

T R A N S F O R M A T I O N



BURTON D. MORGAN FOUNDATION | 2015 ANNUAL REPORT



THE FOUNDATION'S MISSION

To champion the entrepreneurial spirit

THE INTENT OF THE DONOR

“Grants are to be made to institutions concentrating on entrepreneurial studies and to efforts supporting entrepreneurs.”

— From Remarks on Mission, 1994

“The Foundation’s...aim is to preserve the private enterprise system, which is America’s number one advantage over the rest of the world.”

— Burton D. Morgan, 2003

BURTON D. MORGAN (1916-2003)

Burt Morgan founded approximately 50 companies during his long life, but perhaps none of them would have been created if he hadn’t experienced his own unexpected career transformation early on.

In the 1950s, he was working in New Jersey for the prominent consumer products company Johnson & Johnson, helping to engineer machines that would produce such things as a smaller BAND-AID®. Blessed with unquenchable curiosity and an instinct for developing new business, one day he ventured beyond his boss’ comfort zone in seeking out a new opportunity for the company, and was promptly sacked.

“Although a big blow at the time, that move was the start of my entrepreneurial career,” he would later recall in his memoir.

It’s become axiomatic in entrepreneurial circles that challenging conditions are often the best birthplace for new ventures. People with fewer options tend to concentrate their energies, which often leads to success. That’s perhaps why immigrants tend to play a disproportionate role in entrepreneurship, and why so many companies are launched during economic downturns.

Like many successful entrepreneurs, our founder Burt Morgan understood at a visceral level that there is no growth and development without periodic, fundamental transformation.

The foundation that bears his name can hardly fail to absorb that important lesson.

TRANSFORMATION



“First comes thought; then organization of that thought, into ideas and plans; then transformation of those plans into reality. The beginning, as you will observe, is in your imagination.” - Napoleon Hill

DEAR FRIENDS & COLLEAGUES,

Transformation—our guiding theme for 2015 reflects a year of metamorphosis for the Foundation and a year of shifting landscapes in the Northeast Ohio entrepreneurial community. In this report, we share our own story of change along with the parallel stories of evolution for entrepreneurs, startups, scaleups, and our ecosystem.

We take our inspiration from founder Burt Morgan, who always envisioned the possible with the flair of an intrepid entrepreneur; he consistently spotted trends and optimized change. His tale unfolds during the postwar era when consumers were hungry for products that would solve their pain points—time-saving appliances, cooking gadgets, and newfangled food packaging—to name a few. Mr. Morgan’s companies capitalized on these cravings in society with the right solutions at the right time.

The Foundation’s transformation comes on the heels of a decade of growth in our regional ecosystem. Our 2015 strategic priorities build on the growth and success of our regional entrepreneurial community and the need for continued experimentation and iteration. During the year, we focused on creating learning opportunities for youth entrepreneurship educators through the Enspire conference, building a regional platform for connectivity among NEOLaunchNET campuses, and prioritizing the growth of scaleup services for companies poised to expand. All of these pivotal developments are reflected in our own organizational shifts—the addition of our new Innovation Space, the augmentation of our research capacity through the Entrepreneurship Education Experiment, and the launch of a refreshed image for the Foundation that truly symbolizes the depth and breadth of our work as a champion of the entrepreneurial spirit.

To assist with our new direction, we enthusiastically welcomed program officer Treye Johnson to our team. We appreciate all the support we receive from our partners as we adapt, tackle new challenges, and chart our course for the future.

Deborah D. Hoover
President & CEO



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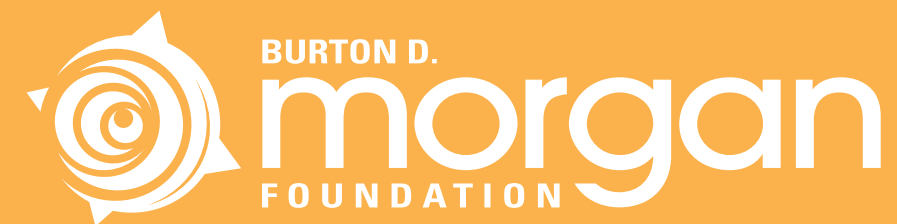
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BRAND OVERHAUL

When Burton D. Morgan Foundation first opened its doors in 1967 with a donation of \$20,300 from our eponymous founder, it was an exceedingly modest operation, though one with an ambitious vision: to preserve the American free enterprise system.

Today, we're proud of the large community of collaborators and partners that have grown up around our mission. They enable us to accomplish so much more than Burt could have ever imagined. Since our founding, the Foundation has invested approximately \$105 million in more than 2,000 worthy projects.



As our society rapidly changes, it remains vital for the Foundation to adapt to address emerging needs and environments. Just as we encourage all of our partners and colleagues to continually develop, this year we undertook our own internal process of reimagining the Foundation's brand. We wanted it to crisply communicate the same kind of transformational energy and bold experimentation we see all around us in the regional entrepreneurial ecosystem—an environment we helped shape.

The exercise involved months of brainstorming by our board and staff, as we jointly discussed who we are, what we stand for, and how we want to express our organizational goals. After many rounds of iteration and discussion, we created a brand that visually represents the values and vision Burt Morgan passed down to us—the same ones we still hold dear to this day.

What are those values? We strive to be purpose-driven and forward-thinking, constantly exploring new possibilities and relentlessly focusing on helping others succeed. We thrive on collaboration and seek to spur others to action. We champion the entrepreneurial spirit by supporting academic excellence and engagement, by investing in and conducting innovative entrepreneurial research, and by helping power the economy.

Our new brand refreshes our visual look and sets the stage for a more ambitious agenda, from our experimental research initiative—which also has its own dynamic logo—to the Foundation's expanding regional and national influence. We think it's an evolution that Burt would have embraced and celebrated.





As Northeast Ohio's economic challenges evolve, we continue to adapt to these changes, while also serving at the forefront of those leadership efforts. Through the Fund for Our Economic Future of Northeast Ohio, the region's major philanthropic stakeholders have been working in concert for more than a decade to build a vibrant and sustainable regional economy. Now, these entities are taking a more integrated strategic approach to bring new business to the region and help existing businesses thrive.

This approach led to a fundamental transformation of Team NEO—a successful partnership between the region's business sector and philanthropic community. Charged with retention, expansion, and attraction of business, Team NEO merged with NorTech just over a year ago and is now better positioned to align the region's technology clusters with business development priorities.

Fund leaders have learned that a focus on growing jobs, however, is not enough to create a healthy regional economy. Instead, those efforts must be married to strategic initiatives that provide greater access to opportunities. Thus, we've mutually committed to better connecting communities in economic distress to the larger regional economy.

This regional transformation is also evidenced through our participation in such initiatives as Forward Cities, a national learning collaborative dedicated to encouraging urban innovation. Through this new program, we have been fortunate to enter into conversations with other cities—Durham, New Orleans, and Detroit—to share best practices for building regional innovation ecosystems.

The two-year pilot program, co-chaired in this region by Foundation President and CEO Deborah Hoover, seeks to strengthen existing networks and accelerate entrepreneurial activity. It's identifying new ways to develop and support more entrepreneurs, social innovators, and neighborhood change-makers from low income communities, while also working to ensure a vibrant pipeline of talent among the next generation.

One could see the fruits of this transformed regional approach at last year's JumpStart annual meeting. Convened in the Gordon Square Arts District, a near-west-side Cleveland neighborhood that has undergone a remarkable renaissance in recent years, the sessions focused on topics of interest not only to traditional high-growth companies, but also to smaller emerging businesses and solo entrepreneurs. The agenda demonstrated the true scope and diversity of the region's entrepreneurial community.

At that meeting, JumpStart CEO Ray Leach publicly recognized the Foundation as “the straw that stirs entrepreneurship in Northeast Ohio.”



REGIONAL TRANSFORMATION

A central part of our work in recent years has involved collaborations with a dense network of fellow economic development entities in our home region. We gain ideas and energy by interacting closely with these colleagues and together we have built an entrepreneurial support ecosystem that's a model for other regions.

Even as our network of collaborators and thought leadership has grown beyond the boundaries of Northeast Ohio, we believe it is crucial to continue to build on these strategic partnerships closer to home, which strengthen our region and serve as a compelling platform for telling our story elsewhere.

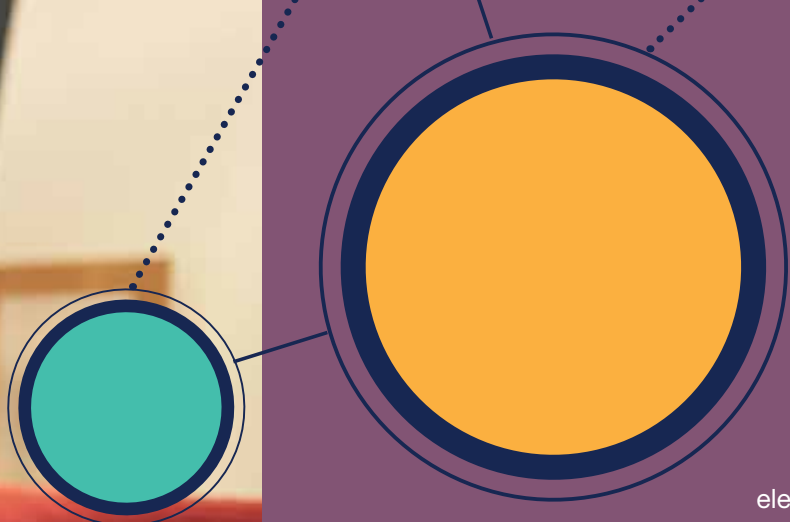




MENTORING MAGNIFICATION

The Burton D. Morgan Mentoring Program at JumpStart is just a few years old. But as it grew to include almost 100 companies and nearly as many mentors, it began facing the same core issue on which it was counseling fledgling entrepreneurs: how do you effectively handle growth as you scale up the operation?

“One of the first things I said when I got here was ‘what we’re doing won’t scale,’” says the program’s director, Bill Nemeth. The program had been using what was beginning



to seem like a constant round of monthly surveys to gather feedback from both companies and mentors on how their work was progressing. A software industry veteran, Nemeth was determined to streamline and simplify as much of the internal reporting process as possible.

The answer he ultimately settled on: a mobile app, which would allow mentors and companies to report milestones electronically. Nemeth searched for one that might fit the program’s needs, but finding none, decided to build his own.

A layer of science was implemented below the surface. Baked into the software is a system developed by Stanford University’s Steve Blank, called the Investment Readiness Level. It helps solve a quandary voiced by several mentors: I don’t think the company I’m working with is growing fast enough, but I can’t quite tell.

Now, both sides can see quantitative data on how the company is progressing. The mentees get a dashboard, conveniently color coded for urgency, which provides a snapshot of how they’re doing. Mentors get a tool that can deepen and inform conversations with the entrepreneur.

Inventor/entrepreneur Dave Heidereich is one of those mentors. Nearly four decades ago, he founded a company built on an innovative engineering solution for the mining industry. It became the industry standard before he had even earned a patent. But he continued to tinker—earning 27 patents and enjoying the process of developing new products to meet a market demand.

He employs the lean startup concept to help program mentees use the “build, measure, and learn” method of iterative product development, combining it with his own method of capitalizing on provisional patents to protect intellectual property. He’s particularly proud of his mentee Jim Clair, who built a hobby of grinding mirrors for telescopes into a promising system for concentrating solar thermal energy. The company, Skysun LLC, has been awarded grants from Great Lakes Innovation & Development Enterprise and the United States Department of Energy.

The mentoring app was created with the possibility of use by other programs. “You could take this to any economic development organization that is giving advice to entrepreneurs through a network of advisors,” says Nemeth. He is now in conversations with a handful of universities about possibly piloting the system for their entrepreneurial mentoring programs. We think all of this amounts to nothing less than a transformation of the traditional entrepreneurial mentoring model.

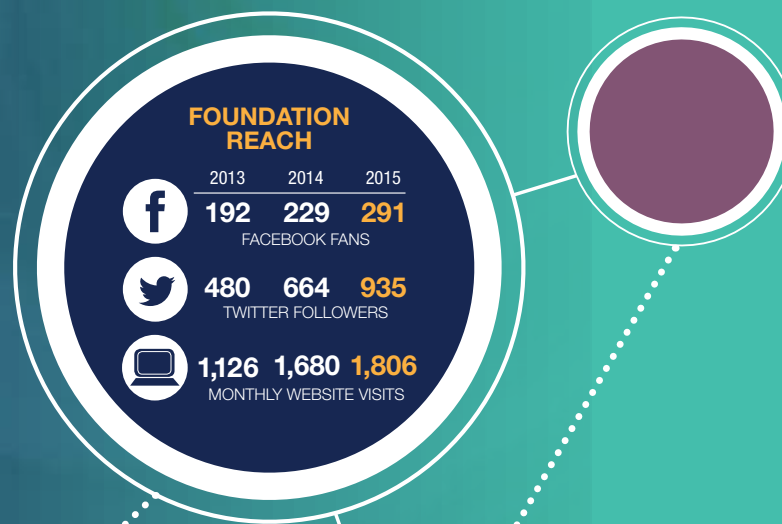




SOCIAL REVOLUTION

If the landscape at the intersection of 21st century venture development and social change can be marked by any single factor, it might be the blurring of old lines between for-profit and non-profit pursuits. The reality of rising social inequality and the deepening instinct toward social responsibility have given rise to an array of emerging organizations and initiatives in Northeast Ohio, some bubbling up from the grassroots.

Few are more grassroots than TechPint, a movement begun by a millennial immigrant from Ireland, Paul McAvinchy, who decided that beer and conversations about startups go well together. Hundreds have turned out for these gatherings in interesting venues, sparking countless conversations and new relationships that have injected energy into the regional startup scene.



That fire has now spread to Launch League, a group devoted to building a deeper support network in Akron's startup community. The group kicked things off by publishing an Akron Declaration of Innovation, and is organizing members into nine micro-communities. "We're looking at scalable startups only, companies that are at an extremely early state, and we're looking for ways to have them help each other, so they can get to the stage where they can be at the Bit Factory, or Akron Global Business Accelerator, or funded by JumpStart," says co-founder Rick Stockburger.

While millennials have been an important factor in this development, change agents can be found in every age group. One powerful force for change has been SEA Change, a social enterprise accelerator backed by entrepreneur Tim McCarthy, who used some of the proceeds from the sale of his company to launch a vehicle to help support emerging social entrepreneurs. One of its early investments in EDWINS—a fine-dining establishment staffed by formerly incarcerated individuals—has become a poster child for social entrepreneurship in Northeast Ohio.

These threads are now converging at Notre Dame College of Ohio, once an exclusively female school, and until recently, one of the few institutions of higher education in the region without an entrepreneurship component. Today, it's a thriving co-educational college with a blossoming entrepreneurship program.

Much of that shift can be traced to professor Bill Leamon. A founding partner of SEA Change and managing director of McCarthy's The Business of Good Foundation, Leamon has been steeped in the regional social entrepreneurship sector, which he brings into the classroom and extracurricular programs on entrepreneurship.

Those initiatives received a significant boost with the arrival of Thomas Kruczek as the college's new president. Formerly the head of the Falcone Center for Entrepreneurship at Syracuse University, he has helped set the institution's vision even higher. The school's goal is to have half of its students be involved with entrepreneurship in some fashion, and for at least half of those to be women and non-business majors.

As the Foundation undergoes its own internal transformation, we're pleased to play a supportive role in these and other inspiring new initiatives. They help build a catalytic environment, where people with ideas and enthusiasm can share their passion for entrepreneurship and its role in reshaping the world.



NEOLaunchNET is a key component of that work. This regional entrepreneurship network currently serves Baldwin Wallace University, Case Western Reserve University, Kent State University, and Lorain County Community College. The network evolved from Blackstone LaunchPad, an innovative co-curricular program that Blackstone Charitable Foundation and Burton D. Morgan Foundation adapted from the University of Miami to provide students and alumni with the skills, knowledge, and expert guidance to start new companies.

By any measure, the program has been a rousing success. By fostering an entrepreneurial mindset across campus disciplines, students are developing an understanding that entrepreneurial skills are necessary for any career path in the 21st century. It has catalyzed more effective collaboration within each participating institution and deepened the peer learning network among the four schools, thereby producing support for the next generation of entrepreneurs in Northeast Ohio and continuing to enrich the regional entrepreneurial ecosystem as a whole.

To date, the Foundation has invested almost \$2.5 million in this initiative, which is adapted to address the culture and core strengths of each campus. Already firmly embedded in our region, NEOLaunchNET will continue to thrive and expand, tackling new challenges and supporting ventures in technology, engineering, medicine, the arts, agriculture, food science, and many other fields.

The Foundation is working in close partnership with the host NEOLaunchNET institutions to learn, sometimes stumble, iterate, evolve, and grow this program. Together, we will support students as they dream, develop ideas, and start new ventures that can and will enrich the Northeast Ohio region for decades to come.



Since 2012, more than:

2,100 students participated

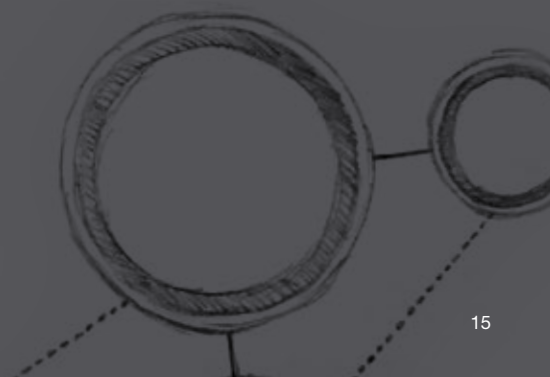
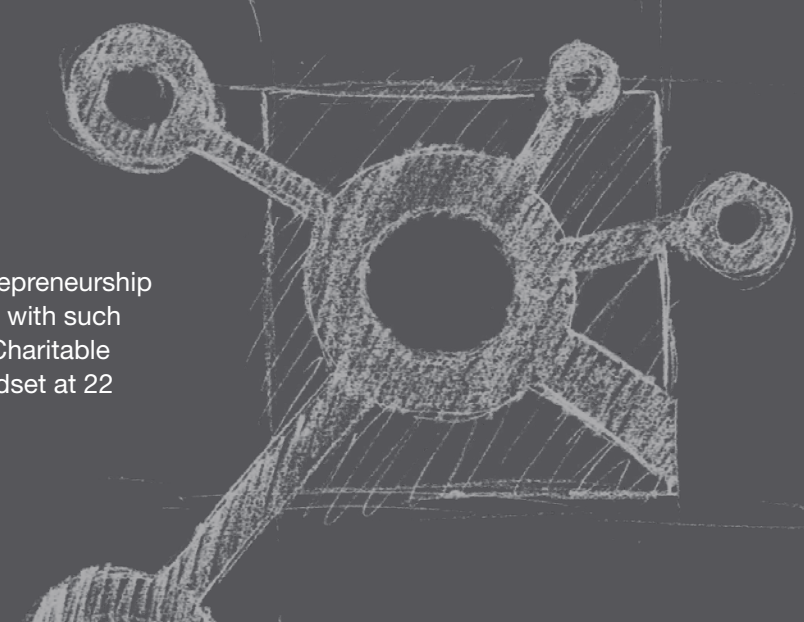
1,200 ventures explored

200 companies created

\$2,000,000 in funding attracted

COLLEGIATE SHIFT

Among the Foundation's most important initiatives in the last decade is its support of entrepreneurship at the collegiate level. Through our own work as well as through successful collaborations with such prominent philanthropies as the Ewing Marion Kauffman Foundation and the Blackstone Charitable Foundation, we're proud to have helped spark a transformation in the entrepreneurial mindset at 22 Northeast Ohio colleges and universities.





Jessica went on to found Kiva, a popular micro-lending site that has facilitated about \$800 million in loans to emerging small entrepreneurs around the world.

Enspire 2015, a conference for teachers of entrepreneurship, was full of inspiring and transformative personal stories like Jessica's. Funded and co-created with Young Entrepreneur Institute, this inaugural event in November drew hundreds of teachers from Northeast Ohio to learn and to share tactics and strategies for inspiring student entrepreneurs. The intellectual energy and passion for awakening young minds was palpable throughout the weekend.

Teachers heard from a number of national experts in youth entrepreneurship, as well as some closer to home. Laurie Stach, who runs MIT Launch at Massachusetts Institute of Technology, explained that surveys of student entrepreneurs reveal they consider resiliency and work ethic as key factors to success. Even young people in such fields as software and engineering ranked soft skills ahead of technical abilities. She concluded: "Being an entrepreneur needs to feel both attractive and attainable to high school students."

Meanwhile, Doris Korda, director of entrepreneurial studies at Hawken School, spoke about how the school has developed a rich model of experiential entrepreneurship education built on skill mastery and teamwork. "We're using entrepreneurship for the students to get the skills, confidence, and knowledge they need. By learning market research, critical thinking, communication, citizenship, and quantitative and qualitative analysis, they get crazy powerful problem-solving skills." She explained: "It's really not about what you teach—it's about what they learn."

Among the emotional highlights of the conference was a spellbinding presentation by Daymond John, of Shark Tank fame. By masterfully weaving together threads from his personal family narrative, outtakes from the popular TV show, and hard-won lessons from launching a successful urban clothing brand, he electrified the audience with a uniquely compelling audiovisual story about entrepreneurial transformation. "I grew up needing you but not having you," he told an auditorium full of entrepreneurship educators. "If I had had you, I might have become Steve Jobs."

Teen Tech Tank, a video pitch competition held in tandem with the conference, was particularly successful in raising awareness of youth entrepreneurship across the region. Coca-Cola and McDonald's marketed the contest—leading to over 30,000 votes being cast.

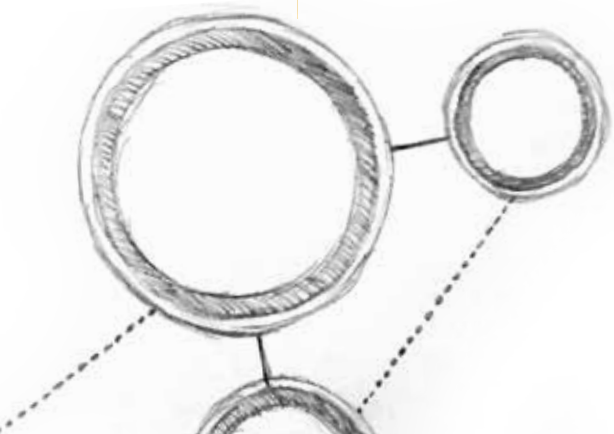
"Thank you for the best professional development conference I have ever attended in my 20 years as an educator," wrote one attendee, Dr. Thomas Griffin of Maple Heights High School. "It was amazing and I cannot stop talking about it to staff, friends, and family."



ENSPIRE MOVEMENT

Growing up in Pittsburgh, Jessica Jackley was bothered by something her Sunday school teacher said—that the poor shall always be with us. But why did that have to be so? It nagged at her for years.

Not for a moment did she imagine a career as an entrepreneur. "Growing up, I had a lot of negative connotations of entrepreneurs. They just didn't seem like my people," she recalled to an audience of entrepreneurship educators. Later, at the Stanford Center for Social Innovation, she learned she could combine social causes with business skills that could make an impact on a vexing problem. "I found my people," she said. And in doing so she created a vehicle that could change the world.



#Enspire2015 mentioned in **200** tweets & **43** instagram posts

The top five facebook posts reached over **2,000** people organically

The top instagram post garnered over **1,000** likes



Despite benefiting from a healthy entrepreneurial ecosystem that can open some doors, his breakthrough was also a reminder of the bedrock on which all business transformations are built: the founder's determination. "I still remember the number for Heinen's, because I just cold called them. And I called them every day."

Ethan's path to starting a business began at 15, when his godmother gave him a book about a 14-year-old millionaire in business. He subsequently asked his grandfather how to make applesauce, and then spent the better part of a year tinkering with recipes that would eliminate sugar while still yielding appealing taste.

With his company now located in Cleveland Culinary Launch & Kitchen, an incubator for food businesses, Ethan is testing new flavors and enhanced product packaging. He has a new business plan and is looking to raise \$100,000 for expansion. And despite all the success he's had convincing retail chains to stock his product, he's focused on an even bigger target. "Kroger—there are a couple hundred stores, just in Ohio."

Aexcel Corporation, a half-century-old family-owned business, was also looking for a transformative event. So the Mentor-based coatings company partnered with EDGE Fellows—a top-notch graduate student internship program funded by the Foundation—to engage two students in a summer research project. The goal was ambitious: to gather market intelligence for a new strategic initiative that would increase company revenue by one million dollars a year, every year. They had eight weeks to do it.

The initial concept was to identify sales targets for a new soy-based renewable resin the company had developed for traffic paint. EDGE matched fellows Chris Hren and Travis Martin to the assignment. "The initial idea was for Chris and Travis to do a market survey around how the market might accept such a product," says Aexcel's director of business development Charlie Ackerman.

About ten days in, the fellows suggested broadening the scope. While Aexcel's customers had largely been traditional road contractors, who focus mostly on price, the fellows suggested a greater focus on end users in industries where sustainability was a far higher priority.

"Through their work, we decided we should add some new target markets, including colleges and universities, healthcare, military, and parks and recreation," Ackerman says. Their research led to trials in several of those industries.

The project is a reminder of how innovations often unfold at their own pace. Aexcel has been looking into this technology for about five years. "What happens is innovations sound cool to those not intimately involved in the marketplace, but those who are on the inside have real concerns and issues that must be addressed before you show off your fancy innovation," says Aexcel CEO John Milgram. But he thinks the new technology might well become an important part of the business. "If it eventually became 10 percent of our business, I'd be happy."



VENTURE METAMORPHOSIS

For Ethan Holmes, 2015 began with one transformative success—seeing his applesauce carried on Heinen's grocery shelves—and ended with another, having his products debut in Whole Foods Market. In between, the 21-year-old entrepreneur enjoyed several other high points, including landing a loan from the Foundation-supported Economic & Community Development Institute and winning the grand prize in the Council of Smaller Enterprise's 4th annual business pitch competition, which came with a \$20,000 check.

But January 2015 was an especially big month for Ethan, who recently took a semester off from Hiram College to focus on his business, Holmes Mouthwatering Applesauce. "That was a defining moment for me when we got that purchase order for 2,000 jars," he notes, since it was the first time he had to deal with such a high volume.

Youth Entrepreneurship

Beachwood City Schools EntrovationCLE	\$10,000
Boys and Girls Clubs of Cleveland Urban garden entrepreneurship program	\$55,386
Effective Leadership Academy LEAD Chamber program	\$3,200
Emmanuel Christian Academy Summer entrepreneurship camp	\$30,690
Entrepreneurial Engagement Ohio Economics and entrepreneurship program	\$22,000
Gilmour Academy Entrepreneurship programming	\$14,000
Girl Scouts of North East Ohio Girl Executive Officer program	\$10,000
Hershey Montessori School Retail shop	\$7,500
Invent Now Camp Invention programs	\$114,400
Junior Achievement of East Central Ohio Entrepreneurship programming	\$40,000
Junior Achievement of Greater Cleveland Entrepreneurship programming	\$50,000
Junior Achievement of Mahoning Valley Entrepreneurship programming	\$50,000
Junior Achievement of North Central Ohio Entrepreneurship programming	\$85,000
Learning About Business Summer entrepreneurship program	\$10,000
The Ohio Academy of Science Invention Convention	\$8,600
Prepared 4 Life Lemonade Day Northeast Ohio	\$10,000
Shaker Heights Development Corporation Scholarships for LaunchHouse Institute programs	\$16,000
The University of Akron Foundation BEST Medicine Engineering Fair	\$7,500
University School ENSPIRE educator conference	\$125,000
University School Lemonade Day Northeast Ohio	\$70,000
University School Young Entrepreneurship Institute programs	\$56,500
Western Reserve Historical Society Entrepreneurship education for students in CMSD	\$158,143
Youth Opportunities Unlimited E CITY entrepreneurship program	\$45,000
Total for Youth Entrepreneurship Grants	\$998,919

Collegiate Entrepreneurship

Ashland University Expenses to attend entrepreneurship symposium	\$12,500
Ashland University Entrepreneurship programs (2 years)	\$67,000
Baldwin Wallace University NEOLaunchNET	\$12,500
Case Western Reserve University think[box]	\$1,000,000
Case Western Reserve University Innovation Summit	\$15,000
Case Western Reserve University NEOLaunchNET	\$28,500
Entrepreneurship Education Consortium Entrepreneurship Immersion Week and ideaLabs competition	\$95,000

Hiram College Center for Integrated Entrepreneurship support	\$35,000
Kent State University Foundation Sponsorship of fashion show	\$3,800
Kent State University Foundation NEOLaunchNET	\$32,930
LaunchTown Business idea competition	\$10,000
Lorain County Community College NEOLaunchNET	\$26,500
National Association for Community College Entrepreneurship Scholarships for 2015 conference	\$10,000
Northeast Ohio Council on Higher Education Entrepreneurial internship program	\$65,000
Northeast Ohio Student Venture Fund Operating and program support	\$66,500
Notre Dame College Entrepreneurship programming	\$15,000
Summer on the Cuyahoga Internship programming	\$39,000
The Entrepreneurs EDGE EDGE Fellows summer intern program	\$50,000
The University of Akron Foundation Support for Center for Experiential Learning, Entrepreneurship and Civic Engagement	\$33,350
University of Massachusetts-Lowell Entrepreneurship symposium	\$3,658
Walsh University Entrepreneurship programming	\$7,500
Total for Collegiate Entrepreneurship Grants	\$1,628,738

Adult Entrepreneurship

89.7 WKSU Sponsorship of Exploradio	\$8,500
Akron Area Arts Alliance Artist as an Entrepreneur Institute	\$10,000
Akron SCORE Administrative and marketing support	\$30,000
Bad Girl Ventures Program support in Cleveland and expansion of network in Summit & Portage counties	\$40,000
BioEnterprise Business development, community engagement, and a student internship program	\$200,000
Canton Regional SCORE Program support	\$10,000
Crafty Mart Artist entrepreneur events	\$4,000
Economic and Community Development Institute Operating support to initiate microlending in Summit County	\$100,000
Economic Growth Foundation Minority business service providers collaborative	\$50,000
Friends of New Orleans Forward Cities collaborative among cities of innovation	\$25,000
ideastream Nightly Business Report sponsorship	\$40,000
ideastream SEA Change social enterprise grants	\$20,000
Launch League Program support for startup founders	\$2,500
Manufacturing Advocacy & Growth Network ProtoTech pitch competition	\$5,000
The Oberlin Project SEED Ventures	\$10,000

Team NEO Foundation Cluster acceleration	\$175,000
TechPint Startup summit	\$5,000
The Presidents' Council Foundation Emerging Entrepreneurs program	\$25,500
Women's Network of Northeast Ohio Women's entrepreneurship program	\$9,450
Youngstown Edison Incubator Corporation Renovation of building and support for business competition	\$100,000
Youngstown Neighborhood Development Corporation Entrepreneurship training, credit counseling and microloan program	\$40,000
Total for Adult Entrepreneurship Grants	\$909,950

Hudson and Community

Alzheimer's Association, Greater East Ohio Area Chapter Office equipment	\$9,100
Battered Women's Shelter Renovation of room	\$10,000
Building for Tomorrow Reach Opportunity Center at Summit Lake	\$57,000
City of Hudson Production of "Good Day in Hudson" on Hudson Cable TV	\$1,200
The Community Hall Foundation Summit Arts and Culture Assessment	\$20,000
Community Legal Aid Services Operating Support	\$10,000
Conservancy for Cuyahoga Valley National Park Planning and design of visitor center	\$250,000
Crown Point Ecology Center 2015 farm apprenticeship program	\$10,000
Destination Hudson Town Hall renovation challenge grant	\$125,000
Downtown Akron Partnership Akron Art Prize event support	\$10,000
East Akron Neighborhood Development Corporation East Akron Neighborhood Revitalization Plan	\$10,000
EMS Outreach Fund of Hudson CPR device for ambulance	\$2,000
First Congregational Church of Hudson Operating support	\$10,000
The Foundation Center Artist entrepreneur support	\$7,500
Grants Managers Network Operating support	\$1,000
Greenleaf Family Center Programming and installation of automatic doors	\$15,000
Hudson Bandstand Hudson Summer Music Festival	\$2,500
Hudson City Schools Earth Balloon inflatable globe program	\$1,500
Hudson City Schools Hudson High School club support	\$15,000
Hudson Community First Career Panel and Intern for a Day program	\$10,000
Hudson Community Foundation Hudson fireworks 2015	\$5,000
Hudson Community Service Association Assistance for Hudson residents in need and 2015 holiday lights (2 grants)	\$4,250

Hudson Job Search Operating support	\$10,000
Hudson Library and Historical Society Sponsorship of 10th Anniversary celebration and art book collection (2 grants)	\$2,800
Hudson Rotary Foundation Hudson High School Scholarship Fund	\$1,000
Lake Ridge Academy Establishment of Andrea C. Brown Educators Fund	\$20,000
Leadership Hudson Solar panels on Barlow Community Center	\$10,000
Music from The Western Reserve Establishment of endowment and operating support	\$32,500
NAMI Summit County Keynote speaker for annual meeting	\$5,000
Philanthropy Ohio Operating support (2 grants)	\$19,932
RED Company real.edge.dance Lease support for RED Dance Center	\$2,500
Seton Catholic School Youth philanthropy program with Laurel Lake Retirement Community	\$2,500
Stan Hywet Hall & Gardens Restoration of the historic Tea Houses	\$25,000
Summit Education Initiative Marketing and branding strategies	\$30,000
Taste of Hudson Taste of Hudson event	\$9,500
U.S. Fund for UNICEF Emergency response to Nepal earthquake	\$10,000
United Disability Services, Inc. Physical therapy table	\$4,125
United Way of Summit County Bridges out of Poverty initiative	\$15,000
Victim Assistance Program Operating support	\$12,200
Western Reserve Folk Arts Association Repair of Kent Stage's marquee	\$5,800
Other Community Grants	\$3,550
Total for Hudson and Community Grants	\$807,457

SUBTOTAL FOR ENTREPRENEURSHIP-RELATED GRANTS

(Youth, Collegiate, and Adult)

\$3,537,607

SUBTOTAL FOR HUDSON AND COMMUNITY GRANTS

\$807,457

SUBTOTAL FOR DISCRETIONARY GRANTS

\$912,125

GRAND TOTAL

\$5,257,189

FINANCIAL SUMMARY

Statement of Position

Year Ending December 31, 2015

Assets	
Cash or Equivalents	\$43,900
Other Current Assets	173,600
	<u>217,500</u>
Program Related Investment	61,300
Investments at Market	
Cash or Equivalents	13,736,500
Equities	68,756,200
Exchange Traded Funds	29,220,400
Mutual Funds	9,635,900
Alternative Investments	24,020,200
Private Equities	414,300
Real Estate	2,985,900
Equipment and Furnishings	143,000
Other	5,000
Total Assets	\$149,196,200
Liabilities and Net Assets	
Liabilities	
Current Liabilities	\$1,524,900
Long Term Liabilities	16,300
	<u>1,541,200</u>
Net Assets	
Unrestricted Net Assets	147,655,000
Total Liabilities and Net Assets	\$149,196,200

Financial Notes: The Foundation is incorporated in Ohio as a private foundation defined under the 1969 Tax Reform Act and is subject to Federal Excise Tax on net investment income, including realized gains. Under provisions of the act as amended in 1981, the Foundation is required to make distributions generally equal to 5% of the Foundation's net investment assets. These statements are presented predominantly on the accrual basis, in accordance with generally accepted accounting principles. The figures have been rounded to the nearest hundred.

These statements are based on the information available at the time of publication and subject to change.

Note: Listed grants reflect grants awarded, but not necessarily paid, in 2015. Multi-year unconditional grants awarded in a previous year are not included, even if partial payment was made in 2015. All conditional and challenge grants that were satisfied in 2015 are included, regardless of the year approved. Amounts might vary from Financial Summary due to grant modifications. Grants paid in 2015 totaled \$6,346,659.

Statement of Activities

Year Ending December 31, 2015

Income	
Dividends, Interest and Other Income	2,744,500
Total income	\$2,744,500
Expenses	
Program	
Grants Awarded	\$5,207,200
Direct Charitable Activities	104,400
Program Support	927,100
Investment	
Investment Management Fees	315,800
Investment Consultant Fees	89,900
Bank Custodial Fees	32,100
Excise Tax	72,000
Other	
Management and General Communications	394,700
Events	47,600
Insurance Premiums	44,200
Consulting	24,000
Professional Services	7,000
Miscellaneous Expenses	32,500
Depreciation	18,200
	<u>155,300</u>
Total Expenses	7,472,000
Expenses in Excess of Revenue	4,727,500
Realized Gains on Investments	4,081,800
Unrealized Losses on Investments	-7,239,400
Change in Net Assets	-\$7,885,100





CELEBRATING STANLEY C. GAULT

When Burt Morgan first asked Stan Gault to join the Foundation's board in the mid-1990s, he told colleagues that he was expecting to be turned down. An iconic figure in American business, Mr. Gault was a veteran of three decades at General Electric and subsequently the chairman and CEO of Rubbermaid, which he built into one of America's most admired corporations. As Burt told board member Marty Erbaugh: "I don't think he'll do it. He thinks in billions; I think in millions."

But Mr. Gault did indeed agree to join the board, which helped set everyone's vision higher. "Burt was really flattered when he said yes," Erbaugh recalls. "I think Stan's acceptance helped give Burt the confidence to accelerate his contributions to the foundation."

After serving on our board for more than 20 years, Mr. Gault stepped down as a Trustee at the end of 2015. He leaves a Foundation that is many times larger and more ambitious than when he joined. That's in no small part due to his investment of expertise, time, and thought leadership.

When Mr. Gault joined the Foundation's board in 1994, board meetings were held in the law offices of the Foundation's outside counsel. Board members at the time recall how Stan immediately put everyone at ease with his collegial style. He had a prodigious memory and a passion for excellence. He closely grilled potential investment advisors and later coached Foundation senior staff in a constructive spirit.

"Stan fit in very well with the culture of the Foundation," recalls Erbaugh, who has served on the board since 1990. "Even though they were different in many ways, he had great respect for Burt."

Richard Seaman, who was personally recruited to the Foundation board by Mr. Gault, has enjoyed driving him to and from board meetings for the last few years. "It's an extraordinary privilege to spend a couple hours with one of the top business minds in the country," he says.

To express the Foundation's deep appreciation to this outstanding leader, the Board named him Trustee Emeritus.



OUR TRUSTEES

Keith A. Brown
J. Martin Erbaugh
Patrick T. Finley
Stanley C. Gault

J. Michael Hochschwender
Mark D. Robeson
Richard N. Seaman

OUR STAFF

Deborah D. Hoover
President & CEO

Angela Kwaliek Evans
Program Officer

Gina M. Dotson
*Grants Manager &
Social Media Coordinator*

Denise M. Griggs
Vice President & CFO

Emily M. Bean
Program Officer

Sharon K. Lingo
Office Manager

Victoria U. Broer
Program Officer

Trey Johnson
Program Officer

Diane V. Rafferty
Executive Assistant



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