

*The  
Gerber  
Foundation*

*2017 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 2017, the Foundation has awarded nearly \$115 million 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  
BOARD OF DIRECTORS**

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*“Start by doing what’s necessary; then do what’s possible; and suddenly you are doing the impossible.” Francis of Assisi*

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## **Grant Recipients Continue To Inspire And Amaze**

We are continually inspired by the work of those that we fund; the researchers for their ideas on how to improve care for the youngest members of our society, the youth programs in West Michigan for the many activities they provide to educate and improve the lives of young people, and those who respond to disasters when needed to help families struggling with loss.

The research projects funded in 2017 continued our endeavors to find projects focused on practical solutions to everyday problems that could improve care and outcomes within predictable time frames to clinical application.

Projects aimed at optimizing and improving nutrition included three studies related to the effects of elevated levels of insulin in breastmilk on the infant, a premature infant’s ability and capacity to digest proteins, and a study of levels of microRNA’s in breast milk and the risk of allergic responses in infants.

Several projects related to the development of better diagnostic tools:

- Use of a specialized echocardiogram technique in the assessment of cardiac function in neonates.
- A study of immune biomarkers that may help to identify acute kidney injury before long term damage occurs.
- Development of an epidermal wearable patch for continuous, non-invasive blood pressure monitoring in premature infants.
- Development of an alternative means of measuring body composition in neonates to measure growth parameters.

Another group of four projects focused on therapeutic techniques:

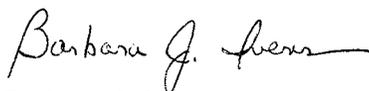
- A study looking at the use of intravenous Acetaminophen for patent ductus arteriosus.
- Use of Xylitol in reducing the incidence of ear infections in young children.
- Use of melatonin for the prevention of delirium in critically ill pediatric patients.
- Using the growth chart concept, development of optimal ranges for several diagnostic indices used to monitor infants who have undergone cardiac surgery such as oxygen saturation and blood pressure.

Finally, three projects were aimed at reducing painful procedures, environmental issues, and prognostic indices:

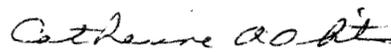
- Preventing unnecessary repeat blood tests.
- Levels of marijuana metabolites in breastmilk and their effects.
- Gene expression patterns that may help to predict disease outcomes in neonatal lung disease.

Five additional grants were made during the year to support the care of children in the wake of the devastating hurricanes in Florida and Texas. Texas Children’s Hospital and Children’s Memorial Hermann Hospital, both in Houston, TX, each received \$50,000. Nicklaus Children’s Hospital in Miami and Wolfson Children’s Hospital in Jacksonville, Florida, each received \$35,000. Finally, Johns Hopkins All Children’s Hospital in St. Petersburg, Florida received \$30,000. Funds were used to support families with needed items such as diapers, gas or meal cards, during the time their child was hospitalized or shortly after discharge.

Featured in this report are three projects funded in prior years. These projects focused on neonatal iron status in infants born to obese mothers, use of a simple chest shield during phototherapy to lessen the risk of patent ductus arteriosus, and a novel approach to treating children with leg amputations at the time that they are learning to walk.



Barbara J. Ivens  
Board President



Catherine A. Obits  
Program Director

# NATIONAL GRANTS

<b>Albany Medical Center (Kate Tauber, MD)</b> Albany NY The efficacy of intravenous Acetaminophen on Patent Ductus Arteriosus Closure in Preterm Neonates	<b>\$6,136</b>
<b>Boston Children's Hospital (John Kheir, MD)</b> Boston MA Hungry for more: applying the growth chart concept to the care we provide following congenital heart surgery	<b>\$349,994</b>
<b>Children's Hospital of Michigan (Neha Bansal, MBBS)</b> Detroit MI Bi-ventricle function assessed by Speckle Tracking Echocardiogram in Neonates born to Mothers with Clinical Chorioamnionitis	<b>\$20,000</b>
<b>Children's Hospital of Philadelphia (Daniella Levy Erez, MD)</b> Philadelphia PA Identification of immune biomarkers of acute kidney injury: Identifying injury before long term damage	<b>\$20,000</b>
<b>Cincinnati Children's Hospital (Michael Tchou, MD)</b> Cincinnati OH Preventing unnecessary repeat blood tests in infants and young children	<b>\$19,999</b>
<b>Lurie Children's Hospital Chicago (Aaron Hamvas, MD)</b> Chicago IL Epidermal Wearable Patch: An Innovative Solution to the Lack of Continuous, Non-Invasive Blood Pressure Monitoring in the NICU	<b>\$340,158</b>
<b>Marshfield Clinic (Jeremy Forster, MD)</b> Marshfield WI Intranasal application of a Xylitol solution to reduce the incidence of acute otitis media (AOM) in pediatric patients less than five	<b>\$313,528</b>
<b>Oregon State University (David Dallas, MD)</b> Corvallis OR Determining limitations in premature infant protein digestion capacity via digestomic analysis	<b>\$349,998</b>
<b>Pennsylvania State University, Hershey (Steven Hicks, MD)</b> Hershey PA Bioactive RNA in infant nutrition: a novel regulator of developmental origins and allergic response	<b>\$349,263</b>
<b>University of California (Christina Chambers, MPH, PhD)</b> San Diego CA Detection of Marijuana metabolites in human milk	<b>\$109,992</b>

**University of California (Lawrence Prince, MD, PhD)**

San Diego CA

Machine learning approaches for discovering the molecular basis of Neonatal lung disease

**\$275,877**

**University of Colorado (Bridget Young, MD)**

Aurora CO

Local intestinal and systemic effects of exposure to elevated insulin in human milk

**\$348,790**

**University of Minnesota (Emily Nagel, MD)**

St. Paul MN

Use of bedside ultrasound to assess premature Neonatal body composition in the Neonatal Intensive Care Unit

**\$20,000**

**University of Texas Southwestern Medical Center**

**(Stephanie Hsu, MD)**

Dallas TX

Exogenous melatonin administration for primary prevention of delirium in critically ill pediatric patients

**\$11,930**

**TOTAL NATIONAL GRANTS AWARDED:**

**\$2,535,665**



**Researcher: Mark Geil, PhD**

**Institution:** Georgia State University

**Funded Study:** *Multi-Site Assessment of the Effectiveness of the Early Knee Prosthetic Prescription Protocol for Young Children / February 2015*

**Grant:** \$281,170

## **Flexible artificial knee may help amputee children walk, develop more normally**

Probably few milestones are as chock-full of thrills, chills, and excitement as a baby's first steps.

Dr. Mark Geil feels that same delight when his young leg amputee patients begin to toddle - with the aid of a prosthesis.

The Georgia State University researcher specializes in working with children who need an artificial limb because of trauma, disease, or a congenital condition. His Gerber-funded research takes aim at the long-held belief that infants and toddlers who require a prosthetic leg should be fitted with one that has the knee locked in extension.

"The most stable knee is one that is locked into full extension at all times," he said, but that stability comes with a price.

"A fully extended knee hinders a toddler's crawling and walking," and may keep them from other age-appropriate activities, he said.

His study involves 16 children between one and five years old who have had one leg amputated. Half received an artificial limb with a fixed knee, half a new flexible knee prosthetic. The goal is to see if the new, flexible prosthetic improves the children's gait and balance "and more closely aligns with typical development for their ages," he said. Both groups are being compared to eight children with no limb loss.

The study is being conducted at two sites in Atlanta, GA - the early knee protocol - and at one site in Shreveport, LA - the traditional knee protocol.

Using instrumented 3-D motion analysis, children are assessed for speed, crawling, and the symmetry of their gaits, as well as the plane angles of their hips, knees, and ankle joints. Ten locomotion trials - periods of walking or crawling on a smooth walkway - are recorded for each child.

While the study is not yet complete, Dr. Geil said it seems to be aligning with prior observations, that children with the flexible knee "walked faster and with a gait closer to that of typically developing children" than those with a fixed knee prosthetic.

Children fitted with the articulated knee readily bent it when walking, "very much like a knee bends," he said.

He hopes that infants who learn to crawl with the working prosthetic knee may be able to do more age-appropriate motor activities, and "that may help them develop muscular strength and neuromotor control sooner," he said.

Many of the children, however, had to make some adaptations in their gaits.

"They have to figure a way for their leg not to hit the ground when it swings through to take a step," Dr. Geil said. "They are flexing the knee, but also modifying the gait in ways that are not typical." Measuring the presence of these adaptations has proven a bit more complicated.

Yet a couple of the children with no limb loss also had some clearance adaptation in their walk, leading Dr. Geil to suspect that some physical adjustment is actually part of normal development to walking.

The research team uncovered another valuable tidbit: where they placed markers on children during phases of the study made a difference in the analysis. The markers are small reflective spheres that the cameras track during movement.

"Because we were working at multiple sites, we did a preliminary site validation study," he said, which entailed a normal gait analysis of a 4-year-old child.

And where they placed markers on small children, "even just a few millimeters of difference," actually made a big difference, he said. "This was a valuable outcome."

As he completes his study analysis, Dr. Geil said he would like to extend his work with these children. The Gerber grant, "for which I am very, very grateful," will make "a definitive statement in motion and walking opportunity."

Yet, he would like more time to study not just their walking, but their motor and cognitive development.

He recalled several years ago watching a child with a working knee in his prosthesis playing on a simple three-step slide for the first time.

“That boy’s face lit up and he went right for the slide. Took the first step with his intact limb, then stepped up with his fully extended limb, then the next step to the top. He ‘fired’ his hip muscles to flex the prosthetic knee, both to climb and to sit on the slide. Then he went right around to do it again.

“Recall, this was not an adapted slide. But playing is an important part of childhood, and to see it occurring at the appropriate stage of motor development despite his challenges was very inspiring to me.

“So, what impact does the loss of a limb at a very early age have on the next stage of development, or when they miss a stage of motor development? What is the impact on the psyche?

“Is the prosthesis a part of their body, or a part merely of their environment? By that I mean do they incorporate it as a part of who they are - we hope - or is it just something to help get them past barriers? I think there is more to learn here,” he said.



**Researcher:** Pamela Kling, MD

**Institution:** University of Wisconsin

**Funded Study:** *Impact of Obesity during Pregnancy on Neonatal Iron Status and Programming of Inflammatory Response Patterns / February 2014*

**Grant:** \$154,000

## Study sheds more light on impact of obesity during pregnancy

Researchers are learning more and more about possible health risks to babies if their mothers are obese – having a body mass index of more than 35 - during pregnancy.

Add another to the list: an increased risk of inflammatory diseases, such as asthma and allergies.

Doctors have long known that obesity during pregnancy affects the unborn child, said Dr. Pamela Kling, a researcher at the University of Wisconsin.

“Babies are a bit larger and have more complications during delivery,” she said, adding that obese women also tend to have more Caesarean section deliveries than vaginal births.

Aware that one-third of pregnancies in the United States are complicated by obesity, Dr. Kling said she wanted to dig deeper into other potential adverse outcomes of obesity for both mothers and their children.

Her Gerber Foundation-funded study, begun in 2014, took aim at one - how low iron status at birth might make an infant more susceptible to infections, neurocognitive impairments, and altered immune responses.

An earlier study by Dr. Kling showed that obesity affected the function of the placenta, disrupting the transfer of iron to the fetus. Other studies have shown that an obese woman's hormones affected her own ability to absorb iron, further limiting her baby's access to iron.

In the Gerber study, Dr. Kling and her researchers learned that a body mass index over 35 kg/m<sup>2</sup> is also associated with inflammation in the fetus.

The double cohort prospective study tested umbilical cord blood for various iron status measures, inflammatory measures and cytokine levels and included both mothers with and without obesity for comparison. Cytokines are a category of small proteins that are important in cell signaling. Their release has an effect on the behavior of cells around them.

The cord samples are now being divided into four groups: normal iron with normal or high weight gain, and iron depleted with normal or high weight gain, analyzing the archived samples to further study the regulation of cytokine production.

### Iron is vital to our development

At birth, we should have enough iron in our bodies – in the liver, in the brain, and other organs – to sustain us until we can double our birth weight, Dr. Kling said. “Iron is just so vital to the body's development from the onset.”

But her research showed that a mother's obesity impacts these stores of iron. “In women with obesity, the placenta seems to interrupt the flow of iron from the mother to the fetus,” she said.

This can mean the baby can be anemic at birth or develop anemia later. This can trigger an inflammatory response from the immune system, where it “ramps up and sort of tries to figure out what to do,” she said.

During their cord analysis, the researchers were intrigued by the cord blood indicator TNF $\alpha$ , or tumor necrosis factor alpha. This is a cell-signaling protein involved in systemic inflammation. Inflammation is the body's protective response to injury, infection, or harm.

“The primary role of TNF $\alpha$  is the regulation of immune cells. It is a good candidate to be regulated by iron, and it is higher in the placenta in obese mothers,” she said.

Dr. Kling and her team hope to further test their results in another study – not funded by the Gerber Foundation - that is underway involving 400 women, looking for inflammatory diseases that may be prevalent in babies with low iron, such as asthma and allergy.

The important news for obstetricians who counsel women who struggle with obesity, Dr. Kling said, is knowing that their babies could be predisposed to these inflammatory illnesses.



“We doctors can encourage moms to watch their weight, both before and during pregnancy. It is important to the health of the child going forward, in that they could be at-risk for future health concerns,” she said.

The study’s first author, Natalie C. Dosch, is a medical student, Dr. Kling noted, as were other researchers involved.

“So bringing in the next generation of researchers with the Gerber-funded study was just so exciting, to share science with these young people. We are just so grateful to the Gerber Foundation for helping to make all of this possible.”

*This study was published in the May 2016 issue of the Journal of Pediatrics, Volume 172, Pages 20-28.*

**Researcher:** Javed Mannan, MD

**Institution:** University of Rochester, Rochester, NY

**Funded Study:** *Effect of chest shielding on patent ductus arteriosus (PDA) in premature infants undergoing phototherapy / August 2015*

**Grant:** \$20,000

## Cooking foil may have new use in medicine

Aluminum foil has many proven uses.

Now one researcher is testing whether this versatile household product can be used to help babies who are born prematurely and need phototherapy to treat jaundice.

Jaundice - or the buildup of bilirubin - is very common in newborn infants. Preterm infants are especially at-risk for jaundice, with a majority needing phototherapy treatments.

Phototherapy is a well-known light treatment that can help the body get rid of excess bilirubin that leads to jaundice. As much skin as possible is exposed to light to help facilitate the excretion of bilirubin.

The problem, said Dr. Javed Mannan of the University of Rochester, is that one side effect of phototherapy has been linked with the failure of a hole in the aorta - the ductus arteriosus - to close as it should in some infants born before 30 weeks gestation.

Before a baby is born, its blood does not need to go to its lungs to get oxygenated. Oxygen from the mother bypasses the fetal lungs. The blood bypasses the lungs through the ductus arteriosus.

When the baby is born, the ductus arteriosus usually closes naturally, allowing the blood to receive its oxygen in the lungs the way it should, Dr. Mannan said.

But in about 70 percent of infants born before 30 weeks gestation, an open - or patent - ductus arteriosus may not close and lead to blood flowing in the wrong direction. This can cause complications in the infant's heart, lungs, eyes, intestines, and kidneys, he said.

The use of phototherapy can worsen this effect.

"It has been shown that light from phototherapy may cause increased blood flow to blood vessels in the heart, causing them to dilate or remain open, which may result in a higher incidence of PDA in preterm infants," Dr. Mannan said.

Here's where the aluminum foil comes in.

Dr. Mannan hopes his study will show that shielding the infant's chest with aluminum foil during phototherapy will lessen the chances of PDA developing.

Prior studies showed conflicting results, but "none used the more intensive phototherapy lights that are used currently," he said, placing today's preterm infants at much higher risk of experiencing this side effect.

Before he could begin, Dr. Mannan needed to design the chest shield, settling on a form-fitted cover kept in place with Velcro.

"A preterm infant's skin is translucent and fragile. We needed something that could be safely held in place without adhesives," he explained.

His double-blind, randomized control trial consists of 140 premature infants born before 30 weeks gestation and undergoing phototherapy. Infants have also been stratified into two further groups - those under or over 800 grams at birth.

Color blinders on the shield helps to ensure that doctors and nurses cannot see which shield they are using - the real one containing aluminum or a fake - preserving the blinded nature of the study.

And the shield covers just 10 percent of the body surface, ensuring that the phototherapy has the best chance of success while providing the heart shielding Dr. Mannan believes is necessary to help prevent PDA.

Infants are examined for the presence of a PDA prior to phototherapy, daily while on phototherapy, and daily until 72 hours after phototherapy has been discontinued. Echocardiograms are performed at baseline and within 24 hours of development of PDA symptoms, or within 72 hours after stopping phototherapy.

While his study is nearing completion, Dr. Mannan said he has not yet examined the data. "I believe it is going well, from an observational standpoint," he said.

One key question, whether chest shielding will keep phototherapy from working, has been answered.

"We have found that bilirubin levels were not affected because of the shielding. From that aspect, shielding is non-invasive and safe," he said.

"Everything to this point truly has been proceeding quite smoothly, and in line with our hopes."

He expects to have the study results ready for print later in 2018.

"I want to thank the Gerber Foundation for their trust and for supporting this project," he added.

# NATIONAL RESEARCH GRANT GUIDELINES

## FOUNDATION GOALS

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.

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. Projects may be focused on small incremental changes with defined outcome parameters.

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 grant-making program:

*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.



*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.

*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, event sponsorship, 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 grant-making.

## FUNDING LIMITATIONS

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, with the exception of Novice grants made to young investigators. Novice research grants are limited to \$20,000 and all other research grants are limited to \$350,000 over a maximum 3-year period. The researcher should 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 grant-making, 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 and toddlers 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)).



Step Three: Submit a letter of inquiry/concept paper.

The concept paper should outline the hypotheses to be examined, the methods to be used, and the type of result to be anticipated. A cover letter should provide information on the researcher and the organization. Submission is through our online system at <https://gerberfoundation.smartsimple.com>. The letter enables the Foundation staff and Trustees to determine the relevance of the proposed project to the Foundation's interests. Concept papers are due May and November 15th of each year.

Step Four: Submit full proposal.

If the concept paper is accepted, the full proposal will be submitted online. Proposal deadlines are February and August 15 of each year.

## REVIEW PROCESS

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

Grants awards are approved within 6 months, by the end of November or May.

## CONTACTING THE FOUNDATION

For questions, contact the Program Manager, Catherine Obits in writing at 4747 West 48th 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@gerberfoundation.org](mailto:tgf@gerberfoundation.org)

# APPLICATION PROCEDURES

## Full Proposal Format

The Full Proposal provides an in depth description of the project, enabling the Foundation to assess the scientific merit and quality of the research. Both lay and medical professionals will review the proposal. Medical jargon should be limited, where feasible. (Please use lay terminology).

The proposal includes the following information: Each heading here refers to a tab in the application system.

## PROJECT INFORMATION

1. Covering letter, signed by a senior administrative official of the applying organization, briefly describing the applicant organization and endorsing the project. Note: this carries over from the concept paper but you have the option to delete it and upload a new one if you wish
2. Synopsis/abstract of the proposal, including hypotheses, methods, and expected outcomes
3. Planned target enrollment by year and by group
4. Study design (randomized, observational, proof of concept, etc)
4. Hypothesis(es) and objective(s)
5. Uploaded proposal narrative (Limit 15 pages, double spaced in pdf format). This is the main source of proposal information and should include:
  - Goals, objectives, and methods to be used
  - Size of the population to be studied in terms of age, gender, ethnicity, the source of subjects, and the recruitment process
  - Description of evaluation measures in place or planned to assess project results and outcomes
  - 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
6. Uploaded schedule/timeline of events (in pdf format). Include time periods for achieving enrollment targets of 25%, 50%, 75% and 100%
7. Outcomes/measures to be used
8. Plan for acknowledging Foundation support

## TEAM INFORMATION

1. List of team members and contact information
2. Uploaded biosketches of principal investigator and significant support staff
3. Novice researchers should include their mentor in the team list and provide a biosketch for the mentor

## BUDGET

1. Uploaded line item project budget, by year. If a multi-year project, travel to a conference is not allowed in year 1. 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 imposed for NIH grants.
2. Plan for project funding, including a description of any current or requested funding from other major donors
3. Budget narrative summary including description of duties of investigator and staff

## ORGANIZATION INFORMATION

1. Pre-award contact information (Development officer)
2. Uploaded brief description of applying organization, its current programs, services, and population(s) served
3. Uploaded board roster, indicating names and affiliations of the organization's governing board
4. Uploaded most recent Independent Audited Financial Statement. This must include the balance sheet, statement of revenues, and cash flow statement from an independent auditor (not internal or governmental audit).
5. Uploaded IRS documentation indicating that the applying organization is tax exempt and is not a private foundation (for non-government agencies)

## OTHER DOCUMENTS

1. Uploaded statement of collaborations with other institutions (sub-contracts, etc.)
2. Uploaded Informed Consent documentation for human subject studies. Please provide a draft if not approved yet.
3. Uploaded Scientific references
4. Optional items (uploaded)
  - Letters of support from organizations with key input or interest in the project
  - Relevant news articles
  - Organization's annual report
  - Organization newsletters

Due dates are February 15 and August 15 of each year.

Applications are submitted through <https://gerberfoundation.smartsimple.com>

Individuals seeking assistance with their proposal may contact the Foundation at any time.

*“Education should not be the filling of a pail,  
but the lighting of a fire.”*  
- William Butler Yeats

## **WEST MICHIGAN GRANTS HIGHLIGHTS**

### **Students in Need of Eyecare, science education, and early literacy, among programs receiving Gerber Foundation grants in West Michigan**

The Gerber Foundation continues to focus on children and childhood development through its West Michigan grant program.

We know from research that children’s brains continue to develop through adolescence and even into early adulthood. Experiences, both good and bad, help to shape that brain and how it functions throughout the rest of the person’s life. In order to reach their full potential, children need positive experiences that help them to build resilience, cognitive abilities, and executive function skills such as patience, emotional control, and impulses.

In 2017, the Foundation awarded more than \$233,000 in grants to non-profit agencies that deliver services to the area’s young people and their parents.

Building on parenting skills, Bethany Christian Services, Catholic Charities West Michigan and Newaygo County Prevention of Child Abuse received \$22,800 in funding to provide parent education and coaching for families of young children.

Health and dental services for children is another major focus of the Foundation. From mental health services to food backpack programs to assure that children get the nutrition they need, 8 organizations received over \$50,000 in grants to support health needs in the region. A unique grant to the

Fremont Lion’s Club helped to provide vision screening and glasses to school aged children free of charge. Most of these children had never received an eye exam before but were suffering from poor vision that limited their ability to learn in school.

Grants focused on education totaling \$55,500 went to 10 organizations. These grants will provide children with hands on science and robotics team experience as well as financial and history education. A grant to Michigan State University will allow several students to experience what it is like to be a physician through their OsteoChamps program. Another grant will support placing refurbished computers in the homes of students so that they can work on homework.

Also receiving grant support for early childhood and literacy programs were the Little Horses Big Smiles program allowing children to read with a miniature horse, a preschool story hour at Luther Public Library, and expansion of the Dolly Parton Imagination Library into Oceana County. These programs received over \$15,000 in funding.

The remainder, over \$90,000 was provided to ongoing youth programs that provide a variety of experiences such as camp scholarships, national conferences, scouting, a ballet experience, and after school programming.



# WEST MICHIGAN GRANTS

<b>Baldwin Family Health Care</b> Oral Health Kits and Mobile Dental Hygiene Unit	10,000
<b>Bethany Christian Services</b> Coaching Family Connections	5,000
<b>Blue Lake Fine Arts Camp</b> Camp scholarships	4,000
<b>Boys and Girls Club of the Muskegon Lakeshore</b> CareerLaunch:STEM	5,000
<b>Camp Casey</b> Horsey House Calls	6,600
<b>Camp Henry</b> Camp scholarships	4,000
<b>Camp Newaygo</b> Camp scholarships Science Camp Program (G3)	4,000 17,000
<b>Camp Pentalouan</b> Camp scholarships	4,000
<b>Catholic Charities of West Michigan</b> Muskegon Teen Parent Program Muskegon Healthy Families Oceana Teen Parent Program	5,000 5,000 5,000
<b>Community EnCompass</b> Youth Empowerment Program	2,000
<b>Fountain Hill Center</b> Children's Mental Health Rural Impact Project	5,000
<b>Fremont Lions Club</b> Students in Need of Eyecare (SINE) (FACF Fund)	15,028
<b>Fremont Police Department</b> Shop with a Cop program	500
<b>Geek Group</b> Computers for Families	2,000
<b>Gerald R Ford Council Boy Scouts of America</b> ScoutReach	2,000
<b>Girls on the Run Muskegon</b> Girls on the Run	500
<b>Harbor Hospice</b> Scholarships for Camp Courage	5,000
<b>Holton Township</b> Youth Softball/Baseball field	7,600
<b>Holton United Methodist Church</b> School Back Pack Give Away program	500
<b>Hospice of Michigan</b> Camp Good Grief	2,000
<b>Junior Achievement</b> Financial Education	3,000

<b>Kids Food Basket</b> Sack supper program	<b>5,000</b>
<b>Little Horses Big Smiles</b> Reading with Charlie Summer Reading Program	<b>1,000</b>
<b>Local FFA Organizations (National Agricultural Science Education Organization)</b> Scholarship Support for Washington Leadership Conference	<b>7,500</b>
<b>Luther Area Public Library</b> Preschool Story Hour program	<b>1,860</b>
<b>Michigan State University</b> Osteochamps scholarships	<b>3,000</b>
<b>Newaygo County 4-H Council</b> Adult and Teen Leader Conference	<b>1,200</b>
4-H Exploration Days	<b>2,000</b>
National Conference scholarships	<b>2,203</b>
<b>Newaygo County Agricultural Fair</b> Purchase of meat for donation to local food pantries	<b>6,000</b>
<b>Newaygo County Area Promise Zone</b> Promise Zone support	<b>10,000</b>
<b>Newaygo County Council for the Arts</b> 6th Grade Ballet	<b>1,500</b>
<b>Newaygo County Day Care Corporation</b> Child Restraint Seats for school busses	<b>4,526</b>
<b>Newaygo County Historical Museum</b> Kids Connect with Newaygo County History	<b>6,000</b>
<b>Newaygo County Prevention of Child Abuse</b> Period of Purple Crying program	<b>2,800</b>
Safe Touch Workbooks	<b>3,716</b>
<b>Newaygo County Regional Educational Service Agency</b> FIRST Robotics Program	<b>7,500</b>
STEM Expo	<b>2,000</b>
<b>Northwest Michigan Health Services</b> Kid Friendly Clinic Project	<b>6,000</b>
<b>Pathfinders</b> Afterschool program	<b>6,000</b>
<b>Rose Lake Youth Camp</b> Camp Scholarships for Lake County	<b>2,000</b>
<b>Salvation Army</b> Camp Scholarships	<b>4,000</b>
<b>TrueNorth Community Services</b> Youth programming	<b>22,000</b>
<b>Tustin Covenant Presbyterian Church</b> Uplift Pine River Area Kids: Supplemental Weekend Food Program	<b>2,000</b>
<b>United Way of the Lakeshore</b> Lights On After School Program	<b>2,000</b>
Dolly Parton Imagination Library	<b>2,000</b>
<b>TOTAL WEST MICHIGAN GRANTS AWARDED:</b>	<b>233,533</b>

## Scholarships

Scholarships are provided to students graduating from select high schools in Newaygo, Muskegon, or Oceana Counties in Michigan. Scholarships were awarded to 70 high school students in 2017.

The Daniel Gerber Sr. Medallion Scholarship is awarded in Newaygo County only. Twenty-one students received this award worth \$10,600 for post-secondary education. An additional 60 students continued in the program from prior year selections. Total scholarship awards

for 2017 were \$222,600.

The Gerber Foundation Merit Scholarship is awarded to students in all 3 counties. The scholarship provides \$2,600 towards post-secondary education. Across the three counties, 39 students received this scholarship. In 2017, the Foundation awarded \$101,400 under this program.

The Newaygo County Career-Tech Center scholarships began in 2015. Scholarships are awarded

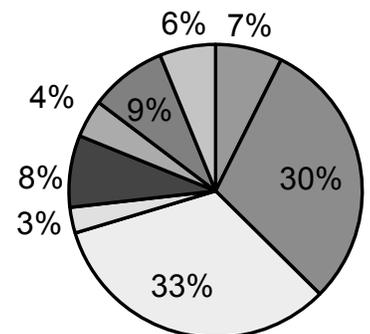
based on the program that the students are graduating from at the Center. Two Career-Tech Center programs were added this year, expanding the program to a total of 13 programs. Two scholarships are provided per program and amounts of the scholarships vary by program. Scholarships can be used to purchase tools or equipment required for further study in their field, as well as tuition. In 2017, 10 students received scholarships. Total awards were \$9,428.



## Summary of 2017 Grants Paid

(Current and Prior Year Commitments)

Special Initiatives	\$	199,500	7%
Pediatric Health	\$	813,146	30%
Pediatric Nutrition	\$	891,686	33%
Nutrient Competitors	\$	77,000	3%
West Michigan	\$	214,646	8%
Matching Grants	\$	113,172	4%
Scholarships	\$	230,396	9%
Discretionary Grants	\$	167,000	6%
	\$	2,706,546	100%



**THE GERBER FOUNDATION**

*FINANCIAL STATEMENTS - MODIFIED CASH BASIS*

*Years Ended December 31, 2017 and 2016*

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## 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 financial statements of The Gerber Foundation, which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2017 and 2016, 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.

### Auditors' 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, 2017 and 2016, 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 \$28,028,267 (36.39% 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*

June 25, 2018  
Grand Rapids, Michigan

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See accompanying notes.

**BeeneGarter<sup>LLP</sup>**

## THE GERBER FOUNDATION

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

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash	\$ 71,089	\$ 225,329
Investments at fair value	76,900,816	70,380,538
Office equipment and software	90,598	90,598
Accumulated depreciation	<u>(47,925)</u>	<u>(33,426)</u>
	<u>42,673</u>	<u>57,172</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 77,014,578</u></u>	<u><u>\$ 70,663,039</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Amounts withheld from employees	\$ 2,885	\$ 3,216
<b>Net Assets - Unrestricted</b>	<u>77,011,693</u>	<u>70,659,823</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 77,014,578</u></u>	<u><u>\$ 70,663,039</u></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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Revenue</b>		
Interest and dividends on investments	\$ 368,317	\$ 453,226
Net gain on investments	<u>9,103,267</u>	<u>4,741,664</u>
<b>TOTAL REVENUE</b>	<b>9,471,584</b>	<b>5,194,890</b>
<b>Expenses</b>		
Program services		
Grants and scholarships paid	<b>2,706,546</b>	3,722,102
Support services		
Other operating expense	<u>413,168</u>	<u>352,466</u>
<b>TOTAL EXPENSES</b>	<b><u>3,119,714</u></b>	<b><u>4,074,568</u></b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>6,351,870</b>	<b>1,120,322</b>
Unrestricted Net Assets at Beginning of Year	<u>70,659,823</u>	<u>69,539,501</u>
<b>UNRESTRICTED NET ASSETS AT END OF YEAR</b>	<b><u>\$ 77,011,693</u></b>	<b><u>\$ 70,659,823</u></b>

See accompanying notes

**BeeneGarter<sup>LLP</sup>**

## THE GERBER FOUNDATION

### STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

Years Ended December 31, 2017 and 2016

	2017	2016
<b>Cash Flows from Operating Activities</b>		
Change in unrestricted net assets	\$ 6,351,870	\$ 1,120,322
Adjustment to reconcile change in unrestricted net assets to net cash used by operating activities		
Depreciation and amortization	14,499	14,521
Realized gain on sale of investments	(4,313,641)	(1,701,911)
Unrealized gain on investments	(5,057,921)	(3,245,942)
Changes in operating liabilities		
Amounts (paid to) withheld from employees	(331)	123
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(3,005,524)</b>	<b>(3,812,887)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale and maturities of investments	25,463,796	13,276,773
Purchase of investments	(22,612,512)	(9,315,939)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>2,851,284</b>	<b>3,960,834</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(154,240)</b>	<b>147,947</b>
<b>Cash at Beginning of Year</b>	<b>225,329</b>	<b>77,382</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 71,089</b>	<b>\$ 225,329</b>
<b>Supplemental Information</b>		
Cash paid for federal income and excise taxes	<b>\$ 140,810</b>	<b>\$ 65,129</b>

**THE GERBER FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS

---

December 31, 2017 and 2016

**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 U.S. 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**

The Foundation maintains its cash at one financial institution. The operating cash account is maintained at a bank that is insured by the Federal Deposit Insurance Corporation (FDIC). From time to time during the year, the Foundation may have cash on deposit in excess of the respective insured limits.

**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 (see Note 2). Realized and unrealized gains and losses and other investment earnings are included in the statement of revenue, expenses, and other changes in net assets-modified cash basis.

**BeeneGarter<sup>LLP</sup>**

# THE GERBER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017 and 2016

### 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.

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.

**BeeneGarter**<sup>LLP</sup>

## THE GERBER FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

December 31, 2017 and 2016

#### Office Equipment

Office equipment, including computer software, 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 federal excise tax on net investment income, including realized gains as defined in the IRC.

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.

In addition, the Foundation files a 990-T form to report certain taxable investment activity.

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.

#### Subsequent Events

Management has evaluated significant events or transactions occurring subsequent to December 31, 2017 for potential recognition or disclosure in these financial statements. The evaluation was performed through June 25, 2018, the date the financial statements were available for issuance.

# THE GERBER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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December 31, 2017 and 2016

### Use of Estimates

The preparation of financial statements in conformity with the modified cash basis 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.

### Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The main provisions of this pronouncement include:

- Two categories of net assets: net assets with donor restrictions and net assets without donor restrictions (versus the previous three categories)

- Provide enhanced disclosures on board designated funds

- Changes in accounting for underwater endowment funds

- Requirement for all types of nonprofit organizations to report expenses by both their natural classification and their functional classification (previously only voluntary health and welfare organizations had this requirement)

- New requirement to present both qualitative information on how the organization manages liquid resources and quantitative information that identifies assets available to meet cash needs for general operating expenditures within one year of the statement of financial position date

The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

In May 2014 and in subsequent amendments, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09 which amended *Revenue from Contracts with Customers* (Topic 606) of the Accounting Standards Codification. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The guidance will be effective for the Foundation for annual periods beginning after December 15, 2018.

**BeeneGarter<sup>LLP</sup>**

# THE GERBER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017 and 2016

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842), which provides guidance for accounting for leases. The new guidance requires organizations to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for annual periods beginning after December 15, 2019.

The Foundation is currently evaluating the impact these items have on its financial statements.

### NOTE 2 - INVESTMENTS

Investments consist of the following:

	2017			2016		
	Cost	Unrealized Gain (Loss)	Fair Value	Cost	Unrealized Gain (Loss)	Fair Value
Cash and cash equivalents	\$ 2,430,272	\$ -	\$ 2,430,272	\$ 3,874,672	\$ -	\$ 3,874,672
Alternative investments						
Limited liability corporations	661,850	(209,346)	452,504	2,674,255	(412,173)	2,262,082
Limited partnerships	18,977,239	8,598,524	27,575,763	20,892,959	8,688,824	29,581,783
Equity securities						
Commodities precious metals	-	-	-	1,537,639	(468,174)	1,069,465
Emerging markets funds	3,559,586	1,267,461	4,827,047	4,505,519	(161,020)	4,344,499
Natural resources	-	-	-	2,716,618	(384,818)	2,331,800
World index funds	24,729,122	5,920,985	30,650,107	11,769,725	3,703,926	15,473,651
Moderate Allocation	4,537,765	133,118	4,670,883	4,369,686	(138,311)	4,231,375
Fixed income funds	6,450,631	(156,391)	6,294,240	7,542,215	(331,004)	7,211,211
	<u>\$61,346,465</u>	<u>\$ 15,554,351</u>	<u>\$76,900,816</u>	<u>\$59,883,288</u>	<u>\$ 10,497,250</u>	<u>\$70,380,538</u>

Net gain on investments consists of the following:

	2017	2016
Realized gains	\$ 4,313,641	\$ 1,701,911
Unrealized gains	5,057,921	3,245,942
Investment fees	(268,295)	(206,189)
	<u>\$ 9,103,267</u>	<u>\$ 4,741,664</u>

BeeneGarter<sup>LLP</sup>

# THE GERBER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017 and 2016

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, 2017 and 2016, as provided by the fund managers. Market values as of December 31, 2017 and 2016 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, 2017 and 2016:

	2017 - Based on			Total
	Level 1 Quoted Prices in Active Markets	Level 2 Other Observable Inputs	Level 3 Unobservable Inputs	
Cash and cash equivalents	\$ 2,430,272	\$ -	\$ -	\$ 2,430,272
Alternative investments				
Limited liability corporations	-	-	452,504	452,504
Limited partnerships	-	-	27,575,763	27,575,763
Equity securities				
Emerging markets funds	922,398	3,904,649	-	4,827,047
World index funds	8,202,427	22,447,680	-	30,650,107
Moderate Allocation	4,670,883	-	-	4,670,883
Fixed income funds	6,294,240	-	-	6,294,240
	<u>\$ 22,520,220</u>	<u>\$ 26,352,329</u>	<u>\$ 28,028,267</u>	<u>\$ 76,900,816</u>

# THE GERBER FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017 and 2016

	2016 - Based on			Total
	Level 1	Level 2	Level 3	
	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs	
Cash and cash equivalents	\$ 3,874,672	\$ -	\$ -	\$ 3,874,672
Alternative investments				
Limited liability corporations	-	-	2,262,082	2,262,082
Limited partnerships	-	-	29,581,783	29,581,783
Equity securities				
Commodities precious metals	1,069,465	-	-	1,069,465
Emerging markets funds	1,485,511	2,858,988	-	4,344,499
Natural resources	2,331,800	-	-	2,331,800
World index funds	8,423,300	7,050,351	-	15,473,651
Moderate Allocation	4,231,375	-	-	4,231,375
Fixed income funds	7,211,211	-	-	7,211,211
	<u>\$ 28,627,334</u>	<u>\$ 9,909,339</u>	<u>\$ 31,843,865</u>	<u>\$ 70,380,538</u>

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

	Level 3 Investments	
	2017	2016
Balance, beginning year	\$ 31,843,865	\$ 34,500,800
Realized gains included in change in net assets	2,810,767	1,453,452
Unrealized gains (losses) included in change in net assets	5,201,817	(413,221)
Purchases	5,211,007	2,091,245
Sales	(17,039,189)	(5,788,411)
Balance, end of year	<u>\$ 28,028,267</u>	<u>\$ 31,843,865</u>

**BeeneGarter<sup>LLP</sup>**

## THE GERBER FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017 and 2016

#### NOTE 3 - COMMITMENTS FOR GRANTS

As of December 31, 2017, trustees of the Foundation have authorized the payment of grants in future periods as follows:

Year ending December 31:

2018	\$ 2,081,525
2019	1,157,763
2020	594,145
2021	170,000
	<u>\$ 4,003,433</u>

#### NOTE 4 - LEASE

The Foundation leases office space in Fremont, Michigan under an operating lease agreement from an unrelated party that expires on December 31, 2025. The agreement calls for monthly payments of \$1,500. Total lease expense for this office space was \$18,000 in 2017 and 2016.

Future minimum lease payments under this non-cancelable lease are as follows:

2018	\$ 18,000
2019	18,000
2020	18,000
2021	18,000
2022	18,000
Thereafter	54,000
	<u>\$ 144,000</u>

#### NOTE 5 - RETIREMENT SAVINGS PLAN

The Foundation maintains 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 which vest immediately, were \$17,024 and \$16,819 in 2017 and 2016, respectively.

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