but also the history of the Cuyahoga's development and our regard for this waterway. There was a time when we treated the river in a wholly utilitarian way. We used it to move cargo and as a kind of sewer to receive industrial and household waste. For that we have paid enormous environmental, reputational and economic costs. The 1969 fire began the slow transition to a new outlook. The Alliance for Water Future seeks to accelerate the transformation by nurturing collaborative action among universities, public agencies, companies and nonprofits. As Whetstone's photographs show, the Cuyahoga will remain a working river for stretches of its meandering way to Lake Erie.

Yes, we must vigilantly work to restore the quality of the river's water and Lake Erie's, too. That effort would be greatly aided by overcoming the long-standing barriers that keep people from getting close to and seeing the water the way Whetstone has. Those barriers are beginning to fall away in and around downtown Cleveland where public access to the water has the greatest potential to stimulate economic activity by attracting people. Creative planning and authentic design should highlight, even celebrate, our industrial heritage and the muscular qualities of waterways that have an ongoing role to play in our economic life. And, perhaps of greatest importance, if we apply ourselves sufficiently to the task we can achieve a level of global leadership in addressing water issues that will surely grow ever more pressing.



David T. Abbott
Executive Director

2012 COMMITMENTS SUMMARY

Arts

63 grants | \$7,452,300

Economic Development & Community Revitalization

30 grants | \$5,444,900

Education

18 grants | \$3,349,000

Environment

45 grants | \$2,162,075

Human Services

87 grants | \$4,660,299

Special Commitments

21 grants | \$2,553,450

Grand Total

264 grants | \$25,622,024

Total since inception of the Foundation in 1952

\$606,281,696

ARTS

The Foundation remained committed 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 offered opportunities for local artists. We continued to encourage the arts to play a role in energizing and revitalizing communities with a \$5 million grant to the Cleveland Museum of Art for its renovation and expansion. Arts grantmaking totaled \$7,452,300.

EDUCATION

Broadway School of Music & the Arts

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

The Cleveland Foundation

Cleveland, Ohio
CMSD arts education research. | *Up to* \$50,000

Cleveland Music School Settlement

Cleveland, Ohio
Centennial marketing. | \$40,000

Cleveland State University Foundation, Inc.

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

Eleanor B. Rainey Memorial Institute, Inc.

Cleveland, Ohio
City of Cleveland Mural My Neighborhood project. | \$15,000
over 2 years

Grantmakers in the Arts

Seattle, Washington
Arts Education Funders' Coalition. | \$5,000

Great Lakes Theater Festival, Inc.

Cleveland, Ohio
Education department. | \$90,000

Groundworks Dancetheater

Cleveland Heights, Ohio
Summer dance program at Rainey Institute. | \$5,000

Near West Theatre, Inc.

Cleveland, Ohio
Operating support. | \$20,000

Ohio City Near West Development Corporation

Cleveland, Ohio
Ohio City Writers. | \$10,000

Progressive Arts Alliance Incorporated

Cleveland, Ohio
Staff expansion. | \$25,000

Singers Club

Cleveland, Ohio
Master classes. | \$1,000

Young Audiences of Northeast Ohio Inc.

Cleveland, Ohio
ArtWorks. | \$10,000

Young Audiences of Northeast Ohio Inc.

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

FILM & MEDIA

Case Western Reserve University

Cleveland, Ohio
Creative Writers Conference. | \$2,000

Cleveland Institute of Art

Cleveland, Ohio
Arthopper website. | \$5,000

The Cleveland International Film Festival, Inc.

Cleveland, Ohio
Operating support and new website. | \$120,000

Cleveland Public Library

Cleveland, Ohio
Octavofest. | \$2,000

ideastream

Cleveland, Ohio
News and public affairs programming. | \$500,000 *over 2 years*

Parkworks, Inc.

Cleveland, Ohio
Fresh Water Cleveland. | \$10,000

Playhouse Square Foundation

Cleveland, Ohio
Fresh Water Cleveland. | \$10,000

University Circle Incorporated

Cleveland, Ohio
'Creating a Sense of Place' multimedia project. | \$5,000

PERFORMING ARTS

Apollo's Fire The Cleveland Baroque Orchestra

Cleveland Heights, Ohio
City of Cleveland outreach. | \$7,500

ChamberFest Cleveland

Cleveland Heights, Ohio
Start-up support. | \$20,000

CityMusic Cleveland Inc.

Cleveland, Ohio
 Operating support. | \$20,000

Cleveland Jazz Orchestra

Bedford, Ohio
 Hanna Theatre concerts. | \$15,000

Cleveland Modern Dance Association

Cleveland, Ohio
 Collaborative project with Cleveland State University. | \$5,000

Cleveland Modern Dance Association

Cleveland, Ohio
 Operating support. | \$35,000

The Cleveland Play House

Cleveland, Ohio
 Operating support and new holiday production. | \$110,000

Cleveland Public Theatre, Inc.

Cleveland, Ohio
 Operating support and DanceWorks. | \$80,000

Dobama Theatre, Inc.

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

Ensemble Theatre of Cleveland

Cleveland Heights, Ohio
 Work with local playwrights. | \$5,000

Groundworks Dancetheater

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

Karamu House

Cleveland, Ohio
 Theatre program. | \$50,000

The Musical Theater Project

Lakewood, Ohio
 Staff expansion. | \$10,000

Opera Circle, Inc.

Cleveland, Ohio
 Operating support. | \$20,000

Piano International Association of Northern Ohio

Cleveland, Ohio
 "Play Me, I'm Yours" art installation. | \$23,000

Piano International Association of Northern Ohio

Cleveland, Ohio
 Branding and technology upgrades. | \$25,000

Professional Flair, Inc.

Cleveland, Ohio
 Choreography commissions. | \$20,000

University Circle Incorporated

Cleveland, Ohio
 Circle in the City. | \$7,500

Verb Ballets

Cleveland, Ohio
 Operating support. | \$37,500

SPECIAL PROGRAMS**Arts Collinwood Inc.**

Cleveland, Ohio
 Interim operating support. | \$10,000

Beck Center for the Cultural Arts

Lakewood, Ohio
 Marketing and communication plan implementation. | \$25,000

Cleveland Festival of Art and Technology Inc.

Cleveland, Ohio
 Operating support. | \$80,000

The Community Partnership for Arts and Culture

Cleveland, Ohio
 Operating support. | \$210,000

Economic Growth Foundation

Cleveland, Ohio
 Artist as Entrepreneur Institute marketing. | \$3,000

Economic Growth Foundation

Cleveland, Ohio
 Arts Network assessment. | \$3,000

Grantmakers in the Arts

Seattle, Washington
 Operating support. | \$3,000

The Great Lakes Museum of Science, Environment and Technology

Cleveland, Ohio
 CEO search. | \$60,000

Heights Arts Collaborative Inc.

Cleveland Heights, Ohio
 Capacity building. | \$25,000

The Pew Charitable Trusts

Philadelphia, Pennsylvania
 Ohio Cultural Data Project. | \$25,000

VISUAL ARTS**Artists Archives of the Western Reserve**

Cleveland, Ohio
 Collection management software. | \$5,800

Campus District Inc.

Cleveland, Ohio
 RED DOT Project. | \$10,000

Cleveland Artists Foundation

Lakewood, Ohio
 Exhibition support. | \$12,500

The Cleveland Museum of Art

Cleveland, Ohio
 Museum expansion and renovation. | \$5,000,000 *over 10 years*

Intermuseum Conservation Association

Cleveland, Ohio
 Anniversary exhibitions. | \$22,000

Morgan Art of Paper Making Conservatory & Educational Foundation

Cleveland, Ohio
Watermarks conference in Cleveland. | \$2,000

Museum of Contemporary Art Cleveland

Cleveland, Ohio
Operating support. | \$240,000 *over 2 years*

Sculpture Center

Cleveland, Ohio
Administrative support. | \$8,000

SPACES

Cleveland, Ohio
Project manager. | \$7,500

SPACES

Cleveland, Ohio
Operating support. | \$55,000

Zygote Press Inc.

Cleveland, Ohio
CAN Journal. | \$4,000

Zygote Press Inc.

Cleveland, Ohio
Operating support and digital upgrades. | \$26,000

ECONOMIC DEVELOPMENT & COMMUNITY REVITALIZATION

The Foundation renewed its multi-year commitment to the Fund for Our Economic Future, a funders' collaborative focused on enhancing the long-term competitiveness of Northeast Ohio. The Foundation also supported other organizations working effectively to create a vibrant Cleveland including the Downtown Cleveland Alliance, Greater Cleveland Media Development Corporation, Midtown Cleveland and LAND studio. Grants to the Cleveland Housing Network, Enterprise Community Partners and Burten, Bell, Carr Development reflected the Foundation's longtime involvement with organizations working to improve Cleveland neighborhoods. Economic development and community revitalization grantmaking totaled \$5,444,900.

ECONOMIC DEVELOPMENT

Downtown Cleveland Alliance

Cleveland, Ohio
Operating and project support. | Up to \$250,000

Fund for Our Economic Future

Cleveland, Ohio
Operating support. | \$4,000,000 over 3 years

Greater Cleveland Media Development Corporation

Cleveland, Ohio
Operating support. | \$60,000

Hard Hatted Women

Cleveland, Ohio
Fee-for-service development. | \$10,000

Midtown Cleveland

Cleveland, Ohio
Cleveland Health-Tech Corridor. | \$50,000

Presidents' Council Foundation Inc.

Cleveland, Ohio
Emerging Entrepreneurs Program. | \$25,000

HOUSING & COMMUNITY REVITALIZATION

Burten, Bell, Carr Development, Inc.

Cleveland, Ohio
Market, Café and Community Kitchen. | \$25,000

Cleveland Housing Network, Inc.

Cleveland, Ohio
Operating support. | \$80,000

Enterprise Community Partners, Inc.

Columbia, Maryland
Pilot Eco-District/Sustainability Program. | \$30,000

Ohio CDC Association

Columbus, Ohio
Annual conference. | \$2,500

Western Reserve Land Conservancy

Novelty, Ohio
Thriving Communities Institute. | \$50,000

SPECIAL PROGRAMS

CEOs for Cities

Chicago, Illinois
Operating support. | \$5,000

CEOs for Cities

Chicago, Illinois
Organizational development and capacity building. | \$50,000

City Club of Cleveland

Cleveland, Ohio
Strategic planning. | \$10,000

Cleveland Development Foundation

Cleveland, Ohio
Operating support. | \$5,000

Cleveland Hillel Foundation, Inc.

Cleveland, Ohio
Summer internship program. | \$7,500

Cleveland Leadership Center

Cleveland, Ohio
Operating support. | \$40,000

Cleveland Social Venture Partners

Cleveland, Ohio
Challenge Cuyahoga. | \$10,000

Ohio IAF Education Fund Inc.

Columbus, Ohio
Greater Cleveland Congregations. | \$30,000

Policy Matters Ohio

Cleveland, Ohio
Operating support. | \$60,000

PolicyBridge

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

Summer on the Cuyahoga

Bay Village, Ohio
Operating support. | \$5,000

University Circle Incorporated

Cleveland, Ohio
TEDxCLE. | \$7,400

University Circle Incorporated

Cleveland, Ohio
Fresh Water partnership. | \$10,000

URBAN DESIGN, PLANNING & AMENITIES

Cleveland Metroparks System

Cleveland, Ohio
Community attitude survey. | \$10,000

Cleveland Restoration Society, Inc.

Cleveland, Ohio
Preservation programs. | \$20,000

Kent State University Foundation

Kent, Ohio
Cleveland Urban Design Collaborative. | \$50,000

LAND studio, Inc.

Cleveland, Ohio
Group Plan work. | *Up to \$500,000 over 2 years*

Ohio City Near West Development Corporation

Cleveland, Ohio
International Public Markets Conference in Cleveland. | \$10,000

University Circle Incorporated

Cleveland, Ohio
Anchor District Council Forum. | \$7,500

EDUCATION

The Foundation saw its continued investment in the Portfolio of Excellent Schools strategy result in adoption of the groundbreaking Cleveland Plan for Transforming Schools with support from a broad range of political, civic and education stakeholders. The Plan's goal is to grow and expand the number of excellent schools—both district and charter—so that families in every Cleveland neighborhood have great choices for their children. Grants included support for the Cleveland Metropolitan School District (CMSD) transition to school-based budgeting, office of new and innovative schools, new school development and principal recruitment. The Foundation provided support for three new Breakthrough charter schools and Stepstone Academy, all working in partnership with the CMSD. The Foundation also supported Teach for America's first year in Cleveland. Total education grantmaking was \$3,349,000.

HIGHER EDUCATION

The Cleveland Foundation

Cleveland, Ohio
Higher Education Compact of Greater Cleveland. | \$65,000

College Now Greater Cleveland Inc.

Cleveland, Ohio
College access and advising services and scholarships for Cleveland graduates. | \$125,000

NATIONAL EDUCATION POLICY

The George Washington University

Washington, D.C.
Center on Education Policy. | \$125,000

PRIMARY & SECONDARY EDUCATION

Berea Children's Home

Berea, Ohio
Stepstone Academy. | \$75,000

Chess for Success Inc.

Cleveland, Ohio
Cleveland Municipal School District chess program. | \$9,000

The Cleveland Foundation

Cleveland, Ohio
Portfolio of Excellent Schools Initiative. | \$700,000

The Cleveland Foundation

Cleveland, Ohio
Portfolio of Excellent Schools Initiative. | \$700,000

Cleveland Municipal School District

Cleveland, Ohio
Office of New and Innovative Schools. | \$250,000

Economic Growth Foundation

Cleveland, Ohio
Polling on Cleveland education issues. | \$10,000

Esperanza Incorporated

Cleveland, Ohio
Strategic plan implementation. | \$50,000

Friends of Breakthrough Schools

Cleveland, Ohio
Breakthrough charter schools growth plan. | \$325,000

Hathaway Brown School

Shaker Heights, Ohio
Aspire program. | \$50,000 *over 2 years*

Positive Education Program

Cleveland, Ohio
PEP/Cleveland schools' partnership. | \$170,000 *over 2 years*

Teach for America, Inc.

New York, New York
Teach for America - Cleveland. | \$350,000

Youth Opportunities Unlimited

Cleveland, Ohio
Program and operating support. | \$85,000

SPECIAL PROGRAMS

Literacy Cooperative of Greater Cleveland

Cleveland, Ohio
Program support. | \$200,000

STATE EDUCATION POLICY

Economic Growth Foundation

Cleveland, Ohio
Education research. | \$10,000

Ohio Grantmakers Forum

Columbus, Ohio
Ohio Education Policy Initiative. | \$50,000

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 percentages 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 \$2,162,075.

CONSERVATION OF NATURAL SYSTEMS & BIODIVERSITY

Alliance for the Great Lakes

Chicago, Illinois
Operating support. | \$50,000

Great Lakes United

Amherst, New York
Operating support. | \$20,000

National Parks Conservation Association

Washington, D.C.
Great Lakes Healing Our Waters Conference in Cleveland. | \$10,000

National Wildlife Federation

Reston, Virginia
Great Lakes Natural Resource Center. | \$100,000 *over 2 years*

The Nature Conservancy, Inc.

Arlington, Virginia
Ohio office operating support. | \$75,000

ENVIRONMENTAL JOURNALISM/ PUBLIC EDUCATION

Community Foundation of Greater Johnstown

Johnstown, Pennsylvania
FracTracker Ohio. | \$130,000 *over 2 years*

The Institute for Democratic Education and Culture Speak Out

Oakland, California
Solarize This project. | \$3,000

NONPROFIT CAPACITY BUILDING

1% for the Planet Inc.

Waitsfield, Vermont
Operating support. | \$100,000 *over 2 years*

Business Volunteers Unlimited

Cleveland, Ohio
Capacity-building services for watershed organizations in Northeast Ohio Regional Sewer District. | \$3,500

Clean Fuels Ohio

Columbus, Ohio
Office relocation and 10th anniversary event. | \$8,000

Cuyahoga River Community Planning Organization

Cleveland, Ohio
Organizational development. | \$25,000

Environmental Health Watch, Inc.

Cleveland, Ohio
Executive director recruitment and transition. | \$9,000

Green Energy Ohio

Columbus, Ohio
Strategic planning. | \$10,000

Slavic Village Development

Cleveland, Ohio
Bike Cleveland training. | \$9,925

State Environmental Leadership Program

Madison, Wisconsin
Annual conference. | \$7,000

PROTECTION OF HUMAN HEALTH

Beyond Pesticides

Washington, D.C.
Ohio Safe Lawn, Landscapes and Public Spaces Campaign. | \$40,000

Environmental Health Watch, Inc.

Cleveland, Ohio
Operating support. | \$150,000 *over 2 years*

Green Media Toolshed

Washington, D.C.
Development of a network on fracking. | \$5,000

Neighborhood Leadership Institute

Cleveland, Ohio
Neighborhood Leadership for Environmental Health initiative. | \$6,000

Ohio Citizen Action Education Fund

Cincinnati, Ohio
Exploration of alternatives to garbage incineration in Cleveland. | \$10,000

The Ohio Organizing Collaborative

Columbus, Ohio
Ohio Fracking Organizing Project. | \$60,000

Virginia Organizing, Inc.

Charlottesville, Virginia
Health and Environmental Funders Network Hydrofracking
Working Group. | \$10,000

SUSTAINABILITY, ENERGY & CLIMATE CHANGE**Bike Cleveland**

Cleveland, Ohio
Operating support. | \$75,000

Buckeye Forest Council, Inc.

Columbus, Ohio
Biomass Forest Protection Campaign. | \$10,000

The Cleveland Museum of Natural History

Cleveland, Ohio
GreenCityBlueLake Institute operating support. | \$85,000

Cleveland State University Foundation, Inc.

Cleveland, Ohio
Urban agriculture symposium. | \$5,000

Consultative Group on Biological Diversity Inc.

San Francisco, California
Climate and Energy Funders Group. | \$5,000

Cuyahoga Valley Countryside Conservancy

Peninsula, Ohio
Countryside Learning Center. | \$10,000

Earth Island Institute

Berkeley, California
Midwest Power Shift. | \$3,000

Earthjustice

San Francisco, California
Operating support. | \$35,000

The Energy Foundation

San Francisco, California
Ohio movement building project. | \$250,000

Environment Ohio Research and Policy Center Inc.

Columbus, Ohio
Operating support. | \$50,000

The Environmental and Energy Study Institute

Washington, D.C.
Operating support. | \$150,000 *over 2 years*

Lake Erie Junior Nature and Science Center

Bay Village, Ohio
Great Lakes-Lake Erie Program. | \$10,000

Michigan Environmental Council

Lansing, Michigan
RE-AMP operating support. | \$55,000

New Agrarian Center

Oberlin, Ohio
NEOFoodWeb. | \$10,000

New Agrarian Center

Oberlin, Ohio
Operating support. | \$30,000

Ohio City Bicycle Co-Op

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

Ohio City Near West Development Corporation

Cleveland, Ohio
Ohio City Community Kitchen and Incubator. | \$8,650

Ohio Ecological Food and Farm Association

Columbus, Ohio
Operating support. | \$60,000

Ohio Environmental Council

Columbus, Ohio
Operating support. | \$150,000

Ohio State University Foundation

Columbus, Ohio
Food Policy Coalition operating support. | \$200,000 *over 2 years*

Rails to Trails Conservancy

Washington, D.C.
Midwest office operating support. | \$70,000 *over 2 years*

Slavic Village Development

Cleveland, Ohio
Bicycle advocacy. | \$4,000

**United States Public Interest Research Group
Education Fund**

Washington, D.C.
Ohio Energy Service Corps Pilot Program. | \$35,000

HUMAN SERVICES

The Foundation continued to seek opportunities for investment in innovative public policy efforts resulting from the evolving government landscape in Cuyahoga County, Columbus and Washington D.C and from the inevitable impact of the painfully slow economic upturn. Reflecting these realities, our funding focused on evidence-based alternatives to current public investments, significant federal grant opportunities and novel social service financing mechanisms. Grant highlights included supporting system reforms and public investment in the health care, hunger relief, early childhood, juvenile justice and adolescent reproductive health systems. Human services grantmaking totaled \$4,660,299.

CHILD & FAMILY STABILITY

Adoption Network Cleveland

Cleveland, Ohio
Operating support. | \$200,000 *over 2 years*

Case Western Reserve University

Cleveland, Ohio
Center for Innovative Practices' juvenile justice-related survey, research and analysis. | \$7,244

Case Western Reserve University

Cleveland, Ohio
Schubert Center for Child Development child policy initiative. | \$38,000

Case Western Reserve University

Cleveland, Ohio
Center for Innovative Practices. | \$50,000

Center for Community Solutions

Cleveland, Ohio
groundWork operating support. | \$190,000 *over 2 years*

Center for Community Solutions

Cleveland, Ohio
Public policy advocacy and fiscal analysis. | \$200,000 *over 2 years*

Center for Families and Children

Cleveland, Ohio
Mental Health Advocacy Coalition operating support. | \$30,000

Chapin Hall Center for Children

Chicago, Illinois
Pay for Success/social innovation financing analysis. | \$50,000

Children's Defense Fund

Columbus, Ohio
Juvenile justice policy capacity building. | \$80,000 *over 2 years*

Cleveland Rape Crisis Center

Cleveland, Ohio
Sexual assault public policy project. | \$40,000

Community Care Network, Inc.

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

Community Care Network, Inc.

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

Community Re-Entry, Inc.

Cleveland, Ohio
Comprehensive case management services. | \$50,000

Council for a Strong America

Washington, D.C.
Operating support for Ohio state office. | \$45,000

County of Cuyahoga

Cleveland, Ohio
Pay for Success: Investing in What Works conference. | \$1,155

Cuyahoga Metropolitan Housing Authority

Cleveland, Ohio
Choice Neighborhoods initiative. | \$65,000 *over 2 years*

Daily Dose of Reading

South Euclid, Ohio
Early literacy programming at MetroHealth Lee-Harvard Health Center. | \$7,500

NAMI Greater Cleveland

Cleveland, Ohio
Volunteer program development. | \$2,900

New Profit Inc.

Cambridge, Massachusetts
Cuyahoga County Pay For Success/social innovation financing model development. | \$100,000 *over 8 months*

Northern Kentucky Children's Law Center, Inc.

Covington, Kentucky
Operating support. | \$100,000

Ohio Grantmakers Forum

Columbus, Ohio
Race to the Top Early Learning Challenge Ohio application support. | \$7,500

Ohio Justice and Policy Center

Cincinnati, Ohio
A Working Ohio is a Safe Ohio initiative. | \$100,000 *over 2 years*

Open Doors, Inc.

Cleveland Heights, Ohio
Summer camp enrichment programs for at-risk youth. | \$7,500

Public Children Services Association of Ohio, Inc.

Columbus, Ohio
Child behavioral health initiatives. | \$10,000

Public Children Services Association of Ohio, Inc.

Columbus, Ohio
Advocates for Ohio's future coalition. | \$120,000 *over 2 years*

Public Interest Projects Inc.

New York, New York
National Campaign to Reform State Juvenile Justice Systems. | \$75,000

The Refugee Response

Cleveland, Ohio
Operations director. | \$60,000

Sisters of Charity Foundation of Cleveland

Cleveland, Ohio
Cleveland Central Promise Neighborhood implementation. | \$65,000

Specialized Alternatives for Families and Youth of Ohio, Inc.

Shaker Heights, Ohio
Multidimensional Treatment Foster Care program certification. | \$40,000

Third Sector New England, Inc.

Boston, Massachusetts
Early Childhood Funders Collaborative. | \$5,000

Towards Employment, Incorporated

Cleveland, Ohio
Community re-entry public policy initiative. | \$60,000

Transitional Housing, Inc.

Cleveland, Ohio
Operating support. | \$20,000

Voices for Ohio's Children

Cleveland, Ohio
Executive search and operating support. | \$50,000

MEETING BASIC NEEDS**Advocates for Youth**

Washington, D.C.
Science-Based Comprehensive Sexuality Education. | \$55,000

AIDS Resource Center Ohio Inc.

Dayton, Ohio
Ohio HIV public policy and advocacy. | \$30,000

America's Promise the Alliance for Youth

Washington, D.C.
Operating support for Ready Nation early childhood initiative related to Affordable Care Act implementation. | \$60,000

American Civil Liberties Union Foundation, Inc.

New York, New York
Reproductive Freedom Project. | \$80,000 *over 2 years*

Care Alliance

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

Case Western Reserve University

Cleveland, Ohio
Center on Urban Poverty and Community Development community information program. | \$140,000 *over 2 years*

Center for Community Solutions

Cleveland, Ohio
Across the Spectrum: The Future of Ohio and the Path to Prosperity conference. | \$1,500

Center for Community Solutions

Cleveland, Ohio
Collaborative for Comprehensive School-Age Health. | \$20,000

Center for Community Solutions

Cleveland, Ohio
AIDS Funding Collaborative. | \$70,000

Center for Families and Children

Cleveland, Ohio
Merger implementation. | \$20,000

Center on Budget and Policy Priorities

Washington, D.C.
Operating support. | \$350,000 *over 2 years*

Cleveland Foodbank, Inc.

Cleveland, Ohio
Expanded advocacy and public education initiative. | \$175,000 *over 2 years*

Coalition on Homelessness and Housing in Ohio

Columbus, Ohio
Operating support. | \$10,000

County of Cuyahoga

Cleveland, Ohio
Voter survey on health and human service issues. | \$10,000

Families USA Foundation, Inc.

Washington, D.C.
Affordable Care Act implementation activities. | \$50,000

Family Planning Association of Northeast Ohio, Inc.

Painesville, Ohio
Teen clinics. | \$50,000 *over 2 years*

The Free Medical Clinic of Greater Cleveland

Cleveland, Ohio
Syringe exchange program. | \$70,000 *over 2 years*

Grantmakers in Health

Washington,
Operating support. | \$5,000

Hands On Northeast Ohio

Cleveland, Ohio
Homeless Stand Down. | \$5,000

Health Policy Institute of Ohio

Columbus, Ohio
Public Health Futures initiative. | \$5,000

Legal Aid Society of Cincinnati

Cincinnati, Ohio
Health care reform implementation and family economic stability. | \$80,000 *over 2 years*

The Legal Aid Society of Cleveland

Cleveland, Ohio
Community Advocacy Program. | \$90,000 *over 2 years*

Lutheran Metropolitan Ministry

Cleveland, Ohio
Office of Advocacy. | \$30,000

Lutheran Metropolitan Ministry

Cleveland, Ohio
Volunteer program at men's emergency homeless shelter. | \$37,500

MDRC

New York, New York
Operating support. | \$40,000

Metanoia Project Inc.

Cleveland, Ohio
Homeless services. | \$7,500

Metanoia Project Inc.

Cleveland, Ohio
Operating support. | \$20,000

NARAL Pro-Choice Ohio Foundation

Cleveland, Ohio
Operating support. | \$100,000 *over 2 years*

Neighborhood Health Care Incorporated

Cleveland, Ohio
Clinic expansion and innovation related to Affordable Care Act implementation. | \$50,000

North Coast Health Ministry

Lakewood, Ohio
Strategic planning and transition support related to Affordable Care Act implementation. | \$40,000

Ohio Association of Second Harvest Foodbanks

Columbus, Ohio
Public policy initiatives related to hunger relief. | \$150,000 *over 2 years*

Ohio State University Foundation

Columbus, Ohio
Analysis of state Medicaid expansion related to Affordable Care Act implementation. | \$10,000

Physicians for Reproductive Choice and Health

New York, New York
Ohio activities. | \$7,500

ScenariosUSA Inc.

Brooklyn, New York
Operating support. | \$100,000 *over 2 years*

Sexuality Information and Education Council of the United States

New York, New York
Ohio sexuality education initiatives. | \$40,000

Shoes and Clothes for Kids Inc.

Cleveland, Ohio
Clothing purchase and distribution. | \$10,000

St. Malachi Center

Cleveland, Ohio
Services to homeless clients. | \$7,500

Stella Maris Inc.

Cleveland, Ohio
Detoxification services self-sustainability project related to Affordable Care Act implementation. | \$50,000

Third Sector New England, Inc.

Boston, Massachusetts
BUILD Initiative and Early Learning Challenge Collaborative. | \$250,000 *over 2 years*

Third Wave Direct Action, Inc.

New York, New York
Reproductive health and justice work. | \$10,000

Trustees of Hampshire College

Amherst, Massachusetts
Civil Liberties and Public Policy Program. | \$50,000 *over 2 years*

Universal Health Care Action Network of Ohio

Columbus, Ohio
Policy analysis and advocacy related to Affordable Care Act implementation. | \$75,000

West Side Catholic Center

Cleveland, Ohio
Drop-in Center. | \$60,000 *over 2 years*

Women Have Options Inc.

Granville, Ohio
Operating support. | \$10,000

Young Men's Christian Association of Cleveland Ohio, Inc.

Cleveland, Ohio
Y-Haven transitional housing program. | \$60,000 *over 2 years*

SPECIAL PROGRAMS**American National Red Cross**

Cleveland, Ohio
American Red Cross Northeast Ohio regionalization project. | \$30,000

Coalition on Homelessness and Housing in Ohio

Columbus, Ohio
OhioVOTES voter education initiative. | \$10,000

League of Women Voters of Ohio Education Fund

Columbus, Ohio
Voter education initiative. | \$10,000

League of Women Voters of Ohio Education Fund

Columbus, Ohio
Survey research for proposed redistricting initiative. | \$10,000

Northeast Ohio Coalition for the Homeless

Cleveland, Ohio
Voter education activities. | \$4,000

Ohio Campus Compact

Granville, Ohio
Campus voter education and engagement. | \$10,000

Planned Parenthood of Northeast Ohio

Cleveland, Ohio
Ohio voter research. | \$50,000

State Voices

Detroit, Michigan
Voter education initiative. | \$10,000

Women's Voices Women Vote

Washington, D.C.
Voter Participation Center. | \$10,000

SPECIAL COMMITMENTS

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 projects grantmaking totaled \$2,553,450.

PHILANTHROPIC SERVICES

Alliance for Justice, Inc.

Washington, D.C.

Bolder Advocacy Initiative. | \$150,000 *over 2 years*

Business Volunteers Unlimited

Cleveland, Ohio

Services to nonprofit organizations. | \$35,000

Council on Foundations, Inc.

Arlington, Virginia

Operating support. | \$39,500

Diocese of Ohio Episcopal Community Services Foundation

Cleveland, Ohio

Episcopal community services. | \$20,000

The Foundation Center

Cleveland, Ohio

Operating support. | \$35,000

Grantmakers in Aging Inc.

Dayton, Ohio

Annual conference in Cleveland. | \$2,500

Grants Managers Network, Inc.

Washington, D.C.

Operating support. | \$2,000

Human Service Providers Charitable Foundation

Boston, Massachusetts

Nonprofit VOTE. | \$75,000

Independent Sector

Washington, D.C.

Operating support. | \$12,500

Media In The Public Interest Inc.

Boulder, Colorado

Ohio News Connection. | \$15,000

National Committee for Responsive Philanthropy

Washington, D.C.

Operating support. | \$10,000

National Committee for Responsive Philanthropy

Washington, D.C.

Operating support. | \$10,000

Nonprofit Information Networking Association

Boston, Massachusetts

Nonprofit Quarterly. | \$2,000

Ohio Grantmakers Forum

Columbus, Ohio

George E. Espy Fund. | \$5,000

Ohio Grantmakers Forum

Columbus, Ohio

Operating support. | \$9,975

Ohio Grantmakers Forum

Columbus, Ohio

Operating support. | \$9,975

Ohio Grantmakers Forum

Columbus, Ohio

Annual conference. | \$10,000

Ohio Grantmakers Forum

Columbus, Ohio

Operating support. | \$100,000 *over 2 years*

Philanthropy Northwest

Seattle, Washington

PRI Makers Network. | \$5,000

RETINITIS PIGMENTOSA RESEARCH

The Foundation Fighting Blindness

Columbia, Maryland

VisionWalk. | \$5,000

The Foundation Fighting Blindness

Columbia, Maryland

Retinal degenerative disease research. | \$2,000,000

GEORGE GUND

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 \$606 million toward the advancement of human welfare.

By **Geoffrey Gund**, President

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

December 31	2012	2011
Assets		
Cash and cash equivalents	\$ 20,415,635	\$ 15,880,763
Investments	433,384,703	406,746,691
Interest and dividends receivable	453,735	449,814
Pending security sales	1,453,489	—
Federal excise tax	261,032	207,572
Other assets	281,809	295,006
Total assets	\$ 456,250,403	\$ 423,579,846
Liabilities		
Accounts payable and accrued expenses	497,563	473,388
Grants payable	10,540,500	5,721,094
Deferred federal excise tax	3,118,449	2,638,420
Total liabilities	\$ 14,156,512	\$ 8,832,902
Net Assets		
Unrestricted	442,093,891	414,746,944
Total liabilities and net assets	\$ 456,250,403	\$ 423,579,846

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

STATEMENTS OF ACTIVITIES

For the years ended December 31	2012	2011
Revenues, Gains and Losses		
Net realized investment gains	\$ 17,194,800	\$ 14,977,369
Net unrealized investment gains (losses)	34,735,830	(18,511,014)
Dividend income	4,928,867	4,479,384
Interest income	1,192,071	1,258,451
Other income	32,788	24,864
Net revenue, gains and losses	58,084,356	2,229,054
Expenses		
Grants expensed	25,494,672	17,324,630
Administrative expenses	4,334,082	4,328,988
Total expenses	29,828,754	21,653,618
Increase (decrease) in net assets before federal excise tax provision	28,255,602	(19,424,564)
Federal excise tax provision (benefit)	908,655	(116,045)
Net increase (decrease) in net assets	27,346,947	(19,308,519)
Net assets - beginning	414,746,944	434,055,463
Net assets - ending	\$ 442,093,891	\$ 414,746,944

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

STATEMENTS OF CASH FLOWS

For the years ended December 31	2012	2011
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 27,346,947	\$ (19,308,519)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	71,836	70,132
Net realized gains on investments	(17,194,800)	(14,977,369)
Net unrealized (gains) losses on investments	(34,771,446)	18,555,055
Deferred federal excise tax	480,029	(622,842)
Note receivable converted to grant	—	750,000
Changes in assets and liabilities:		
Receivables	(1,510,870)	(72,374)
Other assets	(14,652)	65,239
Accounts payable and accrued expenses	24,175	6,513
Grants payable	4,819,406	(4,002,072)
Net cash used in operating activities	(20,749,375)	(19,536,237)
Cash Flows from Investing Activities		
Proceeds from sale of investments	64,144,449	65,498,416
Purchase of investments	(38,816,215)	(42,922,788)
Purchase of equipment and improvements	(43,987)	(87,531)
Net cash provided by investing activities	25,284,247	22,488,097
Net increase in cash and cash equivalents	4,534,872	2,951,860
Cash and cash equivalents - beginning	15,880,763	12,928,903
Cash and cash equivalents - ending	\$ 20,415,635	\$ 15,880,763
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year:		
Income taxes, excise	\$ 490,000	\$ 595,000
Interest	\$ —	\$ —
Non-cash investing and financing activities:		
Note receivable converted to grant	\$ —	\$ 750,000

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

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2011 AND 2010

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 located 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 and a common trust fund that is readily convertible into cash.

Investments Marketable and U.S. Government securities are reported at their market values. 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.

Investments include notes receivable which are due from various not-for-profit organizations valued at \$9,510,667 and \$9,971,109 at December 31, 2012 and 2011, respectively. The notes receivable are due at various dates, from 2015 through 2038. The loans carry interest rates between 1% and 3%; principal and interest payment arrangements vary by note.

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, 2012 and 2011, as provided by the fund managers. Market values as of December 31, 2012 and 2011 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, 2012 and 2011, the Foundation had total unfunded capital commitments to alternative investments of \$3,595,445 and \$4,539,158, 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 \$71,836 and \$70,132 for the years ended December 31, 2012 and 2011, 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 reflect the Foundation’s assumptions used in pricing the asset or liability 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)

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.

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: government bonds, corporate bonds, foreign bonds, private equity investments in mutual funds, common trust funds, and program related compensating balances.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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

NOTE 2 – Investments

Cost and market value of investments were as follows:

	Market Value	2012	Cost	Market Value	2011	Cost
Fixed income securities	\$ 13,217,551	\$ 13,094,899		\$ 13,694,785	\$ 13,673,036	
Common stocks and alternative investments	420,167,152	264,240,260		393,051,906	260,493,566	
Total	\$ 433,384,703	\$ 277,335,159		\$ 406,746,691	\$ 274,166,602	

Market values of investments are based on December 31, 2012 and 2011 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, and investments in limited partnerships.

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)

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:

	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, 2012				
Corporate Stock				
Consumer Goods	\$ 118,493,844	—	—	\$ 118,493,844
Financial	19,646,931	—	—	19,646,931
Services	15,970,124	—	—	15,970,124
Industrial Goods	14,172,688	—	—	14,172,688
Basic Materials	9,120,180	—	—	9,120,180
Technology	5,386,076	—	—	5,386,076
Healthcare	1,369,561	—	—	1,369,561
Closely- held	—	—	100	100
Bonds				
Corporate	—	5,737,739	—	5,737,739
United States Treasury and Agency	—	5,901,894	—	5,901,894
State and Municipal	—	773,074	—	773,074
Foreign	—	804,844	—	804,844
Limited Partnerships	—	—	64,303,400	64,303,400
Limited Partnerships – Mutual Funds	—	161,904,139	—	161,904,139
Other Investments				
Program Related Compensating Balances	—	275,045	—	275,045
Program Related Interest in Limited Partnership	—	—	14,397	14,397
Program Related Loans	—	—	9,510,667	9,510,667
Total Investments	184,159,404	175,396,735	73,828,564	433,384,703
Common Trust Fund (included in cash and cash equivalents)	—	10,997,127	—	10,997,127
Total Fair Value Assets	\$ 184,159,404	\$ 186,393,862	\$ 73,828,564	\$ 444,381,830

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Fair Value Disclosure and Measurement (continued)

	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, 2011				
Corporate Stock				
Consumer Goods	\$ 116,216,350	—	—	\$ 116,216,350
Transportation	3,624,334	—	—	3,624,334
Capital Goods	6,531,246	—	—	6,531,246
Consumer Cyclical	18,499,595	—	—	18,499,595
Energy and Utilities	4,502,580	—	—	4,502,580
Financial	20,181,725	—	—	20,181,725
Technology	6,550,022	—	—	6,550,022
Closely- held	—	—	100	100
Bonds				
Corporate	—	6,588,199	—	6,588,199
United States Treasury and Agency	—	5,675,461	—	5,675,461
State and Municipal	—	642,523	—	642,523
Foreign	—	788,602	—	788,602
Limited Partnerships	—	—	55,130,898	55,130,898
Limited Partnerships – Mutual Funds	—	151,556,141	—	155,771,641
Other Investments				
Program Related Compensating Balances	—	275,032	—	275,032
Program Related Interest in Limited Partnership	—	—	12,774	12,774
Program Related Loans	—	—	9,971,109	9,971,109
Total Investments	176,105,852	165,525,958	65,114,881	406,746,691
Common Trust Fund (included in cash and cash equivalents)	—	9,680,633	—	9,680,633
Total Fair Value Assets	\$ 176,105,852	\$ 175,206,591	\$ 65,114,881	\$ 416,427,324

The following table provides a reconciliation of changes in Level 3, assets and liabilities measured at fair value on a recurring basis for the year ended December 31, 2012:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Limited Partnerships	Other Investments	Common Stock	Total
Beginning balance – January 1, 2012	\$ 55,130,898	\$ 9,983,883	\$ 100	\$ 65,114,881
Total gains or losses (realized/unrealized) Included in changes in net assets	11,010,732	1,623	—	11,012,355
Purchases	943,713	—	—	943,713
Sale proceeds	(2,781,943)	(460,442)	—	(3,242,385)
Transfers in-out of Level 3	—	—	—	—
Ending balance – December 31, 2012	\$ 64,303,400	\$ 9,525,064	\$ 100	\$ 73,828,564
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	\$ 9,631,085	\$ 1,623	\$ —	\$ 9,632,708

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Fair Value Disclosure and Measurement (continued)

The following table provides a reconciliation of changes in Level 3, assets and liabilities measured at fair value on a recurring basis for the year ended December 31, 2011:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
	Limited Partnerships	Other Investments	Common Stock	Total
Beginning balance - January 1, 2011	\$ 59,699,645	\$ 11,637,949	\$ 100	\$ 71,337,694
Total gains or losses (realized/unrealized) Included in changes in net assets	(4,710,867)	(8,080)	—	(4,718,947)
Purchases	1,781,138	—	—	1,781,138
Sale proceeds	(1,639,018)	(895,986)	—	(2,535,004)
Transfers in-out of Level 3	—	(750,000)	—	(750,000)
Ending balance - December 31, 2011	\$ 55,130,898	\$ 9,983,883	\$ 100	\$ 65,114,881
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	\$ (5,433,722)	\$ (8,080)	\$ —	\$ (5,441,802)

Gains and losses (realized and unrealized) from Level 3 investments included in changes in net assets include net investment gains of \$1,379,647 and \$722,855 for the periods ended December 31, 2012 and 2011, respectively, and net unrealized investment gains (losses) of \$9,632,708 and \$(5,441,802) for the periods ended December 31, 2012 and 2011, 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, 2012 and 2011, 27% of the total market value of securities, and 74% and 82%, respectively, of dividend income in each year are attributable to ownership of Kellogg Company stock.

Note 5 – Grants

Grants are expensed upon approval by the Board of Trustees, payable upon the performance of specified conditions, and paid when the specified conditions are satisfied. Discretionary grants in amounts up to \$10,000 and cumulative for the year up to \$800,000 and \$700,000 for the periods ended December 31, 2012 and 2011, respectively, are recommended by the program officers and approved by the executive director, expensed upon approval, and ratified by the Board of Trustees at the following board meeting. Grants that are cancelled or in excess of needed amounts are included as a reduction of grant expense in the year they are cancelled or returned.

Note 6 – 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, 2012 and 2011 amounted to \$133,355 and \$130,824, respectively.

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

2013	\$ 123,833
2014	127,585
2015	127,585
2016	129,461
2017	131,337
Thereafter	131,337
	\$ 771,138

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 7 – Net Assets

Net assets include 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. The statements of financial position included the following income fund accounts:

	2012	2011
Cash	\$ 2,152,863	\$ 1,628,116
Receivables	714,767	657,386
Other assets	53,240	38,588
Due to principal fund	(1,986,206)	(1,637,922)
Accounts payable	(497,563)	(473,388)
Grants payable	(10,540,500)	(5,721,094)
Deferred federal excise tax	2,542	2,352
	\$ (10,100,857)	\$ (5,505,962)

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

	2012	2011
Income fund	\$ (4,594,895)	\$ 2,444,011
Principal fund	31,941,842	(21,752,530)
Increase (decrease) in net assets	27,346,947	(19,308,519)
Net assets – beginning	414,746,944	434,055,463
Net assets – ending	\$ 442,093,891	\$ 414,746,944

The change in individual funds includes transfers by the Foundation of \$20,258,568 in 2012 and \$18,593,560 in 2011 from the principal fund to the income fund.

Note 8 – 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 \$250,000 and \$245,000 of compensation for the years ended December 31, 2012 and 2011, respectively. Employer contributions to the plan for the years ended December 31, 2012 and 2011 amounted to \$119,974 and \$124,110, respectively. Participants are also permitted to make salary reduction contributions to the plan.

Note 9 – 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 2012 and 2011, respectively, and deferred excise taxes were provided at 2% for 2012 and 2011. The current and deferred portions of the excise tax provisions were \$428,626 and \$480,029 respectively, netting to \$908,655 in 2012. The current and deferred portions of the excise tax provisions were \$506,692 and \$(622,737), respectively, netting to \$(116,045) in 2011.

The Organization follows 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 – Excise Taxes (continued)

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 tax returns of the Organization for 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Note 10 – Subsequent Events

The Organization has evaluated subsequent events from the statement of financial position date through April 10, 2013. Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees, The George Gund Foundation

We have audited the accompanying financial statements of The George Gund Foundation (an Ohio private foundation), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and 2011, and the results of its activities and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Walthall, Drake & Wallace LLP

Certified Public Accountants

Cleveland, Ohio
April 10, 2013

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 want to hear from grant applicants 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 & 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 improve the competitiveness of Cleveland's

GRANT GUIDELINES (CONTINUED)

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 proposals to redevelop 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 that drive autonomy and accountability to the school level and create different teaching and learning conditions to ensure student success. We support statewide policy and advocacy efforts in furtherance of this work, particularly as it relates to the importance of high quality teachers and principals in every classroom and school. We also maintain a desire to support disadvantaged students through key transitions, especially to higher education.

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 those 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.

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. Deadlines for submitting proposals for consideration at the next regularly scheduled meeting of the Trustees are March 15 (for summer meeting), July 15 (for fall meeting) and November 15 (for winter-spring meeting). Proposals are due the next business day if a deadline falls on a weekend.

The Foundation now requires all applicants to use an online application form that is available at the Foundation's website, www.GundFoundation.org. Proposals should include the following information:

Organizational Background

History, mission, any current organizational issues, 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.

Required Supporting Documents

List of current trustees, most recent audited financial statement (if available). Arts organizations participating in the Ohio Cultural Data Project should submit the George Gund Foundation report available at www.OhCulturalData.org.

All proposals 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 includes resources to assist grantees with this task.

Optional Supporting Documents

Letters of support, annual reports or brochures, media coverage

Applicants with questions about grant application procedures should call the Foundation at 216.241.3114.

All proposals are screened and evaluated by the staff before presentation at Trustee meetings.

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

TRUSTEES & STAFF

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Ann K. Mullin, Senior Program Officer

Alecia Pretel, Executive Assistant

Denise Stoudenmire, Assistant/Receptionist

Kim Whitsett, Executive Assistant****

*Term ended December 2012

**Deceased January 2013

***Fellowship ended June 2012

****Resigned June 2012

CREDITS

THE PHOTOGRAPHS

Jeff Whetstone, who has been photographing and writing about the relationship between man and nature since he received a zoology degree from Duke University, brought a special sensitivity to his photo-essay on the Cuyahoga River. By perceptively following the river along both its rural and urban paths, he highlights the importance of this invaluable resource to our community. Whetstone, who also has a Master of Fine Arts degree in photography from Yale University, is a winner of the Sakier Prize for photography, the Factor Prize for Southern Art and a Guggenheim Fellowship. He currently teaches at the University of North Carolina at Chapel Hill. Whetstone's work has been exhibited nationally and featured and reviewed in publications such as DoubleTake, The New York Times, The New Yorker and Southern Exposure Magazine.

Site Design

Nesnadny + Schwartz

Cleveland + New York + Toronto
www.NSideas.com

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