

*The  
Gerber  
Foundation*

*2013 Annual Report*



FOUNDATION  
ESTABLISHED  
1952

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## INTRODUCTION

The Gerber Foundation was established in 1952 as the Gerber Baby Foods Fund by Daniel Gerber, Sr. and Gerber Products Company, and provided \$14,700 in support to various organizations in that first year. While the Gerber name may imply a strict interest in infant nutrition, our commitment is to a much broader range of activities significantly impacting issues facing infants and young children.

The mission of the Foundation – to enhance the quality of life of infants and young children in nutrition, care, and development – remains the guiding beacon for Foundation giving. Accordingly, priority is given to US research projects whose primary beneficiaries are young children from birth to three years of age. We are particularly interested in research that could

provide clinically useful insights and lead to positive changes in the pediatrician’s day-to-day practice.

As of the end of 2013, the Foundation has awarded just over \$99.5 million dollars in grants to individuals and institutions throughout the world. While the Foundation maintains a small grant program that reflects our ongoing commitment to West Michigan communities, the vast majority of the Foundation’s grant dollars are distributed on a competitive basis for national research focused on pediatric health and/or nutrition concerns, including the effects of environmental hazards on the well-being of infants and young children. Through our grant-making efforts, we are committed to improving the health and well-being of the youngest members of our society.



**THE GERBER FOUNDATION  
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**“Somewhere, something incredible is waiting to be known.”  
Carl Sagan**

## **Infant Pneumonia, Chronic Lung Disease Among Studies Funded in 2013**

Researchers who study pediatric health and nutrition are sharing more than \$2.79 million in Gerber Foundation grants in 2013. Among the projects funded:

- Cincinnati Children’s Hospital, where researchers are examining a stratification mechanism to better identify which infants presenting with pneumonia need more intensive therapy. If successful, the severity score produced will help to minimize unnecessary testing in milder cases and identify infants that may need earlier intervention or hospitalization.
- University of Colorado – This study is evaluating the microbiome of the airway in intubated premature infants with chronic lung disease. Researchers hope to identify the pathogens that lead to chronic lung diseases.
- At the University of Michigan, a research team is assessing whether prenatal exposures to non-essential heavy metals, such as cadmium, lead and mercury, can increase the risk of hearing impairments in newborns.
- A Vanderbilt University study will gauge the impact of a nutrition program to improve weight gain in newborns who need surgery for congenital heart defects.

### **Research in this Annual Report**

Three projects, funded in 2011 and 2012, are featured in this Annual Report.

Dr. Susan Abdel-Rahman and her team at Children’s Mercy Hospital in Kansas City, Missouri want to develop an algorithm to help doctors better identify infants at-risk for severe jaundice. At Tufts Medical Center, Dr. Jill Maron is working on an objective diagnostic test that can help doctors predict when an infant can safely feed by mouth. And in California, a study led by Stanford University’s Dr. Heidi Feldman shows that children with spastic cerebral palsy can benefit from a type of massage known as Rolwing.



Handwritten signature of Barbara J. Ivens in cursive script.

Barbara J. Ivens  
Board President

Handwritten signature of Catherine A. Obits in cursive script.

Catherine A. Obits  
Program Director

# NATIONAL GRANTS

<b>Baystate Medical Center (Kaitlyn Wong, MD)</b> Springfield MA Rhodiola Crenulata extract: a novel formula supplement for the prevention of necrotizing enterocolitis	<b>19,801</b>
<b>Brigham and Women's Hospital (Amir Lahav, MD)</b> Boston MA Growth Velocity, caloric intake and nutritional outcomes after continuous exposure to mother's voice	<b>264,000</b>
<b>Children's Hospital of Philadelphia (Matthew Drago, MD)</b> Philadelphia PA Constructing a clinically relevant decision aid for Spanish speaking parents facing premature delivery	<b>16,500</b>
<b>Children's Hospital of Philadelphia (William Peranteau, MD)</b> Philadelphia PA Correlation of prenatal variables and postnatal outcome with circulating endothelial progenitor cells in patients with congenital diaphragmatic hernia	<b>20,000</b>
<b>Cincinnati Children's Hospital (Todd Florin, MD)</b> Cincinnati OH Procalcitonin and risk stratification in pediatric pneumonia	<b>299,379</b>
<b>Cincinnati Children's Hospital (Andrew South, MD)</b> Cincinnati OH Intestinal Motility and Gastroschisis	<b>173,495</b>
<b>Franciscan St Francis Health (Paul Winchester, MD)</b> Indianapolis IN Does Pesticide Exposure in Pregnancy cause Fetal DNA Imprinting?	<b>295,082</b>
<b>Iowa State University (Stephanie Kratzer, MS, RD)</b> Ames IA Role of Maternal Vitamin D status and Placental Vitamin D in infant birth weight	<b>20,000</b>
<b>Johns Hopkins University (Samuel Yang, MD)</b> Baltimore MD Molecular point-of-care diagnosis of early onset neonatal sepsis using umbilical cord blood	<b>290,600</b>
<b>Massachusetts General Hospital (Qian Yuan, MD, PhD)</b> Boston MA Early risk factors for gastrointestinal mucosal food allergies	<b>300,000</b>
<b>Medical College of Wisconsin (T. Hang Nghiem-Rao, MD)</b> Milwaukee WI Potential Toxicity of Plant Sterols in Infants Receiving Intravenous Nutrition	<b>129,391</b>

<b>University of California, San Francisco (Ronald Clyman, MD)</b> San Francisco CA Patent Ductus Arteriosus: Trial of Conservative vs Early Enteral Treatment	<b>294,888</b>
<b>University of Colorado (Peter Mourani, MD)</b> Aurora CO The contribution of the airway microbiome to chronic lung disease in premature infants	<b>223,088</b>
<b>University of Colorado (Claire Gustafson, PhD Candidate)</b> Aurora CO Influences of Commensal bacteria and breast milk on IGA production in Infants	<b>20,000</b>
<b>University of Michigan (Richard Neitzel, PhD)</b> Ann Arbor MI Evaluation of the Effects of Prenatal Exposure to non-essential heavy metals on hearing	<b>138,314</b>
<b>University of Michigan (Amy Drayton, PhD)</b> Ann Arbor MI Impact of behavioral feeding intervention on parent-child attachment in young children	<b>19,994</b>
<b>University of Virginia (Fara Davalian, MD)</b> Charlottesville VA Erythromycin in GER-Associated apnea of the newborn	<b>20,000</b>
<b>University of Washington (Jorge Reyes, MD)</b> Seattle WA Genomic analysis of Hepatoblastoma in children	<b>144,839</b>
<b>Vanderbilt University (Chevis Shannon, MBA, MPH, DrPH)</b> Nashville TN Understanding the impact of post-hemorrhagic hydrocephalus on neurodevelopmental outcomes in premature infants	<b>107,446</b>
<b>Vanderbilt University (Stacey Killen, MD)</b> Nashville TN Impact of a multi-interventional nutrition program on the outcomes of newborns requiring surgery for congenital heart disease	<b>299,193</b>
<b>Virginia Commonwealth University (Shadi Jurdi, MD)</b> Richmond VA Evaluation of a comprehensive neonatal resuscitation and adaptation score	<b>20,000</b>
<b>TOTAL NATIONAL GRANTS AWARDED:</b>	<b>\$3,116,010</b>

# NATIONAL GRANT HIGHLIGHTS

**Applicant: Jill L. Maron, MD, MPH**

Institution: Mother Infant Research Institute at Tufts Medical Center

Funded Study in 2012: *The NOuRISH Platform: Neonatal Oral-feeding Readiness In Salivary High-Throughput Diagnostics*

## Oral Feeding Doesn't Come Naturally to Infants Born Prematurely

It's something every new parent wants, and maybe fears just a little: taking their new baby home for the first time.

However, the baby should be feeding properly, an important first step before they leave the hospital. Especially if the infant is born prematurely.

It's a big question, says Dr. Jill Maron of the Mother Infant Research Institute at Tufts Medical Center in Boston. That's because one in every eight newborns in the United States is born prematurely. And feeding problems "affect nearly every newborn admitted into a neonatal intensive care unit," she said.

"The real need is determining when an infant is ready to feed orally. There are almost always complications when we try to transition an infant from a feeding tube to oral feeding," she said. Infants often choke or aspirate the food, sometimes leading to pneumonia and a dislike for feeding.

Despite advancements in neonatal care, Dr. Maron said there is no objective diagnostic test available that can help doctors predict when an infant can safely feed by mouth.

"Our ability to feed orally really is a very complex developmental task," she said. "To be able to eat without choking or aspirating our food, we have to simultaneously coordinate 26 pairs of muscles, five cranial nerve systems, and sections of our spinal cord to protect the airway while we eat."

Eating, however, requires more than just motor maturation. Humans use a number of senses to regulate eating, Dr. Maron said. Our sense of smell, our eyes and ears, those hunger pangs in our bellies. The genes involved in an infant's feeding behavior include these and others used for oral muscles, the nervous system, and gastrointestinal development.

An accurate assessment device needs to objectively monitor these multiple development systems at the same time, she said. Her project, funded by the Gerber Foundation, sought to develop a tool that seems relatively simple by comparison, using saliva samples from the infant's mouth.

In addition to proteins, enzymes and other microorganisms, Dr. Maron said, saliva is a rich source of genetic material "making it an ideal body fluid for noninvasive diagnosis."

By analyzing the genetic information in saliva samples collected from premature infants as they learned to feed orally, Dr. Maron and her team identified 21 candidate genes involved in successful oral feeding. She combined these genes into a novel diagnostic platform to determine if she could objectively predict which infants could orally feed successfully.

From 400 saliva samples collected from nearly 300 premature and term infants, Dr. Maron analyzed each infant's gene expression profiles on this platform called NOuRISH – for Neonatal Oral-feeding Readiness In Salivary High-Throughput. Saliva samples came equally from babies that could, and could not, feed orally, and the gene expression data went through complex statistical analyses to further identify those genes that best predicted oral feeding success.

Five genes, in combination, demonstrated "very good accuracy" at predicting a premature newborn's oral feeding success, Dr. Maron said. These genes were involved in diverse biological functions that include signaling hunger, energy balance, sense of smell, visual behavior, and facial development.

This is just the start. Dr. Maron's next step is to conduct a multi-center cohort trial.

"Now that we have developed the testable NOuRISH platform, we have to put it to the test," she said. In the coming year she plans to serially analyze saliva samples from infants in the NICU as they learn to feed.

"We have to establish how accurate NOuRISH is at predicting feeding success and further examine individual gene expression changes as infants learn to feed," she said.

Ideally, Dr. Maron said, a point-of-care tool can be developed that can bring the NOuRISH platform to the neonatal bedside.

"We are very pleased with where we are today with this work, and very optimistic for what it can mean in the future for the safe development of premature infants. And we are very grateful to the Gerber Foundation for helping to make this possible," she said.

**Applicant:** Susan M. Abdel-Rahman, PharmD

Institution: Children's Mercy Hospitals, Kansas City, MO

Funded Study: 2011: *Using Genetic Predictors of Neonatal Hyperbilirubinemia to Transform the Care of Newborns*

## Innovative Study Seeks Ideal Screening Tool for Infant Jaundice

Jaundice is a common condition in newborns, caused by an excess of bilirubin in the blood that gives a yellow cast to the skin and whites of the eyes.

Bilirubin is produced by the normal breakdown of red blood cells that pass through the liver and is excreted as bile through the intestines. Jaundice happens when a newborn's liver cannot remove the bilirubin fast enough.

Infant hyperbilirubinemia attracted the attention of Dr. Susan Abdel-Rahman at Children's Mercy Hospitals in Kansas City, MO, where they see many newborns "bounce-back" to the hospital after discharge for treatment of jaundice.

"Sixty percent of newborns are jaundiced," Dr. Rahman said, "and in a few of these children the jaundice will be severe enough to require hospitalization." In fact hyperbilirubinemia is the most common reason for re-hospitalization during the first two weeks of life. If allowed to progress untreated, elevated bilirubin levels can lead to cerebral palsy and other forms of brain damage that are irreversible.

Most important to Dr. Rahman: these severe outcomes are "100% preventable with the appropriate intervention."

When she sought out the Gerber Foundation, Dr. Rahman had in mind a study that could refine the way we currently identify infants at-risk for high bilirubin levels. She hoped to develop an algorithm to better identify infants who should be watched more carefully or treated with phototherapy to avoid being readmitted with very high bilirubin levels.

The American Academy of Pediatrics recommends screening for hyperbilirubinemia risk prior to the initial hospital discharge, "but it is not universally applied to all newborns," Dr. Rahman said. Part of the problem are short hospital stays after birth. "Many infants at-risk just are not caught early," she said.

Dr. Rahman's study examined the role of clinical and genetic biomarkers in predicting which infants could progress to clinically significant hyperbilirubinemia. Some risk factors are already known to exist, such as feeding type, ABO/Rh incompatibility, sepsis, polycythemia, maternal diabetes, and birth trauma. Dr. Rahman wanted to quantify their contribution to the risk of developing hyperbilirubinemia and identify other genetic risk factors that are not yet known.

The prospective, cohort study of 4,055 live near- and full-term births took place at two affiliated institutions. Clinical risk factors accounted for ethnicity among nine ethnic groups.

The enrollment rate and sample size were greater than 98%, "which is exceptional for a genetic study. It shows that these kinds of studies are feasible," Dr. Rahman said. "Parents were glad to participate. They were very willing to help."

Dr. Rahman and her team are working now to complete preliminary analyses of the data. From there they will design a logistic regression model, solicit new funding to expand their genetic profiling, and refine the logistic regression model.

"We are looking for a single, risk-indicating equation," she said. "We have a better idea now of the clinical and genetic risk factors that require further study. We want to dig further into the genetic markers."

These data will be used to guide the development of a decision support tool designed to "drop in" to the electronic medical record at the point-of-care and enhance the clinician's ability to identify at-risk infants who would benefit from intervention. "Hospitals' unchanged morbidity statistics suggest that traditional assessment strategies are not working, and/or the risk assessment strategy is inadequate," Dr. Rahman said.

"An automated decision-making process, based on a predictive model, can help to reduce errors and oversights. We want to ensure that infants never require re-hospitalization for jaundice."



**Applicant:** Dr. Heidi Feldman

Institution: Stanford University School of Medicine

Funded Study 2011: *Evaluation of deep soft tissue manipulation as a complementary treatment for young children with spastic Cerebral Palsy*

## **Massage Technique Can Help Children With Cerebral Palsy Become More Limber**

Everyone loves a massage.

New research by Dr. Heidi Feldman of the Stanford University School of Medicine suggests that a specific type of massage known as Rolfing can have therapeutic benefits for children with cerebral palsy.

Cerebral palsy affects muscle tone, movement, and motor skills. Children with the disease – the most common physical disability among children in the United States – have trouble coordinating their movements.

Cerebral palsy is caused by brain injury before or during a child's birth, or during the first 3 to 5 years of a child's life. The brain damage can also lead to problems with vision, hearing and speech, and learning.

There is no cure, so treatments, most often physical and occupational therapy, are geared to helping the child walk or stand and do fine-motor skills, such as lifting small objects or learning to feed themselves.

Dr. Feldman's research suggests that the Rolfing technique can help improve the motor skills of children with spastic cerebral palsy, one of several subtypes of the disease known for generating extreme muscle tightness.

Her study builds on recent research that shows that structural changes in the muscle and surrounding fascia (connective tissue) appear to contribute to the abnormally high muscle tension, stiffness, and exaggerated reflexes of cerebral palsy.

"The fascia becomes thickened and disorganized," Dr. Feldman said. "It must feel like you're wearing a wet suit all the time." This type of muscle tightness contributes to the disabilities inherent in cerebral palsy.

A developmental and behavioral pediatrician at Stanford, Dr. Feldman learned about the possible benefits of Rolfing for children with cerebral palsy in 2009 during a pilot study that examined the complimentary manual manipulation technique, also known as Myofascial Structural Integration.

"In Rolfing, therapists use directed pressure and deep massage, techniques that affect the layers of fascia and muscle. Loosening the muscles and connective tissue allows the muscles to slide past each other more easily," Dr. Feldman explained.

An initial study in 2011 involved eight children ages 2 to 7 with spastic cerebral palsy. Each child had 10 weekly Rolfing treatments and 10 weekly play sessions. The play sessions served as the control activity for the study. Motor skills were tested pre- and post-session.

Results of that study convinced Dr. Feldman to probe deeper. "In general, every child showed some improvement after Rolfing than after the play sessions," she said. And every parent noted an additional benefit - either better mood, speech, or bowel function.

The Gerber Foundation grant allowed Dr. Feldman to conduct a more rigorous study involving 24 children ages 4 or younger with mild to moderately severe spastic cerebral palsy. The study used a randomized control crossover design, with an initial treatment group and a wait list control group.

During the treatment phase, children had 10 sessions with an advanced certified Rolfing practitioner over 12 weeks. Gross motor function was measured, as were secondary measures of other aspects of health and function.

To date, children who have received treatment show a statistically greater difference in motor skills than before treatment, Dr. Feldman said. The control group eventually gets the treatment too. And parents continue to give positive feedback on improvements they see in balance, communication "and a growing confidence" in their child.

Looking ahead, if the completed study confirms the preliminary results, Dr. Feldman sees Rolfing as a useful complementary treatment for children with cerebral palsy, perhaps as an integral part of the physical and occupational therapy regimen. Parents may be able to learn to do some of Rolfing's massage techniques.

"I think it is worthwhile for these parents to consider Rolfing massage. Really, there's no harm, and we are demonstrating improvements," she said.

Dr. Feldman also expressed gratitude to the Gerber Foundation for its role in the research. "We are incredibly grateful to the Gerber Foundation for the opportunity to do this study," she said.

# NATIONAL GRANTMAKING GUIDELINES

## FOUNDATION FOCUS

The Foundation's mission focuses on infants and young children. Accordingly, priority is given to projects that improve the nutrition, care and development of infants and young children from the first year before birth to three years of age. Projects should support a specific health or nutrition intervention and have defined outcome parameters.

The Foundation is particularly interested in fresh approaches to solving common, everyday problems or emerging issues within our defined program areas. Projects should be focused on issues faced by care providers that, when implemented, will improve the health, nutrition and/or developmental outcomes for infants and young children. Projects may include research on etiologic mechanisms, diagnostic procedures, reduction of side effects or symptoms, therapies or treatment, dosing (under or over) for drugs, nutrients or other therapeutics, or preventative measures.

Competitive requests will be focused in a way to achieve measurable outcomes that could result in systemic practice changes within a reasonable period of time.

The Foundation gives priority to projects of national or regional impact. Foundation support is not typically ongoing. Project outcomes should be of sufficient impact, if successful, to generate long-term support from other sources.

## PRIMARY INTERESTS

The Foundation has three primary categories of interest in its national grantmaking programs:

**Pediatric Health.** Projects in this category respond to the Foundation's interest in promoting health and

preventing disease. We are especially interested in applied research focused on preventing serious neonatal and early childhood illnesses, and on preventing the development of serious, chronic illnesses later in life. We also welcome research that evaluates or improves cognitive functioning in infants and young children, or the social and emotional aspects of development.

**Pediatric Nutrition.** These projects respond to a long-time interest of the Foundation in assuring adequate nutrition for infants and young children. Projects include applied research that evaluates the provision of specific nutrients and their related outcomes in infants and young children.

**Environmental Hazards** Finally, we are interested in research that evaluates the effects of environmental hazards on infants and young children and, ultimately, promotes children's health and well-being. Projects might include applied research that documents the impact of, or ameliorates the effect of, environmental hazards on the development of infants and young children.



## WHAT WE DO NOT FUND

While we endeavor to maintain a high degree of flexibility in our programming, we do observe several practical limitations. We do not make grants or loans to individuals. Outside the West Michigan area, we do not support capital campaigns, operating support or event sponsorship. We also do not support exclusive food or baby products giveaway programs, national child welfare programs, international based programs or product testing for commercialization purposes.

## WHO CAN APPLY

Organizations recognized as tax-exempt under *Internal Revenue Code 501(c)(3)* or a federal, state or municipal unit exempt from federal, state and local taxes are eligible to apply for Foundation grants. Organizations must also be determined not to be private foundations under *Internal Revenue Code 509*. No grants are made to individuals.

With few exceptions, only organizations with principal operations in the United States and its territories are eligible for funding. Within the United States, there is no geographic limitation to the Foundation's grantmaking.

## FUNDING LIMITATIONS

While there is no policy affecting the dollar amounts of Foundation grants, there are some practical considerations. Projects requiring small grants (generally under \$50,000) are typically local in scope and impact, and therefore may not be within the scope of national funding initiatives. Large requests (greater than \$400,000) may exceed available Foundation resources. Please describe your need for funds in a way that makes sense of the specific request. Clearly describe the impact Foundation dollars will have on the course of the project.

In some cases, projects are best funded by multiple funders to provide evidence of broad acceptance of the project concept or potential outcome. At other times, the role of single project donor is appropriate. In either instance, you should make the case for your funding plan.

## HOW TO APPLY

**Step One:** Review Foundation interests and limitations above.

In all of our grantmaking, the Foundation is particularly interested in fresh approaches to solving common, everyday problems in our defined program areas, approaches that, if proven successful, can generate long-term support from other sources, research and interventions that promote the health and well-being of infants up to the age of three, and approaches and activities that lead to systemic change. We welcome and encourage contact from researchers at any time.

**Step Two:** Review general application guidelines and procedures.

General application guidelines and procedures can be found under the “Pediatric Research” tab on our website ([www.gerberfoundation.org](http://www.gerberfoundation.org)). The Foundation may receive grant proposals from unsolicited



sources as well as from organizations with which we have been in contact. However, our preference is for an initial letter of inquiry/concept paper with subsequent communication between the grant applicant and our Trustees as the grant proposal is being developed.

**Step Three:** Submit a letter of inquiry/concept paper to the foundation, outlining the hypotheses to be examined, the methods to be used and the type of result to be anticipated. The letter should include the length of the project, number of subjects, total cost of the project and the amount being requested from The Gerber Foundation. The letter enables the Foundation staff and Trustees to determine the relevance of the proposed project to the Foundation’s programs and to provide advice on whether to submit a full proposal. Concept papers are due June and December 1<sup>st</sup> of each year. A cover letter should provide information on the organization and the researcher.

**Step Four:** Submit full proposal. The application form can be located under the “Pediatric Research” tab on the website or can be obtained

by contacting the Foundation office. Proposal deadlines are February and August 15 of each year.

## WHEN TO APPLY

Organizations seeking grants should begin the application process at least six months before the start of the proposed grant period. Proposals are initially reviewed by program staff and select Trustees. If recommended for review, the proposal is subject to review and approval under guidelines established by the Foundation’s Board of Trustees.

Letters of inquiry are due June and December 1 with grant awards approved in November and May.

## CONTACTING THE FOUNDATION

For questions, contact the Program Manager, Catherine Obits in writing at 4747 West 48<sup>th</sup> Street, Suite 153, Fremont, Michigan 49412-8119. You may phone us at (231) 924-3175. Our fax number is (231) 924-7906, and our email address is [tgf@ncresa.org](mailto:tgf@ncresa.org)

# APPLICATION PROCEDURES

Submit seven (7) copies (unless indicated otherwise in parentheses) and one (1) CD or jumpdrive with all materials of your proposal, typed and double spaced. Please number pages. (Note: Proposals are reviewed by individuals from clinical and non-clinical backgrounds. Efforts to minimize clinical jargon where possible are appreciated.) The proposal should include the following items:

1. Covering letter, signed by the senior administrative official of the applying organization, briefly describing the applicant organization and endorsing the project.
2. Completed application form.
3. One page synopsis/abstract of the proposal, including hypotheses, methods, and expected outcomes.
4. One page description of applying organization, its current programs and services and population(s) served.
5. Proposal narrative. (Limit 15 pages) This is the main source of proposal information, and should include:
  - a. Goals, objectives, hypotheses and methods to be used to meet them.
  - b. Size of the population to be studied in terms of age, gender, ethnicity, the source of subjects and the recruitment process.
  - c. Description of evaluation measures in place or planned to assess project results and outcomes.
  - d. Expected impact of the project nationally or regionally, potential for project replication or ways in which the project responds to the Foundation's preference for broad impact projects.
  - e. Plan for acknowledging Foundation support for project.
6. Appendices (please tab):

- a) Project schedule/timeline of events with expected results and conclusions. Provide a table of expected outcomes and/or interventions and measures for each year of project. Example:

Outcomes	Measurement	How Measure will be obtained
Outcome 1	Description of steps to be completed within each year	Describe how outcomes will be measured
Outcome 2		

- b) Description and status of any collaborations or linkages with others to enhance project outcomes.
  - c) Budget:
    - Plan for project funding, including a description of any current or requested funding by other major donors.
    - Plans for continuation or discontinuation of the project after the requested project funding period.
    - Line item project budget. If a multi-year project, please provide budget information by year. Indirect costs are limited to 10%.
    - Salaries. Percentage of time applied to grant for PI and Co-PI's will not exceed 30% per person. Base salaries for PI and Co-PI's will not exceed the base salary cap imposed by NIH for NIH grants.
    - Budget summary including description of duties of investigator and staff.
  - d) Informed Consent documentation.
  - e) Biosketches of principal investigator and significant support staff. Please submit CV's of PI and Co-PI's on the CD.
  - f) Research References
7. (on CD) Most recent Audited Financial Statement. IRS 990 may be submitted if audited financial statement is not available.
  8. (on CD) Board Roster, indicating the names and affiliations of the organization's governing board.
  9. (on CD) IRS documentation indicating that the applying organization is tax exempt and is not a private foundation.

## (1 copy) Optional Items

Letters of support from organizations with key input or interest in the project.

Relevant news articles

Organization's annual report

Organization newsletters

***“We delight in the beauty and happiness of children that makes the heart too big for the body.”  
Ralph Waldo Emerson***

## **West Michigan Grants**

### **Local Grants, Scholarships Part of Foundation’s Mission**

While much of the grant support from the Gerber Foundation is for pediatric health and nutrition research, work and study in West Michigan also are important.

In 2013, more than \$731,000 was awarded in directors’ gifts and scholarships, and in grants to human service agencies in the region.

Agency grants are being used to help children coping with loss, to develop youth leaders and mentors, for nutrition education, and for oral health programming.

At the Child Abuse Council of Muskegon,

Fostering Futures is a new program for teens who are aging out of the traditional foster care program. Fostering Futures provides these teens with a mentor to guide them through the transition from foster care to living on their own. Teens learn to establish credit, set up bank accounts, manage money, and find a home or apartment.

An infant/toddler exhibit was the focus of a gift to the Grand Rapids Children’s Museum. This caterpillar

exhibit has a small ramp and several circles with different textures to help children develop their sense of touch and the balance needed to walk up or down an incline.

The Newaygo County Museum received support to bring elementary classrooms into the museum to learn about the county’s history. Part of the visit involves playing games that were popular “back in the day.”



STEM – an acronym for the academic disciplines of science, technology, engineering, and mathematics – was the focus of a grant to the Newaygo County

Regional Educational Service Agency. Their second annual STEM Expo allowed students to pick a question they wanted answered or a problem to solve. Students needed to apply research to their problem and present their solutions at the expo. Several career-tech students created a working finger made of metal for a classmate who lost a finger in an accident. Other projects examined how certain items react in different water temperatures and creating computer language to accomplish a task.

# WEST MICHIGAN GRANTS

<b>American Red Cross</b>	
Babysitter Training Program	2,500
<b>Arts Center for Newaygo County</b>	
6th Grade ballet experience	1,300
<b>Baldwin Family Health Care</b>	
Oral Health Kits	9,240
Oral Health Kits (Health Care Fund)	3,900
Pediatric Dental Exam room TV project (Health Care Fund)	9,162
<b>Blue Lake Fine Arts Camp</b>	10,000
Camp scholarships	
<b>Camp Newaygo</b>	
Camp Scholarships	17,000
G3 Camp Scholarships	7,500
Speak Up Program	2,700
<b>Catholic Charities of West Michigan</b>	
Muskegon Teen Parent Program	10,000
Muskegon Healthy Families	5,000
Oceana Teen Parent Program	5,000
<b>Child Abuse Council of Muskegon</b>	
Fostering Futures	9,800
<b>Community enCompass</b>	
Project CATCH scholarships	9,000
Summer Youth Employment Program	5,000
<b>Deaf Inc</b>	
Kids Kamp Scholarships	120
<b>Eagle Village</b>	
Intervention Services	5,000
<b>Every Women's Place</b>	
Security Cameras	5,000
Girls On the Run Event Sponsorship	1,000
<b>Fremont Community Rec Center</b>	
Scholarships for youth	2,500
<b>Grand Rapids Children's Museum</b>	
Wee Discover Multi-Sensory Exhibit	6,100
<b>Hackley Community Care Center</b>	
Dental Operatory Equipment	15,000
<b>Harbor Hospice</b>	
Scholarships for Camp Courage	5,000
<b>Helen DeVos Children's Hospital</b>	
2014 Gala	10,000
<b>Kids Food Basket</b>	
Sack supper program	5,000
<b>Local FFA Organizations (National Agricultural Science Education Organization)</b>	
Scholarship Support for Washington Leadership Conference	11,500

<b>Luther Area Public Library</b> Preschool Story Hour program	2,885
<b>Mercy Health Partners</b> Dental Equipment	9,500
<b>Michigan State University Extension (Lake County)</b> 4-H Capital Experience field trip	1,530
<b>Michigan State University Extension (Newaygo County)</b> 4-H Exploration Days	2,000
<b>Mission for Area People</b> Back to School Backpack Program	2,000
<b>Muskegon Family YMCA</b> West Michigan Camp Pentalouan Scholarship Program	10,000
<b>Newaygo County Agricultural Fair</b> Purchase of meat for donation to local food pantries	10,000
<b>Newaygo County Historical Museum</b> Kids Connect with Newaygo County History	3,820
<b>Newaygo County Prevention of Child Abuse</b> Period of Purple Crying (Health Care Fund)	4,960
<b>Newaygo County Regional Educational Service Agency</b> FIRST Robotics Program	5,000
STEM Expo	1,800
<b>Out Side In</b> Mending Fences Therapy Horse Program	10,000
<b>Pathfinders</b> Afterschool program	10,000
<b>Reach Out and Read</b> Reading program for preschool children	5,000
<b>Rose Lake Youth Camp</b> Camp Scholarships	2,000
<b>TrueNorth Community Services</b> Youth programming	19,000
<b>United Way of the Lakeshore</b> Lights On After School Program	10,000
<b>West Michigan Community Help Net</b> Youth mentorship program	4,500
<b>West Michigan Therapy</b> You Turn Program	7,575
<b>“Women’s Information Services, INC (WISE)”</b> Training and Supplies for ACT Program	2,140
<b>YMCA of Greater Grand Rapids</b> Nutrition Education Program	9,990
<b>TOTAL WEST MICHIGAN GRANTS AWARDED:</b>	<b>307,022</b>

## Scholarships

This year 77 students were selected to receive a scholarship for higher education through the Foundation. Scholarships are provided to students graduating from a high school in Newaygo or Muskegon Counties in Michigan.

The Daniel Gerber Sr. Medallion Scholarship, awarded to students graduating from a Newaygo County high school, provides \$9,200 for post-secondary education. In 2013, 25 students received this award while 59 continued to receive funding from prior year selections. Total scholarship payments for the year were \$202,268.

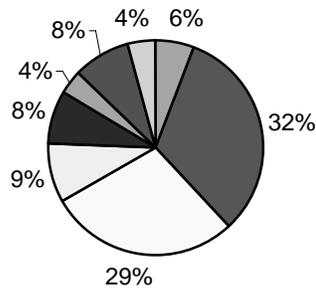
The Gerber Foundation Merit Scholarship, awarded to students graduating from Newaygo or Muskegon County high schools, provides \$2,300 for the first year of post-secondary education. Fifty students were awarded this scholarship in 2013, totaling \$115,000.

## 2013 Grants Paid

(Current and Prior Year Commitments)

Special Initiatives	\$ 205,500	6%
Pediatric Health	\$ 1,126,924	32%
Pediatric Nutrition	\$ 1,011,396	29%
Nutrient Competitors	\$ 308,986	9%
West Michigan	\$ 280,454	8%
Matching Grants	\$ 132,939	4%
Scholarships	\$ 294,801	8%
Discretionary Grants	\$ 150,000	4%
	\$ 3,511,000	100%

## 2013 GRANTS PAID



## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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Board of Trustees  
The Gerber Foundation  
Fremont, Michigan

### ***Report on the Financial Statements***

We have audited the accompanying statements of assets, liabilities, and net assets – modified cash basis of The Gerber Foundation as of December 31, 2013 and 2012, and the related statements of revenues, expenses, and other changes in net assets – modified cash basis and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Gerber Foundation as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended on the modified cash basis of accounting as described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to that matter.

***Emphasis***

As described in Note 2 to the financial statements, the financial statements include investments valued at \$30,999,676 (40.74% of net assets) whose fair values have been estimated by management in the absence of readily determinable fair values. Management estimates are based on information provided by the fund managers. Our opinion is not modified with respect to that matter.

*Beene Garter LLP*

July 17, 2014  
Grand Rapids, Michigan

**THE GERBER FOUNDATION**

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,043,027	\$ 3,499,681
Investments at fair value	75,045,781	67,686,089
Office equipment	39,040	39,040
Accumulated depreciation	<u>(37,033)</u>	<u>(35,935)</u>
	<u>2,007</u>	<u>3,105</u>
<b>TOTAL ASSETS</b>	<u>\$ 76,090,815</u>	<u>\$ 71,188,875</u>
<b>UNRESTRICTED NET ASSETS</b>	<u>\$ 76,090,815</u>	<u>\$ 71,188,875</u>

See accompanying notes

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## THE GERBER FOUNDATION

### STATEMENTS OF REVENUE, EXPENSES, AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Revenue</b>		
Interest and dividends on investments	\$ 396,990	\$ 821,004
Net gain on investments	<u>8,374,744</u>	<u>5,956,108</u>
<b>TOTAL REVENUE</b>	<b>8,771,734</b>	<b>6,777,112</b>
<b>Expenses</b>		
Program services		
Grants and scholarships paid	<b>3,510,062</b>	3,509,139
Support services		
Other operating expense	<u>359,732</u>	<u>289,628</u>
<b>TOTAL EXPENSES</b>	<b><u>3,869,794</u></b>	<b><u>3,798,767</u></b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>4,901,940</b>	<b>2,978,345</b>
<b>Unrestricted Net Assets at Beginning of Year</b>	<b><u>71,188,875</u></b>	<b><u>68,210,530</u></b>
<b>UNRESTRICTED NET ASSETS AT END OF YEAR</b>	<b><u>\$ 76,090,815</u></b>	<b><u>\$ 71,188,875</u></b>

See accompanying notes

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**THE GERBER FOUNDATION**

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities</b>		
Change in unrestricted net assets	\$ 4,901,940	\$ 2,978,345
Adjustment to reconcile change in unrestricted net assets to net cash used by operating activities		
Depreciation	1,098	1,085
Realized gain on sale of investments	(3,073,291)	(1,209,117)
Unrealized gain on investments	<u>(5,547,997)</u>	<u>(5,068,324)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(3,718,250)</b>	<b>(3,298,011)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	-	(1,134)
Proceeds from sale and maturities of investments	57,149,420	22,653,636
Purchase of investments	<u>(55,887,824)</u>	<u>(16,986,009)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>1,261,596</b>	<b>5,666,493</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,456,654)</b>	<b>2,368,482</b>
Cash and Cash Equivalents at Beginning of Year	<u>3,499,681</u>	<u>1,131,199</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,043,027</u></b>	<b><u>\$ 3,499,681</u></b>
<b>Supplemental Information</b>		
Cash paid during the year for federal excise taxes	<u>\$ 101,885</u>	<u>\$ 28,000</u>

See accompanying notes

**THE GERBER FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS

---

December 31, 2013 and 2012

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations**

The Gerber Foundation (Foundation) was established in 1952 as an independent private foundation governed by a Board of Trustees who serve without compensation. Income is derived from a diversified portfolio and is used to award grants to qualified applicants in furtherance of the Foundation's mission to enhance the quality of life of infants and young children through nutrition, care and development. Grants from the Foundation are made to organizations recognized as exempt under Section 501(c)(3) of the Internal Revenue Code.

**Basis of Accounting**

The Foundation's financial statements are prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the modified cash basis of accounting, revenues are recognized when collected rather than when earned, and expenditures generally are recognized when paid rather than when incurred. Accrued expenses and grant commitments are not recorded in the financial statements. Purchased assets with estimated useful lives of more than one year are capitalized and depreciated or amortized over the assets' estimated useful lives.

**Basis of Presentation**

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation has no temporarily or permanently restricted net assets.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of money market deposits and other highly liquid investments with a maturity of three months or less when purchased. The Foundation maintains its cash at two financial institutions. The operating cash account is maintained at a bank that is insured by the Federal Deposit Insurance Corporation (FDIC). The cash and cash equivalents within the investment account are insured by the Securities Investor Protection Corporation. From time to time during the year, the Foundation may have cash on deposit in excess of the respective insured limits.

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## THE GERBER FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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December 31, 2013 and 2012

#### Investments

The Foundation maintains its investments at one financial institution. The accounts at this institution are insured up to \$500,000 by the Securities Investor Protection Corporation. Up to \$100,000 of this coverage may be applied toward uninvested cash as disclosed in the cash section above (see Note 2). Realized and unrealized gains and losses and other investment earnings are included in the statement of activities as a change in unrestricted net assets.

#### Derivative Accounting for Hedge Funds

The Foundation has investments with several hedge funds that seek higher returns than fixed income funds, have similar volatility, and also have a low correlation with traditional equity and fixed income assets.

The investment objectives of this fund are two-fold. The primary objective is to generate over a full market cycle returns higher than the "market" as represented by a style index or mix of indexes reflective of the Foundation's return objectives and risk tolerance. The secondary objectives are to produce a real return goal of inflation plus 5%, to have the dollar weighted average return exceed a long-term return of 8%, and to outpace the style index return and real return market, each measured on a compound average annual return basis after the deduction of investment management fees and annualized over a three to five year rolling time period and a full market cycle. There is no assurance that these objectives will be achieved.

#### Fair Value Measurements

Fair value measurement accounting standards establish a common definition of fair value, provide a framework for measuring fair value based on inputs used to value the Foundation's investments, and require disclosure about such fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In determining fair value, various valuation approaches are used. A hierarchy for inputs is 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. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

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## THE GERBER FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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December 31, 2013 and 2012

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – other significant inputs including quoted prices of similar assets or liabilities, interest rates, credit risk, etc.

Level 3 – significant unobservable inputs which may include the Foundation's own assumptions in determining fair value.

#### **Office Equipment**

Office equipment is stated at cost, if purchased, or at fair value on date of acquisition, if donated. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

#### **Income Taxes**

The Internal Revenue Service has determined the Foundation is a tax-exempt private foundation as defined by Section 501(c)(3) of the Internal Revenue Code (IRC), but is subject to a 2% federal excise tax on net investment income, including realized gains as defined in the Code. If the Foundation meets certain payout requirements, it is eligible for a reduced excise tax rate of 1%. The Foundation met the requirement for the 1% rate for the year ended December 31, 2012, and anticipates meeting the 1% rate for December 31, 2013.

In addition, the IRC requires that certain minimum distributions be made in accordance with a specified formula. According to this formula, the Foundation must distribute currently for charitable purposes 5% of the average fair value of its nonoperating assets in each tax year. Failure to distribute the required amount by the last day of the following year may result in excise taxes on the Foundation's undistributed income within the tax year or within the next succeeding tax year.

As permitted, management intends to distribute sufficient amounts to cover IRC required distribution in the subsequent tax year.

Tax positions taken are assessed for uncertainty and a provision may be recorded if a tax position is not likely to be sustained upon examination.

With limited exceptions, the Foundation is no longer subject to audits by federal authorities for the years prior to 2010.

THE GERBER FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

**Subsequent Events**

Management has evaluated significant events or transactions occurring subsequent to December 31, 2013 for potential recognition or disclosure in these financial statements. The evaluation was performed through July 17, 2014, the date the financial statements were available for issuance.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The Foundation utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in market values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

**NOTE 2 - INVESTMENTS**

Investments consist of the following:

	2013			2012		
	Cost	Unrealized Gain (Loss)	Fair Value	Cost	Unrealized Gain (Loss)	Fair Value
Alternative investments:						
Limited liability corporations	\$ 3,091,490	\$ 915,815	\$ 4,007,305	\$ 1,909,362	\$ 1,326,231	\$ 3,235,593
Limited partnerships	19,806,380	8,264,273	28,070,653	16,430,119	4,656,108	21,086,227
Real estate	-	-	-	5,333,125	1,134,160	6,467,285
Equity securities:						
Common stocks	-	-	-	7,882,823	(731,993)	7,150,830
Commodities precious metals	1,537,639	(404,656)	1,132,983	-	-	-
Emerging markets funds	5,281,282	(425,917)	4,855,365	4,287,696	(97,334)	4,190,362
Natural resources	3,901,290	391,509	4,292,799	-	-	-
World index funds	15,606,257	8,939,909	24,546,166	12,610,539	5,462,381	18,072,920
Fixed income funds	7,665,317	475,193	8,140,510	6,576,146	906,726	7,482,872
	<u>\$ 56,889,655</u>	<u>\$ 18,156,126</u>	<u>\$ 75,045,781</u>	<u>\$ 55,029,810</u>	<u>\$ 12,656,279</u>	<u>\$ 67,686,089</u>

THE GERBER FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

Net gain (loss) on investments consists of the following:

	<u>2013</u>	<u>2012</u>
Realized gains	\$ 3,073,291	\$ 1,209,117
Unrealized gains	5,547,997	5,068,324
Investment fees	(246,544)	(315,855)
Investment taxes	-	(5,478)
	<u>\$ 8,374,744</u>	<u>\$ 5,956,108</u>

The Foundation invests in certain alternative investments which include investments in hedge funds. Market values represent the Foundation's pro rata interest in the net assets of each alternative investment as of December 31, 2013 and 2012, as provided by the fund managers. Market values as of December 31, 2013 and 2012 may be based on audited financial information or on financial data supplied by the general partner or manager of the funds. 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.

The tables that follow set forth information about the level within the fair value hierarchy at which the Foundation's investments are measured at December 31, 2013 and 2012:

	<u>2013 - Based on</u>			<u>Total</u>
	<u>Level 1</u> <u>Quoted Prices</u> <u>in Active</u> <u>Markets</u>	<u>Level 2</u> <u>Other</u> <u>Observable</u> <u>Inputs</u>	<u>Level 3</u> <u>Unobservable</u> <u>Inputs</u>	
Alternative investments:				
Limited liability corporations	\$ -	\$ 1,078,282	\$ 2,929,023	\$ 4,007,305
Limited partnerships	-	-	28,070,653	28,070,653
Equity securities:				
Commodities precious metals	1,132,983	-	-	1,132,983
Emerging markets funds	4,855,365	-	-	4,855,365
Natural resources	4,292,799	-	-	4,292,799
World index funds	3,784,041	20,762,125	-	24,546,166
Fixed income funds	6,502,929	1,637,581	-	8,140,510
	<u>\$ 20,568,117</u>	<u>\$ 23,477,988</u>	<u>\$ 30,999,676</u>	<u>\$ 75,045,781</u>

THE GERBER FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

	2012 - Based on			Total
	Level 1 Quoted Prices in Active Markets	Level 2 Other Observable Inputs	Level 3 Unobservable Inputs	
Alternative investments:				
Limited liability corporations	\$ -	\$ 1,086,374	\$ 2,149,219	\$ 3,235,593
Limited partnerships	-	-	21,086,227	21,086,227
Real estate	-	6,467,285	-	6,467,285
Equity securities:				
Common stocks	7,150,830	-	-	7,150,830
Emerging markets funds	4,190,362	-	-	4,190,362
World index funds	-	18,072,920	-	18,072,920
Fixed income funds	5,782,748	1,700,124	-	7,482,872
	<u>\$ 17,123,940</u>	<u>\$ 27,326,703</u>	<u>\$ 23,235,446</u>	<u>\$ 67,686,089</u>

Following is a reconciliation of activity for assets measured at fair value based on significant unobservable (Level 3) information:

	Level 3 Investments	
	2013	2012
Balance, beginning year	\$ 23,235,446	\$ 22,541,208
Realized gains included in change in net assets	1,003,480	111,664
Unrealized gains included in change in net assets	3,190,729	2,503,993
Purchases	5,500,144	1,702,069
Sales	(1,930,123)	(3,623,488)
Balance, end of year	<u>\$ 30,999,676</u>	<u>\$ 23,235,446</u>

**THE GERBER FOUNDATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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December 31, 2013 and 2012

**NOTE 3 - COMMITMENTS FOR GRANTS**

As of December 31, 2013, trustees of the Foundation have authorized the payment of grants in future periods as follows:

Year ending December 31:

2014	\$ 1,546,939
2015	786,620
2016	<u>302,928</u>
	<u><b>\$ 2,636,487</b></u>

Grants and scholarships paid includes \$3,511,300 and \$3,600,294 of contributions and \$1,238 and \$91,155 of grant refunds for the years ended December 31, 2013 and 2012, respectively.

**NOTE 4 - LEASE**

The Foundation leases office space in Fremont, Michigan under an operating lease agreement from an unrelated party that continues from year to year calling for monthly payments of \$1,500. Total lease expense for this office space was \$18,000 in 2013 and 2012.

**NOTE 5 - RETIREMENT SAVINGS PLAN**

The Foundation maintained a retirement savings plan under Internal Revenue Code Section 401(k) for eligible employees which allows for deferrals up to the maximum allowed under the Internal Revenue Code. The Foundation can make matching contributions at the discretion of the Board of Directors. Employer matching contributions to retirement savings plans, which vest immediately, were \$6,180 and \$5,971 in 2013 and 2012, respectively.

**NOTE 6 - RECLASSIFICATIONS**

Certain reclassifications have been made to the 2012 financial statements in order to conform to the 2013 presentation.

*The Gerber Foundation*  
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