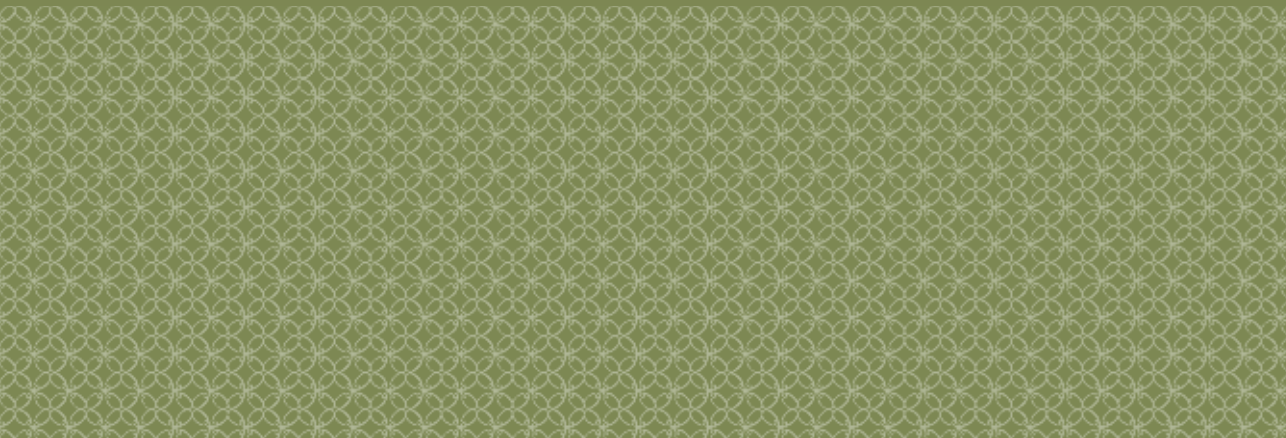
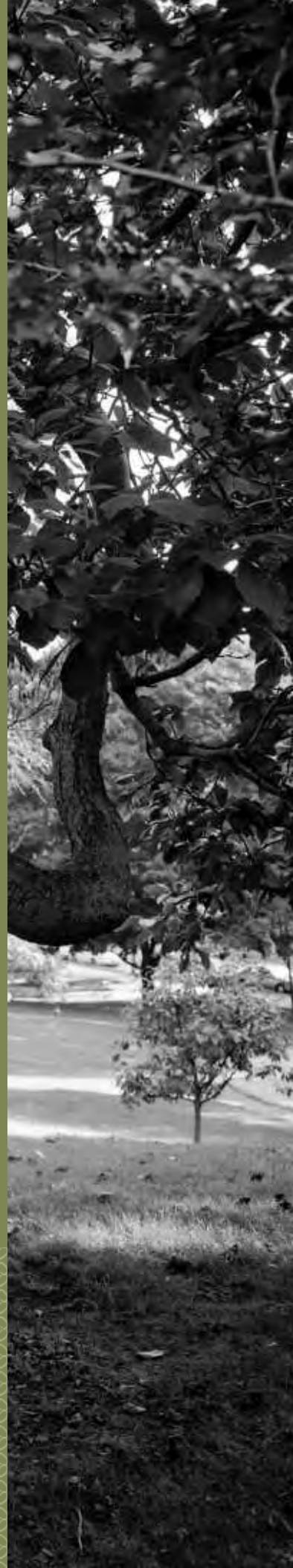


THE GEORGE GUND FOUNDATION
2007 ANNUAL REPORT



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.





PRESIDENT'S LETTER

When we announced in 2007 that The George Gund Foundation would require all grant seekers to tell us what they were doing to respond to global climate change, we were not quite sure what to expect. Would they see the connection between their activities and this worldwide concern? Would non-environmental grantees feel they were being forced beyond their areas of expertise? Would they have very much to say?

We need not have been concerned. The climate change statements submitted with grant requests have been almost entirely appreciative and thoughtful.

“Responses to global climate change should reflect our interdependence and common responsibility for the future of the planet,” wrote one grantee. “Because of the Gund Foundation, we have been inspired to take steps in the future,” commented another.

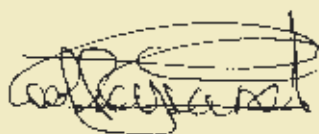
It is heartening to learn about the active steps that nonprofit organizations say they are taking. More than half have programs of waste reduction or recycling. Many are developing energy efficiency strategies such as changing to low-energy light bulbs and turning off lights when not in use. Some are deeply involved in “green purchasing” of environmentally friendly office products. Others promote carpooling or subsidize public transit use. One is using straw bale building techniques. During 2008, we will use our website to report more extensively on what grantees are telling us. Our website also offers an array of suggestions for how to start reducing the carbon emissions impact of an organization.

Impressive as these measures may be, they are, in fact, just small steps to reduce our collective carbon footprint. Our society and the entire world must pursue more aggressive carbon reduction strategies while also seeking innovations that will shift humanity away from dependence on fossil fuels. Yet, we must not ignore the collective impact of many small actions. The Foundation is pursuing them in our offices, and we want our nonprofit partners to do likewise. It is even more important to recognize that individual voices can achieve powerful expression in the arena where policy decisions are

made. It has long been our Foundation’s view that policy advocacy—by individuals and by organizations—is vital to democratic life and to achieving the goals we care about. This belief is evident in the history of our grantmaking. Such advocacy has never been more important than it is in policy debates around climate change, and we urge all citizens and organizations to make their voices heard.

The Gund Foundation’s role in this issue is an example of how we view our responsibility to do more than simply make financial grants. Foundations have an opportunity and a duty to participate in society as partners in a system, using their expertise, their convening power and their ability to shine light on important issues. We nevertheless recognize that all of these means of influence derive from the financial resources of foundations. And so, we also point out that in 2007 the Gund Foundation surpassed \$500 million in grants awarded. We know that it is through the recipients of these grants that we have had impact, and in passing this milestone, we pause to acknowledge and celebrate their work.

Finally, we are pleased to welcome George Gund IV to the Board of the Foundation following a year of service as a Trustee Candidate.



Geoffrey Gund
President and Treasurer

EXECUTIVE DIRECTOR'S LETTER

University Circle is an amazing place. In a world economy increasingly centered on brainpower and creativity, the concentration of talent in University Circle is one of this region's most competitive strengths. This fact does not diminish the importance of other talent-rich places, but the Circle's cluster of assets—an incredible range of education, medical, scientific and cultural institutions—is unique.

Although the institutions are themselves quite varied, together they represent a crucible of talent and innovation that is unmatched—surely in our region and in most places elsewhere. Consequently, University Circle will play an exceptional role in determining the future of all of Northeast Ohio.

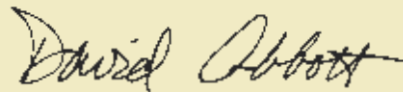
A glimpse into the Circle's uniqueness and many aspects of its beauty are captured in the photographs by Garie Waltzer in this annual report. We chose this topic for this year's photo essay both because of University Circle's importance and because 2007 marked the 50th anniversary of University Circle Incorporated (UCI), the nonprofit organization principally charged with the stewardship of the district. UCI's work and the Circle itself deserve to be celebrated. And doing so should strengthen the sense of ownership that everyone in Northeast Ohio ought to feel toward this special place. Yet, the intensity of global competition also demands that such ownership cause us to critically appraise even the best of our assets.

In all candor, the Circle has not yet achieved its potential. Insular planning by members of the Circle community has too often led to physical developments that turn excessively inward, impairing the Circle's vitality and its connections with its neighboring communities. Most importantly, the neighborhood lacks the critical mass of housing, retail activity and street life that should be woven throughout the institutional fabric in order to achieve the Circle's real potential as a place to work, live and visit—in other words, to be the talent magnet that we all need it to be.

UCI and many of its partners are deeply engaged in efforts to address these shortcomings. The Greater Cleveland Regional Transit Authority and UCI are giving Euclid Avenue a total makeover, enhancing investments by University Hospitals, the Cleveland Clinic and others. Case Western Reserve University,

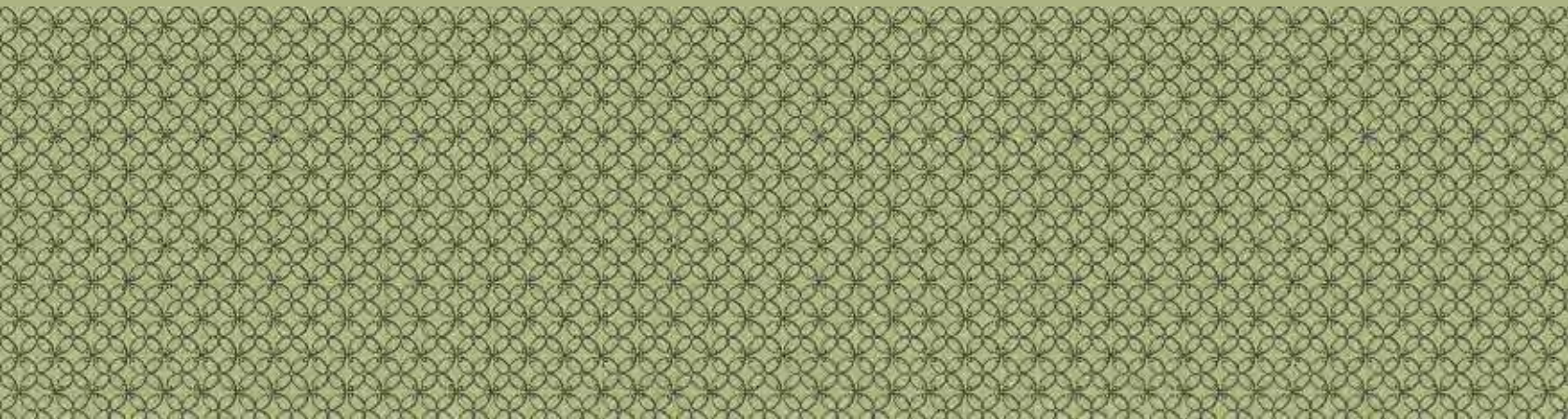
the Museum of Contemporary Art, the Cleveland Institute of Art and UCI are moving closer to creating an inviting crossroads of activity at the Ford-Euclid-Mayfield intersection.

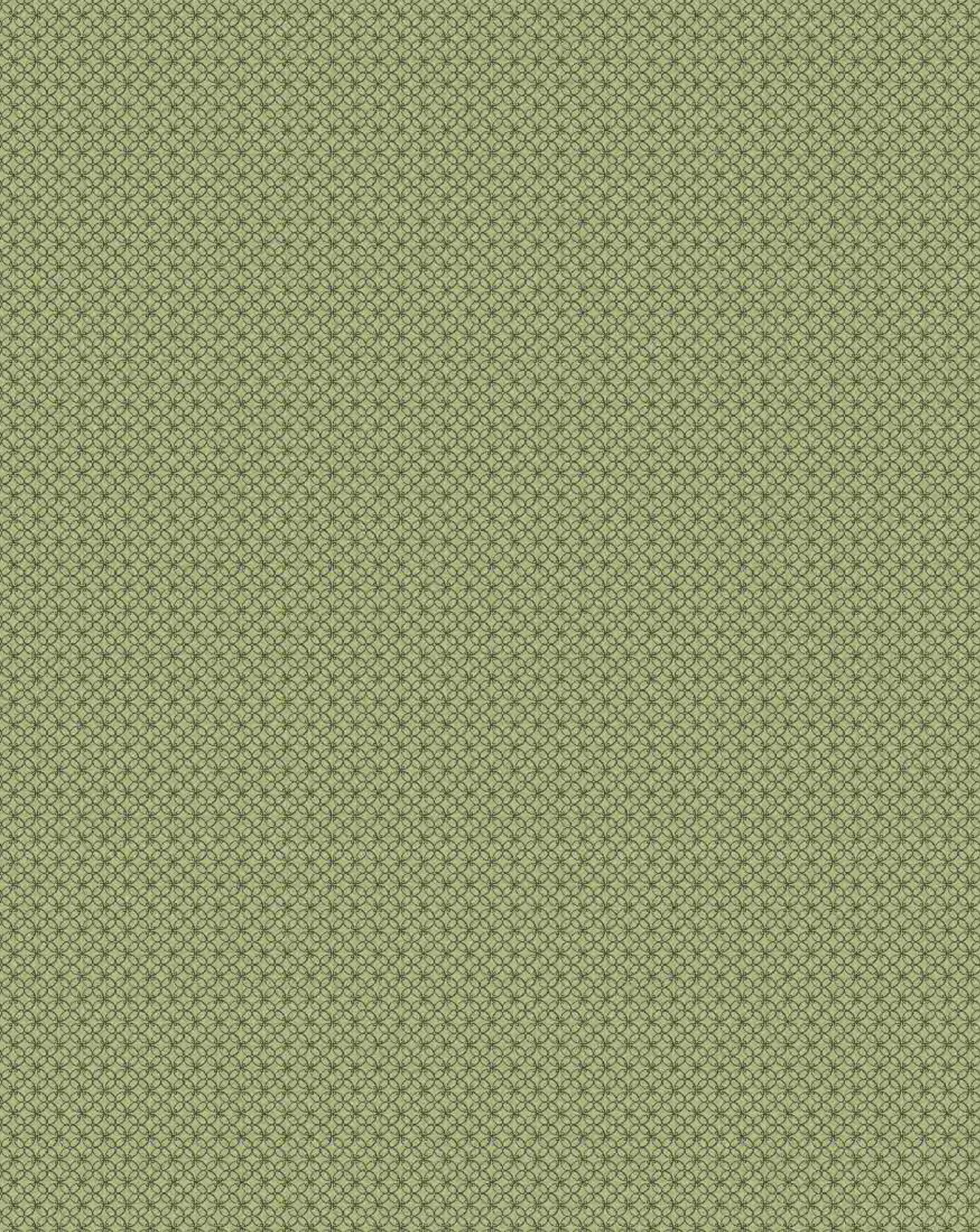
These and other improvements have been discussed, planned and advanced for many years. The clear lesson that should be derived from the difficulty of achieving success is that no single institution has the clout or the finances to get them done alone. As in nearly every other sphere, nothing of consequence can be accomplished without real collaboration, and even with it, the challenges remain substantial. In University Circle, UCI exists to be the forum for that collaboration, but its structure actually impedes the type of broadly based partnership that big things require. It was my privilege to serve as UCI's president before joining The George Gund Foundation, so I know from experience the strengths and weaknesses of UCI's organizational form. I remain hopeful that UCI's members will soon incorporate the needed changes that will make their common table a 21st-century organization. The Circle's institutions and their neighbors, the city of Cleveland, Northeast Ohio and, indeed, all of us who live and work here are depending on it.



David T. Abbott
Executive Director

THE PHOTOGRAPHS Garie Waltzer's elegant images capture the complexity of University Circle—a unique neighborhood of astonishing natural beauty, magnificent community institutions, intricate urban density and intense creative energy. Over the years, the Foundation has made significant investments in its institutions and infrastructure because we believe the Circle's vitality is critical to the future of our region. Although Waltzer explored the area through the photographic lens of a longtime Clevelander, her images—many of them taken from elevated vantage points—provide a fresh and unexpected glimpse into what she calls “the convergence of place and populace” in the Circle. Waltzer, who helped launch the photography program at Cuyahoga Community College and taught there for many years, has received grants and fellowships from both the National Endowment for the Arts and the Ohio Arts Council. Her work is included in many corporate and museum collections.









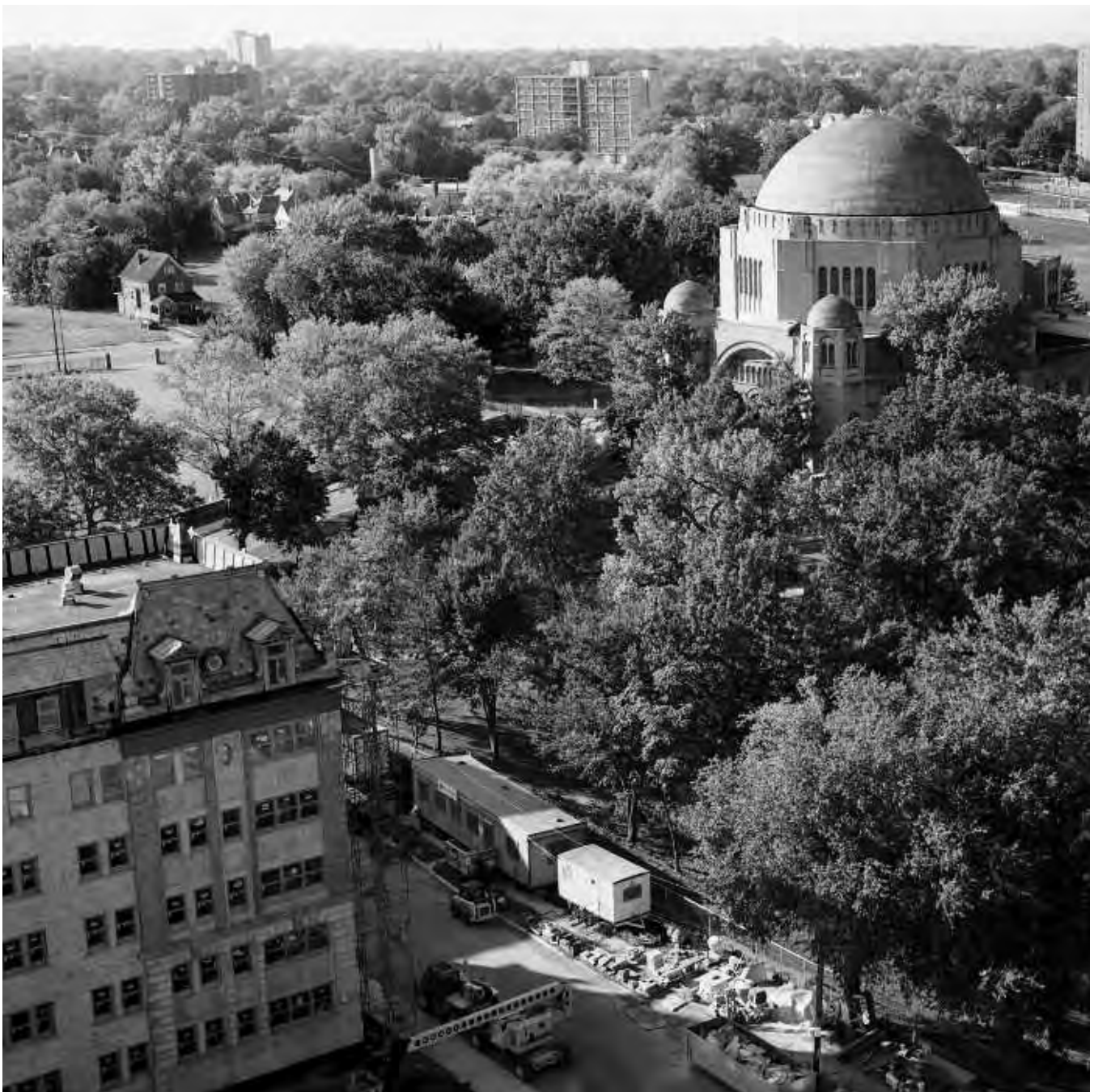








































2007 COMMITMENTS

HUMAN SERVICES

68 GRANTS
\$3,907,930

ENVIRONMENT

55 GRANTS
\$2,466,205

ARTS

60 GRANTS
\$4,585,700

ECONOMIC
DEVELOPMENT AND
COMMUNITY
REVITALIZATION

43 GRANTS +
1 PROGRAM-RELATED
INVESTMENT
\$4,285,025

EDUCATION

30 GRANTS
\$3,360,078

SPECIAL COMMITMENTS

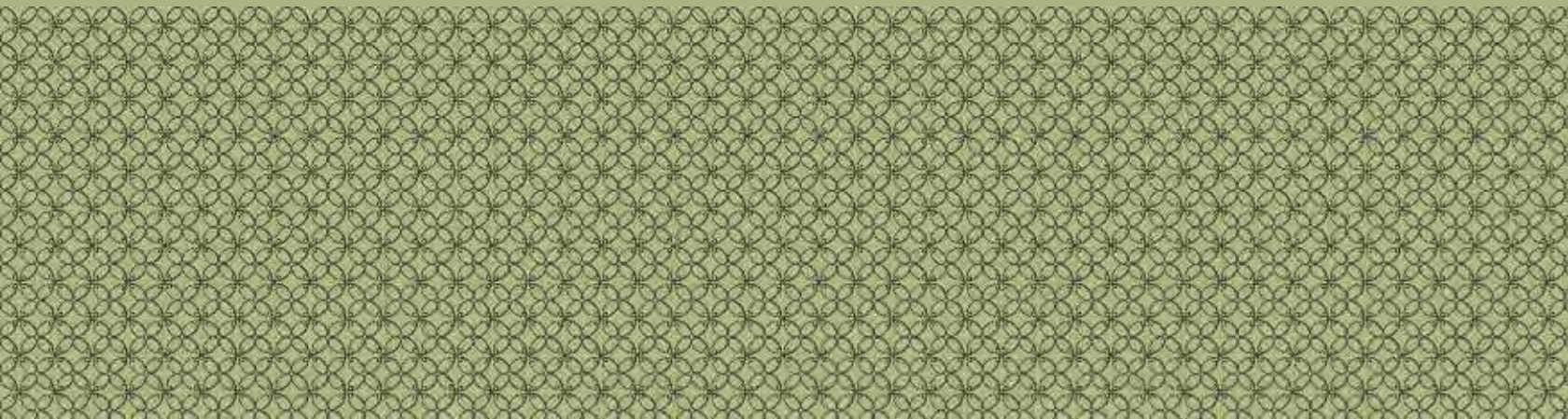
25 GRANTS
\$2,710,680

GRAND TOTAL

281 GRANTS +
1 PROGRAM-RELATED
INVESTMENT
\$21,315,618

TOTAL SINCE
INCEPTION OF
THE FOUNDATION
IN 1952

\$504,749,316



HUMAN SERVICES

\$3,907,930

The Foundation, recognizing opportunities provided by a change of governmental leadership in Ohio, emphasized support for state policy analysis and advocacy efforts aimed at strengthening public investment in children and families. Highlights included grants in early childhood development, juvenile justice reform, child welfare, health care reform and behavioral health.

CHILD AND FAMILY DEVELOPMENT

\$35,000

Action Against Crime and Violence Education Fund
Washington, DC; Fight Crime: Invest in Kids Ohio office.

\$25,000

The Action for Children of Franklin County
Columbus, OH; Early childhood policy coordination.

\$120,000 (over 2 years)

Case Western Reserve University
Cleveland, OH; Schubert Center Child Policy Initiative.

\$10,000

Case Western Reserve University
Cleveland, OH; Child funding research.

\$150,000 (over 2 years)

Catholic Diocese of Cleveland Foundation
Cleveland, OH; Parmadale residential youth treatment facility.

\$10,000

CCAO Research and Educational Foundation, Inc.
Columbus, OH; Youth with Disabilities Juvenile Justice Policy Review and Reform Project.

\$15,000

Center for Families and Children
Cleveland, OH; Mental Health Advocacy Coalition strategic plan.

\$300,000 (over 2 years)

Civil Society Institute, Inc.
Newton Centre, MA; Building Early Learning Systems in the States initiative.

\$61,500 (over 2 years)

Cleveland Rape Crisis Center
Cleveland, OH; Sexual Assault Public Policy and Advocacy Project.

\$2,500

Cleveland Rape Crisis Center
Cleveland, OH; Ohio Anti-Sexual Violence Coalition.

\$5,000

Cleveland Rowing Foundation
Cleveland, OH; Summer youth program.

\$30,000

Community Re-Entry, Inc.
Cleveland, OH; Women's Re-Entry Network.

\$5,000

Cuyahoga County Board of Commissioners
Cleveland, OH; National early childhood policy summit.

\$10,000

Flying Horse Farms
Columbus, OH; Summer camp.

\$150,000 (over 2 years)

Northern Kentucky Children's Law Center, Inc.
Covington, KY; Ohio Juvenile Justice Reform Initiative.

\$60,000 (over 2 years)

The Ohio Association of Child Caring Agencies, Inc.
Columbus, OH; Outcomes Measurement Project.

\$7,500

Ohio City Near West Development Corporation
Cleveland, OH; Ohio City Bicycle Co-op.

\$9,000

Police Athletic League
Cleveland, OH; Cudell Summer Basketball League.

\$100,000

Voices for Ohio's Children
Cleveland, OH; Operating support.

\$10,000

Young Women's Christian Association of Cleveland
Cleveland, OH; Strategic planning.

\$1,115,500 (20 grants) subtotal

MEETING BASIC NEEDS

\$10,000

Campaign for Better Health Care Fund
Champaign, IL; State health care advocacy.

\$200,000 (over 2 years)

Case Western Reserve University
Cleveland, OH; Center on Urban Poverty and Community Development.

\$150,000

The Center for Community Solutions
Cleveland, OH; Public policy and advocacy initiatives.

\$50,000 Center for Law and Social Policy Washington, DC; Spotlight on Poverty and Opportunity project.	\$5,000 InterReligious Partners in Action of Greater Cleveland Cleveland, OH; Homeless Stand Down.	\$10,000 Northeast Ohio Coalition for the Homeless Cleveland, OH; Bridge support.	\$150,000 (over 2 years) The Urban Institute Washington, DC; Urban-Brookings Tax Policy Center.
\$120,000 (over 2 years) Coalition on Homelessness and Housing in Ohio Columbus, OH; Operating support.	\$10,000 Legal Aid Society of Cincinnati Cincinnati, OH; Ohio children's health policy initiatives.	\$20,000 Ohio Association of Free Clinics Columbus, OH; State and federal advocacy initiatives.	\$35,000 Young Men's Christian Association of Cleveland Ohio, Inc. Cleveland, OH; Y-Haven transitional housing program.
\$100,000 (over 2 years) Community Catalyst, Inc. Boston, MA; Ohio consumer-based health advocacy.	\$35,000 Lutheran Metropolitan Ministry Cleveland, OH; Advocacy activities.	\$150,000 (over 2 years) Ohio Association of Second Harvest Foodbanks Columbus, OH; Public policy advocacy and Benefit Bank project.	\$1,898,430 (29 grants) subtotal
\$7,500 Cuyahoga County Board of Commissioners Cleveland, OH; Research on voter attitudes on human services issues.	\$100,000 Mental Health Services for Homeless Persons, Inc. Cleveland, OH; Property purchase and renovation.	\$2,500 Public/Private Ventures Philadelphia, PA; Workforce development outcome measurement workshops.	REPRODUCTIVE HEALTH
\$90,000 (over 2 years) The Equal Justice Foundation Columbus, OH; Predatory lending project.	\$1,500 Merrick House Cleveland, OH; Advocates for Budget Legislation Equality advocacy day.	\$40,000 (over 2 years) Recovery Resources Cleveland, OH; Integrated treatment program for co-occurring disorders.	\$45,000 Advocates for Youth Washington, DC; Operating support.
\$5,000 The Finance Project Washington, DC; Grantmakers Income Security Taskforce.	\$150,000 (over 2 years) National Women's Law Center Washington, DC; Operating support.	\$35,000 Towards Employment, Incorporated Cleveland, OH; NETworks 4 Success and legal services programs.	\$30,000 AIDS Taskforce of Greater Cleveland, Inc. Cleveland, OH; Public policy initiative.
\$8,000 The Free Medical Clinic of Greater Cleveland Cleveland, OH; Strategic planning.	\$75,000 (over 2 years) Neighborhood Health Care, Inc. Cleveland, OH; Women's health services expansion.	\$30,000 Universal Health Care Action Network Cleveland, OH; Operating support.	\$30,000 Center for Adolescent Health & the Law Chapel Hill, NC; Operating support.
\$225,000 (over 2 years) Health Policy Institute of Ohio Columbus, OH; Operating support.	\$28,930 New Life Community Cleveland, OH; Client services.	\$55,000 Universal Health Care Action Network of Ohio Columbus, OH; Operating support.	\$100,000 The Center for Community Solutions Cleveland, OH; AIDS Funding Collaborative program support.
			\$25,000 The Christian Community Inc. Fort Wayne, IN; Teens, Religions and Sexuality project.

(continued)

HUMAN SERVICES (continued)
\$3,907,930

<p>\$75,000 (over 15 months) Communications Consortium Media Center Washington, DC; Moving Forward: To Protect and Expand Reproductive Health and Rights project.</p> <p>\$60,000 Cuyahoga County District Board of Health Parma, OH; K-12 Reproductive Health Education Program for Cleveland Municipal School District.</p> <p>\$60,000 (over 2 years) Family Planning Association of Northeast Ohio, Inc. Painesville, OH; Teen clinics in Ashtabula and Lake counties.</p>	<p>\$50,000 (over 2 years) Family Planning Services of Lorain County Elyria, OH; Operating support.</p> <p>\$35,000 Feminist Majority Foundation Arlington, VA; National Clinic Access Project.</p> <p>\$30,000 Georgetown University Washington, DC; HIV and Medicaid policy project.</p> <p>\$40,000 NARAL Pro-Choice Ohio Foundation Cleveland, OH; Operating support.</p> <p>\$30,000 National Conference of State Legislatures Denver, CO; Teen pregnancy prevention initiatives.</p>	<p>\$73,000 (over 2 years) Ohio Religious Coalition for Reproductive Choice Columbus, OH; Faith Matters project.</p> <p>\$50,000 (over 2 years) Physicians for Reproductive Choice and Health New York, NY; Adolescent Reproductive Health Education Project.</p> <p>\$40,000 PRETERM Cleveland, Inc. Cleveland, OH; Green building renovation planning.</p> <p>\$85,000 (over 2 years) Rutgers University Foundation Piscataway, NJ; Teen-to-Teen Sexuality Education Project and Cleveland case study.</p>	<p>\$30,000 Trustees of Hampshire College Amherst, MA; Civil Liberties and Public Policy Program.</p> <p>\$6,000 Women Have Options Inc. Granville, OH; Operating support.</p> <p>\$894,000 (19 grants) subtotal</p> <p>\$3,907,930 (68 grants) total</p>
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ENVIRONMENT
\$2,466,205

The Foundation’s grantmaking reflected its long-standing commitment to preserving Northeast Ohio’s distinctive ecosystem while striving to create a more sustainable urban environment. The Foundation continued to emphasize program priorities that included biodiversity and conservation of natural systems, protection of human health, nonprofit coalition building, green buildings, sustainable business and energy, smart growth and environmental journalism. Grantmaking focused on Greater Cleveland, Ohio and the Lake Erie watershed and included funding for a range of public education, policy, capacity building, training, protection and program activities.

CONSERVATION OF NATURAL SYSTEMS AND BIODIVERSITY	\$10,000 Ohio Invasive Plants Council Kirtland, OH; Operating support.	\$50,000 (over 2 years) Water Watch of Oregon Portland, OR; Operating support.	\$300,000 The Great Lakes Museum of Science, Environment and Technology Cleveland, OH; Great Lakes exhibit planning.
\$38,000 The Cleveland Museum of Natural History Cleveland, OH; Climate Action Plan.	\$30,000 Ohio Parklands Foundation Westerville, OH; Ohio Greenways project.	\$5,000 Western Cuyahoga Audubon Society Cleveland, OH; Rocky River Watershed Conservation Initiative.	\$8,000 Independent Pictures Cleveland, OH; Blue Hole Production’s “Walking the River” documentary.
\$10,000 Cuyahoga Valley National Park Association Peninsula, OH; Watershed advocacy network.	\$10,000 Ohio River Foundation Cincinnati, OH; Ohio River Watershed Protection and Restoration Project.	\$488,000 (14 grants) subtotal	\$20,000 The National Environmental Education and Training Foundation, Inc. Washington, DC; Earth Gauge broadcast meteorology project.
\$100,000 (over 2 years) National Audubon Society New York, NY; Operating and advocacy support.	\$50,000 Trust for Public Land San Francisco, CA; Ohio office operating support.	ENVIRONMENTAL JOURNALISM/PUBLIC EDUCATION	\$4,000 WorkingFilms Inc. Wilmington, NC; Community organizing materials for “Everything’s Cool” documentary.
\$10,000 National Wildlife Federation Reston, VA; Operating support.	\$30,000 Union of Concerned Scientists Cambridge, MA; Stemming the Tide of Invasive Species project.	\$5,000 The Center for Independent Documentary, Inc. Sharon, MA; “Everything’s Cool” documentary.	\$457,000 (7 grants) subtotal
\$10,000 The Nature Conservancy, Inc. Arlington, VA; Chagrin River watershed pilot biodiversity mapping project.	\$125,000 (over 2 years) University of Vermont Burlington, VT; Solarium Eco Machine Complex.	\$50,000 (over 2 years) Earthwatch Ohio Inc. Chagrin Falls, OH; Operating support.	(continued)
\$10,000 New Agrarian Center Oberlin, OH; Operating support and digital media production.		\$70,000 EcoCity Cleveland Cleveland, OH; Operating support and Green City/Blue Lake e-newsletter expansion.	

ENVIRONMENT (continued)

\$2,466,205

GREEN BUILDINGS, SUSTAINABLE BUSINESS AND RENEWABLE ENERGY

\$1,000

Architects Society of Ohio Foundation, Inc.

Columbus, OH; Sustainable
design lecture.

\$38,000

Cleveland Botanical Garden

Cleveland, OH; Institutional
sustainability planning.

\$22,422

The Cleveland Green Building Coalition, Inc.

Cleveland, OH; Educational
programming.

\$90,000 (over 2 years)

Enterprise Community Partners, Inc.

Columbia, MD;
Green affordable housing
in Cleveland.

\$70,000

Entrepreneurs for Sustainability

Cleveland, OH; Operating
and project support.

\$50,000 (over 2 years)

The Environmental and Energy Study Institute

Washington, DC; Energy
efficiency and green building
advocacy.

\$10,000

Institute for Local Self-Reliance, Inc.

Washington, DC;
Deconstruction project.

\$10,000

Neighborhood Progress, Inc.

Cleveland, OH; Sustainability
implementation initiative
for community development
corporations.

\$291,422 (8 grants)

subtotal

NONPROFIT LEADERSHIP DEVELOPMENT AND COALITION BUILDING

\$20,000

EcoCity Cleveland

Cleveland, OH; Great
Lakes Bioneers Cleveland
Conference.

\$125,000 (over 2 years)

Institute for Conservation Leadership

Takoma Park, MD;
Strengthening Ohio Leaders
and Organizations project.

\$30,000

Land Trust Alliance, Inc.

Washington, DC; Technical
assistance and training for
Ohio land trusts.

\$120,000 (over 2 years)

Ohio League of Conservation Voters Education Fund

Columbus, OH; Operating
support.

up to \$50,000

Ohio PIRG Education Fund Inc.

Columbus, OH; Intern
program.

\$345,000 (5 grants)

subtotal

PROTECTION OF HUMAN HEALTH

\$64,400 (over 2 years)

American Lung Association of Ohio

Independence, OH; Healthy
Communities Air Quality
Project.

\$47,000

Beyond Pesticides

Washington, DC; Pesticides
Alternative for Safe Schools
program in Greater Cleveland.

\$35,000

Buckeye Environmental Network

Grove City, OH; Community
assistance project.

\$10,000

Center for Health Environment and Justice

Falls Church, VA;
Environmental justice
organizing in Ohio.

\$50,000

Clean Air Task Force, Inc.

Boston, MA; Cleveland
diesel pollution reduction
campaign.

\$50,000

Earth Day Coalition

Cleveland, OH; Operating
support.

\$6,643

Earth Day Coalition

Cleveland, OH; Mercury and
Fish Consumption Project.

\$30,000

Food Animal Concerns Trust Inc. (FACT, Inc.)

Chicago, IL; Ohio project
to reduce antibiotic overuse
in animal agriculture.

\$7,000

Ohio Citizen Action Education Fund

Cincinnati, OH; Community
education about coal plant
impact.

\$210,000 (over 2 years)

The Ohio Environmental Council

Columbus, OH; Operating
support.

\$45,000

St. Clair-Superior Development Corporation

Cleveland, OH;
Environmental program.

\$8,000

St. Clair-Superior Development Corporation

Cleveland, OH; Pilot project
on Cleveland building
deconstruction.

\$563,043 (12 grants)

subtotal

SMART GROWTH

\$46,240

**Cleveland State University
Foundation, Inc.**

Cleveland, OH; Countryside
Program.

\$54,000 (over 2 years)

**Detroit Shoreway
Community Development
Organization**

Cleveland, OH; Cleveland
EcoVillage.

\$130,000

EcoCity Cleveland

Cleveland, OH; Greater Ohio
operating support.

\$10,000

**Funders Network for
Smart Growth and Livable
Communities**

Coral Gables, FL; Climate
change project.

\$40,000

**Ohio Association of
Railroad Passengers**

Columbus, OH; Operating
support.

\$20,000

Rails to Trails Conservancy

Washington, DC; Ohio office
operating support.

\$5,000

Rails to Trails Conservancy
Washington, DC; TrailLink
conference scholarships.

\$305,240 (7 grants)

subtotal

SPECIAL/EXPLORATORY

\$15,000

**The Burning River
Foundation Inc.**

Cleveland, OH; Burning
River Fest.

\$1,500

**Cuyahoga Valley
Countryside Conservancy**
Peninsula, OH; Economic
analysis of Northeast Ohio
local food production
and processing.

\$16,500 (2 grants)

subtotal

\$2,466,205 (55 grants)

total

ARTS

\$4,585,700

The Foundation maintained its commitment to ensuring the vitality of Cleveland's arts community with grants to organizations, both large and small, that reached audiences in neighborhoods and schools as well as in traditional performance and exhibition venues. A \$750,000 grant to the Great Lakes Theater Festival for its new home in a renovated Playhouse Square theater signaled a continuing commitment to a strong, vibrant downtown while a \$1.2 million grant for Detroit Shoreway's Gordon Square Arts District reflected our understanding of the role the arts play in creating dynamic neighborhoods.

EDUCATION

\$15,000

The Broadway School of Music and the Arts
Cleveland, OH; Operating support.

up to \$25,000

Cleveland Municipal School District
Cleveland, OH; Arts education strategic plan.

\$20,000

Council of Chief State School Officers, Incorporated
Washington, DC; Imagine Nation outreach in Ohio.

\$6,000

Eleanor B. Rainey Memorial Institute, Inc.
Cleveland, OH; Summer arts camp.

\$100,000

Great Lakes Theater Festival, Inc.
Cleveland, OH; Education programs.

\$2,500

Jamocha Arts Center
Cleveland, OH; Summer arts camp.

\$15,000

Passport Project Inc.
Cleveland, OH; Program support.

\$18,000

Progressive Arts Alliance Incorporated
Cleveland, OH; Salary support.

\$125,000

Young Audiences of Greater Cleveland, Inc.
Cleveland, OH; Initiative for Cultural Arts in Education.

\$326,500 (9 grants) subtotal

FILM AND MEDIA

\$45,000

The Cleveland International Film Festival, Inc.
Cleveland, OH; Operating support.

\$500,000 (over 2 years)
ideastream

Cleveland, OH; News and public affairs programming.

\$100,000 (over 2 years)

National Public Radio, Inc.
Washington, DC; Midwest news coverage.

\$645,000 (3 grants) subtotal

PERFORMING ARTS

\$25,000

Apollo's Fire The Cleveland Baroque Orchestra
Cleveland Heights, OH; Operating support.

\$2,000

Cesear's Forum
Twinsburg, OH; Marketing.

\$8,500

CityMusic Cleveland Inc.
Cleveland, OH; Cleveland concerts.

\$3,000

Cleveland Chamber Symphony Council Inc.
Cleveland, OH; Young and Emerging Composers competition.

\$35,000

Cleveland Modern Dance Association
Cleveland, OH; Operating support.

\$125,000

The Cleveland Play House
Cleveland, OH; Operating support.

\$50,000 (over 2 years)

The Cleveland Pops Orchestra, Inc.
Beachwood, OH; Development project.

\$70,000

Cleveland Public Theatre, Inc.
Cleveland, OH; Operating support.

\$10,000

Cleveland Shakespeare Festival
Cleveland, OH; Operating support.

\$3,000

Cleveland Signstage Theatre, Inc.
Cleveland, OH; Consolidation with Cleveland Hearing and Speech Center.

\$10,000

The Cleveland Theater Collective, Inc.
Cleveland, OH; Operating support.

\$2,400

The Cleveland Women's Orchestra
Cleveland, OH; Young Artists Internship Program.

\$10,000

The Contemporary Youth Orchestra
Cleveland, OH; Rock the Orchestra concert.

\$25,000

Cuyahoga Community College Foundation
Cleveland, OH; Tri-C JazzFest.

\$20,000 Dobama Theatre, Inc. Cleveland Heights, OH; Operating support.	\$25,000 Red {an orchestra} Cleveland, OH; Operating support.	\$1,200,000 (over 3 years) Detroit Shoreway Community Development Organization Cleveland, OH; Gordon Square Arts District.	\$30,000 Western Reserve Historical Society Cleveland, OH; Planning for Western Reserve history exhibit.
\$20,000 The Ensemble Theater Cleveland Heights, OH; Operating support.	\$10,000 Safmod Performance Ensemble Cleveland, OH; Transition support.	\$10,000 Eleanor B. Rainey Memorial Institute, Inc. Cleveland, OH; Leadership transition.	\$2,643,300 (15 grants) subtotal
\$30,000 Groundworks Dancetheater Cleveland Heights, OH; Operating support.	\$35,000 Verb Ballets Cleveland, OH; Operating support.	\$750,000 (over 5 years) Great Lakes Theater Festival, Inc. Cleveland, OH; Hanna Theatre renovation.	VISUAL ARTS
\$50,000 Karamu House Cleveland, OH; Theater program.	\$738,900 (26 grants) subtotal	\$5,000 Heights Arts Collaborative Inc. Cleveland Heights, OH; Marketing for arts center in Cleveland Heights Library.	\$5,000 Akron Art Museum Akron, OH; Catalogue for collaborative Masumi Hayashi exhibitions.
\$20,000 Near West Theatre, Inc. Cleveland, OH; Operating support.	SPECIAL PROGRAMS	\$5,000 Judson Foundation Cleveland, OH; Piano replacement.	\$5,000 Cleveland Artists Foundation Lakewood, OH; Masumi Legacy Project.
\$15,000 Opera Circle, Inc. Cleveland, OH; Operating support.	\$15,000 Art House, Inc. Cleveland, OH; Administrative support.	\$2,000 Playhouse Square Foundation Cleveland, OH; Integrated software system.	\$100,000 Cleveland Public Art, Inc. Cleveland, OH; Operating and project support.
\$100,000 Opera Cleveland Cleveland, OH; Education programming and transition expenses.	\$9,500 Cleveland Arts Prize South Euclid, OH; Technology upgrades.	\$75,000 The Rock and Roll Hall of Fame and Museum, Inc. Cleveland, OH; Green planning for library and archives.	\$90,000 Museum of Contemporary Art Cleveland Cleveland, OH; Operating support.
\$15,000 Piano International Association of Northern Ohio Cleveland, OH; Administrative support.	\$275,000 (over 2 years) Cleveland Festival of Art and Technology Inc. Cleveland, OH; Ingenuity Festivals 2008 and 2009.	\$23,800 SPACES Cleveland, OH; Executive director search.	\$10,000 Parkworks, Inc. Cleveland, OH; Mural My Neighborhood program.
\$20,000 Professional Flair, Inc. Cleveland, OH; Guest choreographer project.	\$20,000 The Cleveland Foundation Cleveland, OH; Playhouse Square study.		\$7,000 Sculpture Center Cleveland, OH; Marketing.
	\$210,000 Community Partnership for Arts and Culture Cleveland, OH; Operating support.		\$15,000 St. Vincent Quadrangle, Inc. Cleveland, OH; Red Dot Project.
	\$10,000 Community Partnership for Arts and Culture Cleveland, OH; Northeast Ohio Cultural Consumer Insight Project.		\$232,000 (7 grants) subtotal
			\$4,585,700 (60 grants) total

ECONOMIC DEVELOPMENT AND COMMUNITY REVITALIZATION

\$3,785,025 + \$500,000 program-related investment

The Foundation supported the Downtown Cleveland Alliance, University Circle Incorporated, Parkworks, Neighborhood Progress, Inc., the Fairfax Renaissance Development Corporation and numerous other organizations working to create vibrant places in our city. The Foundation also renewed longtime support for the Brookings Metropolitan Policy Program, which continued to provide vital research on innovative approaches to improving conditions in both the core city and the region.

ECONOMIC DEVELOPMENT

\$450,000 (over 3 years)
The Brookings Institution
Washington, DC; Brookings
Metropolitan Policy
Program.

up to \$225,000 (over 3 years)
**Cleveland Development
Foundation**
Cleveland, OH; Fund for
Our Economic Future.

\$300,000
**Downtown Cleveland
Alliance**
Cleveland, OH; Operating
and project support for
2008.

\$208,750
**Downtown Cleveland
Alliance**
Cleveland, OH; Operating
and project support for
2007.

\$150,000 (over 3 years)
**Economic Growth
Foundation**
Cleveland, OH; Greater
Cleveland Marketing
Alliance.

\$2,000

The Foundation Center
Cleveland, OH;
Dissemination of economic
development grantmaking
report.

\$65,000
**Greater Cleveland Media
Development Corporation**
Cleveland, OH; Film
production attraction and
coordination.

\$75,000
Policy Matters Ohio
Cleveland, OH; Operating
support.

\$300,000
**Shorebank Enterprise
Group Cleveland**
Cleveland, OH; Economic
opportunity development in
Cleveland neighborhoods.

**\$1,775,750 (9 grants)
subtotal**

HOUSING AND COMMUNITY REVITALIZATION

\$80,000
**Cleveland Housing
Network, Inc.**
Cleveland, OH; Strategic
initiatives.

\$35,000
**Cleveland Neighborhood
Development Corporation**
Cleveland, OH; Operating
support.

\$40,000 (over 2 years)
**Cleveland Restoration
Society, Inc.**
Cleveland, OH; Operating
support and replication of
Heritage Home Project.

\$20,000
**East Side Organizing
Project, Inc.**
Cleveland, OH; Neighbors
Revitalizing Neighborhoods
project.

\$250,000
**Fairfax Renaissance
Development Corporation**
Cleveland, OH; Renovation
of Langston Hughes Library
building for senior outreach
services headquarters.

\$50,000

Neighborhood Progress, Inc.
Cleveland, OH; Vacant
Property Reuse and
Prevention Project.

\$20,000
Ohio CDC Association
Columbus, OH; Operating
support.

\$1,000,000
**University Circle
Incorporated**
Cleveland, OH; Euclid
Gateway Vision Project.

\$10,000
**Western Reserve Land
Conservancy**
Novelty, OH; Affordable
housing study.

**\$1,505,000 (9 grants)
subtotal**

SPECIAL PROGRAMS

\$6,000
**100 Black Men of Cleveland
Incorporated**
Cleveland, OH; Research
project.

\$10,000
ACORN Institute Inc.
Washington, DC; Cleveland
ACORN's Earned Income Tax
Credit project.

\$10,000 American Institute for Social Justice, Inc. Washington, DC; Cleveland Earned Income Tax Credit Project.	\$5,000 Film Arts Foundation San Francisco, CA; "The New Metropolis" documentary.	\$10,000 Trinity Cathedral Cleveland, OH; Programs in downtown Cleveland.	PROGRAM-RELATED INVESTMENT
\$10,000 Center for American Places Inc. Staunton, VA; Photographic book focused on Cleveland's industrial core and historic manufacturing identity.	\$5,000 Flats Oxbow Association, Inc. Cleveland, OH; Dragon Boat Races and Asian Festival.	\$236,000 (19 grants) subtotal	\$500,000 Neighborhood Progress, Inc. Cleveland, OH; St. Luke's Hospital site redevelopment.
\$15,000 Center for Governmental Research, Inc. Rochester, NY; "Cost of Government" Study in Northeast Ohio.	\$7,500 Hispanic Roundtable Community Programs Cleveland, OH; Convention 2007.	URBAN DESIGN, PLANNING AND AMENITIES	\$500,000 (1 program-related investment) subtotal
\$25,000 CMHA Charities Fund Inc. Cleveland, OH; Splash Parks project.	\$7,500 The National Housing Institute Montclair, NJ; Conference on urban redevelopment and eminent domain.	\$10,000 Cleveland State University Foundation, Inc. Cleveland, OH; Our Place in the Urban Age forum series.	\$4,285,025 (43 grants + 1 program-related investment) total
\$25,000 Diversity Center of Northeast Ohio Cleveland, OH; Strategic planning.	\$25,000 Northeast Ohio Technology Coalition Cleveland, OH; State Science and Technology Institute.	\$65,275 Kent State University Foundation, Inc. Kent, OH; Cleveland Urban Design Collaborative.	
\$5,000 Economic Growth Foundation Cleveland, OH; Richard Shatten Memorial Award sculpture.	\$10,000 Ohio State University Foundation Columbus, OH; Toward a Transformative Agenda around Race conference.	\$20,000 Ohio State University Research Foundation Columbus, OH; Cuyahoga County Community Gardening Program.	
\$10,000 Endowment of the United States Institute of Peace, Incorporated Washington, DC; James Lipscomb memorial.	\$10,000 Parkworks, Inc. Cleveland, OH; Walk + Roll.	\$100,000 Parkworks, Inc. Cleveland, OH; Operating support.	
	\$25,000 Presidents Council Foundation Inc. Cleveland, OH; Emerging Entrepreneurs Program.	\$10,000 SPACES Cleveland, OH; Shrinking Cities exhibition catalogue and symposium.	
	\$15,000 Summer on the Cuyahoga Cleveland, OH; College graduate recruitment program.	\$63,000 University Circle Incorporated Cleveland, OH; Cozad-Bates House assessment and market feasibility study.	
		\$268,275 (6 grants) subtotal	

EDUCATION

\$3,360,078

The Foundation continued to pursue its Portfolio of Excellent Schools strategy with grants encouraging development of new, innovative schools based on nontraditional organizational and educational structures. Grants provided strategy, planning and start-up support for four single-sex schools in the Cleveland Municipal School District (CMSD) and funding for a new CMSD Office of New and Innovative Schools. Efforts to improve teacher quality included a grant to the Woodrow Wilson National Fellowship Foundation to create a graduate level fellowship program in Ohio preparing teachers in the STEM (science, technology, engineering and math) disciplines.

HIGHER EDUCATION

\$10,000

Northeast Ohio Council on Higher Education
Cleveland, OH; Executive director search and transition.

\$10,000

Northeast Ohio Council on Higher Education
Cleveland, OH; Northeast Ohio Universities Collaboration and Innovation Study Commission.

\$120,000 (over 2 years)

Temple University
Philadelphia, PA; Conflict Resolution Education in Teacher Education Project.

\$500,000 (over 18 months)

Woodrow Wilson National Fellowship Foundation
Princeton, NJ; STEM teacher education in Ohio.

\$640,000 (4 grants)
subtotal

NATIONAL SCHOOL IMPROVEMENT

\$10,000

Center for Teaching Quality Inc.
Hillsborough, NC; Teacher Solutions for Teacher Compensation conference.

\$100,000 (over 2 years)

GLSEN, Inc.
New York, NY; Student organizing initiatives.

\$100,000

Public Education Network
Washington, DC; Building public awareness on reauthorization of the No Child Left Behind Act.

\$210,000 (3 grants)
subtotal

PRIMARY AND SECONDARY EDUCATION

\$10,000

Chess for Success Inc.
Cleveland Heights, OH; Cleveland Municipal School District chess program.

\$325,000

The Cleveland Foundation
Cleveland, OH; Planning support for Cleveland Municipal School District opportunity schools.

\$300,000

The Cleveland Foundation
Cleveland, OH; Planning support for Cleveland Municipal School District opportunity schools.

\$500,000

Cleveland Municipal School District
Cleveland, OH; Start-up support for the CMSD Office of New and Innovative Schools.

\$100,000

Cleveland Scholarship Programs, Inc.
Cleveland, OH; College advisory services, last-dollar scholarships for Cleveland and first-ring suburban high school students and "Six to Success" program.

\$43,000

Cleveland SCORES
Cleveland, OH; Operating support.

\$248,400

Cleveland State University Foundation, Inc.
Cleveland, OH; Cleveland Schools Book Fund.

\$350,000 (over 2 years)

Community Renewal Society
Chicago, IL; CATALYST Ohio newsmagazine.

\$50,000

Esperanza Incorporated
Cleveland, OH; Programming for Hispanic youth.

\$25,000

Facing History and Ourselves National Foundation Inc.
Brookline, MA; Cleveland program operating support.

\$150,000 (over 2 years)
John Carroll University
 University Heights, OH;
 Institute for Educational
 Renewal's school
 improvement work in
 first-ring suburbs.

\$25,000
**KnowledgeWorks
 Foundation**
 Cincinnati, OH; Ohio 8
 Coalition.

\$75,000
**Youth Opportunities
 Unlimited**
 Cleveland, OH; Operating
 support.

\$2,201,400 (13 grants)
subtotal

SPECIAL PROGRAMS

\$10,000
**Case Western Reserve
 University**
 Cleveland, OH; National
 robotic vehicle competition.

\$10,000
**Case Western Reserve
 University**
 Cleveland, OH; National
 robotic vehicle competition.

\$125,000
The Cleveland Foundation
 Cleveland, OH; Northeast
 Ohio Education Works
 Initiative.

\$22,500
**Cuyahoga County Board
 of Commissioners**
 Cleveland, OH; Cuyahoga
 County Office of Early
 Childhood.

\$5,000
The English-Speaking Union
 New York, NY; Shakespeare
 competition.

\$2,500
**Northeastern Ohio Science
 and Engineering Fair**
 Cleveland, OH; Northeastern
 Ohio Science and
 Engineering Fair.

\$35,000
Ohio Grantmakers Forum
 Columbus, OH; Dissem-
 ination and implementation
 of "Education for Ohio's
 Future" report.

\$3,808
**Ohio Legislative Black
 Caucus Foundation**
 Columbus, OH; Governor's
 Conference on Increasing
 the Graduation Rate for
 African-American Males.

\$44,870
Positive Education Program
 Cleveland, OH; Intervention-
 Based Bibliotherapy pilot
 project.

\$50,000
United Labor Agency, Inc.
 Cleveland, OH; Operating
 support for Ohio Youth
 Voices.

\$308,678 (10 grants)
subtotal

\$3,360,078 (30 grants)
total

SPECIAL COMMITMENTS
\$2,710,680

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.

PHILANTHROPIC SERVICES

\$35,000

Business Volunteers Unlimited

Cleveland, OH; Technical assistance to nonprofit organizations.

\$10,000

Cleveland State University Foundation, Inc.

Cleveland, OH; Nonprofit succession planning and interim executive director programs.

\$39,500

Council on Foundations, Inc.

Washington, DC; Operating support.

\$25,000

Diocese of Ohio Episcopal Community Services Foundation

Cleveland, OH; Social outreach programs.

\$10,000

Enterprise Community Partners, Inc.

Columbia, MD; Annual conference.

\$10,000

Environmental Grantmakers Association

New York, NY; Fall retreat.

\$35,000

The Foundation Center

Cleveland, OH; Operating support and technology upgrades.

\$10,000

Funders Concerned About AIDS, Inc.

New York, NY; Public policy programming.

\$7,500

Funders Network for Smart Growth and Livable Communities

Coral Gables, FL; Operating support.

\$2,500

Funders Network on Population Reproductive Health & Rights

Rockville, MD; Operating support.

\$5,000

Grantmakers for Children, Youth & Families, Inc.

Silver Spring, MD; Operating support.

\$10,000 (over 2 years)

Grantmakers For Education

Portland, OR; Operating support.

\$3,000

Grantmakers in the Arts

Seattle, WA; Operating support.

\$5,000

Grantmakers in Health

Washington, DC; Operating support.

\$55,000 (over 2 years)

The Greater Cleveland Community Shares

Cleveland, OH; Operating support.

\$12,500

Independent Sector

Washington, DC; Operating support.

\$5,000

Media In The Public Interest Inc.

Boulder, CO; Ohio Public News network.

\$100,000

Minnesota Council of Nonprofits, Inc.

St. Paul, MN; Nonprofit Voter Engagement Network.

\$10,000

National Committee for Responsive Philanthropy

Washington, DC; Operating support.

\$10,000

Neighborhood Funders Group, Inc.

Washington, DC; Program-Related Investment Makers Network.

\$3,000

Neighborhood Funders Group, Inc.

Washington, DC; Operating support.

\$10,000

Ohio Grantmakers Forum

Columbus, OH; Operating support.

\$10,000

Ohio Grantmakers Forum

Columbus, OH; Annual conference.

\$2,680

Rockefeller Family Fund, Inc.

New York, NY; Environmental Grantmakers Association.

\$425,680 (24 grants)

subtotal

RETINAL DEGENERATIVE DISEASE RESEARCH

\$2,285,000

The Foundation Fighting Blindness

Owings Mills, MD; Retinal degenerative disease research.

\$2,285,000 (1 grant)

subtotal

\$2,710,680 (25 grants)

total

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

December 31	2007	2006
ASSETS		
Cash and cash equivalents	\$ 2,017,320	\$ 3,582,694
Marketable and U.S. government securities	518,423,038	523,081,910
Interest and dividends receivable	387,536	537,774
Federal excise tax	443,059	189,416
Other assets	304,772	291,936
Total assets	\$ 521,575,725	\$ 527,683,730
LIABILITIES		
Accounts payable and accrued expenses	\$ 525,951	\$ 572,201
Grants payable	12,830,130	15,471,517
Deferred federal excise tax	2,703,770	2,923,711
Total liabilities	16,059,851	18,967,429
NET ASSETS		
Unrestricted	505,515,874	508,716,301
Total liabilities and net assets	\$ 521,575,725	\$ 527,683,730

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

STATEMENTS OF ACTIVITIES

For the years ended December 31	2007	2006
REVENUES AND GAINS		
Net realized investment gains	\$ 9,031,574	\$ 22,845,267
Net unrealized investment gains	5,388,861	47,253,101
Dividend income	5,005,637	5,058,633
Interest income	2,909,834	3,703,737
Other income	1,174	7,146
Total revenue and gains	22,337,080	78,867,884
EXPENSES		
Grants authorized	20,784,893	27,493,074
Administrative expenses	4,327,659	4,201,303
Total expenses	25,112,552	31,694,377
Increase (decrease) in net assets before federal excise tax provision	(2,775,472)	47,173,507
Federal excise tax provision	424,955	1,611,044
Net increase (decrease) in net assets	(3,200,427)	45,562,463
Net assets - beginning	508,716,301	463,153,838
Net assets - ending	\$ 505,515,874	\$ 508,716,301

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

FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

For the years ended December 31	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (3,200,427)	\$ 45,562,463
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	55,400	51,498
Net realized gains on securities	(9,031,574)	(22,845,267)
Net unrealized gains on securities	(5,388,861)	(47,253,101)
Deferred federal excise tax	(219,941)	945,287
Changes in assets and liabilities:		
Receivables	(103,405)	(43,508)
Other assets	(14,533)	(1,041)
Accounts payable and accrued expenses	(46,250)	26,159
Grants payable	(2,641,387)	6,129,671
Net cash used in operating activities	(20,590,978)	(17,427,839)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of securities	101,746,704	89,077,179
Purchase of investments	(82,667,397)	(68,890,069)
Purchase of equipment and improvements	(53,703)	(62,150)
Net cash provided by investing activities	19,025,604	20,124,960
Net increase (decrease) in cash and cash equivalents	(1,565,374)	2,697,121
Cash and cash equivalents - beginning	3,582,694	885,573
Cash and cash equivalents - ending	<u>\$ 2,017,320</u>	<u>\$ 3,582,694</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year:		
Income taxes, excise	<u>\$ 875,000</u>	<u>\$ 575,000</u>
Interest	<u>\$ —</u>	<u>\$ —</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

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.

FINANCIAL STATEMENTS

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, 2007 and 2006, as provided by the fund managers. Market values as of December 31, 2007 and 2006 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, 2007 and 2006, the Foundation had total unfunded capital commitments to alternative investments of \$7,859,134 and \$6,053,946, 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 expense amounted to \$55,400 and \$51,498 for the years ended December 31, 2007 and 2006, respectively.

NOTE 2 - INVESTMENTS

Cost and market value of investments held at December 31, 2007 and 2006 were as follows:

	2007		2006	
	Market Value	Cost	Market Value	Cost
Fixed income securities	\$ 28,176,778	\$ 20,625,794	\$ 43,065,200	\$ 44,192,233
Common stocks and alternative investments	490,246,260	263,126,886	480,016,710	249,608,180
Total	<u>\$ 518,423,038</u>	<u>\$ 283,752,680</u>	<u>\$ 523,081,910</u>	<u>\$ 293,800,413</u>

Market values of investments are based on December 31, 2007 and 2006 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.

FINANCIAL STATEMENTS

NOTE 3 - CREDIT CONCENTRATION

Aside from its holdings in the Kellogg Company, the Foundation's portfolio of investments is highly diversified; however, at December 31, 2007 and 2006, 27% of the total market value of securities and 67% and 66% respectively, of dividend income in each year are attributable to ownership of Kellogg Company stock. The Foundation has a concentration of risk in its cash position as of December 31, 2007 in that the Foundation has approximately \$5,000,000 in one checking account that is insured by the F.D.I.C. up to a limit of \$100,000.

NOTE 4 - LEASES

The Foundation occupies office space in the Landmark Office Towers under a lease that terminates on January 31, 2010. Base annual rentals are \$129,461 for the remaining term of the lease, with escalation charges from these base rentals. There are renewal options for two additional periods of five years each. Rental expense for the years ended December 31, 2007 and 2006 amounted to \$154,885 and \$147,106, respectively.

The future minimum lease commitments under leases with terms in excess of one year are as follows:

2008	\$	129,461
2009		129,461
2010		10,789
	\$	<u>269,711</u>

NOTE 5 - 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:

	2007	2006
Cash	\$ 613,764	\$ 831,484
Receivables	830,595	727,190
Other assets	34,083	18,637
Due to principal fund	(40,077)	(27,329)
Accounts payable	(525,951)	(572,201)
Grants payable	(12,830,130)	(15,471,517)
Deferred federal excise tax	5,893	2,769
	<u>\$ (11,911,823)</u>	<u>\$ (14,490,967)</u>

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

	2007	2006
Income fund	\$ 30,497,145	\$ (5,603,533)
Principal fund	(33,697,572)	51,165,996
Increase (decrease) in net assets	(3,200,427)	45,562,463
Net assets - beginning	508,716,301	463,153,838
Net assets - ending	<u>\$ 505,515,874</u>	<u>\$ 508,716,301</u>

The change in individual funds includes transfers by the Foundation of \$19,060,320 in 2007 and \$18,482,089 in 2006 from the principal fund to the income fund.

FINANCIAL STATEMENTS

NOTE 6 – 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 \$225,000 of compensation for the year ended December 31, 2007 and \$220,000 for the year ended December 31, 2006. Employer contributions to the plan for the years ended December 31, 2007 and 2006 amounted to \$107,661 and \$99,175, respectively. Participants are also permitted to make salary reduction contributions to the plan.

NOTE 7 – 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 and deferred excise taxes were provided at 2% for 2007 and 2006. The current and deferred portions of the excise tax provisions were \$621,304 and \$(219,941), respectively, netting to \$401,363 in 2007. The current and deferred portions of the excise tax provisions were \$665,757 and \$945,287, respectively, netting to \$1,611,044 in 2006.

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, 2007 and 2006, 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, 2007 and 2006, 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.

Walshall, Drake & Wallace LLP

Cleveland, Ohio
March 24, 2008

Certified Public Accountants

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 one of 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.

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.

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.

ARTS

The Foundation values and supports the role the arts play in making Cleveland and its region a more desirable place to live, promoting 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 Municipal 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 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 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. 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.

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 by the Foundation's Trustees in March, June, September and December. Deadlines for submitting proposals for consideration at the next regularly scheduled meeting of the Trustees are December 15, March 15, June 15 and September 15. Proposals are due the next business day if a deadline falls on a weekend.

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, www.gundfoundation.org, includes resources to assist grantees with this task. In this same spirit, we ask that applicants do not submit proposals in notebooks, binders or plastic folders and print proposals on both sides of each sheet of paper.

Applicants 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, 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 budgets 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 Library in Cleveland, 1422 Euclid Avenue, or by calling 800.424.9836 for the locations of other Foundation Center offices.

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 \$504 million toward the advancement of human welfare.

by Geoffrey Gund, President



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*Term ended July 2007

**Resigned August 2007

***Retired March 2007

UNIVERSITY CIRCLE PHOTOGRAPHS

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METHODIST CHURCH
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RESERVE UNIVERSITY/
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CLEVELAND INSTITUTE
OF MUSIC
Mixon Hall

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CLEVELAND MUSEUM OF
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Kent and Thelma Smith
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OVERLOOKING THE
TEMPLE-TIFERETH ISRAEL
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EUCLID AVENUE AT
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CASE WESTERN
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OVERLOOKING
WADE LAGOON
West View

www.gundfoundation.org 1845 Guildhall Building, 45 Prospect Avenue West, Cleveland, Ohio 44115 216.241.3114

