

THE GEORGE GUND FOUNDATION

2008 Annual Report

President's Letter

The George Gund Foundation, like other investors, has suffered great losses in the value of our portfolio. This resource is the very basis upon which we make the grants that advance our goals, and as 2009 began we confronted increasing societal needs with a reduced arsenal. Yet, we share the view of those who see opportunity in crisis, and we are responding to the economic downturn in several ways that we believe will maximize the impact of diminished financial capacity.

First, we have tightened our operating budget in a variety of ways. The letter you are reading is one example – it appears in our first online annual report. By not printing an annual report, we are able to save thousands of dollars that can go into the grant budget.

We also are increasing the percentage of our assets that we give away. Federal tax law requires that private foundations spend 5 percent of their assets every year, and we always exceed that minimum. In 2009 we will go substantially beyond that, although it is impossible to pinpoint the percentage in advance because of the fluidity of the market value of our portfolio. However, the dramatic drop in portfolio value means that even with an increased percentage, the dollars available for grants still will likely decline in 2009. This is, in part, a result of multi-year grants to important community projects in Cleveland that extend into the future. We will, of course, honor those commitments but doing so automatically reduces our ability to consider new grants of similar magnitude.

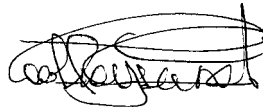
We are always attuned to opportunities to encourage creative collaborations, and such endeavors have never been more important. Times like these demand that all of us focus on shared undertakings, and we will work with many nonprofit agencies to identify and implement collaborations in the year ahead. In some instances this will be a way to enhance service, but in others it may be a matter of survival. We cannot avoid the challenges of collaborations simply because they are difficult.

The Gund Foundation has long been noted for its support of organizations that take on public policy advocacy. This is a central part of our philosophy and of how we operate. The economic difficulties of the moment provide numerous openings for policy engagement because government is assuming an expanded role. That fact, along with the evident increase in need, compels us to increase our efforts to seek out strategic policy support grants, and these may also be worthwhile models of collaboration. In 2008 many of our grantees joined forces to push policy initiatives to success. These include the state's

ban on onerous "payday lending" interest charges and Ohio's adoption of a Renewable Portfolio Standard mandating increases in green energy sources.

As we all work through this difficult time, we also want to maintain open communication with our grantees. Uncertainty abounds, but we will do everything we can to minimize it. The first step is always to share information and concerns.

Finally, we wish to welcome Anna Traggio, a granddaughter of our Foundation's founder, as a Trustee Candidate in 2009. We are confident that her outlook and insights will be important contributions to our deliberations.



Geoffrey Gund
President and Treasurer

Executive Director's Letter

The difficulties of the present tempt us to ignore the future. The current economic crisis has created needs that are immediate, growing and real. The charitable impulse naturally bends toward needs of the moment, but foundations also must constantly look to the horizon in order to achieve the greatest good.

Indeed, philanthropy is uniquely positioned to think longterm, and it is important for us to use our role to help others act beyond short-range responses. That is why we should think about the needs of children, such as those who are featured in this annual report's photographic essay, when weighing investment decisions. The future of those children should motivate us more than our present circumstances.

The children are pictured in various early education centers supported by Invest in Children, Cuyahoga County's model public-private partnership that strives to improve the life of every child in the county. It is one of the best expressions of our hope to have a culture that values and supports the growth of children. It reflects not only the moral imperative to nurture our youngest citizens but also the conviction that few things pay such abundant social dividends as investing in early care and education. In a society that was excessively focused on immediate rewards even before the economic crisis hit last year, some serious thinking about children would do us good. It would help us commit to the long-term action that is needed to truly meet our challenges. Yes, we need economic stimulus that puts people back to work. Yes, we want growth now. But the most important issues we face are systemic and entrenched. Our country requires more than a quick shot in the arm. We need transformation.

Take education, for example. Because of our archaic education system, America no longer leads the world in educational attainment, and we are rapidly dropping in the ranks. Our performance against international standards is mediocre. The sheer difficulty of this challenge must not cause us to shirk it. Everyone has a stake in how we take action. Philanthropy, in particular, must engage policymakers and citizens alike in order to build the will and capacity that we need to make the change that our children – and the rest of us – require. The Ohio Grantmakers Forum has become an especially valuable collaborative voice for philanthropy on education issues and has effectively pushed for systemic change. Much more work lies ahead.

We need transformation of equal magnitude in meeting society's energy demands, in our stewardship of the planet and in how we provide health care. In Northeast Ohio, the makeover we require includes our regional economy because we became too dependent on an industrial manufacturing model that is no longer competitive. We are similarly attached to our region's absurdly inefficient, inequitable and ineffective tangle of local governments. They, too, must become the focus of serious reform. The Fund for Our Economic Future, a collaborative of grantmakers and others, has targeted these issues with promising early results. Yet, effort applied to these and other deep-seated issues will fall short if it is not consistently maintained for the long term.

Our short attention span plagues us. Much of the national debate around solutions centers on immediate stimulus and alleviating distress now. Such measures *respond* to the crisis, but they do not fully *seize* the opportunity that this crisis presents. If ever there were a time to direct our focus toward meaningful, concerted campaigns on our most stubborn issues, this is it. Philanthropy can play its part, but everyone needs to join that effort. Thinking about the children pictured here is a good place to start.



David T. Abbott
Executive Director

Summary of 2008 Commitments

Arts

57 grants
\$3,219,600

Economic Development and Community Revitalization

35 grants and one program-related investment
\$4,312,532

Education

36 grants
\$3,123,750

Environment

46 grants
\$2,508,920

Human Services

64 grants
\$2,582,799

Special Projects

24 grants
\$2,637,500

Grand Total

262 grants and one program-related investment
\$18,385,101

Total since inception of the Foundation in 1952

\$523,134,417

Arts

The Foundation maintained its commitment to ensuring the vitality of Cleveland's arts community and nurturing its creative class with grants to organizations, both large and small, that reached audiences in neighborhoods and schools as well as in traditional performance and exhibition venues and that offered opportunities for local artists. A \$125,000 grant to Young Audiences helped launch *Art is Education*, an integrated arts education program that is being piloted in eight Cleveland Municipal School District schools. Arts grantmaking totaled \$3,219,600.

Education

THE BROADWAY SCHOOL OF MUSIC AND THE ARTS
Cleveland, Ohio
Operating support.
\$15,000

CLEVELAND STATE UNIVERSITY FOUNDATION, INC.
Cleveland, Ohio
Cleveland Arts Educators Consortium.
\$10,000

THE CONTEMPORARY YOUTH ORCHESTRA
Cleveland, Ohio
Rock the Orchestra programming.
\$8,000

COUNCIL OF CHIEF STATE SCHOOL OFFICERS, INCORPORATED
Washington, D.C.
Arts Education Partnership symposium.
\$5,000

ELEANOR B. RAINEY MEMORIAL INSTITUTE, INC.
Cleveland, Ohio
Programming at Cleveland recreation centers.
\$10,000

ELEANOR B. RAINEY MEMORIAL INSTITUTE, INC.
Cleveland, Ohio
Summer arts day camp.
\$6,000

GREAT LAKES THEATER FESTIVAL, INC.
Cleveland, Ohio
Education department.
\$100,000

JOYFUL NOISE NEIGHBORHOOD MUSIC SCHOOL
Cleveland, Ohio
Marketing and outreach.
\$4,500

NEAR WEST THEATRE, INC.
Cleveland, Ohio
Operating support.
\$20,000

PROGRESSIVE ARTS ALLIANCE INCORPORATED
Cleveland, Ohio
Operating support.
\$16,000

YOUNG AUDIENCES OF NORTHEAST OHIO INC.
Cleveland, Ohio
Art is Education.
\$125,000

Film and Media

THE CLEVELAND INTERNATIONAL FILM FESTIVAL, INC.
Cleveland, Ohio
Operating and project support.
\$50,000

Performing Arts

APOLLO'S FIRE THE CLEVELAND BAROQUE ORCHESTRA
Cleveland Heights, Ohio
Operating support.
\$35,000 *over 2 years*

BANG AND THE CLATTER THEATRE COMPANY
Cleveland, Ohio
Start-up support.
\$35,000

Performing Arts (continued)

THE BECK CENTER FOR THE CULTURAL ARTS
Lakewood, Ohio
Development office.
\$30,000

CESEAR'S FORUM
Twinsburg, Ohio
Strategic planning.
\$3,000

CITYMUSIC CLEVELAND INC.
Cleveland, Ohio
Administrative support.
\$22,000

CLEVELAND JAZZ ORCHESTRA
Cleveland, Ohio
Jazz at Beck Center concert series.
\$10,000

CLEVELAND MODERN DANCE ASSOCIATION
Cleveland, Ohio
Operating support.
\$35,000

THE CLEVELAND PLAY HOUSE
Cleveland, Ohio
Operating support.
\$80,000

CLEVELAND PUBLIC THEATRE, INC.
Cleveland, Ohio
Operating and DanceWorks support.
\$70,000

CLEVELAND SHAKESPEARE FESTIVAL
Cleveland, Ohio
Operating support.
\$20,000

CUYAHOGA COMMUNITY COLLEGE FOUNDATION
Cleveland, Ohio
Tri-C JazzFest.
\$30,000 *over 2 years*

DOBAMA THEATRE, INC.
Cleveland Heights, Ohio
Operating and transition support.
Up to \$45,000

THE ENSEMBLE THEATER
Cleveland Heights, Ohio
Operating support.
\$20,000

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

JEWISH COMMUNITY CENTER OF CLEVELAND
Beachwood, Ohio
"Pangs of the Messiah" outreach.
\$2,000

KARAMU HOUSE
Cleveland, Ohio
Theater support.
\$50,000

OPERA CIRCLE, INC.
Cleveland, Ohio
Operating support.
\$15,000

OPERA CLEVELAND
Cleveland, Ohio
Operating support.
\$50,000

PIANO INTERNATIONAL ASSOCIATION OF NORTHERN OHIO
Cleveland, Ohio
Promotional video.
\$22,000

PROFESSIONAL FLAIR, INC.
Cleveland, Ohio
Marketing materials.
\$15,000

TITLEWAVE THEATRE
Cleveland, Ohio
Free outdoor summer theater.
\$3,000

VERB BALLETS
Cleveland, Ohio
Operating support.
\$35,000

VERB BALLETS
Cleveland, Ohio
Transitional expenses.
\$10,000

Special Programs

ART HOUSE
Cleveland, Ohio
Audience development.
\$8,000

Special Programs (continued)

ARTS COLLINWOOD INC.
Cleveland, Ohio
Marketing and outreach.
\$15,000

CLEVELAND ARTS PRIZE
South Euclid, Ohio
Website redesign.
\$5,000

THE CLEVELAND MUSIC SCHOOL SETTLEMENT
Cleveland, Ohio
Branding initiative.
\$50,000

CLEVELAND PUBLIC LIBRARY
Cleveland, Ohio
Museum pass program exploration.
\$12,500

CLEVELAND STATE UNIVERSITY FOUNDATION, INC.
Cleveland, Ohio
Allen Theater project.
\$1,000,000 *over 5 years*

COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE
Cleveland, Ohio
Operating support.
\$210,000

COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE
Cleveland, Ohio
Collaborative Marketing Database.
\$20,000

ECONOMIC GROWTH FOUNDATION
Cleveland, Ohio
COSE Arts Network.
\$5,000

ELEANOR B. RAINEY MEMORIAL INSTITUTE, INC.
Cleveland, Ohio
Capital campaign.
\$60,000

KARAMU HOUSE
Cleveland, Ohio
Emergency furnace replacement.
\$7,500

THE PEW CHARITABLE TRUSTS
Philadelphia, Pennsylvania
Ohio Cultural Data project.
\$25,000

POETS LEAGUE OF GREATER CLEVELAND, INC.
Cleveland, Ohio
Technology upgrades.
\$17,100

THE ROCK AND ROLL HALL OF FAME AND MUSEUM, INC.
Cleveland, Ohio
Library and archives construction and Hall of Fame induction ceremony.
\$450,000

Visual Arts

ARTISTS ARCHIVES OF THE WESTERN RESERVE
Cleveland, Ohio
Oral histories.
\$5,000

CLEVELAND PUBLIC ART, INC.
Cleveland, Ohio
Operating and project support.
\$100,000

MUSEUM OF CONTEMPORARY ART CLEVELAND
Cleveland, Ohio
Operating support.
\$90,000

SANKOFA FINE ARTS PLUS
Cleveland, Ohio
Strategic plan.
\$3,000

THE SOLDIERS AND SAILORS MONUMENT SUPPORT GROUP
Cleveland, Ohio
Monument restoration.
\$10,000

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

ST. VINCENT QUADRANGLE, INC.
Cleveland, Ohio
Red Dot Project.
\$15,000

ZYGOTE PRESS INC.
Cleveland, Ohio
Operating support.
\$20,000

Economic Development and Community Revitalization

The Foundation continued operating support for organizations working effectively to create a vibrant city, including Downtown Cleveland Alliance, Greater Cleveland Media Development Corporation and ParkWorks. Both a grant and a program-related investment were made to support the Uptown residential and retail project in University Circle, a Cleveland hub of higher education, medicine, culture and entrepreneurship. The Cleveland Housing Network received support for its programs responding to the mortgage foreclosure crisis. Total economic development and community revitalization support included \$2,312,532 in grants and a \$2 million program-related investment.

Economic Development

DOWNTOWN CLEVELAND ALLIANCE

Cleveland, Ohio
Operating and project support.
Up to \$300,000

ECONOMIC GROWTH FOUNDATION

Cleveland, Ohio
Opportunity Corridor project.
\$100,000 *over 2 years*

GREATER CLEVELAND MEDIA DEVELOPMENT CORPORATION

Cleveland, Ohio
Film production attraction and coordination and strategic planning.
\$85,000

HISPANIC BUSINESS & COMMUNITY DEVELOPMENT CORPORATION

Cleveland, Ohio
Northeast Ohio Regional Hispanic Business Program.
\$10,000

NEIGHBORHOOD PROGRESS, INC.

Cleveland, Ohio
Village Capital Corporation CARS assessment.
\$7,000

NORTHEAST OHIO REGIONAL ECONOMIC DEVELOPMENT FOUNDATION

Cleveland, Ohio
Strategy update project.
\$10,000

POLICY MATTERS OHIO

Cleveland, Ohio
Operating support.
\$60,000

URBAN LEAGUE OF GREATER CLEVELAND

Cleveland, Ohio
Transforming for Increased Impact Initiative.
\$57,836

WESTSIDE INDUSTRIAL RETENTION & EXPANSION NETWORK

Cleveland, Ohio
Supply chain business development forums.
\$10,000

Housing and Community Revitalization

CLEVELAND HOUSING NETWORK, INC.

Cleveland, Ohio
Programs responding to Cleveland's foreclosure crisis.
\$80,000

Housing and Community Revitalization (continued)

GREATER CLEVELAND HABITAT FOR HUMANITY, INC.
Cleveland, Ohio
ReStore relocation and expansion.
\$100,000

OHIO CDC ASSOCIATION
Columbus, Ohio
Operating support.
\$10,000

UNIVERSITY CIRCLE INCORPORATED
Cleveland, Ohio
Uptown housing/retail project.
\$1,000,000

Neighborhood Revitalization

THE BROOKINGS INSTITUTION
Washington, D.C.
Reinventing Older Communities conference expenses.
\$2,000

DETROIT SHOREWAY COMMUNITY DEVELOPMENT ORGANIZATION
Cleveland, Ohio
Street banners.
\$2,000

OHIO GRANTMAKERS FORUM
Columbus, Ohio
Detroit Shoreway neighborhood tour.
\$500

PARKWORKS, INC.
Cleveland, Ohio
Reinventing Older Communities conference scholarships.
\$6,678

STATE OF OHIO
Columbus, Ohio
Reinventing Older Communities conference scholarships.
\$1,648

UNIVERSITY CIRCLE INCORPORATED
Cleveland, Ohio
Reinventing Older Communities conference scholarships.
\$1,470

Special Programs

CLEVELAND BRIDGE BUILDERS, INCORPORATED
Cleveland, Ohio
Cleveland Leadership Center.
\$50,000

CLEVELAND COUNCIL ON WORLD AFFAIRS
Cleveland, Ohio
Regional Investment Center.
\$8,500

CLEVELAND STATE UNIVERSITY FOUNDATION, INC.
Cleveland, Ohio
President's Initiative Fund.
\$10,000

NAACP-CLEVELAND BRANCH
Cleveland, Ohio
Vote Big, Vote Early project.
\$10,000

NAACP-CLEVELAND BRANCH
Cleveland, Ohio
Voter education, participation and protection activities.
\$2,900

NATIONAL TRUST FOR HISTORIC PRESERVATION
Washington, D.C.
Evaluation of Ohio's Historic Rehabilitation Tax Credit Program.
\$100,000

NATIONAL URBAN FELLOWS, INC.
New York, New York
Fellow mentorship.
\$10,000

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

PRESIDENTS' COUNCIL FOUNDATION INC.
Cleveland, Ohio
Operating support.
\$25,000

SPIRIT OF CLEVELAND, INC.
Cleveland, Ohio
HealthLine opening celebration.
\$15,000

TIDES CENTER
San Francisco, California
Great Lakes Urban Exchange.
\$10,000

TRINITY CATHEDRAL
Cleveland, Ohio
Community programs.
\$10,000

Special Programs (continued)

UNITED LABOR AGENCY, INC.

Cleveland, Ohio

Greater Cleveland Voter Coalition.

\$10,000

WALK AND ROLL CLEVELAND INC.

Cleveland, Ohio

Operating support.

\$7,000

Urban Design, Planning and Amenities

KENT STATE UNIVERSITY FOUNDATION, INC.

Kent, Ohio

Cleveland Urban Design Collaborative relocation.

\$75,000

PARKWORKS, INC.

Cleveland, Ohio

Operating support.

\$100,000

Program-Related Investment

UNIVERSITY CIRCLE INCORPORATED

Cleveland, Ohio

Uptown housing/retail project.

\$2,000,000

Education

The Foundation continued to pursue its Portfolio of Excellent Schools strategy that encourages development of new, innovative schools in the city of Cleveland based on nontraditional organizational and educational structures. There was also significant Foundation involvement in the Ohio Grantmakers Forum statewide education policy initiative focused on improving teacher quality and preparing students for success in a global economy. Total education grantmaking was \$3,123,750.

Higher Education

THE CLEVELAND FOUNDATION

Cleveland, Ohio

Cleveland/Kalamazoo Promise study.

\$20,000

ECONOMIC GROWTH FOUNDATION

Cleveland, Ohio

College 360/Cleveland Plus project.

\$40,000

THE NEW TEACHERS COLLEGE

Cleveland, Ohio

Planning support.

\$48,000

OHIO CAMPUS COMPACT

Granville, Ohio

Voter engagement project.

\$10,000

THURGOOD MARSHALL COLLEGE FUND

New York, New York

Operating support.

\$10,000

National Education Policy

CENTER ON EDUCATION POLICY

Washington, D.C.

Operating support.

\$300,000 *over 2 years*

Primary and Secondary Education

AMERICA SCORES CLEVELAND

Cleveland, Ohio

Operating support.

\$30,000

CHESS FOR SUCCESS INC.

Cleveland, Ohio

Cleveland Municipal School District chess program.

\$7,500

CITY YEAR, INC.

Boston, Massachusetts

City Year Cleveland support.

\$80,000 *over 2 years*

CITY YEAR, INC.

Boston, Massachusetts

City Year Cleveland support.

\$40,000

THE CLEVELAND FOUNDATION

Cleveland, Ohio

Portfolio of Excellent Schools strategy.

\$550,000

CLEVELAND HEIGHTS/ UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT

University Heights, Ohio

First-Ring Superintendents' Collaborative action plan.

\$60,000

CLEVELAND MUNICIPAL SCHOOL DISTRICT

Cleveland, Ohio

American Institutes for Research Humanware audit.

\$161,500

Primary and Secondary Education (continued)

CLEVELAND MUNICIPAL SCHOOL DISTRICT

Cleveland, Ohio

Board leadership development and training project.

\$20,000

CLEVELAND MUNICIPAL SCHOOL DISTRICT

Cleveland, Ohio

Administrative and board retreats.

\$10,000

CLEVELAND MUNICIPAL SCHOOL DISTRICT

Cleveland, Ohio

American Institutes for Research Humanware audit.

\$4,500

CLEVELAND SCHOLARSHIP PROGRAMS, INC.

Cleveland, Ohio

Scholarship program.

\$65,000

CLEVELAND SCHOLARSHIP PROGRAMS, INC.

Cleveland, Ohio

Evaluation and strategic planning.

\$50,000

E CITY

Cleveland, Ohio

Youth entrepreneurship education programs.

\$25,000

ECONOMIC GROWTH FOUNDATION

Cleveland, Ohio

Metropolitan Cleveland Consortium STEM High School capital project.

\$500,000

ESPERANZA INCORPORATED

Cleveland, Ohio

Programming for Hispanic youth.

\$100,000 *over 2 years*

FACING HISTORY AND OURSELVES NATIONAL FOUNDATION INC.

Brookline, Massachusetts

Cleveland program operating support.

\$25,000

HATHAWAY BROWN SCHOOL

Shaker Heights, Ohio

Aspire program.

\$50,000

IDEASTREAM

Cleveland, Ohio

FIRST Buckeye Regional Robotics Competition.

\$20,000

THE INTERGENERATIONAL SCHOOL

Cleveland, Ohio

Collaboration among Cleveland's highly rated charter schools.

\$40,000

YOUTH OPPORTUNITIES UNLIMITED

Cleveland, Ohio

Operating support.

\$75,000

YOUTH OPPORTUNITIES UNLIMITED

Cleveland, Ohio

Program impact evaluation.

\$27,250

Special Programs

BOND ACCOUNTABILITY COMMISSION 2, INC.

Cleveland, Ohio

Operating support.

\$80,000 *over 2 years*

CLEVELAND MEDIATION CENTER

Cleveland, Ohio

Relocation expenses.

\$10,000

NORTHEASTERN OHIO SCIENCE AND ENGINEERING FAIR

Cleveland, Ohio

Northeast Ohio Science and Engineering Fair.

\$2,500

NORTHEASTERN OHIO SCIENCE AND ENGINEERING FAIR

Cleveland, Ohio

Northeast Ohio Science and Engineering Fair.

\$2,500

OHIO GRANTMAKERS FORUM

Columbus, Ohio

Education initiative.

\$70,000

ONECLEVELAND

Cleveland, Ohio

Operating support.

\$250,000

Special Programs (continued)

POLICYBRIDGE

Cleveland, Ohio

Social marketing campaign.

\$25,000

SUITE 1300 SERVICES, INC.

Cleveland, Ohio

Literacy Cooperative of Greater Cleveland.

\$250,000

UNITED LABOR AGENCY, INC.

Cleveland, Ohio

Youth Voices program.

\$65,000

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 percentage of renewable energy and energy efficiency in our state, promoting a robust local foods infrastructure, encouraging smart growth and addressing climate change. Environment grantmaking totaled \$2,508,920.

Conservation of Natural Systems and Biodiversity

ALASKA CONSERVATION FOUNDATION

Anchorage, Alaska
Operating support.
\$50,000 *over 2 years*

THE BUCKEYE FOREST COUNCIL, INC.

Columbus, Ohio
State and national forest preservation and expansion.
\$20,000

CONSULTATIVE GROUP ON BIOLOGICAL DIVERSITY INC.

San Francisco, California
Operating support.
\$5,000

GREAT LAKES UNITED

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

NATIONAL WILDLIFE FEDERATION

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

UNION OF CONCERNED SCIENTISTS

Cambridge, Massachusetts
Stemming the Tide of Invasive Species project.
\$30,000

Protection of Human Health

BUCKEYE ENVIRONMENTAL NETWORK

Grove City, Ohio
Community assistance.
\$25,000

THE CLEAN AIR CONSERVANCY

Cleveland, Ohio
Strategic planning.
\$10,000

ENVIRONMENTAL HEALTH WATCH, INC.

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

OHIO CITIZEN ACTION EDUCATION FUND

Cincinnati, Ohio
Ohio Good Neighbor campaigns.
\$25,000

OHIO ENVIRONMENTAL COUNCIL

Columbus, Ohio
Cleveland diesel pollution reduction campaign.
\$50,000

Smart Growth

THE CLEVELAND MUSEUM OF NATURAL HISTORY

Cleveland, Ohio
Greater Ohio operating support.
\$300,000 *over 2 years*

LAND TRUST ALLIANCE, INC.

Washington, D.C.
Work with Ohio land trusts.
\$20,000

MID-OHIO REGIONAL PLANNING COMMISSION

Columbus, Ohio
Ohio farmland preservation efforts.
\$30,000

Smart Growth (continued)

OHIO ASSOCIATION OF RAILROAD PASSENGERS
Columbus, Ohio
Public awareness and advocacy.
\$20,000

RAILS TO TRAILS CONSERVANCY
Washington, D.C.
Work with City of Cleveland on 2010 Active Transportation Campaign.
\$30,000

SMART GROWTH AMERICA
Washington, D.C.
Operating support.
\$60,000

TRUST FOR PUBLIC LAND
San Francisco, California
Operating support.
\$60,000

WEST CREEK PRESERVATION COMMITTEE
Parma, Ohio
West Creek/Cuyahoga River confluence restoration project.
\$50,000

WESTERN RESERVE LAND CONSERVANCY
Novelty, Ohio
Bridge-to-the-Future Fund.
\$100,000

Special/Exploratory

MEDIA COLLECTIVE INC.
New York, New York
Green Patriot Poster project in Cleveland.
\$9,500

OHIO & ERIE CANAL CORRIDOR COALITION, INC.
Akron, Ohio
Operating support.
\$20,000

OHIO CITY NEAR WEST DEVELOPMENT CORPORATION
Cleveland, Ohio
Cleveland Environmental Center.
\$55,000

Sustainability, Energy and Climate Change

CITY OF CLEVELAND
Cleveland, Ohio
Sustainability report and community outreach.
\$75,000

CLEVELAND BOTANICAL GARDEN
Cleveland, Ohio
Green building planning.
\$20,000

THE CLEVELAND FOUNDATION
Cleveland, Ohio
Cleveland Carbon Fund website.
\$10,000

THE CLEVELAND MUSEUM OF NATURAL HISTORY
Cleveland, Ohio
Green City Blue Lake website and Center for Regional Sustainability.
\$50,000

THE CLEVELAND MUSEUM OF NATURAL HISTORY
Cleveland, Ohio
Great Lakes Bioneers Cleveland conference.
\$10,000

CUYAHOGA COMMUNITY COLLEGE FOUNDATION
Cleveland, Ohio
Pathways out of Poverty through Green Jobs program.
\$75,000

CUYAHOGA COMMUNITY LAND TRUST INC.
Cleveland, Ohio
LEED planning for EcoVillage homes.
\$4,000

CUYAHOGA VALLEY COUNTRYSIDE CONSERVANCY
Peninsula, Ohio
Operating support.
\$90,000

CUYAHOGA VALLEY COUNTRYSIDE CONSERVANCY
Peninsula, Ohio
Northeast Ohio Food Congress.
\$4,000

EARTH DAY COALITION
Cleveland, Ohio
Dike 14 accessibility.
\$1,500

ECONOMIC GROWTH FOUNDATION
Cleveland, Ohio
Business community engagement in environmental issues.
\$100,000 *over 2 years*

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

ENTREPRENEURS FOR SUSTAINABILITY

Cleveland, Ohio
Operating support.
\$50,000

ENVIRONMENT OHIO RESEARCH AND POLICY CENTER INC.

Columbus, Ohio
Internship program and research and advocacy on renewable energy.
\$75,000

ENVIRONMENT OHIO RESEARCH AND POLICY CENTER INC.

Columbus, Ohio
Ohio's Collaborative Climate Change Campaign.
\$50,000

ENVIRONMENT OHIO RESEARCH AND POLICY CENTER INC.

Columbus, Ohio
Ohio Global Warming Strategy Summit.
\$10,000

ENVIRONMENTAL AND ENERGY STUDY INSTITUTE

Washington, D.C.
Education on climate change adaptation and mitigation.
\$45,000

ENVIRONMENTAL LAW AND POLICY CENTER OF THE MIDWEST

Chicago, Illinois
Ohio Clean Energy Development Program.
\$150,000 over 2 years

GREEN ENERGY OHIO

Columbus, Ohio
Operating support.
\$40,000

NATIONAL CLEAN CITIES INC.

Columbus, Ohio
Sustainable transportation policy work.
\$35,000

NEW AGRARIAN CENTER

Oberlin, Ohio
Operating support.
\$40,000

OHIO STATE UNIVERSITY RESEARCH FOUNDATION

Columbus, Ohio
Community Gardening Program.
\$34,920

PARKWORKS, INC.

Cleveland, Ohio
Building Cleveland by Design.
\$300,000

ST. CLAIR - SUPERIOR DEVELOPMENT CORPORATION

Cleveland, Ohio
Environmental activities.
\$45,000

Human Services

The Foundation continued to seek opportunities for innovative public policy reform created by changes in state and federal governmental leadership in Ohio and Washington D.C. Grants emphasized support for advocacy efforts aimed at strengthening public investment and income supports for low-income children and families. Highlights included grants for juvenile justice reform, payday lending reform, comprehensive sexuality education, children's behavioral health and historically disenfranchised voter engagement. Human services grantmaking totaled \$2,582,799.

Child and Family Welfare

ADOPTION NETWORK CLEVELAND

Cleveland, Ohio

Adopt Cuyahoga's Kids initiative.

\$200,000 over 2 years

BOYS & GIRLS CLUBS OF CLEVELAND

Cleveland, Ohio

SMART Moves program.

\$10,000

CENTER FOR LAW AND SOCIAL POLICY

Washington, D.C.

Economic Security for Low-Income Families project.

\$150,000 over 2 years

COMMUNITY CARE NETWORK, INC.

Cleveland, Ohio

Cudell Girls Summer Basketball League.

\$9,000

COMMUNITY CARE NETWORK, INC.

Cleveland, Ohio

Cudell Boys Summer Basketball League.

\$9,000

COMMUNITY RE-ENTRY, INC.

Cleveland, Ohio

Women's Re-Entry Network.

\$30,000

CUYAHOGA COUNTY BOARD OF COMMISSIONERS

Cleveland, Ohio

Office of Early Childhood.

\$10,000

CUYAHOGA COUNTY BOARD OF COMMISSIONERS

Cleveland, Ohio

Office of Early Childhood director search.

\$1,299

KENT STATE UNIVERSITY FOUNDATION, INC.

Kent, Ohio

Merger of Center for Innovative Practice and Institute for the Study and Prevention of Violence.

\$100,000

MINISTERS COUNCIL OF THE CLEVELAND BAPTIST ASSOCIATION

Shaker Heights, Ohio

Children Now: Transforming Cleveland Communities for Children in Poverty conference.

\$4,000

NORTHERN KENTUCKY CHILDREN'S LAW CENTER, INC.

Covington, Kentucky

Operating support.

\$40,000

OHIO VOICES FOR LEARNING INC.

Columbus, Ohio

Reggio Emilia Ohio study groups.

\$5,000

THE PRESIDENT AND DIRECTORS OF GEORGETOWN COLLEGE

Washington, D.C.

Center for Children and Families.

\$50,000

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO, INC.

Columbus, Ohio

Operating support.

\$80,000 over 2 years

Child and Family Welfare (continued)

START-SUPPORT TO AT-RISK TEENS

Cleveland, Ohio
Operating support.
\$10,000

VOICES FOR OHIO'S CHILDREN

Cleveland, Ohio
Operating support.
\$100,000

Meeting Basic Needs

AIDS TASKFORCE OF GREATER CLEVELAND, INC.

Cleveland, Ohio
Public policy and advocacy capacity building.
\$75,000 *over 2 years*

CENTER FOR COMMUNITY CHANGE

Washington, D.C.
Coalition on Human Needs initiatives.
\$80,000 *over 2 years*

COALITION ON HOMELESSNESS AND HOUSING IN OHIO

Columbus, Ohio
Operating support.
Up to \$75,000

COALITION ON HOMELESSNESS AND HOUSING IN OHIO

Columbus, Ohio
Youth empowerment program.
\$10,000

COMMUNITY CATALYST, INC.

Boston, Massachusetts
National Advisory Board on Religious Restrictions to Health Care.
\$80,000 *over 2 years*

FAMILIES USA FOUNDATION, INC.

Washington, D.C.
Preserving and expanding children's access to health coverage.
\$50,000

THE FREE MEDICAL CLINIC OF GREATER CLEVELAND

Cleveland, Ohio
Syringe exchange program.
\$25,000

THE FREE MEDICAL CLINIC OF GREATER CLEVELAND

Cleveland, Ohio
Syringe exchange program.
\$10,000

HEALTH POLICY INSTITUTE OF OHIO

Columbus, Ohio
Ohio Health Quality Improvement Summit.
\$5,000

INTERRELIGIOUS PARTNERS IN ACTION OF GREATER CLEVELAND

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

LEGAL AID SOCIETY OF CINCINNATI

Cincinnati, Ohio
Transition to Employment program.
\$54,000 *over 2 years*

LEGAL AID SOCIETY OF CLEVELAND

Cleveland, Ohio
Ohio Medical-Legal Partnership.
\$30,000

LUTHERAN METROPOLITAN MINISTRY

Cleveland, Ohio
Men's Emergency Homeless Shelter.
\$35,000

MERRICK HOUSE

Cleveland, Ohio
Advocates for Budget Legislation Equality.
\$25,000

NORTHEAST OHIO COALITION FOR THE HOMELESS

Cleveland, Ohio
Cleveland Homeless Legal Assistance Program.
\$20,000

NORTHEAST OHIO COALITION FOR THE HOMELESS

Cleveland, Ohio
Early vote initiative.
\$5,000

OHIO ASSOCIATION OF SECOND HARVEST FOODBANKS

Columbus, Ohio
Emergency aid.
\$5,000

POLICY MATTERS OHIO

Cleveland, Ohio
State tax and fiscal policy analysis and advocacy.
\$30,000

TOWARDS EMPLOYMENT, INCORPORATED

Cleveland, Ohio
Planning consultant.
\$10,000

Meeting Basic Needs (continued)

UNIVERSAL HEALTH CARE ACTION NETWORK
Cleveland, Ohio
Operating support.
\$45,000 over 2 years

UNIVERSAL HEALTH CARE ACTION NETWORK OF OHIO
Columbus, Ohio
Ohio Consumers for Health Coverage coalition.
\$55,000

WEST SIDE CATHOLIC CENTER
Cleveland, Ohio
Basic needs programs.
\$60,000 over 2 years

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CLEVELAND OHIO, INC.
Cleveland, Ohio
Y-Haven program.
\$50,000 over 2 years

Reproductive Health

ADVOCATES FOR YOUTH
Washington, D.C.
Comprehensive sexuality education policy project.
\$50,000

ADVOCATES FOR YOUTH
Washington, D.C.
Concept paper on the future of sexuality education.
\$10,000

AMERICAN CIVIL LIBERTIES UNION FOUNDATION, INC.
New York, New York
Reproductive Freedom Project.
\$60,000

CENTER FOR ADOLESCENT HEALTH & THE LAW
Chapel Hill, North Carolina
Operating support.
\$30,000

THE CENTER FOR COMMUNITY SOLUTIONS
Cleveland, Ohio
AIDS Funding Collaborative.
\$75,000

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.
New York, New York
State-based adolescent litigation and legal advocacy.
\$25,000

THE CHRISTIAN COMMUNITY INC.
Fort Wayne, Indiana
Teens, Religion and Sexuality Project.
\$35,000

CLEVELAND MUNICIPAL SCHOOL DISTRICT
Cleveland, Ohio
Responsible Sexual Behavior Program.
\$50,000

FEMINIST MAJORITY FOUNDATION
Arlington, Virginia
National Clinic Access Project.
\$55,000 over 2 years

NARAL PRO-CHOICE OHIO FOUNDATION
Cleveland, Ohio
Operating support.
\$100,000 over 2 years

NARAL PRO-CHOICE OHIO FOUNDATION
Cleveland, Ohio
Voter education activities.
\$10,000

PLANNED PARENTHOOD AFFILIATES OF OHIO INSTITUTE FOR
RESEARCH AND EDUCATION
Columbus, Ohio
Public policy work.
\$75,000

THE PRESIDENT AND DIRECTORS OF GEORGETOWN COLLEGE
Washington, D.C.
HIV/AIDS Medicaid and Medicare policy project.
\$25,000

PRETERM CLEVELAND, INC.
Cleveland, Ohio
Facility renovation.
\$100,000

RUTGERS UNIVERSITY FOUNDATION
Piscataway, New Jersey
Review of ANSWER fiscal practices.
\$7,500

SCENARIOSUSA INC.
Brooklyn, New York
Cleveland film contest and operating support.
\$100,000 over 2 years

Reproductive Health (continued)

SCENARIOSUSA, INC.

Brooklyn, New York

Filmslam Student Film Festival outreach.

\$3,000

THIRD WAVE DIRECT ACTION, INC.

New York, New York

Reproductive Health and Justice Initiative.

\$25,000

TRUSTEES OF HAMPSHIRE COLLEGE

Amherst, Massachusetts

Civil Liberties and Public Policy Program.

\$60,000 *over 2 years*

WOMEN HAVE OPTIONS INC.

Granville, Ohio

Operating support.

\$6,000

Special Programs

CCAO RESEARCH AND EDUCATIONAL FOUNDATION, INC.

Columbus, Ohio

Biennial legislative briefing.

\$7,000

LUTHERAN CHAPLAINCY SERVICE

Cleveland, Ohio

Website design and equipment.

\$2,000

MEDIA IN THE PUBLIC INTEREST INC.

Boulder, Colorado

Ohio Public News Service.

\$5,000

PROJECT VOTE VOTING FOR AMERICA INC.

Washington, D.C.

Ohio voter education and mobilization initiative.

\$10,000

WOMEN'S VOICES WOMEN VOTE

Washington, D.C.

Operating support.

\$10,000

Special Projects

The Foundation maintained its commitment to fund research on the causes, nature and prevention of inherited retinal degenerative diseases. We also continued support for a wide range of organizations working to strengthen the nonprofit and philanthropic fields. Special projects grantmaking totaled \$2,637,500.

Philanthropic Services

ALLIANCE FOR JUSTICE, INC.

Washington, D.C.

Nonprofit Advocacy Project and Foundation Advocacy Initiative.

\$150,000 over 2 years

BUSINESS VOLUNTEERS UNLIMITED

Cleveland, Ohio

Services for nonprofits.

\$35,000

CENTER FOR LOBBYING IN THE PUBLIC INTEREST

Washington, D.C.

Operating support.

\$70,000 over 2 years

CEOS FOR CITIES

Chicago, Illinois

Operating support.

\$5,000

COUNCIL ON FOUNDATIONS, INC.

Arlington, Virginia

Operating support.

\$39,500

COUNCIL ON FOUNDATIONS, INC.

Arlington, Virginia

Blueprint for American Prosperity conference.

\$5,000

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

Cleveland, Ohio

Youth Services Plus program.

\$9,000

DIOCESE OF OHIO EPISCOPAL COMMUNITY SERVICES
FOUNDATION

Cleveland, Ohio

Social outreach programs.

\$25,000

THE FOUNDATION CENTER

Cleveland, Ohio

Operating support.

\$30,000

FUNDERS NETWORK ON POPULATION REPRODUCTIVE
HEALTH & RIGHTS

Rockville, Maryland

Operating support.

\$1,500

GRANTMAKERS FOR CHILDREN, YOUTH & FAMILIES, INC.

Silver Spring, Maryland

Annual conference.

\$5,000

GRANTMAKERS FOR CHILDREN, YOUTH & FAMILIES, INC.

Silver Spring, Maryland

Operating support.

\$5,000

GRANTMAKERS IN THE ARTS

Seattle, Washington

Operating support.

\$3,000

GRANTMAKERS IN HEALTH

Washington, D.C.

Operating support.

\$5,000

GRANTS MANAGERS NETWORK, INC.

Washington, D.C.

Operating support.

\$2,000

INDEPENDENT SECTOR

Washington, D.C.

Operating support.

\$12,500

Philanthropic Services (continued)

INDEPENDENT SECTOR

Washington, D.C.

John W. Gardner Leadership Award Dinner.

\$5,000

MINNESOTA COUNCIL OF NONPROFITS, INC.

St. Paul, Minnesota

Nonprofit Voter Engagement Network.

\$100,000

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

Washington, D.C.

Operating support.

\$10,000

NEIGHBORHOOD FUNDERS GROUP, INC.

Washington, D.C.

Operating support.

\$2,000

OHIO GRANTMAKERS FORUM

Columbus, Ohio

Operating support.

\$100,000 *over 2 years*

OHIO GRANTMAKERS FORUM

Columbus, Ohio

Operating support.

\$10,500

PHILANTHROPY NORTHWEST

Seattle, Washington

PRI Makers Network.

\$7,500

Retinal Degenerative Disease Research

THE FOUNDATION FIGHTING BLINDNESS

Owing Mills, Maryland

Retinal degenerative disease research.

\$2,000,000

George Gund

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

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

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

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

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

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

The George Gund Foundation was created in 1952 because Mr. Gund believed the private foundation concept provided the most positive, farsighted vehicle for intelligent underwriting of

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

Today, Mr. Gund's vision is carried forth through the continued involvement of the Gund family in the Foundation's work. Since its inception, the Foundation has made grants totaling more than \$523 million toward the advancement of human welfare.

Geoffrey Gund
President

Financial Statements

Statements of Financial Position

DECEMBER 31	2008	2007
Assets		
Cash and cash equivalents	\$ 4,664,964	\$ 2,017,320
Marketable and U.S. government securities	328,618,979	518,423,038
Interest and dividends receivable	452,218	387,536
Pending security sales	657,206	–
Federal excise tax	275,360	443,059
Other assets	284,606	304,772
Total assets	\$ 334,953,333	\$ 521,575,725
Liabilities		
Accounts payable and accrued expenses	339,973	525,951
Grants payable	9,042,000	12,830,130
Deferred federal excise tax	345,383	2,703,770
Total liabilities	\$ 9,727,356	\$ 16,059,851
Net Assets		
Unrestricted	325,225,977	505,515,874
Total liabilities and net assets	\$ 334,953,333	\$ 521,575,725

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

Statements of Activities

FOR THE YEARS ENDED DECEMBER 31	2008	2007
Revenues, Gains and Losses		
Net realized investment gains	\$ 9,744,835	\$ 9,031,574
Net unrealized investment gains (losses)	(177,425,955)	5,388,861
Dividend income	4,768,259	5,005,637
Interest income	1,623,764	2,909,834
Other income	–	1,174
Net revenue, gains and losses	\$ (161,289,097)	\$ 22,337,080
Expenses		
Grants authorized	16,421,225	20,784,893
Administrative expenses	4,168,962	4,327,659
Loss on sale of fixed asset	4,550	–
Total expenses	\$ 20,594,737	\$ 25,112,552
Decrease in net assets before federal excise tax provision	(181,883,834)	(2,775,472)
Federal excise tax provision (benefit)	(1,593,937)	424,955
Net decrease in net assets	\$ (180,289,897)	\$ (3,200,427)
Net assets – beginning	505,515,874	508,716,301
Net assets – ending	\$ 325,225,977	\$ 505,515,874

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

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31	2008	2007
Cash Flows from Operating Activities		
Decrease in net assets	\$ (180,289,897)	\$ (3,200,427)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization	64,050	55,400
Net realized gains on securities	(9,744,835)	(9,031,574)
Net unrealized (gains) losses on securities	177,425,955	(5,388,861)
Loss on sale of fixed asset	4,550	–
Deferred federal excise tax	(2,358,387)	(219,941)
Changes in assets and liabilities:		
Receivables	(554,189)	(103,405)
Other assets	(5,866)	(14,533)
Accounts payable and accrued expenses	(185,978)	(46,250)
Grants payable	(3,788,130)	(2,641,387)
Net cash used in operating activities	\$ (19,432,727)	\$ (20,590,978)
Cash flows from investing activities		
Proceeds from sale of investments	70,722,533	101,746,704
Purchase of investments	(48,599,594)	(82,667,397)
Purchase of equipment and improvements	(42,568)	(53,703)
Net cash provided by investing activities	\$ 22,080,371	\$ 19,025,604
Net increase (decrease) in cash and cash equivalents	2,647,644	(1,565,374)
Cash and cash equivalents – beginning	2,017,320	3,582,694
Cash and cash equivalents – ending	\$ 4,664,964	\$ 2,017,320
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year:		
Income taxes, excise	\$ 579,759	\$ 875,000
Interest	\$ –	\$ –

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

Notes to Financial Statements

DECEMBER 31, 2008 AND 2007

Note 1 – Summary of Significant Accounting Policies

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

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

USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

The Foundation invests in certain alternative investments which include investments in limited partnerships. Market values represent the Foundation’s pro rata interest in the net assets of each limited partnership as of December 31, 2008 and 2007, as provided by the fund managers. Market values as of December 31, 2008 and 2007 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, 2008 and 2007, the Foundation had total unfunded capital commitments to alternative investments of \$9,109,134 and \$7,859,134, respectively. Because of the inherent uncertainty of the valuation of alternative investments, the market values reflected in the accompanying financial statements may differ significantly from realizable values.

FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS Furniture, equipment and leasehold improvements are stated at cost. Amortization and depreciation is recorded using both straight-line and accelerated methods over the estimated useful lives of the assets. Depreciation and amortization expense amounted to \$64,050 and \$55,400 for the years ended December 31, 2008 and 2007, respectively.

FAIR VALUE MEASUREMENT-DEFINITION AND HIERARCHY The Foundation adopted the provisions of Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (SFAS No. 157), effective January 1, 2008. 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. SFAS No. 157 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation’s assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Notes to Financial Statements (continued)

DECEMBER 31, 2008 AND 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Assets and liabilities utilizing Level 2 inputs include: corporate and municipal bonds.

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

Assets and liabilities utilizing Level 3 inputs include: private equity investments, private equity investments in mutual funds and program related investments.

Note 2 – Investments

Cost and market value of investments held at December 31, 2008 and 2007 were as follows:

	2008		2007	
	MARKET VALUE	COST	MARKET VALUE	COST
Fixed income securities	\$ 15,261,604	\$ 19,913,517	\$ 28,176,778	\$ 20,625,794
Common stocks and alternative investments	313,357,375	291,393,331	490,246,260	263,126,886
Total	\$ 328,618,979	\$ 311,306,848	\$ 518,423,038	\$ 283,752,680

Market values of investments are based on December 31, 2008 and 2007 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)

DECEMBER 31, 2008 AND 2007

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 SFAS No. 157. See Note 1 for a discussion of the Foundation's policies regarding this hierarchy.

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

DESCRIPTION	FAIR VALUE MEASUREMENTS AT REPORTING DATE USING			Balance as of 12/31/2008
	Quoted Prices in Active Markets for Identical Assets (LEVEL 1)	Significant Other Observable Inputs (LEVEL 2)	Significant Unobservable Inputs (LEVEL 3)	
Corporate Stock	\$ 161,568,597	\$ –	\$ –	\$ 161,568,597
Corporate Bonds	–	11,786,249	–	11,786,249
Government Obligations	–	3,475,355	–	3,475,355
Limited Partnerships	–	–	38,028,255	38,028,255
Limited Partnerships – Mutual Funds	–	–	105,288,901	105,288,901
Other investments	–	–	8,471,622	8,471,622
Total	\$ 161,568,597	\$ 15,261,604	\$ 151,788,778	\$ 328,618,979

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

	FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)			
	Limited Partnerships	Limited Partnerships Mutual Funds	Other Investments	Total
Beginning balance	\$ 57,205,529	\$ 174,575,844	\$ 8,546,266	\$ 240,327,639
Total gains or losses (realized/unrealized)				
Included in changes in net assets	(20,343,623)	(62,303,381)	(63,370)	(82,710,374)
Purchases	1,750,000	7,130,642	500,000	9,380,642
Sale proceeds	(583,651)	(14,114,204)	(511,274)	(15,209,129)
Ending balance	\$ 38,028,255	\$ 105,288,901	\$ 8,471,622	\$ 151,788,778

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

	\$ (20,584,496)	\$ (63,282,490)	\$ (63,370)	\$ (83,930,356)
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Gains and losses (realized and unrealized) included in changes in net assets for the period include net investment gains of \$1,219,982 and net unrealized investment losses of \$83,930,356.

Notes to Financial Statements (continued)

DECEMBER 31, 2008 AND 2007

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, 2008 and 2007, 35% and 27% of the total market value of securities and 73% and 67% respectively, of dividend income in each year are attributable to ownership of Kellogg Company stock. The Foundation also has a concentration of risk in its cash position as of December 31, 2008. The Foundation has approximately \$6,600,000 in one checking account that is insured by the F.D.I.C. up to a limit of \$250,000.

Note 5 – Leases

The Foundation occupies office space in the Landmark Office Towers under a lease that terminates on December 31, 2018. Base annual rentals are \$120,080 for the remaining term of the lease, with escalation charges from these base rentals. There are renewal options for additional periods. Rental expense for the years ended December 31, 2008 and 2007 amounted to \$149,948 and \$154,885, respectively.

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

2009	\$	120,080
2010		120,080
2011		121,956
2012		123,833
2013		123,833
Thereafter		647,307
		\$ 1,257,089

Note 6 – Net Assets

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

	2008	2007
Cash	\$ 1,815,409	\$ 613,764
Receivables	727,578	830,595
Other assets	39,949	34,083
Due to principal fund	(77,385)	(40,077)
Accounts payable	(339,973)	(525,951)
Grants payable	(9,042,000)	(12,830,130)
Deferred federal excise tax	860	5,893
	\$ (6,875,562)	\$ (11,911,823)

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

	2008	2007
Income fund	\$ 5,036,261	\$ 30,497,145
Principal fund	(185,326,158)	(33,697,572)
Increase (decrease) in net assets	(180,289,897)	(3,200,427)
Net assets – beginning	505,515,874	508,716,301
Net assets – ending	\$ 325,225,977	\$505,515,874

The change in individual funds includes transfers by the Foundation of \$20,008,461 in 2008 and \$19,060,320 in 2007 from the principal fund to the income fund.

Notes to Financial Statements (continued)

DECEMBER 31, 2008 AND 2007

Note 7 – Employee Benefit Plan

The Foundation has an employee's tax-sheltered annuity plan for all eligible employees. Such a plan is intended to comply with the requirements of Section 403(b) of the Internal Revenue Code (IRC). Employer contributions are required at 9% of the participants' compensation up to the Social Security wage base for the year and 14.7% of the participant's compensation in excess of this wage base, with a limit of \$230,000 of compensation for the year ended December 31, 2008 and \$225,000 for the year ended December 31, 2007. Employer contributions to the plan for the years ended December 31, 2008 and 2007 amounted to \$110,496 and \$107,661, respectively. Participants are also permitted to make salary reduction contributions to the plan.

Note 8 – Excise Taxes

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

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

Current and deferred excise taxes were provided at 2% for 2008 and 2007. The current and deferred portions of the excise tax provisions were \$296,632 and \$(1,890,569), respectively, netting to \$(1,593,937) in 2008. The current and deferred portions of the excise tax provisions were \$621,304 and \$(219,941), respectively, netting to \$401,363 in 2007.

In June of 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" (FIN 48). FIN 48, which clarifies the accounting for uncertainty, if any, in income taxes as recognized in financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes," represents a significant change in the accounting and reporting of income taxes.

FIN 48 prescribes the accounting for uncertainty in income taxes by providing guidance on the recognition threshold and measurement of a position taken in a tax return or a position expected to be taken in a tax return. Additionally, FIN 48 provides guidance on derecognition, classification, disclosure and transition. FIN 48 requires the cumulative effect of adoption to be recorded as an adjustment to the opening balance of net assets. The effective date of FIN 48 is for fiscal years beginning after December 15, 2006. In December of 2008, the FASB issued FASB Staff Position FSP FIN 48-3 that allows nonpublic enterprises to elect to defer FIN 48 to the annual financial statements for fiscal years beginning after December 15, 2008.

The Foundation has elected to make the deferral of FIN 48 to the annual financial statements for fiscal years beginning after December 15, 2008. The Foundation is of the opinion that when implemented FIN 48 will not have a material effect on the financial statements.

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, 2008 and 2007, 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, 2008 and 2007, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Walthall, Drake & Wallace LLP

Certified Public Accountants

Cleveland, Ohio

March 30, 2009

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 program areas. 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 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 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

GRANT GUIDELINES (CONTINUED)

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 other 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.

Environment

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

Human Services

Heightened focus on developing a more globally competitive city and region demands recognition that people are at the heart of this effort and that all segments of society can make

constructive contributions. To maximize these contributions, direct attention must be paid to the needs of those most at risk of being left out of social and economic transformation. Building human capital begins at birth, and the Foundation pays special attention to the needs of Greater Cleveland's disadvantaged children through grants to support early childhood care and education, abuse prevention and improved foster care and adoption systems. In addition, the Foundation provides some support for the local "safety net" of food, clothing, shelter and access to health care. A closely related set of interests is reflected in the Foundation's desire to help vulnerable populations achieve access to health insurance, the legal system, community support following release from prison and safe and affordable reproductive health services.

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

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

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

Grant Application Procedures

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

Proposals are considered 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.

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Denise Stoudenmire, Receptionist

Alesha Washington, Gund Fellow

Kim Whitsett, Senior Secretary

*Term ended June 2008

Credits

The George Gund Foundation is a longtime supporter of programs and policies that emphasize the importance of a child's early years. The photographs in the 2008 interactive online report reflect the work of Invest in Children, Cuyahoga County's public-private early childhood partnership. Sage Sohier's images offer a delightful glimpse into the daily lives of these preschoolers as they learn about the world around them and build the critical foundation needed for success in later life. Sohier, an artist and freelance photographer whose work is featured in numerous publications and public collections, is the recipient of many awards, including a prestigious John Simon Guggenheim Memorial Foundation Fellowship. She also has taught photography at a number of colleges and universities, including Wellesley College, the Rhode Island School of Design and Harvard University.

To view the online annual report, please visit www.GundFoundation.org/AnnualReport

Invest In Children

The George Gund Foundation thanks Invest in Children, a community-wide partnership working to help increase the development, funding, visibility and impact of early childhood services in Cuyahoga County. We would also like to thank the following schools and organizations for their generosity and cooperation in allowing us access to their students, teachers and staff.

Achievement Centers for Children

Center for Families and Children — Bingham Child Care

Center for Families and Children — Mather Child Care

Family Life Child Care Center of Berea

Family Life Child Care Center of Lakewood

Parma Preschool

Sandy's Darlin Munchkins Home-based Child Care

William Patrick Day Early Childhood Center

Design

NESNADNY + SCHWARTZ

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