



IMPACT

The Burton D. Morgan Foundation

2010 Annual Report

The Burton D. Morgan Foundation

Committed to the Free Enterprise System®

THE FOUNDATION'S MISSION

To strengthen the free enterprise system by investing in organizations and institutions that foster the entrepreneurial spirit.

THE INTENT OF THE DONOR

The purpose of the Foundation is “the preservation of the free enterprise system...to help preserve what we have in this country.”

— Burton D. Morgan, 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

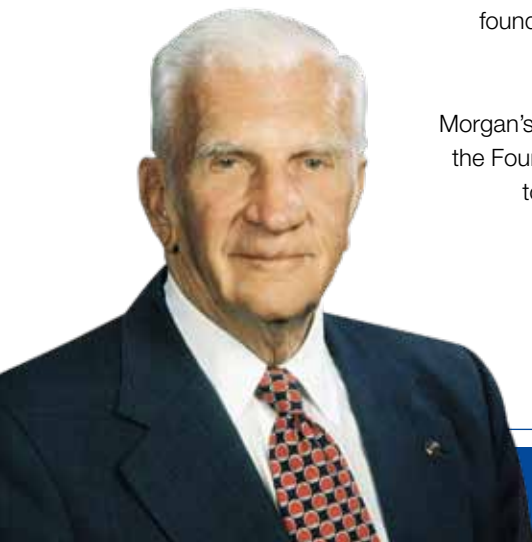
BURTON D. MORGAN (1916-2003)

For Burton D. Morgan, life was about making an impact. “Better to be shot out of the water than to rot at the dock,” he said more than once. Actually, Morgan didn’t want to be shot out of the water. He did, however, want to make a splash and create an impact.

He did so by applying the skills he learned in his early years – majoring in mechanical engineering at Purdue and later learning the business of bandages and pressure-sensitive adhesives at Johnson & Johnson – to create new businesses. Initially, he did not have a great deal of capital, so he partnered with those who did.

“My greatest mission in life is to create worthwhile employment for hundreds of people, which is what I feel I have done,” he said after founding a number of companies, including the Morgan Adhesives Co. (MACtac®) in Stow, Ohio.

Morgan’s impact extended beyond business and job creation. Since 1967, the Foundation he created in his name has granted more than \$80 million to help stimulate entrepreneurship and preserve the free enterprise system and to benefit Hudson and Northeast Ohio.



DEAR FOUNDATION FRIENDS,

The themes of our recent annual reports – *Connections* and *Momentum* – have now paved the way for our 2010 theme of *Impact*. This trilogy captures the Foundation's journey of recent years to help build an entrepreneurship ecosystem in Northeast Ohio. Our grantees have achieved results and recognition for their accomplishments in entrepreneurship and entrepreneurship education.

Two of our entrepreneurship education programs – Hudson City School's fifth grade trade show and University School's Entrepreneur Institute – were among 11 national Levey Award winners for excellence in free enterprise education. Greg Malkin from University School was selected as the recipient of the 2010 Outstanding Entrepreneurship Educator Award by the Consortium for Entrepreneurship Education.

Two of businessweek.com's 25 best young entrepreneurs of 2010 were winners of Foundation-funded Northeast Ohio competitions. Our Morgan-Kauffman NEOCEP (Northeast Ohio Collegiate Entrepreneurship Program) is in its fourth year and making great progress spreading entrepreneurial thinking across five liberal arts campuses. The Burton D. Morgan Center for Entrepreneurship Research at the Hudson Library & Historical Society has tallied more than 2,500 attendees at its programs since 2008 and is serving 9,000 resource users each year! These are but a sampling of the results we have witnessed. We invite you to enjoy the stories and vignettes that follow and celebrate with us all that the region has accomplished and all that we envision for the future.

Inside the Foundation, we bade farewell at year-end to our longtime friend and Grants Manager Marie Erb and welcomed new Grants Manager and Social Media Coordinator Dianne Ketler. We were pleased to see our asset levels climb during the year. The Foundation is finalizing a new strategic plan that will guide our work in the coming years as we embark on new initiatives to strengthen the institutions and networks that are creating an entrepreneurial culture in Northeast Ohio.

We will build on the successes of all we have accomplished together and continue to deliver impact to Northeast Ohio!

Deborah D. Hoover
President & CEO



PRESIDENT'S REPORT

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I M P

In high schools across the country, performing arts students can now use a new software product to send audition tapes to the conservatories of their choice. In colleges in Northeast Ohio, students are focusing on business creation. In Cleveland, testing continues on a new medical device to open airways in emergency situations.

Across Northeast Ohio, dozens of new businesses and hundreds of new jobs are being created.

All are directly or partly the result of grants made in recent years by The Burton D. Morgan Foundation, grants that impact lives and impact the economy.

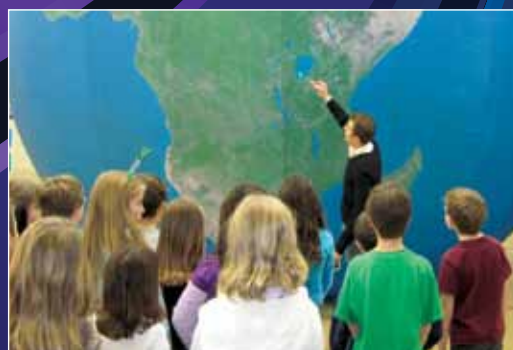
For more than four decades, this Foundation has worked to better the lives of people in Northeast Ohio. We work to preserve the free enterprise system, and to infuse into our culture the spirit of entrepreneurship. In 2010, Foundation-supported entrepreneurship programs served 22,000 people.

Camp Invention students learning about entrepreneurship

781

Persons benefiting from entrepreneurship materials and lectures through the Hudson Library & Historical Society - annually

9,000



Hudson entrepreneurship mini-grants program - students reached

900

A C T

The Burton D. Morgan Foundation is a major funder of JumpStart, a venture-development organization that helps fund and nurture high-growth, innovation-oriented businesses. Since 2004, JumpStart clients have helped create more than 800 jobs. BioEnterprise, also a grantee, is helping to grow healthcare companies and transform Northeast Ohio into a nationally recognized bioscience center.

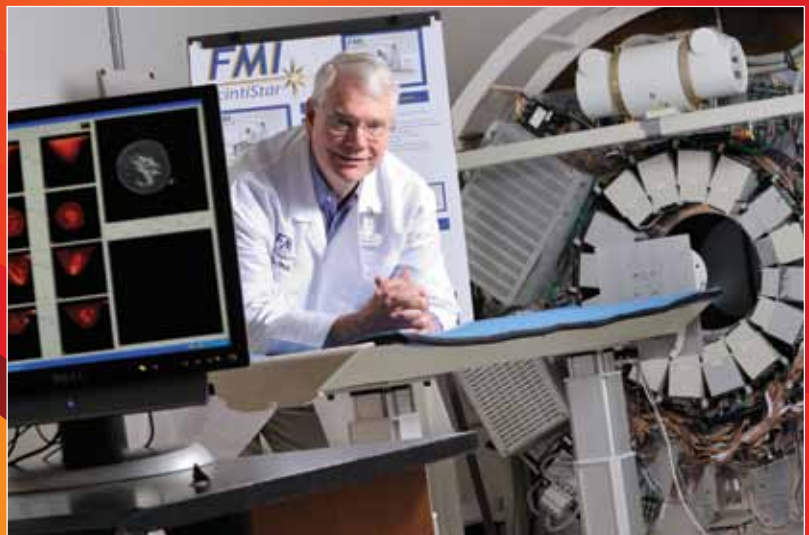
We call that impact. For us, it is about making a difference.

People served by entrepreneurship programs

22,000

Internships supported - more than

75



Students who received Junior Achievement training through grant dollars

3,700



Photo | Mayyan Plaut

YOUTH

entrepreneurship



JA: EMPOWERING YOUNG PEOPLE

Junior Achievement is the world's most extensive organization dedicated to teaching students about free enterprise.

Elementary students learn financial literacy – the lessons of earning, spending, and banking. Middle school students learn about workforce readiness and the global marketplace. High school students – through *JA Be Entrepreneurial* and other programs – are encouraged to start their own businesses.

JA helps prepare young people for the real world by teaching them how to generate and manage wealth, how to create jobs to make their communities more robust, and how to apply entrepreneurial thinking in the workplace. Programs are delivered by trained volunteers, keeping JA's operating costs at a minimum.

In Northeast Ohio, The Burton D. Morgan Foundation is the largest single funder of JA programming. In 2010, our grants helped provide training to 3,700 students.



TEACHERS LEARN AT CEE FORUM

Teachers are always looking for fresh ideas, and the annual Consortium for Entrepreneurship Education (CEE) Forum provides plenty of support for entrepreneurship educators. The three-day, national conference – held in Ohio in 2010 for the first time in nearly three decades – gave educators a chance to make valuable contacts and learn how others are teaching business creation. Eleven Northeast Ohio educators were among the presenters. The Foundation provided scholarships for more than 25 educators and helped organize a market at the Forum for high school entrepreneurs to display and sell their goods. At the 2010 conference, the Foundation and its president, Deborah Hoover, were awarded the *Cathy Ashmore Advocacy and Leadership Award*, and University School teacher Greg Malkin was recognized with the *Outstanding Entrepreneurship Educator Award*.



INVENTION + ENTREPRENEURSHIP

For more than a decade, *I Can Invent* has been the flagship program of Camp Invention. For the session, students in grades 1-6 take apart discarded household appliances – clocks, radios, and telephones – and turn the parts into new inventions.

In 2010, with support from The Burton D. Morgan Foundation, the curriculum for *I Can Invent* was rewritten. Students at the week-long summer camps continue to use appliance parts to make new inventions. But the updated *I Can Invent: Edison's Workshop™* challenges the campers to think like entrepreneurs – to invent something useful, a product someone will want to buy. During the week, children work in teams to market and price their inventions to sell to consumers in a mock marketplace.

The *Edison's Workshop* curriculum was piloted with nearly 800 campers in Northeast Ohio and Minnesota. In 2011, every Camp Invention will use it, impacting as many as 70,000 youngsters across the country.



US GRADS START NEW BUSINESS

Jiazhou Yang started his first business – a video-game promotion company – while still in high school. His classmate, Jack Grover, later joined him. Now the two University School (US) graduates, with help from their former high school mentor, Greg Malkin, have formed a new business to analyze small- to medium-size Chinese equities listed on American stock exchanges. Yang, who was born in China and attends Rollins College, does the research and analysis – site visits, claims confirmation and interviews. Grover, a student at Babson College, markets the service – New Diligence Research – to investors and assembles the reports. Yang and Grover are just two of many University School graduates who have started businesses. The independent school has a strong Entrepreneur Institute, headed by Malkin. More than half of the students at US are involved in entrepreneurship programs.



"An investment in knowledge
pays the best interest."
— Benjamin Franklin

杨佳洲
总经理，分析总监

COLLEGIATE

entrepreneurship

NEOCEP

INTEGRATING ENTREPRENEURSHIP AT HIRAM COLLEGE

Blending a liberal arts education with an entrepreneurship mindset – the goal of the Northeast Ohio Collegiate Entrepreneurship Program – is very visible on the campus of Hiram College. More than 40 new entrepreneurship-related courses have been developed. Nearly all faculty members have attended workshops to weave entrepreneurship into their classes. Entrepreneurship is the college's second-most popular minor. Hundreds of students have attended weekly Fireside Chats at the Burton D. Morgan Entrepreneurship Center, located in a residential living community that gives preference to entrepreneurship students. Says Kay Molkentin, director of Integrated Entrepreneurship at Hiram: "With our E-minor and entrepreneurship activities complementing Hiram's excellent liberal arts education, our program is taking off!"



COLLEGE OF WOOSTER INCUBATES NEW BUSINESS

In 2006, an unexpected discovery at the College of Wooster produced a material that could separate oil and other contaminants from water. But the discovery and its environmental implications went nowhere until a chance meeting on a plane in 2008 between science professor Dr. Paul Edmiston and business-builder Stephen Spoonamore. Before the plane landed, ABSMaterials, Inc. was born. A few months later, Spoonamore was invited to speak at a "popcorn session," where students gather at the college's Center for Entrepreneurship to exchange ideas. Today, two of the students from that session are working for the company. The product – ground-up glass that swells and absorbs the toxins from water – was tested successfully in the Gulf oil spill. Says Spoonamore: "This product will have a multi-billion-dollar impact on the global economy."



Photo | Matt Dilyard



STUDENT BUSINESSES GROW

At Baldwin-Wallace College, entrepreneurship students have formed a consulting firm. At Kenyon College, students have launched a laundry business. At Oberlin College, a design symposium led to a line of collegiate apparel.

Competitions also have helped fledgling collegiate companies gain visibility. In 2010, businessweek.com named the creators of two past Northeast Ohio LaunchTown winning businesses – CitizenGroove and LifeServe Innovations – among the top 25 young entrepreneurs in America. CitizenGroove sells a digital audition tool to performing arts colleges. LifeServe has a device for patients needing a quick emergency airway.

A Hiram College student, the 2010 winner of the ideaLabs competition sponsored by the Entrepreneurship Education Consortium (EEC), is moving forward with her own Web-based medical business. Fresh Fork Market, the 2007 EEC Immersion Week competition winner, has expanded into home delivery of fresh, artisanal foods.

Collegiate programs supported by The Burton D. Morgan Foundation are helping to create and sustain new businesses and equipping hundreds of students to start a business someday.

INVESTING IN THE FUTURE

“Learning by Doing” internships offer great lessons. Through a program of the Northeast Ohio Council on Higher Education (NOCHE), 32 students spent summer 2010 with start-up companies in bank software, anesthesia brain monitoring, pet insurance, and social media. Another 12 analyzed new business ideas through Entrepreneurs EDGE. All together, Foundation grants helped support more than 75 entrepreneurial internships in Northeast Ohio.



ADULT

entrepreneurship



AORT GAINS TRACTION FROM JUMPSTART

Gary Green is a mold-maker, a biker, and a businessman with a unique idea – a polymer saddlebag for motorcycles. Hundreds of dealers told him: “You make it. We will order it.” Where to go next? Green and partner Alyssa Harvey attended a Foundation-supported talk at the Hudson Library & Historical Society, featuring JumpStart CEO Ray Leach. Before the evening was over, Green was in touch with JumpStart Inclusion Advisors, a team that helps minority entrepreneurs. With Jumpstart’s guidance, AORT (Access-O-Ride-Technology) now has a facility in Tallmadge and 11 workers trained in fiberglass molding. Green is working to line up capital so production can roll.

More than 8,800 area entrepreneurs have contacted JumpStart for advice about starting or growing their businesses. The Burton D. Morgan Foundation is a major funder of JumpStart.



FMI TECHNOLOGIES: A BIOENTERPRISE COMPANY

With great fanfare, Akron officials recently announced that a group of Chinese industrialists would invest \$18 million in an Akron start-up that makes high-resolution medical imaging equipment. FMI Technologies president William McCroskey started the firm with a background in imaging and a belief that new technology could improve diagnostic imaging of the heart and brain. FMI Technologies, located in the Akron Global Business Accelerator, received early support from BioEnterprise. A Foundation grantee since 2007, BioEnterprise helps grow bioscience companies in Northeast Ohio.



HUDSON



THOUSANDS USE LIBRARY RESOURCES

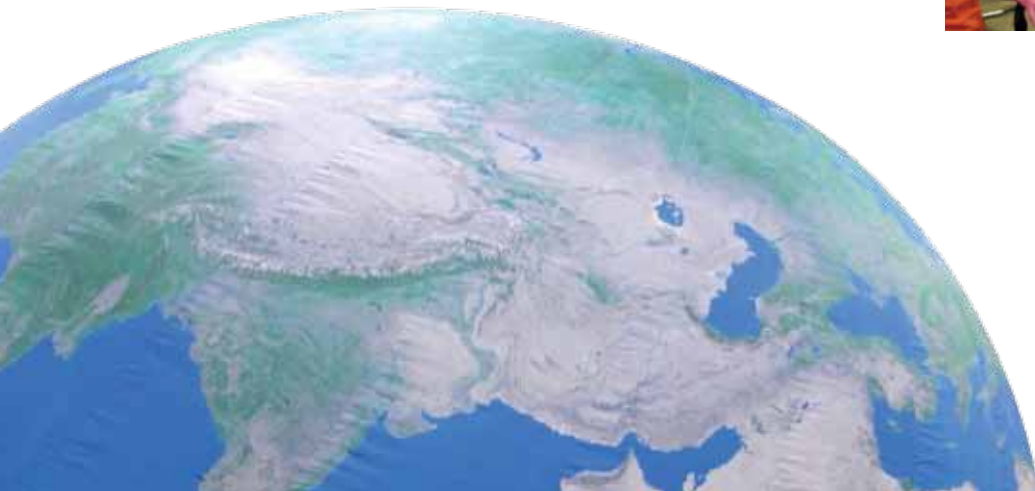
They come to check out business materials, tap into specialized databases, attend classes, and find mentors. In 2010, about 175 people a week – more than 9,000 in all – accessed resources at the Burton D. Morgan Center for Entrepreneurship Research at the Hudson Library & Historical Society. When the Center opened in early 2008, no one anticipated the impact it would have. New and aspiring entrepreneurs come from a multi-county area. More than 2,500 people have now attended workshops and lectures at the library to learn about business basics, patents, angel investing, and internet marketing. The Center continues to expand its services.



MINI-GRANTS AND GLOBAL LEARNING

Teachers from Hudson City Schools were offered a special opportunity in 2010: propose an entrepreneurship-related activity and receive a mini-grant – up to \$2,500 from Foundation support – to execute it. East Woods elementary teachers Marie Rourke and John Brockway used \$960 to give their fifth graders each \$10 in “venture capital.” Students showcased their businesses, including one to sell lip gloss, at a school trade show.

Foundation support also gave second graders at Ellsworth Hill Elementary a different view of the Earth when a giant globe balloon was inflated at their school. Teacher Fran Moore thanked the Foundation for “putting the whole world in our hands.”



GRANT SUMMARY

YOUTH ENTREPRENEURSHIP

Akron City School District Entrepreneurship curriculum for the National Inventors Hall of Fame School... Center for STEM Learning	\$2,100
Akron Council on World Affairs Global Scholars program	\$2,500
Ashland University Scholarship of Entrepreneurial Engagement program for high school students	\$58,500
Austen BioInnovation Institute in Akron BEST Medicine student science fair	\$5,000
Consortium for Entrepreneurship Education 2010 annual conference, including scholarships for Northeast Ohio teachers, and Youth Entrepreneurship Alliance support	\$21,300
Cuyahoga Valley Christian Academy School of Business and Entrepreneurship program	\$1,500
E CITY Akron BizCamps and a census of the area's NFTE-certified teachers	\$35,750
Foundation for Teaching Economics <i>Economics for Leaders</i> high school summer program	\$44,000
Friends of E Prep Schools Middle school entrepreneurship program	\$37,750
Gilmour Academy Entrepreneurship programming	\$4,100
Girl Scouts of North East Ohio Financial Literacy & Urban Entrepreneurship Program	\$20,000
Hudson City School District Mini-grants for teachers supporting entrepreneurship lessons	\$15,000
Hudson Montessori School Micro-economy program	\$3,200
Invent Now Camp Invention and Club Invention programs in Akron and Wooster	\$77,000
Invent Now New, national Camp Invention "I Can Invent" curriculum incorporating entrepreneurship	\$25,000
Junior Achievement of East Central Ohio High school programs	\$27,000
Junior Achievement of Greater Cleveland High school and middle school programs	\$45,500
Junior Achievement of Mahoning Valley Entrepreneurship-related programs	\$20,000
Junior Achievement of North Central Ohio Business, entrepreneurship, and financial literacy programs	\$80,000
Learning About Business Summer program for Northeast Ohio high school students	\$5,000
Ohio Business Week Foundation Scholarships for Northeast Ohio students to attend Ohio Business Week 2011	\$14,000
University School Entrepreneurship programs and outreach to other schools and teachers	\$46,500
Total for Youth Entrepreneurship Grants	\$590,700

COLLEGIATE ENTREPRENEURSHIP

Baldwin-Wallace College Entrepreneurship Education Consortium's ideaLabs competition	\$1,556
Cleveland Scholarship Programs College scholarships in 2010-11 for students pursuing entrepreneurial studies	\$5,000
Denison University Burton D. Morgan Program in Liberal Arts and Entrepreneurship Education	\$125,000
Entrepreneurship Education Consortium Entrepreneurship Immersion Week and ideaLabs competition	\$83,500
Global Consortium of Entrepreneurship Centers 2010 annual conference	\$5,000
Kent State University Foundation Burton D. Morgan Technology Endowment	\$4,000
LaunchTown Collegiate business idea competition	\$5,000
Northeast Ohio Council on Higher Education "Engaging College Students with Entrepreneurs" internship program	\$36,000
Total for Collegiate Entrepreneurship Grants	\$265,056

ADULT ENTREPRENEURSHIP

Akron Community Service Center & Urban League Training and support for new entrepreneurs	\$5,000
Akron Global Business Accelerator Marketing and Web site enhancement	\$15,000
BioEnterprise Corporation Business development and internship programs	\$200,000
Canton Regional SCORE Marketing and service expansion	\$5,000
Cuyahoga Valley Countryside Conservancy Training, workshops, and fundraising	\$25,500
Entrepreneurs EDGE CEOs for NEO internship program	\$75,000
Fund for Our Economic Future of Northeast Ohio Phase 3 support (three-year grant)	\$150,000
ideastream <i>Nightly Business Report</i> in 2010 and 2011	\$70,000
JumpStart Unrestricted support (challenge grant)	\$2,000,000
Total for Adult Entrepreneurship Grants	\$2,545,500

HUDSON AND COMMUNITY

Akron Art Museum Revolving Artworks Fund for deposits on future exhibits	\$50,000
Akron-Canton Regional Foodbank General support	\$20,000
American Red Cross of Summit and Portage Counties Local disaster relief and earthquake relief efforts in Haiti	\$40,000
Association of Fundraising Professionals North Central Ohio Chapter General support	\$400
Battered Women's Shelter New washers and dryers for use by residents	\$3,000
City of Hudson Web upgrades related to economic development	\$10,000
First Congregational Church of Hudson 2010 annual pledge drive	\$30,000

The Foundation Center	
Cleveland Center initiatives and update of the "Spotlight on Economic Development Grantmaking in Ohio" report	\$4,500
Grants Managers Network	
Operating support	\$250
Hudson Bandstand	
2011 Hudson Summer Music Festival concert sponsorship	\$3,300
Hudson City School District	
Inflatable Globe Earth Balloon visit	\$1,500
Hudson Community First	
Career programs and Hudson Young Entrepreneurs	\$10,500
Hudson Community Foundation	
July 2010 fireworks	\$5,000
Hudson Community Service Association	
Assistance for Hudson residents in need and holiday lighting	\$8,320
Hudson Fire Department Association	
College scholarship program	\$500
Hudson Heritage Association	
Annual support	\$250
Hudson High School Music Association	
Parade of Bands	\$300
Hudson JobSearch	
Operating support	\$2,500
Hudson Library & Historical Society	
100th anniversary	\$1,000
Hudson Players Guild	
New theatre curtains	\$4,890

Hudson Rotary Foundation	
Hudson High School Scholarship Fund	\$1,000
Laurel Lake Retirement Community	
Youth philanthropy program with Seton Catholic School	\$7,500
Ohio Grantmakers Forum	
Operating support (2 years) and 2010 annual conference support	\$14,975
Western Reserve Academy	
Burton D. Morgan Leadership Program (two years)	\$116,000
Other Community Grants	
	\$11,000
Total for Hudson and Community Grants	\$346,685

SUBTOTAL FOR ENTREPRENEURSHIP-RELATED GRANTS (Youth, Collegiate, and Adult)	\$3,401,256
SUBTOTAL FOR HUDSON AND COMMUNITY GRANTS	\$346,685
SUBTOTAL FOR DISCRETIONARY GRANTS	\$1,406,609
GRAND TOTAL	\$5,154,550

Note: Listed grants reflect grants awarded, but not necessarily paid, in 2010. Multi-year grants awarded in a previous year are not included, even if partial payment was made in 2010. All challenge grants that were satisfied in 2010 are included, regardless of the year the challenge was awarded.

FINANCIAL SUMMARY

Statement of Position

Year Ending December 31, 2010

Assets	
Cash or Equivalents	\$15,280,000
Other Current Assets	40,500
	<u>15,320,500</u>
Investments at Market	
Equities	85,848,700
Mutual Funds	7,700,500
Exchange Traded Funds	4,330,600
Private Equities	11,099,700
Real Estate	3,269,200
Equipment	222,800
	<u>\$127,792,000</u>
Liabilities and Net Assets	
Liabilities	
Current Liabilities	\$3,172,800
Long Term Liabilities	1,748,600
	<u>4,921,400</u>
Net Assets	
Unrestricted Net Assets	122,870,600
Total Liabilities and Net Assets	<u>\$127,792,000</u>

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.

Statement of Activities

Year Ending December 31, 2010

Income	
Dividends, interest and other income	\$1,625,500
Total income	\$1,625,500
Expenses	
Program	
Grants Awarded	5,143,700
Direct Charitable Activities	16,400
Program Support	652,400
Investment	
Investment Management Fees	378,500
Investment Consultant Fees	86,600
Bank Custodial Fees	54,000
Excise Tax	5,000
Other	
Management and General	315,000
Communications	21,900
Events	31,200
Insurance Premiums	23,900
Consulting	28,600
Professional Services	21,000
Miscellaneous Expenses	16,200
Depreciation	188,200
	<u>6,982,600</u>
Total Expenses	6,982,600
Expenses in Excess of Revenue	5,357,100
Realized Losses on Investments	475,600
Unrealized Gains on Investments	15,760,100
Increase in Net Assets	<u>\$9,927,400</u>



**BURTON D. & MARGARET
CLARK MORGAN PRESERVE**

SOMETIMES IMPACT MEANS
LEAVING THINGS ALONE



More than 40 years ago, Burt Morgan purchased hundreds of acres in Portage County to build an international jetport. The plan never materialized. In 2010, The Burton D. Morgan Foundation and The Margaret Clark Morgan Foundation each contributed \$400,000 to help the Western Reserve Land Conservancy purchase 504 acres. The property – much of it wetlands and forests – has been turned over to the Portage Park District. Part of it will be farmed, but the balance will be preserved to enhance the quality of life in our region.

TRUSTEES, OFFICERS & STAFF



Keith A. Brown



J. Martin Erbaugh



John V. Frank



Stanley C. Gault



Deborah D. Hoover



Mark D. Robeson



Richard N. Seaman



Richard A. Chenoweth

Trustees

Keith A. Brown
 J. Martin Erbaugh
 John V. Frank
 Stanley C. Gault

Mark D. Robeson
 Richard N. Seaman
 Richard A. Chenoweth
Emeritus

Officers of the Corporation

President
 Deborah D. Hoover

Secretary-Treasurer
 Richard N. Seaman

Vice President
 J. Martin Erbaugh

Assistant Secretary-Treasurer
 Denise M. Griggs



Staff

From left to right:

Marie-Ellen Erb – Grants Manager
Denise M. Griggs – Chief Financial Officer
Paula J. McCulloch – Office Manager
Diane V. Rafferty – Executive Assistant

Charlene Nevada – Special Projects Coordinator
Leslie G. Nelson – Senior Program Officer
Alison J. Burner – Program Officer

