

The George Gund Foundation

2010 Annual Report

President's Letter

The compelling portraits of Cleveland performing artists by Amy Arbus in this annual report capture the energy, excitement, insight and innovation that these talented men and women bring to our community. These remarkable actors, dancers and musicians not only entertain and inspire us, but also challenge us to look at ourselves and our community in new and different ways. They build bridges between cultures, open our eyes to new possibilities and continually amaze us with their creativity.

The performing arts have a long, rich history in our community, and the Foundation is proud of the role it has played in supporting a diverse range of organizations and artists, not only in our formal concert halls and theaters but also in our neighborhoods, schools and parks. We also have supported ongoing efforts to encourage artists to make Cleveland their home because we recognize that their innovation and creativity are essential to this community's vitality.

As we say in our program guidelines, "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 also has been a major supporter of public-private partnerships and advocacy efforts to ensure the future of a vibrant arts community, and we are proud that Cuyahoga County, thanks to voters who approved a cigarette tax in 2006, is one of the largest public arts funders in the country through Cuyahoga Arts and Culture (CAC).

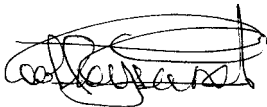
We were also a cofounder more than a decade ago of the Community Partnership for Arts and Culture (CPAC), which with funding from CAC, developed the Creative Workforce Fellowship program that each year recognizes and makes significant financial awards to 20 local artists. CPAC also started the unique Artist as Entrepreneur Institute and recently launched an innovative program, in collaboration with local community development organizations, to encourage artists to buy houses in Cleveland.

Several of our longtime grantees also took steps during 2010 and in the early months of 2011 to ensure that for many years to come they will be contributing to the region's vitality and supporting the artists who make Greater Cleveland their home.

The Museum of Contemporary Art Cleveland broke ground for its new building in University Circle. The Cleveland Play House announced a new partnership with Cleveland State University's theater department and a move to a renovated Allen Theatre in PlayhouseSquare. The Museum of Art continued to open new and renovated galleries that are part of its significant expansion program. The Cleveland Institute of Art completed the first phase of its move to a centralized campus on Euclid Avenue. The Rainey Institute moved from a cramped century home on East 55th Street to a new, spacious facility just a few blocks away.

The head of the National Endowment for the Arts, Rocco Landesman, uses the phrase "art works" when he advocates for support of the sector. He has three meanings for those two simple words: They are a noun that refers to works of art. They remind us that art works on audiences and viewers to transport and inspire them. And they recognize that arts workers have real jobs that are a vital part of our economy.

We couldn't agree with him more.



Geoffrey Gund
President and Treasurer

Executive Director's Letter

Americans always have been of two minds regarding government. We are proud of our history of democracy, but we are frequently suspicious of government institutions. We want vast armed forces, good roads and great schools, but we sometimes oppose the taxes needed to pay for them. We expect government to stop oil spills and prevent tainted food and drugs from entering our markets, but we decry regulations.

This eternal debate accelerated in the 1960s with the onset of a concerted antigovernment campaign by several interest groups, funded in part by foundations, and today it has reached a feverish state with the rise of the Tea Party.

All of us carry elements of this conflicted view within us like a part of our national DNA. Most of this conflict focuses on the federal government, but recent fiscal stresses have brought new attention to the states. Rarely does our consideration shift to local government. Perhaps that is because part of the mythology of the anti-federal government argument is that local governments are closer to the people and, therefore, are more effectively guided.

But the fact is that in Ohio, as in many of the older parts of our country, local governments have not adapted to the demands of rapidly changing times. Northeast Ohio has more than 650 units of local government. Local government is fully 10 percent of our regional domestic product. Statewide, we spend 49 percent more than the national average on school administration because we have so many separate districts. Ohio ranks 34th in state taxes but ninth in local taxes because we have so many local governments and overlapping jurisdictions.

This galaxy of governments may have made sense when the most rapid travel was by horseback, but today we must seriously question our devotion to the delivery of so many services in such a fragmented way.

Northeast Ohio has made great strides in building regional teamwork. The remorselessly competitive global economy demands that we do so. We have stoked our spirit of entrepreneurship. We are successfully making the transition from the old economy to the new. Great challenges remain, and none is greater than the fact that our fragmented local governance too often keeps us from functioning as an effective regional economic team. Our political boundaries undermine the coherence of our regional voice. They promote competition among ourselves rather than against the world, and that costs us money, fuels unsustainable sprawl and undermines our competitiveness.

I certainly do not raise this point out of antigovernment animus. I worked for a decade in government and prize that experience and praise the dedication of most of those with whom I worked. Government has a vital role to play. Government is our way, the democratic way, of tackling issues that can only be addressed in common. Police and firefighting. Schools and child protective services. Parks and street cleaning. These and many more services are provided by local governments because we need them to be. But delivering them by so many local governments is not sustainable in the long term.

This state of affairs is not hopeless. The reform of Cuyahoga County government demonstrates what is possible if we muster the will. And, in fact, if we want a successful future, we must find ways to streamline service delivery across boundaries and maximize the impact of our regional tax dollars. We simply cannot count on resources from the federal and state governments. We must creatively overcome the divisions among us in order to forge the sort of strategy that can propel us into a vibrant future.

Vehicles to help us do this already exist.

Late in 2010, after a highly competitive process, the U.S. Department of Housing and Urban Development awarded \$4.25 million to Northeast Ohio for regional planning. Our proposal was ranked third in the nation. This "Sustainable Communities" process is just beginning, but we all should take advantage of it to create ingenious ways to strengthen our regional team.

A parallel attempt to help us break through boundaries is the Civic Commons. This effort — funded by the Knight Foundation and guided by the Fund for Our Economic Future — aims to engage our regional citizenry on issues where we can make change. This path-breaking marriage of technology, journalism and outreach is one more tool to help us chip away at the boundaries that keep us from effectively working together. You can connect to information on both efforts through the website of the Fund for Our Economic Future, www.FutureFundNEO.org or at www.CivicCommons.org

One of the worst consequences of mindless antigovernment sentiment is that it makes us think that government is somehow separate from us. That is fatal to a democracy. We get the government we deserve. We own it. We can change it. And we ought to start doing that where we live.



David T. Abbott
Executive Director

2010 Commitments Summary

Arts

51 grants and one program-related investment
\$5,459,020

Economic Development and Community Revitalization

39 grants
\$5,491,770

Education

18 grants
\$3,858,000

Environment

56 grants
\$2,756,949

Human Services

64 grants
\$5,431,200

Special Projects

24 grants
\$2,577,400

Grand Total

252 grants and one program-related investment | \$25,574,339

Total since inception of the Foundation in 1952

\$564,087,485

Arts

The Foundation made additional capital commitments to two organizations, the Gordon Square Arts District and the Museum of Contemporary Art Cleveland, that are contributing to the revitalization of key urban areas. The Foundation also continued its commitment to ensuring the vitality of Cleveland's arts community and nurturing its creative class with grants to organizations, both large and small, that reached audiences in neighborhoods and schools as well as in traditional performance and exhibition venues and that offered opportunities for local artists. Arts grantmaking totaled \$3,459,020 as well as a \$2 million program-related investment.

EDUCATION

The Broadway School of Music and the Arts

Cleveland, Ohio
Operating support
\$10,000

The Cleveland Music School Settlement

Cleveland, Ohio
Early childhood director search
\$50,000

The Cleveland Music School Settlement

Cleveland, Ohio
Cleveland BoyChoir merger
\$5,000

Cleveland State University Foundation, Inc.

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

Great Lakes Theater Festival, Inc.

Cleveland, Ohio
Education programming
\$90,000

Musical Theater Education Programming Inc.

Lakewood, Ohio
Market research
\$7,500

Progressive Arts Alliance Incorporated

Cleveland, Ohio
Database capacity-building project
\$20,000

Young Audiences of Northeast Ohio Inc.

Cleveland, Ohio
Art is Education
\$125,000

Young Audiences of Northeast Ohio Inc.

Cleveland, Ohio
ArtWorks 2010
\$10,000

FILM AND MEDIA

The Cleveland International Film Festival, Inc.

Cleveland, Ohio
Operating and project support
\$85,000

ideastream

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

PERFORMING ARTS

CityMusic Cleveland Inc.

Cleveland, Ohio
Cleveland concerts
\$16,000

Cleveland Jazz Orchestra

Bedford, Ohio
Jazz at the Hanna
\$15,000

Cleveland Modern Dance Association

Cleveland, Ohio
Operating support
\$35,000

The Cleveland Play House

Cleveland, Ohio
Operating support
\$80,000

The Cleveland Pops Orchestra, Inc.

Beachwood, Ohio
Administrative support
\$50,000 *over 2 years*

Cleveland Public Theatre, Inc.

Cleveland, Ohio
Operating support
\$80,000

The Cleveland Women's Orchestra

Rocky River, Ohio
75th anniversary concert
\$2,000

The Contemporary Youth Orchestra

Cleveland, Ohio
Audience expansion
\$32,000 *over 2 years*

Dobama Theatre, Inc.

Cleveland Heights, Ohio
Operating support
\$25,000

Groundworks Dancetheater

Cleveland Heights, Ohio
Operating support and staff expansion
\$100,000 *over 2 years*

InLet Dance Theatre

Cleveland Heights, Ohio
Trainee and apprentice program
\$8,000

Karamu House

Cleveland, Ohio
Theater support
\$50,000

Musical Upcoming Stars in the Classics

Chagrin Falls, Ohio
Marketing
\$2,000

Near West Theatre, Inc.

Cleveland, Ohio
Operating support
\$20,000

Opera Circle, Inc.

Cleveland, Ohio
Operating support
\$15,000

Opera Cleveland

Cleveland, Ohio
Operating and transition support
Up to \$100,000

Professional Flair, Inc.

Cleveland, Ohio
Reconstruction of "The Snowman" sets and costumes
\$15,000

Verb Ballets

Cleveland, Ohio
Operating support
\$35,000

SPECIAL PROGRAMS

Arts Collinwood Inc.

Cleveland, Ohio
Leadership transition
\$10,000

The Beck Center for the Cultural Arts

Lakewood, Ohio
Technology upgrade
\$25,000

Cleveland Festival of Art and Technology Inc.

Cleveland, Ohio
Ingenuity Festival
\$110,000

Community Partnership for Arts and Culture

Cleveland, Ohio
Operating support
\$210,000

Gordon Square Arts District

Cleveland, Ohio
Near West Theatre building project
\$500,000

Gordon Square Arts District

Cleveland, Ohio
Discover Gordon Square Arts District Day
\$1,500

ideastream

Cleveland, Ohio
Idea Center building expansion
\$100,000

The Pew Charitable Trusts

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

The Soldiers and Sailors Monument Support Group

Cleveland, Ohio
Memorial honoring African-American Civil War soldiers
\$20,000

Western Reserve Historical Society

Cleveland, Ohio
Website redesign
\$45,020

VISUAL ARTS

Artists Archives of the Western Reserve

Cleveland, Ohio
Sustainable art exhibition
\$3,000

Association of Midwest Museums

St. Louis, Missouri

Association of Midwest Museums conference in Cleveland

\$5,000

Building Hope in the City

Cleveland, Ohio

World Refugee Day exhibition

\$3,000

Cleveland Public Art, Inc.

Cleveland, Ohio

Operating support

\$95,000

Heights Arts Collaborative Inc.

Cleveland Heights, Ohio

Gallery expansion

\$10,000

Museum of Contemporary Art Cleveland

Cleveland, Ohio

Capital grant

\$500,000

Museum of Contemporary Art Cleveland

Cleveland, Ohio

Operating support

\$90,000

Parkworks, Inc.

Cleveland, Ohio

Mural My Neighborhood

\$20,000 *over 2 years*

Sculpture Center

Cleveland, Ohio

Operating support

\$4,000

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

PROGRAM-RELATED INVESTMENT

Museum of Contemporary Art Cleveland

Cleveland, Ohio

Program-related investment

\$2,000,000

Economic Development and Community Revitalization

The Foundation renewed its multi-year support for Neighborhood Progress, Inc., a community development intermediary supporting and investing in the revitalization of Cleveland. The Foundation also continued support for other organizations working effectively to create a vibrant city, including Downtown Cleveland Alliance, Greater Cleveland Media Development Corporation and Parkworks. The Cleveland Housing Network and East Side Organizing Project also received funding for programs responding to the mortgage foreclosure crisis. Economic development and community revitalization grantmaking totaled \$5,491,770.

ECONOMIC DEVELOPMENT

The Brookings Institution

Washington, DC
Metro Policy Program support
\$300,000 *over 3 years*

City of Cleveland

Cleveland, Ohio
Reimagining and Reshaping Cleveland project
\$7,500

Cleveland Development Foundation

Cleveland, Ohio
Cleveland-to-Pittsburgh Tech Belt Initiative
\$5,000

Consortium of African American Organizations

Cleveland, Ohio
Ohio Homecoming Week
\$5,000

Downtown Cleveland Alliance

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

Economic Growth Foundation

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

The Entrepreneurs Edge, Inc.

Independence, Ohio
Innovation education program
\$10,000

Greater Cleveland Media Development Corporation

Cleveland, Ohio
Operating, marketing and professional development
\$45,000

Greater Ohio Policy Center Inc.

Columbus, Ohio
Restoring Prosperity to Ohio report
\$10,000

Hispanic Business Association

Cleveland, Ohio
Small Business Accounting Lab
\$9,520

Midtown Cleveland

Cleveland, Ohio
Midtown health and technology corridor
\$100,000 *over 2 years*

Presidents' Council Foundation Inc.

Cleveland, Ohio
Operating support
\$25,000

HOUSING AND COMMUNITY REVITALIZATION

Cleveland Housing Network, Inc.

Cleveland, Ohio
Operating support
\$100,000

Cleveland Neighborhood Development Corporation

Cleveland, Ohio
Operating support
\$20,000

East Side Organizing Project, Inc.

Cleveland, Ohio
Operating support
\$25,000

Housing Research & Advocacy Center

Cleveland, Ohio
Shared network server
\$4,500

Neighborhood Progress, Inc.

Cleveland, Ohio
Operating support
\$3,600,000 *over 3 years*

Neighborhood Progress, Inc.

Cleveland, Ohio
Reclaiming Vacant Properties conference
\$5,000

SPECIAL PROGRAMS

City Club of Cleveland

Cleveland, Ohio
Centennial anniversary events
\$120,000 *over 3 years*

Cleveland Leadership Center

Cleveland, Ohio
Operating support
\$50,000

Cleveland Public Art, Inc.

Cleveland, Ohio
Fresh Water e-magazine
\$10,000

Cleveland Synergy Foundation

Cleveland, Ohio
Gay Games IX in Cleveland and Akron
\$10,000

Detroit Shoreway Community Development Organization

Cleveland, Ohio
TEDx conference
\$7,500

East Cleveland Public Library

East Cleveland, Ohio
Assessment of potential merger with Cuyahoga County Public Library system
\$8,000

Economic Growth Foundation

Cleveland, Ohio
County government reform initiative
\$100,000

Enterprise Community Partners, Inc.

Columbia, Maryland
Enterprise Rose Architectural Fellowship in Cleveland
\$25,000

Hispanic Roundtable Community Programs

Cleveland, Ohio
Hispanic convention
\$7,500

Neighborhood Progress, Inc.

Cleveland, Ohio
Fresh Water e-magazine
\$10,000

Northeast Ohio Council on Higher Education

Cleveland, Ohio
Ohio Talent Dividend Summit
\$500

Policy Matters Ohio

Cleveland, Ohio
Operating support
\$60,000

PolicyBridge

Cleveland, Ohio
Operating support
\$25,000

Summer on the Cuyahoga

Bay Village, Ohio
Nonprofit internships
\$5,000

Tides Center

San Francisco, California
Great Lakes Urban Exchange annual conference
\$10,000

Trinity Cathedral

Cleveland, Ohio
Community programs
\$10,000

University Circle Incorporated

Cleveland, Ohio
Fresh Water e-magazine
\$10,000

URBAN DESIGN, PLANNING AND AMENITIES

Cleveland Restoration Society, Inc.

Cleveland, Ohio
Preservation programs
\$20,000

Kent State University Foundation, Inc.

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

Parkworks, Inc.

Cleveland, Ohio
Operating, project and merger support
\$325,000

University Circle Incorporated

Cleveland, Ohio
Uptown project
\$6,750

Education

The Foundation made an unprecedented \$2.5 million commitment to support the Cleveland Municipal School District (CMSD) transformation plan, which strives to provide excellent and innovative schools for all Cleveland students by ensuring faculty and staff quality and accountability, new school development and a right-sized district. Support also went to Breakthrough Charter Schools as well as development of sound guidelines for CMSD charter school sponsorship. The Foundation continued its leadership role, in partnership with Ohio Grantmakers Forum and the Greater Cleveland Partnership, on statewide education policy focused on improving principal and teacher quality and graduating students ready to compete in the 21st century's global economy. Total education grantmaking was \$3,858,000.

NATIONAL EDUCATION POLICY

Center on Education Policy

Washington, DC
Operating support
\$300,000 over 2 years

PRIMARY AND SECONDARY EDUCATION

The Cleveland Foundation

Cleveland, Ohio
Cleveland Municipal School District transformation plan
\$2,500,000

Cleveland International Film Festival, Inc.

Cleveland, Ohio
"Waiting for Superman" project in Cleveland
\$7,000

Cleveland Municipal School District

Cleveland, Ohio
Council of Great City Schools' annual legislative conference
\$10,000

Cleveland Scholarship Programs, Inc.

Cleveland, Ohio
Advisory services and scholarships for Cleveland Municipal School District students
\$150,000 over 17 months

E City

Cleveland, Ohio
Youth entrepreneurship education programs
\$20,000

Friends of E Prep Schools

Cleveland, Ohio
Breakthrough Charter Schools start-up support
\$150,000

Hathaway Brown School

Shaker Heights, Ohio
Aspire program
\$40,000

ideastream

Cleveland, Ohio
2010 FIRST Buckeye Robotics Team
\$6,000

Northeastern Ohio Science and Engineering Fair

Cleveland, Ohio
Northeastern Ohio Science and Engineering Fair
\$2,500

Northeastern Ohio Science and Engineering Fair

Cleveland, Ohio
Northeastern Ohio Science and Engineering Fair
\$2,500

Ohio Grantmakers Forum

Columbus, Ohio
State education policy initiative
\$35,000

Ohio Grantmakers Forum

Columbus, Ohio
Ohio's Race to the Top initiative
\$10,000

Urban School News

Cleveland, Ohio
Catalyst: Ohio newsmagazine
\$100,000 over 7 months

Youth Opportunities Unlimited

Cleveland, Ohio
Program and operating support
\$75,000

SPECIAL PROGRAMS

The Literacy Cooperative of Greater Cleveland

Cleveland, Ohio
Program support
\$200,000

OneCommunity

Cleveland, Ohio
Program and technical support staff for the Cleveland Municipal
School District and operating support
\$225,000 *over 18 months*

United Labor Agency, Inc.

Cleveland, Ohio
Ohio Youth Voices program
\$25,000

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 \$2,756,949.

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
Biomass project \$45,000

National Wildlife Federation

Reston, Virginia
Great Lakes Natural Resources Center
\$100,000 *over 2 years*

Trust for Public Land

San Francisco, California
Rivergate Park project
\$200,000

ENVIRONMENTAL JOURNALISM/PUBLIC EDUCATION

EcoWatch

Cleveland, Ohio
Operating support
\$40,000

EcoWatch

Cleveland, Ohio
Bioneers Cleveland conference
\$5,000

State Environmental Leadership Program

Madison, Wisconsin
Annual conference
\$5,000

NONPROFIT CAPACITY BUILDING

Earth Day Coalition

Cleveland, Ohio
Strategic planning
\$30,000

Environmental Support Center, Inc.

Washington, DC
Work on environmental justice and climate change
\$25,000

Institute for Conservation Leadership

Takoma Park, Maryland
Strengthening Ohio Leaders and Organizations project
\$75,000

Lake Erie Junior Nature and Science Center

Bay Village, Ohio
Program planning
\$30,000

New Agrarian Center

Oberlin, Ohio
Strategic planning
\$7,500

Slavic Village Development

Cleveland, Ohio
Feasibility study for bicycle advocacy organization
\$10,000

Slavic Village Development

Cleveland, Ohio
Feasibility study for bicycle advocacy organization
\$10,000

PROTECTION OF HUMAN HEALTH

Beyond Pesticides

Washington, DC
Safe lawn and garden campaign
\$25,000

Beyond Pesticides

Washington, DC
Greening Our Community Forum
\$5,000

Environmental Health Watch, Inc.

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

Ohio Environmental Council

Columbus, Ohio
Cleveland clean air zone campaign
\$50,000

SMART GROWTH

Greater Ohio Policy Center Inc.

Columbus, Ohio
Operating support
\$150,000

Land Trust Alliance, Inc.

Washington, DC
Services to Ohio land trusts
\$30,000

Mid-Ohio Regional Planning Commission

Columbus, Ohio
Farmland preservation and land use policies in Ohio
\$40,000

Trust for Public Land

San Francisco, California
Operating support
\$70,000

SPECIAL / EXPLORATORY

The East Cleveland Township Cemetery Foundation

Cleveland, Ohio
Urban park tree preservation
\$5,000

Ohio Environmental Council

Columbus, Ohio
3C passenger rail education initiative
\$10,000

1 for the Planet Inc.

Waitsfield, Vermont
Operating support
\$100,000

SUSTAINABILITY, ENERGY AND CLIMATE CHANGE

Baldwin-Wallace College

Berea, Ohio
Sustainability symposium
\$5,000

CAPITAL CITY TRANSIT COALITION

Vermilion, Ohio
Public education program for the West Shore Alternative
Analysis project
\$3,000

Case Western Reserve University

Cleveland, Ohio
Taking Root conference
\$5,000

City Club of Cleveland

Cleveland, Ohio
Majora Carter event
\$7,500

Cleveland Botanical Garden

Cleveland, Ohio
Green Corps urban youth program
\$100,000 *over 2 years*

Cleveland Botanical Garden

Cleveland, Ohio
RIPE! Food and Garden Festival
\$5,000

The Cleveland Museum of Natural History

Cleveland, Ohio
GreenCityBlueLake Institute operating support
\$75,000

The Cleveland Museum of Natural History

Cleveland, Ohio
West Side Market composting initiative
\$2,000

Cuyahoga Valley Countryside Conservancy

Peninsula, Ohio
Operating support and capacity building
\$90,000

Cuyahoga Valley Countryside Conservancy

Peninsula, Ohio
Farmer internship project
\$10,000

Cuyahoga Valley Countryside Conservancy

Peninsula, Ohio
"What's on Your Plate?" Northeast Ohio schools initiative
\$10,000

Downtown Cleveland Alliance

Cleveland, Ohio
Farmers market food stamp incentive program
\$10,000

Enterprise Community Partners, Inc.

Columbia, Maryland
Cleveland Clean Energy Alliance business plan
\$10,000

Entrepreneurs for Sustainability

Cleveland, Ohio
Operating support
\$60,000

Entrepreneurs for Sustainability

Cleveland, Ohio
Biomimicry workshops
\$5,000

Environmental and Energy Study Institute

Washington, DC
Operating support
\$150,000 *over 2 years*

Fund for Our Economic Future

Cleveland, Ohio
HUD sustainable communities initiative
\$10,000

Great Lakes United

Amherst, New York
Tall Ships Challenge education program
\$10,000

Green Energy Ohio

Columbus, Ohio
Operating support
\$40,000

National Association of Regional Councils

Washington, DC
Cleveland conference sustainability programs
\$5,000

National Clean Cities Inc.

Columbus, Ohio
Clean Fuels Ohio
\$36,860

Neighborhood Progress, Inc.

Cleveland, Ohio
Conference participation
\$6,100

New Agrarian Center

Oberlin, Ohio
Operating support
\$60,000

Ohio City Bicycle Co-Op

Cleveland, Ohio
Operating support
\$10,000

Ohio Environmental Council

Columbus, Ohio
Operating support
\$85,000

Ohio State University Foundation

Columbus, Ohio
Cleveland-Cuyahoga County Food Policy Coalition
\$100,000

Ohio State University Foundation

Columbus, Ohio
Community gardening program
\$48,989

Rails to Trails Conservancy

Washington, DC
Operating support
\$70,000 *over 2 years*

Rockefeller Family Fund, Inc.

New York, New York
Re-Amp project on renewable energy development
\$55,000

The Sierra Club Foundation

San Francisco, California
Ohio chapter operating and project support
\$80,000

West Creek Preservation Committee

Parma, Ohio
West Creek urban land trust initiative
\$325,000 *over 3 years*

Human Services

The Foundation primarily sought opportunities to invest in innovative public policy efforts resulting from the evolving government landscape in Cuyahoga County, Columbus and Washington, D.C., and the inevitable impact of the ongoing economic downturn. Reflecting these realities, our grant support aided effective pursuit of new federal grant opportunities and a novel collaboration facilitating nonprofit restructuring, including mergers. Grant highlights included supporting system reforms and public investment in the health care, hunger relief, early childhood, juvenile justice, adoption, community reentry and adolescent reproductive health systems. Human services grantmaking totaled \$5,431,200.

CHILD AND FAMILY STABILITY

Adoption Network Cleveland

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

Case Western Reserve University

Cleveland, Ohio
Promise Neighborhood project
\$9,200

The Center for Community Solutions

Cleveland, Ohio
State health and human services policy and fiscal analysis;
ground Work early childhood campaign
\$360,000 *over 2 years*

The Center for Community Solutions

Cleveland, Ohio
Collaborative for Comprehensive School-Age Health
\$25,000

The Center for Community Solutions

Cleveland, Ohio
Community education about health and human services needs
\$10,000

The Center for Community Solutions

Cleveland, Ohio
Consulting expenses for federal Promise Neighborhood
grant application
\$10,000

The Center for Community Solutions

Cleveland, Ohio
Fiscal management of the Collaborative for Comprehensive
School-Age Health
\$6,000

Center for Families and Children

Cleveland, Ohio
Greater Cleveland Integrated Reentry Project
\$200,000 *over 18 months*

Center for Families and Children

Cleveland, Ohio
Pilot preschool project
\$50,000

Center for Families and Children

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

Center for Law and Social Policy

Washington, DC
Public policy analysis and advocacy on early childhood, child
welfare and antipoverty issues
\$160,000 *over 2 years*

Cleveland Baseball Federation

Cleveland, Ohio
Summer program support
\$5,000

Community Care Network, Inc.

Cleveland, Ohio
Cudell Summer Girls and Boys Basketball Leagues
\$9,000

Council for a Strong America Fight Crime:

Invest in Kids

Powell, Ohio
Fight Crime: Invest in Kids Ohio office
\$35,000

County of Cuyahoga

Cleveland, Ohio
Consulting expenses for federal Teen Pregnancy Prevention
grant application
\$6,000

Kent State University Foundation, Inc.

Kent, Ohio
Ohio juvenile justice reform research
\$75,000

NAMI Greater Cleveland

Cleveland, Ohio
Strategic plan for children's behavioral health services
\$7,500

National Women's Law Center

Washington, DC
Advocacy for policies to improve family economic security
\$50,000

Northern Kentucky Children's Law Center, Inc.

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

Public Children Services Association of Ohio, Inc.

Columbus, Ohio
Operating support
\$80,000 *over 2 years*

Shaker Family Center at Sussex

Shaker Heights, Ohio
Merger implementation
\$10,000

Towards Employment, Incorporated

Cleveland, Ohio
Advocacy capacity building
\$65,000 *over 18 months*

University Hospitals Health System, Inc.

Cleveland, Ohio
Center for Child Health and Policy
\$85,000 *over 18 months*

Voices for Ohio's Children

Cleveland, Ohio
Operating support and director of operations position
Up to \$125,000

Zero To Three - National Center for Infants, Toddlers, and Families

Washington, DC
Zero to Three Policy Center
\$35,000

MEETING BASIC NEEDS

AIDS Resource Center Ohio Inc.

Dayton, Ohio
Ohio HIV public policy and advocacy project
\$20,000

AIDS Taskforce of Greater Cleveland, Inc.

Cleveland, Ohio
Ohio public policy initiative
\$40,000

Case Western Reserve University

Cleveland, Ohio
Northeast Ohio Community and Neighborhood Data Project
\$140,000 *over 2 years*

The Center for Community Solutions

Cleveland, Ohio
State health and human services policy and fiscal analysis and groundWork early childhood campaign
\$360,000 *over 2 years*

The Center for Community Solutions

Cleveland, Ohio
Collaborative for Comprehensive School-Age Health
\$25,000

The Center for Community Solutions

Cleveland, Ohio
Community education about health and human services needs
\$10,000

The Center for Community Solutions

Cleveland, Ohio
Consulting expenses for federal Promise Neighborhood grant application
\$10,000

The Center for Community Solutions

Cleveland, Ohio
Fiscal management of the Collaborative for Comprehensive School-Age Health
\$6,000

Center on Budget and Policy Priorities

Washington, DC
Operating support
\$300,000 *over 2 years*

Center on Budget and Policy Priorities

Washington, DC
Operating support
\$75,000

City of Cleveland

Cleveland, Ohio
Study on health care clinic expansion
\$7,500

Coalition on Human Needs

Washington, DC
Federal advocacy for low-income children and families
\$80,000 *over 2 years*

Community Catalyst, Inc.

Boston, Massachusetts
Planning for health care reform implementation in Ohio
\$30,000

Cuyahoga Metropolitan Housing Authority

Cleveland, Ohio
HUD Choice Neighborhood Initiative
\$10,000

Emerald Development & Economic Network, Inc. (EDEN)

Cleveland, Ohio
Women's emergency shelter renovation
\$300,000 *over 3 years*

Families USA Foundation, Inc.
Washington, DC
State and national health care reform policy analysis
and advocacy
\$50,000

The Free Medical Clinic of Greater Cleveland
Cleveland, Ohio
Syringe exchange program
\$70,000 *over 2 years*

Health Policy Institute of Ohio
Columbus, Ohio
Health reform analysis project
\$42,500

InterReligious Partners in Action of Greater
Cleveland
Cleveland, Ohio
Homeless Stand Down program
\$7,500

Legal Aid Society of Cincinnati
Cincinnati, Ohio
Health care reform implementation in Ohio
\$75,000 *over 2 years*

Legal Aid Society of Cincinnati
Cincinnati, Ohio
Healthcare reform analysis
\$5,000

The Legal Aid Society of Cleveland
Cleveland, Ohio
Community Advocacy Program
Up to \$140,000 over 2 years

Lutheran Metropolitan Ministry
Cleveland, Ohio
Capital support
\$1,000,000

Lutheran Metropolitan Ministry
Cleveland, Ohio
Advocacy staffing
\$30,000 *over 3 years*

Lutheran Metropolitan Ministry
Cleveland, Ohio
Communities in Conversation forum
\$5,000

MDRC
New York, New York
Operating support
\$50,000

Merrick House
Cleveland, Ohio
Advocates for Budget Legislation Equality
\$50,000

Neighborhood Health Care, Inc.
Cleveland, Ohio
Centering Pregnancy health care program
\$50,000

Ohio Association of Second Harvest Foodbanks
Columbus, Ohio
Ohio hunger relief policy advocacy, Ohio Benefit Bank and
feasibility study
\$160,000 *over 2 years*

Shoes and Clothes for Kids Inc.
Cleveland, Ohio
Operating support
\$10,000

Universal Health Care Action Network of Ohio
Columbus, Ohio
Building Ohio consumer voice for health care and coverage
\$55,000

West Side Catholic Center
Cleveland, Ohio
Support for basic needs programs
\$70,000 *over 2 years*

Young Men's Christian Association of Cleveland
Ohio, Inc.
Cleveland, Ohio
Y-Haven
\$60,000 *over 2 years*

REPRODUCTIVE HEALTH

Advocates for Youth
Washington, DC
Education and advocacy for comprehensive sexuality education
\$50,000

The Center for Community Solutions
Cleveland, Ohio
AIDS Funding Collaborative
\$70,000

The Center for Reproductive Rights, Inc.
New York, New York
Campaign for fair health care reform
\$5,000

NARAL Pro-Choice Ohio Foundation
Cleveland, Ohio
Operating support
\$100,000 *over 2 years*

Planned Parenthood of Northeast Ohio
Cleveland, Ohio
Regional medical center
\$280,000 *over 3 years*

Rutgers University Foundation

Piscataway, New Jersey

ANSWER: Teen-to-Teen Sexuality Education Project

\$70,000 *over 2 years*

ScenariosUSA Inc.

Brooklyn, New York

Cleveland film contest and operating support

\$100,000 *over 2 years*

Third Wave Direct Action, Inc.

New York, New York

Reproductive Health and Justice Initiative

\$10,000

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

Media In The Public Interest Inc.

Boulder, Colorado

Ohio News Connection

\$5,000

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 \$2,577,400.

PHILANTHROPIC SERVICES

Alliance for Justice, Inc.

Washington, DC
Foundation advocacy initiative
\$150,000 *over 2 years*

Business Volunteers Unlimited

Cleveland, Ohio
Technical assistance for nonprofits and database project
\$50,000

The Center for Effective Philanthropy

Cambridge, Massachusetts
Grantee perception report
\$23,400

CEOs for Cities

Chicago, Illinois
Operating support
\$5,000

Council on Foundations, Inc.

Arlington, Virginia
Operating support
\$39,500

Diocese of Ohio Episcopal Community Services Foundation

Cleveland, Ohio
Episcopal Community Services
\$20,000

Diversity Center of Northeast Ohio

Cleveland, Ohio
Strategic marketing campaign
\$10,000

The Foundation Center

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

The Foundation Center

Cleveland, Ohio
Economic development grantmaking in Ohio report
\$2,000

Funders Network for Smart Growth and Livable Communities

Coral Gables, Florida
Operating support
\$25,000

Grantmakers for Children, Youth & Families, Inc.

Silver Spring, Maryland
Operating support
\$5,000

Grantmakers for Children, Youth & Families, Inc.

Silver Spring, Maryland
Annual conference
\$2,500

Grantmakers in Health

Washington, DC
Operating support
\$5,000

Grantmakers in the Arts

Seattle, Washington
Operating support
\$3,000

Grants Managers Network, Inc.

Washington, DC
Operating support
\$2,000

Independent Sector

Washington, DC
Operating support
\$12,500

Minnesota Council of Nonprofits, Inc.

St. Paul, Minnesota
OhioVOTES Nonprofit Voter Engagement Network
\$60,000

Neighborhood Funders Group, Inc.

Washington, DC
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

Ohio Grantmakers Forum

Columbus, Ohio
Annual conference
\$10,000

Philanthropy Northwest

Seattle, Washington
PRI Makers Network
\$5,000

RETINAL DEGENERATIVE DISEASE RESEARCH

The Foundation Fighting Blindness

Columbia, Maryland
Retinal degenerative disease research
\$2,000,000

The Foundation Fighting Blindness

Columbia, Maryland
Cleveland VisionWalk
\$5,000

George Gund

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

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

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

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

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

The George Gund Foundation was created in 1952 because Mr. Gund believed the private foundation concept provided the most positive, farsighted vehicle for intelligent underwriting of creative solutions to social ills in a manner which would not be limited to his own lifetime. He favored the corporate foundation structure directed by an experienced, sensitive board of trustees entrusted not only with disbursement of funds, but an objective, practical review of proposals. He valued the degree of freedom a private foundation can exercise in seeking and fostering innovative ideas and in implementing demonstration projects.

Today, Mr. Gund's vision is carried forth through the continued involvement of the Gund family in the Foundation's work. Since its inception, the Foundation has made grants totaling more than \$564 million toward the advancement of human welfare.

Geoffrey Gund
President

Financial Statements

STATEMENTS OF FINANCIAL POSITION

December 31	2010	2009
Assets		
Cash and cash equivalents	\$ 12,928,903	\$ 23,321,582
Investments	433,650,005	400,385,113
Interest and dividends receivable	475,190	431,752
Pending security sales	—	149,250
Federal excise tax	109,822	79,432
Other assets	342,846	288,453
Total assets	\$ 447,506,766	\$ 424,655,582
Liabilities		
Accounts payable and accrued expenses	466,875	382,993
Grants payable	9,723,166	6,120,000
Deferred federal excise tax	3,261,262	2,715,166
Total liabilities	\$ 13,451,303	\$ 9,218,159
Net Assets		
Unrestricted	434,055,463	415,437,423
Total liabilities and net assets	\$ 447,506,766	\$ 424,655,582

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

STATEMENTS OF ACTIVITIES

For the years ended December 31	2010	2009
Revenues, Gains and Losses		
Net realized investment gains	\$ 14,217,640	\$ 2,515,948
Net unrealized investment gains	26,843,106	103,281,428
Dividend income	4,307,274	3,939,521
Interest income	1,568,213	1,643,688
Other income	119,938	38,600
Net revenue, gains and losses	\$ 47,056,171	\$ 111,419,185
Expenses		
Grants authorized	23,513,160	15,298,617
Administrative expenses	4,183,260	3,668,295
Total expenses	\$ 27,696,420	\$ 18,966,912
Increase in net assets before federal excise tax provision	19,359,751	92,452,273
Federal excise tax provision	741,711	2,240,827
Net increase in net assets	\$ 18,618,040	\$ 90,211,446
Net assets – beginning	415,437,423	325,225,977
Net assets – ending	\$ 434,055,463	\$ 415,437,423

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

STATEMENTS OF CASH FLOWS

For the years ended December 31	2010	2009
Cash Flows From Operating Activities		
Increase in net assets	\$ 18,618,040	\$ 90,211,446
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	52,254	50,080
Net realized gains on investments	(14,217,640)	(2,515,948)
Net unrealized gains on investments and cash equivalents	(26,858,599)	(103,281,428)
Deferred federal excise tax	546,096	2,369,783
Changes in assets and liabilities:		
Receivables	75,422	724,350
Other assets	(61,399)	(2,477)
Accounts payable and accrued expenses	83,882	43,020
Grants payable	3,603,166	(2,922,000)
Net cash used in operating activities	<u>\$ (18,158,778)</u>	<u>\$ (15,323,174)</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	61,286,982	87,796,727
Purchase of investments	(53,475,635)	(53,765,485)
Purchase of equipment and improvements	(45,248)	(51,450)
Net cash provided by investing activities	<u>\$ 7,766,099</u>	<u>\$ 33,979,792</u>
Net increase (decrease) in cash and cash equivalents	(10,392,679)	18,656,618
Cash and cash equivalents – beginning	23,321,582	4,664,964
Cash and cash equivalents – ending	<u>\$ 12,928,903</u>	<u>\$ 23,321,582</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid (refunded) during the year:		
Income taxes, excise	\$ 210,000	\$ (325,134)
Interest	\$ —	\$ —

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

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND 2009

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

INVESTMENTS Marketable and U.S. Government 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.

Investments include notes receivable which are due from various not-for-profit organizations valued at \$11,637,949 and \$7,675,174 at December 31, 2010 and 2009, respectively. The notes receivable are due at various dates from 2011 through 2038. The loans carry interest rates between 1% and 3%; principal and interest payment arrangements vary by note.

The Foundation invests in certain alternative investments which include investments in limited partnerships. Market values represent the Foundation’s pro rata interest in the net assets of each limited partnership as of December 31, 2010 and 2009, as provided by the fund managers. Market values as of December 31, 2010 and 2009 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, 2010 and 2009, the Foundation had total unfunded capital commitments to alternative investments of \$6,295,296 and \$7,863,257, 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 \$52,254 and \$50,080 for the years ended December 31, 2010 and 2009, respectively.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

NOTE 2 – Investments

Cost and market value of investments were as follows:

	2010		2009	
	Market Value	Cost	Market Value	Cost
Fixed income securities	\$ 14,710,685	\$ 14,707,551	\$ 14,758,833	\$ 14,714,640
Common stocks and alternative investments	418,939,320	256,006,743	385,626,280	249,843,647
Total	\$ 433,650,005	\$ 270,714,294	\$ 400,385,113	\$ 264,558,287

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**NOTE 3 – Fair Value Disclosure and Measurement**

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

The following fair value hierarchy tables present information about the Foundation's assets and liabilities measured at fair value on a recurring basis:

	Fair Value Measurements at Reporting Date Using			Balance
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2010				
Corporate Stock	\$ 191,329,985	\$ —	\$ 100	\$ 191,330,085
Corporate Bonds	—	8,126,928	—	8,126,928
Government Obligations	—	6,583,757	—	6,583,757
Limited Partnerships	—	—	59,699,645	59,699,645
Limited Partnerships – Mutual Funds	—	155,771,641	—	155,771,641
Other investments	—	500,000	11,637,949	12,137,949
Total Investments	\$ 191,329,985	\$ 170,982,326	\$ 71,337,694	\$ 433,650,005
Common Trust Fund (included in cash and cash equivalents)	—	9,723,055	—	9,723,055
Total Fair Value Assets	\$ 191,329,985	\$ 180,705,381	\$ 71,337,694	\$ 443,373,060

	Fair Value Measurements at Reporting Date Using			Balance
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2009				
Corporate Stock	\$ 182,384,915	\$ —	\$ 100	\$ 182,385,015
Corporate Bonds	—	9,026,440	—	9,026,440
Government Obligations	—	5,732,393	—	5,732,393
Limited Partnerships	—	—	53,091,472	53,091,472
Limited Partnerships – Mutual Funds	—	137,128,049	—	137,128,049
Other Investments	—	5,346,570	7,675,174	13,021,744
Total Fair Value Assets	\$ 182,384,915	\$ 157,233,452	\$ 60,766,746	\$ 400,385,113

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2010:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Limited Partnerships	Other Investments	Common Stock	Total
Beginning balance – January 1, 2010	\$ 53,091,472	\$ 7,675,174	\$ 100	\$ 60,766,746
Total gains or losses (realized/unrealized) Included in changes in net assets	7,768,308	12,752	–	7,781,060
Purchases	1,559,515	4,000,000	–	5,559,515
Sale proceeds	(2,719,650)	(49,977)	–	(2,769,627)
Ending balance – December 31, 2010	\$ 59,699,645	\$ 11,637,949	\$ 100	\$ 71,337,694
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	\$ 6,445,353	\$ 12,752	\$ –	\$ 6,458,105

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Limited Partnerships	Other Investments	Common Stock	Total
Beginning balance – January 1, 2009	\$ 38,028,255	\$ 7,971,622	\$ 100	\$ 45,999,977
Total gains or losses (realized/unrealized) Included in changes in net assets	14,115,422	(34,946)	–	14,080,476
Purchases	1,209,134	–	–	1,209,134
Sale proceeds	(261,339)	(261,502)	–	(522,841)
Ending balance – December 31, 2009	\$ 53,091,472	\$ 7,675,174	\$ 100	\$ 60,766,746
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	\$ 14,030,751	\$ (34,946)	\$ –	\$ 13,995,805

Gains and losses (realized and unrealized) from Level 3 investments included in changes in net assets include net investment gains of \$1,322,955 and \$84,671 and net unrealized investment gains of \$6,458,105 and \$13,995,805 for the period ended December 31, 2010 and 2009, respectively.

NOTE 4 – Credit Concentration

Aside from its holdings in the Kellogg Company, the Foundation's portfolio of investments is highly diversified; however, at December 31, 2010 and 2009, 26% and 32% of the total market value of securities and 85% and 88% respectively, of dividend income in each year are attributable to ownership of Kellogg Company stock.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**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, 2010 and 2009 amounted to \$129,146 and \$129,570, respectively.

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

2011	121,956
2012	123,833
2013	123,833
2014	127,585
2015	127,585
Thereafter	392,137
	<u>\$ 1,016,929</u>

NOTE 6 – Net Assets

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

	2010	2009
Cash	\$ 1,737,983	\$ 8,868,094
Receivables	585,012	511,184
Other assets	43,960	42,426
Due to principal fund	(129,029)	(87,517)
Accounts payable	(466,875)	(382,993)
Grants payable	(9,723,166)	(6,120,000)
Deferred federal excise tax	2,142	1,439
	\$ (7,949,973)	\$ 2,832,633

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

	2010	2009
Income fund	\$ (10,782,606)	\$ 9,708,195
Principal fund	29,400,646	80,503,251
Increase in net assets	18,618,040	90,211,446
Net assets – beginning	415,437,423	325,225,977
Net assets – ending	434,055,463	415,437,423

The change in individual funds includes transfers by the Foundation of \$13,158,999 in 2010 and \$23,256,574 in 2009 from the principal fund to the income fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 – Employee Benefit Plan

The Foundation has an employee's tax-sheltered annuity plan for all eligible employees. Such a plan is intended to comply with the requirements of Section 403(b) of the Internal Revenue Code (IRC). Employer contributions are required at 9% of the participants' compensation up to the social security wage base for the year and 14.7% of the participant's compensation in excess of this wage base, with a limit of \$245,000 of compensation for the years ended December 31, 2010 and 2009. Employer contributions to the plan for the years ended December 31, 2010 and 2009 amounted to \$118,719 and \$114,930, respectively. Participants are also permitted to make salary reduction contributions to the plan.

NOTE 8 – Excise Taxes

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

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

Current excise taxes were provided at 1% for 2010 and 2009, and deferred excise taxes were provided at 2% for 2010 and 2009. The current and deferred portions of the excise tax provisions were \$198,760 and \$542,951, respectively, netting to \$741,711 in 2010. The current and deferred portions of the excise tax provisions were \$(405,474) and \$2,646,301, respectively, netting to \$2,240,827 in 2009.

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

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

The federal income tax returns of the organization for 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 9 – Subsequent Events

The Organization has evaluated subsequent events from the statement of financial position date through March 31, 2011.

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, 2010 and 2009, 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, 2010 and 2009, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Walthall, Drake & Wallace LLP

Certified Public Accountants

Cleveland, Ohio
March 30, 2010

Grant Program Guidelines

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

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

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

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

Global climate change is an urgent issue that cuts across all of the Foundation's programs. Every organization and individual can help to address this problem. The Foundation takes seriously our own responsibility, and we want to hear from grant applicants what they are doing or considering to reduce or to eliminate their organizational impact on climate change. Our website includes links to helpful resources, and Foundation staff will assist grant seekers — both new and those of long standing — in all of our program areas with questions they may have.

ARTS

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

Grant Guidelines (continued)

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

ENVIRONMENT

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

HUMAN SERVICES

Heightened focus on developing a more globally competitive city and region demands recognition that people are at the heart of this effort and that all segments of society can make constructive contributions. To maximize those contributions, direct attention must be paid to the needs of those most at risk of being left out of social and economic transformation. Building human capital begins at birth, and the Foundation pays special attention to the needs of Greater Cleveland's disadvantaged children through grants to support early childhood care and education, abuse prevention and improved foster care and adoption systems. In addition, the Foundation provides some support for the local "safety net" of food, clothing, shelter and access to health care. A closely related set of interests is reflected in the Foundation's desire to help vulnerable populations achieve access to health insurance, the legal system, community support following release from prison and safe and affordable reproductive health services.

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

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

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

Grant Application Procedures

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

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

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 organizations 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 president and executive director. In addition, arts organizations participating in the Ohio Cultural Data Project should submit the George Gund Foundation report available at www.OhCulturalData.org with proposals. Proposals should also include:

ORGANIZATIONAL BACKGROUND

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

PROJECT DESCRIPTION

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

PROJECT BUDGET

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

ORGANIZATIONAL BUDGET

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

SUPPORTING DOCUMENTS

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

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

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

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

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

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*Term ended June 2010.

Credits

THE PHOTOGRAPHS

Amy Arbus' striking portraits beautifully capture the essence and energy of Cleveland's performing artists and the remarkable gifts they bring to our community. Arbus has published four books of her photographs, and her work is in many prestigious collections, including those of the Museum of Modern Art in New York. Arbus' photographs have appeared in more than 100 periodicals, and she has had 21 solo exhibitions around the world. She also teaches portraiture at the International Center of Photography, Maine Media Workshops and the Fine Arts Work Center. The Foundation has been a longtime supporter of the arts because we recognize that their innovation and creativity are essential to our community's continued vitality. The talented actors, dancers and musicians pictured in this report, and so many others like them, make Cleveland a more rewarding, interesting and lively place to live and work. We are richer because of their presence. www.AmyArbus.com

THE ORGANIZATIONS

The artists featured in this report perform with the Cleveland Jazz Orchestra, Cleveland Public Theatre, Great Lakes Theater Festival, GroundWorks DanceTheater and Karamu House Theatre, but represent all of the talented musicians, dancers and actors who grace Cleveland's stages. The Foundation values the innovation and creativity they bring to our community.

Cleveland Jazz Orchestra

www.ClevelandJazz.org

Cleveland Public Theatre

www.CPTonline.org

Great Lakes Theater Festival

www.GreatLakesTheater.org

GroundWorks DanceTheater

www.GroundWorksDance.org

Karamu House Theatre

www.KaramuHouse.org

SITE DESIGN

Nesnadny + Schwartz

Cleveland + New York + Toronto
www.NSideas.com

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CONTACT

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