

2006 Annual Report



The
Burton D. Morgan
Foundation

Committed to the Free Enterprise System®

TABLE OF CONTENTS

MISSION



Mission and Intent of Donor.....3

Burton D. Morgan4

President’s Report.....5

Hudson Office6

Tribute to John V. Frank.....7

Youth Entrepreneurship8

Collegiate Entrepreneurship10

Adult Entrepreneurship.....12

Hudson Community14

Grant Summary16

Guidelines18

Financial Position20

Trustees, Officers and Staff.....22

Mission THE FOUNDATION’S MISSION

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

Intent 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, August 29, 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.”
—excerpt from *My Life... So Far* by Burton D. Morgan, 2003

Strategy THE STRATEGIC PLAN IN MOTION

The Foundation’s grantmaking program gained momentum in 2006. Under the current strategic plan, the Foundation supports projects that nurture creativity, invention, entrepreneurship and innovation. To achieve this goal, the Foundation makes grants in three life phases of entrepreneurship education and activity: youth, collegiate and adult. In 2006, the Foundation worked proactively with the Ewing Marion Kauffman Foundation through our collaborative Northeast Ohio Collegiate

Entrepreneurship Program. The trustees and staff networked extensively with other entrepreneurship education organizations across the country to learn more about the exciting developments in the field. As we make plans to celebrate the Foundation’s 40th anniversary in 2007, we are energized to invest in projects that “foster the entrepreneurial spirit” and contribute to a stronger and more vibrant Northeast Ohio.

ENTREPRENEUR AND HUMANITARIAN



Burton D. Morgan was determined to nurture the entrepreneurial spirit and perpetuate the free enterprise system in America. The establishment of The Burton D. Morgan Foundation and Mr. Morgan's subsequent gifts to the organization have indeed brought this aspiration to fruition.

Mr. Morgan showed amazing insight into the fundamental truth that the application of individual intellect and talent to business pursuits is not only a high

launch, which were all operated by people with an entrepreneurial spirit.

In 1967, Mr. Morgan established The Burton D. Morgan Foundation, which is administered by an independent board of trustees.

From 1972 to the time of his death, he urged the establishment of a "Global Access Master Plan" in northern Ohio, a complex expected to cover 20,000

Mr. Morgan was also founder and past chairman of the nonprofit Concept Development Institute. In 1989, Mr. Morgan, with four other American businessmen, was invited by the Russian government to address businessmen in their country on private enterprise and the impact of American entrepreneurship.

He was an active member of the Young Presidents Organization (YPO) as well as the Chief Executives

Organization, which includes YPO members phased out of the organization at age forty-nine.

Mr. Morgan received his B.S.M.E. from Purdue University in 1938. In June of 2002, Lake Erie College named Mr. Morgan a Sesquicentennial Fellow.

In recognition of his vast and varied accomplishments, the Boards of Trustees and faculty of three educational institutions awarded Burton D. Morgan honorary degrees: a doctor of laws from Ashland University in 1989, a doctor of management from Purdue University in 1992, and a doctor of science from The College of Wooster in January 2003.

acres. It was to include, in three carefully timed phases, an international airport with world-class freight and passenger terminals, a free trade enterprise zone and a staging area, all designed to provide strategic and economical global access to the world's markets.

He was a member of the National Association of Venture Capitalists and a principal partner in Seed One, an organization of people who assist others in the start-up of new businesses. Mr. Morgan served as chairman of Multi-Color Corporation. He had a key role in founding Filmco, a producer of plastic packaging films, now a division of R.J. Reynolds Industries.

"Failure never stopped anyone who was truly determined to succeed."

calling, but is the heart of American enterprise and often contributes to a noble cause — the advancement of human welfare.

Mr. Morgan founded the Morgan Adhesives Company, a multi-national business producing self-adhesive paper, foils and films. He served as its president from 1959 to 1974 and then continued as a director. Prior to founding Morgan Adhesives, Mr. Morgan was co-founder and president of Fasson Products.

Basic Search, Inc. was his personal venture company, through which he assisted in the establishment of several manufacturing enterprises. He was a shareholder in 18 new companies he helped

PRESIDENT'S REPORT 2006



One of the happiest times in people's lives is commencement, and December 31, 2006 was my graduation from 30 years of managing the Foundation; graduations are a time of celebration, yet this one was without a degree and the expected new car most graduates receive.

After the January 2007 press release was issued about my stepping down, I received an e-mail asking me "the real story." Over three years ago, succession planning was put into place and our new president, Deborah D. Hoover, was our first and only choice. She began managing the day-to-day operations of the Foundation months prior to my retirement date. The transition has been seamless, and I will continue as a trustee. At my age, it is time for someone else to worry about the operating responsibilities, and change is good and necessary for survival.

During the last year, Deborah and I spent countless days working on the restoration and renovation of the former Hudson Library for the Foundation's new home. The story of this venture is long and full of political intrigue, bureaucracy and potholes; restoration is full of surprises and unknowns. The project is 99% completed and it is great to have a permanent home. The layout of the structure is perfect and will improve our operating efficiencies. The Foundation's needs have changed, and this building should serve us well for decades to come.

A newspaper reporter asked, "Who is your decorator?" and my instant response, "Hoover & Frank."

When I took over managing the Foundation in 1976, assets were around \$400,000 and at the end of this year, they were \$140.3 million. The Foundation's required grant payments will be \$7 million a year. During the last 30 years, the Foundation has gone through many changes with the growth of assets and grants. Deb and her colleagues have challenges, since "it is easier to make money than to give it away intelligently."

The transition has taken place, and a new chapter has begun with the Foundation's intentions of being more proactive and less reactive. The members of the board of trustees have collectively served 114 years with the average tenure of 16 years, and only three persons left the board during my tenure as president. This has provided continuity to carry out Burton D. Morgan's objective and vision for the Foundation.

During the year, The Burton D. Morgan Foundation and the Ewing Marion Kauffman Foundation of Kansas City, Missouri launched a collaboration on a \$6.6 million program to support and expand cross-campus entrepreneurship education on liberal arts campuses in Northeastern Ohio. The Northeast Ohio Collegiate Entrepreneurship Program's RFP process to obtain funding was very competitive, and in November, Baldwin-Wallace College, The College of Wooster,

Hiram College, Lake Erie College and Oberlin College were the winners. The grants will be spread over five years, and the Foundation's staff will be working closely with these educational institutions. Collaborating with the Kauffman Foundation has provided us with a great deal of expertise and resources, and we are very grateful for our ongoing partnership with them.

The Foundation is clearly focused on a commitment to strengthen economics and entrepreneurship education in Northeastern Ohio, and we will continue to invest most of our resources in this mission. To accomplish this mission, the Foundation's staff was increased in 2006. We view the Foundation's role in promoting entrepreneurship and entrepreneurship education as critical to Northeastern Ohio's future and economic revival.

In 1994, the Trustees met with Burton D. Morgan to discuss his objectives for the Foundation, and he was very emphatic that it was to protect and promote the American free enterprise system. Burt went on to say that he was not sure how the Foundation should accomplish the goal. The Foundation's primary focus on entrepreneurship education is one of the best ways to promote the American free enterprise system, and entrepreneurs are the ones that create jobs that provide real economic growth.

HUDSON OFFICE

TRIBUTE TO JOHN V. FRANK



For years, Burton D. Morgan had wanted the Foundation he established to have a permanent home near the Village Green in Hudson. In September, three years after his death, that vision was realized.

The move from downtown Akron to Aurora Street culminated years of negotiating and months of renovation. The work began in earnest in June 2005, when the Foundation completed the purchase of the former Hudson Library and Historical Society.

The two buildings in the complex – an 1832 white frame home known as the Baldwin House and a 1950s-era brick structure – were separated. Initially, the Foundation had planned to occupy the older frame home but soon realized that the larger brick building would better serve the organization’s growing needs.

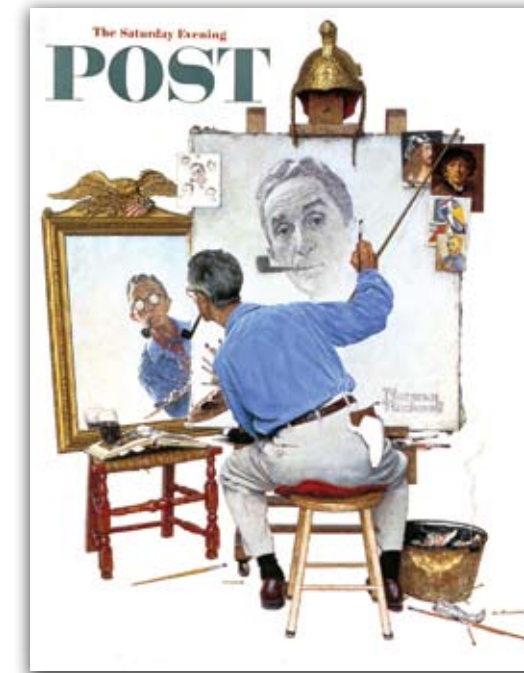
Renovation work included removing white paint that covered the brick building, rebuilding a buckled basement wall and gutting the inside to create offices, a kitchen, a library and a boardroom. A brick walkway with a fountain now separates the two buildings.

Braun & Steidl Architects designed the plans, and Welty Building Company Ltd. managed the project.

“Burt’s wish was for the Foundation to have a home in a prominent location in Hudson, and he would indeed be proud,” Foundation Vice President Deborah D. Hoover said.



➤ (left) The exterior of the Baldwin House, the birthplace of Caroline Baldwin Babcock, who started the Hudson Library and Historical Society, is being restored by the Burton D. Morgan Foundation. The two-story frame house was built in 1832 and will be for community use.



©1960 SEPS: Licensed by Curtis Publishing, Indianapolis, IN. All rights reserved. www.curtispublishing.com

➤ Norman Rockwell’s Triple Self Portrait from the February 13, 1960 edition of *The Saturday Evening Post* will be featured at the traveling exhibit, *American Chronicles: The Art of Norman Rockwell* at the Akron Art Museum November 10, 2007 - February 3, 2008. The Burton D. Morgan Foundation will be sponsoring the exhibition as a tribute to John V. Frank. Mr. Frank is a former member of the Akron Art Museum board and currently serves on the board of the Norman Rockwell Museum in Stockbridge, MA.

For three decades, John V. Frank provided the energy and expertise to transform Mr. Morgan’s vision into a thriving private foundation focused on entrepreneurship and education in Northeast Ohio. Through John’s hard work and stewardship, the Foundation was able to support major building projects at Ashland University, Denison University, Purdue University, The College of Wooster, Old Trail School and Western Reserve Academy. At the end of 2006, the Foundation’s assets topped \$140 million. During John’s years with the Foundation, grants to charitable projects totaled nearly \$60 million. John spearheaded the effort to move the Foundation to Hudson and renovate the old Hudson library building.

He inspired the staff to always strive for excellence. His high standards have been critical to the success he achieved not only for the Foundation, but also for the nonprofit community through his contribution of resources and expertise.

I personally thank John for all the years of mentoring he provided to me, the confidence he placed in me and his sense of humor as we worked together on building projects, office renovation and program development. As I embark on my tenure as president, I will call upon these valuable lessons to shepherd Mr. Morgan’s legacy into the future. Fortunately, John’s ongoing role as a trustee will allow us to continue to tap his many talents!

Deborah D. Hoover



Youth Entrepreneurship

FOUNDATION FOR TEACHING ECONOMICS

Red and blue and purple Monopoly-like dollars went flying last June inside the chapel at The College of Wooster. The high school students lucky enough to catch the dollars could bid on candy bars—a commodity at any overnight program. Soon teacher Kathy Ratte threw more and more dollars into the air. That is how the students learned a lesson in economics: More money in circulation did not mean more candy for everyone; it meant higher bidding and higher prices for the existing candy bars.

The lesson was part of a week-long residential program, *Economics for Leaders*, brought to the campus by a grant from The Burton D. Morgan Foundation. The program was developed by the California-based Foundation for Teaching Economics, and the two foundations have partnered to bring it to the Wooster campus since 1994.

A new professional-development program, *Economic Forces in American History*, was added for teachers in 2006. With an emphasis on role-playing and simulation, the teachers spent a week learning about the economic reasons that led up to massive immigration, the Great Depression and the rise of big business in America. In turn, they took those lessons and the innovative ways to teach them in their own classrooms.



► (left) Students contemplate economic theory

► (right) Teachers become students in the professional-development program, Economic Forces in American History. At left, Instructor Gene McCreddie explains the assignments to teachers.



► At E Prep, the days are long and the teaching is intense.

E-PREP

At the Cleveland Entrepreneurship Preparatory School, a day of learning is nearly ten hours long. The students dress in uniforms. The school year extends 11 months, and those who lag behind must attend Saturday classes. Discipline is strict. Parental involvement is mandatory.

E Prep, as it is called, is the outgrowth of an after-school program known as E CITY, which has shown remarkable success in using entrepreneurship as a hook to interest more urban students in education.

The school opened in the Glenville section of Cleveland last August. Co-founder John Zitzner raised more than \$800,000, including a \$100,000 grant from The Burton D. Morgan Foundation, to get the school started. The tuition-free charter school is sponsored by the Cleveland Municipal School District, but the private money supplements the state funding and allows for the longer hours and the more intense teaching.

Preliminary results are impressive. Last fall, only 29 percent of the entering students were proficient in reading. By January, that figure had jumped to 49 percent.

The goal is to add a group of sixth graders each year until E Prep accommodates grades 6–12. The entrepreneurship focus will grow in the higher grades, and by graduation each student will have developed a business plan.

E CITY

Creativity. Persistence. Mental toughness. Willingness to take risks. Those traits of a successful entrepreneur are also shared by many inner city teens, and a Cleveland program is working to meld those teens into entrepreneurs.

ECITY seeks to end the cycle of poverty by helping teens link education with real life. As E CITY participants create plans for small business ventures, they start to see the relevance of learning, the usefulness of math for instance, or the need to speak and write effectively.

NATIONAL INVENTORS HALL OF FAME

As the youngsters raced down the long hallway at Mason Elementary School trying to hit a target on the floor with a bean bag they were not thinking about Isaac Newton, the scientist who taught us that an object in motion tends to stay in motion.

But they were learning the concept.

“Run as fast as you can,” teacher Carol McCoy instructed. “Can you stop immediately? What happens? Your body wants to go forward.” Likewise, these youngsters learned that to hit the target while running, they had to drop the bean bag before they were over it.

The lesson, Physics in Motion, is part of Club Invention, an after-school program developed by the National Inventors Hall of Fame.

In Akron, 200 additional children were able to attend Club Invention this year because of a grant in 2006 from The Burton D. Morgan Foundation. The \$49,800 grant also paid for two week-long summer Camp Invention sites – one in Akron and one in Wooster, which is a test site for new curriculum modules.

On a national level, the two programs – both developed in Akron – have touched more than 300,000 children, and have helped them to link the science, math and physics they have learned in the classroom to the real world.



► Learning physics can be fun at Club Invention.

In 2006, The Burton D. Morgan Foundation funded one of the 70-hour, after-school E CITY programs.

“We’ve carefully designed and executed classes where kids learn to think like entrepreneurs and understand that being persistent and never giving up are the key traits to success in life, no matter who you are and where you come from.”

— John Zitzner, E CITY Founder



Collegiate Entrepreneurship

NEOCEP

The Burton D. Morgan Foundation and Ewing Marion Kauffman Foundation Northeast Ohio Collegiate Entrepreneurship Program, Kauffman CampusesSM Initiative NEOCEP is a portion of phase 2 of the Kauffman CampusesSM Initiative.

Over the next five years, subtle but significant changes will be taking place at five Northeast Ohio liberal arts colleges. The classics and emphasis on critical thinking will continue, but classes in innovation and creativity and an emphasis on converting passion into opportunity will be introduced.

The \$6.6 million effort to create a culture of entrepreneurship on liberal arts campuses is a collaboration between The Burton D. Morgan Foundation and the Ewing Marion Kauffman Foundation of Kansas City, Mo.

"Exposing all students to entrepreneurial thinking may provide the spark to help them transform a passion into a new venture," Burton D. Morgan Foundation Vice President Deborah D. Hoover said in November when the grants were announced.

"We know there's an entrepreneurial spirit sweeping across college campuses today, and we're thrilled to build on this momentum so that entrepreneurship becomes a natural and vital aspect of the American educational experience"

—Judith Cone

(continued on next page)



College officials consider the program guidelines.

(continued from previous page)

The awards came after nearly a year of planning and competition, which started in the spring when nine colleges were awarded \$10,000 planning grants to prepare their final proposals.

Oberlin College will add several new courses including Artists on the Road, a class to teach concert tour planning, contract negotiations and venue selection.

Hiram College will develop a minor in entrepreneurship and 15 new courses, including a class for non-business majors to identify a product or service and develop a business plan.

The College of Wooster will establish a Center for Creativity and Innovation, and mini-grants will be offered to professors to integrate entrepreneurial themes into a required freshman writing class as part of the school's campus-wide effort.

Baldwin-Wallace College will introduce entrepreneurial concepts into a required humanities class. Course requirements will be rewritten to attract more non-business majors into an entrepreneurial track.

Lake Erie College will establish an entrepreneurship minor and is considering several new classes, including Equestrians as Entrepreneurs. An entrepreneur-focused internship program also will be established.

CWRU

Scientists are not always entrepreneurs. Even the best innovations can sometimes languish for lack of business knowledge.

To help bridge that gap and give future scientists the know-how to turn ideas and inventions into marketable products and companies, Case Western Reserve University began offering a new master's degree program in 2000 called STEP – the Science and Technology Entrepreneurship Program.

Student-formed companies now include a supplier of tools for the bioscience laboratory, a patented non-invasive method for detecting coronary artery disease, and a portable method to keep beer kegs cold longer.

In 2006, The Burton D. Morgan Foundation provided a grant of \$100,000 to CWRU to enlarge and enhance the program.

STEP Founder and CWRU physics professor Cyrus Taylor says students from the STEP program "are transformed into cutting edge scientists who are empowered to innovate, commercialize technology and develop new businesses."



STEP students learn how to turn inventions into marketable products.



Representatives from liberal arts colleges in Northeast Ohio gather to learn about the Northeast Ohio College Entrepreneurship Program.



KENYON COLLEGE

In 2006, The Burton D. Morgan Foundation awarded \$80,000 to support a speaker series at Kenyon College in Gambier. The grant is designed to bring business leaders to campus to provide the liberal arts students with insights into entrepreneurial thinking.

Speakers included 1983 Kenyon alumni Steve Hays. He told the students how his liberal arts education served him well as he helped found a \$2.5 billion New York-based hedge fund, and then as he moved on to launch a financial services company for independent film producers.



Adult Entrepreneurship

SCORE

DeAnna Akers knew how to crust lamp chops with herbs and braise barbecue ribs with root beer, but she did not know how to prepare a business plan or much about marketing. So when she and her chef-partner Aaron Hervey wanted to turn their catering business into a restaurant in 2003, they knew they needed help.

They found it from SCORE, an organization of retired executives who volunteer to help young entrepreneurs gain knowledge and avoid common missteps. For the next several months, Akers and Hervey teamed up with Joseph Freedman, a retired executive vice-president from Sterling. They worked on a business plan, put together a financing package and developed an affordable but never-mundane menu.

Crave opened on East Market Street in downtown Akron in the fall of 2005. It is crowded most every evening, and the regulars return often. The menu features a number of small plate or appetizer-sized dishes for sharing, including a house favorite: smoked gouda macaroni and cheese. "Their pricing is remarkable. Their menu is terrific," says Freedman.

Crave is one of the success stories for the Akron chapter of SCORE.

(continued on next page)

► Co-owners and chefs Aaron Hervey and DeAnna Akers share the responsibilities.



(continued from previous page)



► Lunchology founder Kristi Thomas, shown here with daughter Madison, received business help from the Akron chapter of SCORE.

Another is the story of Kristi Thomas, an artist-mother who always drew pictures and encouraging notes on her daughter's brown-sack lunch bags. Soon other children in the class wanted the loveable lunch bags too, and Thomas founded a business – Lunchology – to make the bags.

She also found herself almost in over her head. As Marty Oppenheimer, a retired manager of marketing at Babcock and Wilcox and her SCORE adviser taught her, one person can not do it all. By working with SCORE and hiring helpers, Thomas has increased her production 400 percent, and her bags are in more than 250 retail outlets around the country.



SCORE is now in position to reach out to even more young entrepreneurs, thanks to a \$30,000 grant from The Burton D. Morgan Foundation in 2006. The money is allowing the retired executives to use Internet and newspaper advertising to spread the message and attract new clients. The grant also includes seed money to open satellite locations in Wayne and Portage counties.

FUND FOR OUR ECONOMIC FUTURE

The Burton D. Morgan Foundation renewed its commitment to the Fund for Our Economic Future in 2006 by pledging \$150,000 to the campaign through 2009. The Foundation also made the last payment on its initial three-year pledge of \$100,000.

JUMPSTART

In 2006, The Burton D. Morgan Foundation granted \$250,000 to JumpStart, Inc., bringing the total amount invested by the Foundation to \$500,000. JumpStart provides assistance and early seed money for promising start-up companies in Northeast Ohio.

The investment is paying dividends. According to a Cleveland State University analysis, JumpStart—using both private and state money—has had a \$40 million economic impact. Since 2004, the organization has invested more than \$5.3 million in 19 start-ups. In turn, those companies have generated nearly 300 jobs.

JumpStart-funded companies include medical research firms, a company developing a nutritional fat substitute, and a company that sells pet health insurance.

"Through the generous support of The Burton D. Morgan Foundation, JumpStart has been able to work with and invest in this very promising technology company. Knotice's Personal Relevance Marketing solutions are elevating industry best practices in one-to-one marketing, a gold standard for most marketing organizations."

- Ray Leach, CEO, Jump Start Inc.



► Knotice from left to right Jonathon Grimm, President & CFO; William Landers, Chief Technology Officer; and Brian Deagan, Chief Executive Officer.

"Knotice delivers integrated marketing communications across email, web, mobile and emerging interactive TV platforms"

—Ray Leach, CEO, JumpStart Inc.

HUDSON COMMUNITY



CITY OF HUDSON

Think Ohio. Think Hudson. That is the message from Hudson's newly formed Economic Growth Board. It is an invitation to businesses to consider locating in this community.

The Growth Board was formed in 2006, and a \$25,000 grant from The Burton D. Morgan Foundation helped with the start-up costs and some marketing materials. The goal is to help the community of 23,000 residents remain financially viable and vibrant.

The Board was created after Hudson City Council eliminated the part-time position of economic development director in an effort to save taxpayer money. Council members determined that seven volunteers – all with backgrounds and specialities in business and development – could better serve the community.

The Growth Board has been focusing in several key areas, according to Hudson Communications Manager Jody Roberts. Those include finding – and removing – impediments to business, lowering some fee structures, and fast-tracking businesses that would “maintain Hudson’s character.”

The “Think Ohio. Think Hudson” slogan is part of a “campaign to tie into the state’s renewed efforts at attracting new development”,

said City Councilman Tom Elicson, who is the council liaison to the Growth Board. The slogan will appear on a folder of information being prepared for prospective Hudson businesses.

HUDSON JOB SEARCH

When someone who lives or worships in Hudson loses a job, help is just a phone call away. Within 48 hours of a call, Hudson Job Search will match that job seeker with a personal counselor who will work with that individual for as long as it takes to find work.

Job Search was founded by several Hudson churches in 1982, following widespread job loss in the steel and rubber industries. Today, Job Search is an independent organization. In 2005 and again in 2006, The Burton D. Morgan Foundation provided \$15,000 grants to help the organization with clerical support.

Job seekers attend twice-monthly meetings as well as sessions with the counselors, some of whom once wore those same shoes. They receive support, caring and practical help – all free of charge.

Although many communities help facilitate support groups for the unemployed, those from Hudson Job Search believe they are unique nationally in providing one-on-one advising.



► Since its founding, Seton Catholic School has grown from 83 students to 270.

SETON CATHOLIC SCHOOL

As the bell rang at Seton Catholic School one morning last fall, sixth graders began filing into the science room.

“Oh cool, the microscopes,” one student said.

Soon, the students were squinting and drawing pictures of what they saw under the watchful eye of science teacher Dr. Anne Schoeffler. At one table, the slide showed the long sinewy cells that make up muscle tissue. At another table, the students peered at skin cells, which seemed to resemble clusters of fried eggs.

The microscopes, the slides, the lab tables and the creation of the science lab were made possible in 2006 through a grant from The Burton D. Morgan Foundation, as part of its commitment to help the Hudson community.

Seton was founded more than a decade ago by a group of parents who sought a disciplined and values-based education for their children. They put together a business plan and borrowed enough money to establish the school on Stow Road. Seton, which receives no support from the Cleveland Diocese or area parishes, has grown from 83 students in 1997 to 270 today.

In 2005, the school broke ground for a \$2.1 million expansion to accommodate increasing enrollment. The \$150,000 grant from

the Morgan Foundation also allowed for the completion of a social studies room and an additional fifth grade classroom.

The Burton D. Morgan Foundation grant has allowed Seton to “be a school of excellence in a community that has a long history of excellence in education,” school spokeswoman Beth Davis said.

WESTERN RESERVE ACADEMY

In May, five students from Western Reserve Academy were recognized as Burton D. Morgan Leadership Award winners. The “Morgan Scholars” – three boarding students and two day students – were chosen for their academic records, strong work ethic, leadership skills and selfless giving of their time, interests and talents.

Five new scholars, each of whom will receive a \$10,000 scholarship from The Burton D. Morgan Foundation, will be named in the spring of 2007. The program is intended to recognize and reward students who serve as role models for their peers.

“It was Burt Morgan’s desire to help talented people with leadership abilities, and we’re carrying on that tradition,” President John V. Frank said at the Western Reserve Academy awards ceremony. “These five students were selected for what they’ve accomplished and the leadership that they’ve shown.”



► A grant from the Burton D. Morgan Foundation allowed Seton Catholic School to complete three classrooms, including a science lab. Microscopes, slides and lab tables were purchased with part of the grant.



► (above left) Growth Board members Bob Katitus and Jeff King.

► (left) Growth Board members gather with city officials.



► Hudson Job Search President Joseph Rusnak and Secretary Lisa Deines conduct a Saturday morning session for counselors.

► Science students study slides at Seton.



► John V. Frank and Deborah D. Hoover join Morgan Scholars Viveca J. McDonald-Ortiz, Calais Ann D. Weber, Jennifer L. D'Auria, Mackenzie R. Clark and Katherine F. Hollnagel.



GRANT SUMMARY

YOUTH ENTREPRENEURSHIP

Cleveland Entrepreneurship Preparatory School, Cleveland, OH
To cover start-up expenses. \$ 100,000

E CITY, Cleveland, OH
For one 70-hour entrepreneurship program \$ 15,000

Foundation for Teaching Economics, Davis, CA
To support two Northeast Ohio Economic for Leaders
programs and one Economic Forces in American History
Program at The College of Wooster. \$ 119,000

Hudson Montessori School, Hudson, OH
For the development and initial set-up of
a middle school micro-economy. \$ 6,800

Junior Achievement of Akron Area, Inc., Akron, OH
To provide experiential learning opportunities to students \$ 40,500

National Inventors Hall of Fame, Inc., Akron, OH
To support two one-week Camp Invention sites and
ten after school Club Invention programs. \$ 49,800
. \$ 331,100

COLLEGIATE ENTREPRENEURSHIP

Ashland University, Ashland, OH
For the Burton D. Morgan Center for
Entrepreneurial Studies \$ 925,000

Baldwin-Wallace College, 275 Eastland Road Berea, OH
For The Burton D. Morgan Endowed Chair in
Entrepreneurship. \$ 750,000

Case Western Reserve University, Cleveland, OH
To provide operating support for the Science and
Technology Entrepreneurship Program (STEP) \$ 100,000

Cleveland Institute of Art, Cleveland, OH
For personnel costs for FUTURE: Center for Design and
Technology Transfer \$ 25,000

The College of Wooster, Wooster, OH
To support a Social Entrepreneurship Program including
The Burton D. Morgan Venture Capital Fund \$ 97,700

Kent State University Foundation, Kent, OH
For the Shannon Rodgers and Jerry Silverman School
of Fashion Design and Merchandising. \$ 146,600

Kenyon College, Gambier, OH
For The Burton D. Morgan Lectureship Series,
on-campus presentations, panel discussions and
alumni career service efforts. \$ 80,000

Purdue University, West Lafayette, IN
To provide entrepreneurship programming in
The Burton D. Morgan Center for Entrepreneurship \$ 78,000
. \$ 2,202,300

MORGAN KAUFFMAN NORTHEAST OHIO COLLEGIATE ENTREPRENEURSHIP PROGRAM, A KAUFFMAN CAMPUSESSM INITIATIVE

Baldwin-Wallace College, Berea, OH
For Northeast Ohio Collegiate Entrepreneurship Program \$ 88,800

The College of Wooster, Wooster, OH
For Northeast Ohio Collegiate Entrepreneurship Program \$ 71,400

Denison University, Granville, OH
For planning grant \$ 5,000

Hiram College, Hiram, OH
For Northeast Ohio Collegiate Entrepreneurship Program \$ 55,000

John Carroll University, University Heights, OH
For planning grant \$ 5,000

Kenyon College, Gambier, OH
For planning grant \$ 5,000

Lake Erie College, Painesville, OH
For Northeast Ohio Collegiate Entrepreneurship Program \$ 36,700

Oberlin College, Oberlin, OH
For Northeast Ohio Collegiate Entrepreneurship Program \$ 46,300

Walsh University, North Canton, OH
For planning grant \$ 5,000
. \$ 318,200

NORTHEAST OHIO ENTREPRENEURSHIP

Akron Community Foundation, Akron, OH
For Fund For Our Economic Future \$ 33,000

Akron Score, Akron, OH
To support additional marketing and
outreach in 2006-2007 \$ 30,000

Cuyahoga Valley National Park Association, Peninsula, OH
For implementation of the entrepreneurial business venture
to market the use of facilities and grounds \$ 65,000

The Entrepreneurs Edge, Bedford Heights, OH
To provide support for CEOs for NEO. \$ 30,000

Ideastream, Cleveland, OH
Support of Nightly Business Report \$ 37,000

JumpStart, Inc., Cleveland, OH
To support the Evergreen Fund for fiscal year 2006-2007 . \$ 250,000

Northeastern Educational Television of Ohio, Inc., Kent, OH
To support Nightly Business Report on WNEO/WEO
Channels 45 & 49 \$ 26,000
. \$ 471,000

HUDSON COMMUNITY

The City of Hudson, Hudson, OH
To support the establishment of the
Economic Growth Board \$ 25,000

The First Congregational Church of Hudson, Hudson, OH
For operations \$ 30,000

Hudson High School Music Association, Hudson, OH
For the Hudson High School Chamber Orchestra's
concert tour in Austria in 2007. \$ 1,500

Hudson Job Search, Hudson, OH
To support general operations. \$ 12,500

Musical Arts Association, Cleveland, OH
For Hudson Blossom Womens' Committee
general operations \$ 300

Seton Catholic School, Hudson, OH
To finish science lab and additional classrooms. \$ 150,000

Western Reserve Academy, Hudson, OH
To fund scholarships for Burton D. Morgan Leaders \$ 50,000
. \$ 269,300

HEALTH AND MENTAL HEALTH

The Family Institute, Evanston, IL
For the Dr. John J.B. Morgan Fellowship \$ 55,000

OTHER

Akron Art Museum, Akron, OH
To support the costs of sponsoring
the Norman Rockwell exhibition. \$ 85,000

Akron Community Foundation, Akron, OH
For Community Fund. \$ 50,000

American Red Cross-Summit County Chapter, Akron, OH
For two new cars for medical transportation \$ 37,000

The Foundation Center, Cleveland, OH
For The Foundation Center—
Cleveland's programs and services \$ 1,000
To enhance the Cooperating Collection
network in Northeast Ohio. \$ 1,000

Leadership Akron, Akron, OH
For Philanthropy Program \$ 10,000

United Way of Summit County, Akron, OH
For Capital Campaign \$ 50,000
. \$ 234,000

SUBTOTAL. \$ 3,880,900

TRUSTEES' INITIATIVES

(These grants are initiated by the Trustees, and applications are not accepted.)

Akron Urban League, Akron, OH
For construction of a new building \$ 10,000

American Red Cross-Wayne Co. Chapter, Wooster, OH
For Capital Campaign \$ 100,000

Camping and Education Foundation, Cincinnati, OH
For annual fund at Camp Kooch-i-ching. \$ 10,000
For support of Camp Ogichi Daa Kwe. \$ 20,000

Cape Eleuthera Foundation, Princeton, NJ
To support research in aquaponics and sponge aquaculture
at the Cape Eleuthera Institute \$ 10,000

Central American Medical Outreach, Orrville, OH
To complete a hospital emergency room in Honduras . . . \$ 40,000

The College of Wooster, Wooster, OH
To help underwrite production costs for the presentation of
Jane Austen's, Pride and Prejudice \$ 5,000
For the Ambassadors Program. \$ 25,000

Community Baptist Church, Santa Rosa, CA
For mission work \$ 5,000

Denison University, Granville, OH
For the Organizational Studies Program \$ 30,000

Hill-Murray School, Maplewood, MN
For the Delores Rigali Barret Scholarship Fund \$ 10,000

Hope Lutheran Church, Port St. Lucie, FL
For building fund \$ 25,000

Hudson Presbyterian Church, Hudson, OH
For mission outreach \$ 5,000
For operating support \$ 20,000

Kansas University Endowment Association, Lawrence, KS
For support of academic scholarships for the
School of Engineering \$ 50,000

Law Enforcement Foundation, Dublin, OH
For Police Executive Leadership College (PELC)
training throughout NE Ohio \$ 5,000

Millbrook School, Millbrook, NY
To establish and endow The John V. Frank '56
Lecture Series. \$ 50,000

Moraga Educational Foundation, Moraga, CA
For the 2005-2006 annual campaign \$ 10,000

Moraga Park & Recreation Foundation, Moraga, CA
To replace the Tot Lot play equipment and
water playground. \$ 20,000

Neighborhood Health Clinic, Naples, FL
To purchase medications for patients not covered
by the Compassionate Medications program \$ 10,000

Norman Rockwell Museum, Stockbridge, MA
To support research efforts for a
major gifts endowment campaign. \$ 15,000

Portland Art Center, Portland, OR
For general operating support. \$ 5,000

Project EverGreen Foundation Inc., New Prague, MN
For operating support \$ 2,500

Rails to Trails of Wayne Co., Wooster, OH
For fund drive. \$ 5,000

Rectory School, Pomfret, CT
To retain a development consultant \$ 20,000

Rock and Roll Hall of Fame and Museum Inc., Cleveland, OH
For the American Music Masters Program \$ 15,000

St. Paul's Episcopal Church, Akron, OH
For expenses related to the search for a new rector. . . . \$ 5,000
For operating support. \$ 5,000

Trinity-by-the-Cove Episcopal Church, Naples, FL
For general operating fund \$ 5,000
For annual stewardship campaign \$ 5,000

United Way of Wayne and Holmes Counties, Wooster, OH
For membership in Alexis de Tocqueville Society. \$ 10,000

Washington DC Martin Luther King Jr. National Memorial Project,
Washington, DC
For memorial to Dr. Martin Luther King Jr.
on the National Mall \$ 50,000

Wayne Center for the Arts, Wooster, OH
For a telephone system and sponsorship
of the Class Catalog \$ 14,800

Wayne County Community Foundation, Wooster, OH
For The Fund For Our Economic Future \$ 15,000
For new Wayne County Library \$ 20,000
For The Educational Support Fund \$ 40,000
For Wooster High School Speech & Debate Endowment . \$ 5,000

Wayne County Public Library, Wooster, OH
For construction of new library \$ 100,000

Young Life, Wooster, OH
For Young Life Ministry in Wayne and Ashland counties . . \$ 6,000
. \$ 803,300

SUBTOTAL \$ 803,300

GRAND TOTAL \$4,684,200

GRANT SUMMARY

GUIDELINES

APPLICANT QUALIFICATIONS

Grants are made to organizations recognized as tax-exempt under the Internal Revenue Code section 501(c)(3) which are not private foundations. The Foundation does not usually make multi-year grants and does not ordinarily consider grants to annual fund drives, to units of government, or to organizations and institutions which are primarily tax supported, including state universities. The Foundation no longer accepts grant applications from arts, mental health, and social service organizations and programs.

PROGRAM AND GEOGRAPHIC AREAS OF INTEREST

The Foundation principally makes grants that benefit Ohio's northeast quadrant. Its aim is to invest in projects that further its free enterprise mission.

The Foundation is interested in supporting projects that nurture creativity, invention, entrepreneurship and innovation.

To that end, it will invest in projects that fall into three life phases of entrepreneurship (starting with childhood, continuing through college and then into business activity):

- Education on the primary and secondary levels that instills an appreciation for free enterprise and cultivates creativity and invention.
- Entrepreneurial education on the collegiate and adult levels that deepens free enterprise values and develops critical skills and competencies.
- Entrepreneurial support for organizations that provides the incubation, business planning and/or capitalization assistance critical to success.



DEADLINES AND MEETINGS

The Trustees meet three times each year during January, June and September to consider requests.

Organizations may submit only one grant proposal in a 12-month period.

Deadlines for submitting proposals are as follows:

<i>Meeting</i>	<i>Deadline for Inquiry Letter</i>	<i>Deadline for Grant Request</i>
January	September 1	October 1
June	February 1	March 1
September	April 1	May 1

THESE BUILDINGS ARE BUT A SMALL PART OF THE LEGACY OF BURTON D. MORGAN



The College of Wooster



Denison University



Purdue University



Western Reserve Academy

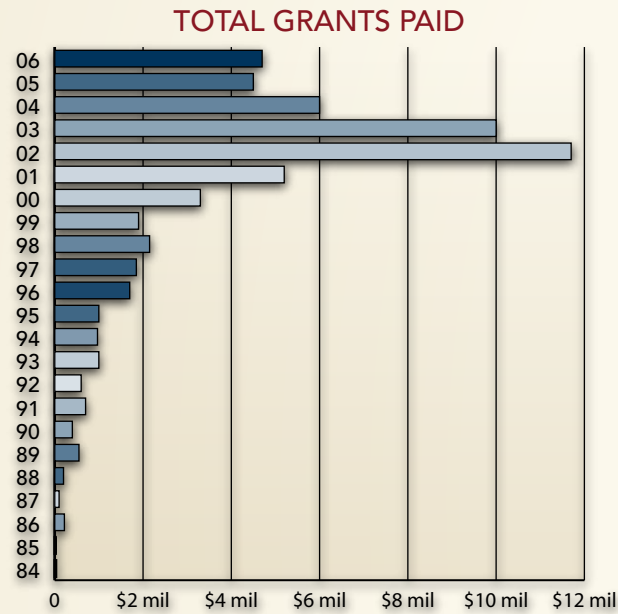


Ashland University



Old Trail School

FINANCIAL POSITION



STATEMENT OF POSITION

Year Ending December 31, 2006

Assets

Cash or Equivalents	\$15,350,360
Common Stocks Investments at Market (Cost \$89,247,627)	115,650,329
Private Equities	5,745,096
Real Estate	3,247,196
Equipment	349,466
Total Assets	\$140,342,447

LIABILITIES AND FUND BALANCES

Unrestricted Fund Balances	\$140,342,447
Total Liabilities and Fund Balances	\$140,342,447

STATEMENT OF ACTIVITIES

Year Ending December 31, 2006

Contributions	\$2,786,200
Dividends and interest from securities	1,215,539
Income from cash or equivalents	767,157
Total Income	\$4,768,896

EXPENSES

Excise Tax	\$303,805
Investment Management Fees	533,984
Bank Custodial Fees	49,035
Professional Service	33,300
Insurance Premiums	29,961
Miscellaneous Expenses	100,825
Administrative	802,931
Total Expenses	1,853,841
Grants Paid	4,684,200
Total Expenses and Grants	6,538,401
Expenses in Excess of Revenue	1,769,145
Realized Gains	17,035,005
Decrease in Unrealized Appreciation	6,485,612
Increase in Fund Balance	\$8,807,248

DISTRIBUTION OF GRANTS

2006 GRANTS BY GEOGRAPHIC AREA

Northeast Ohio*	86%
Out of State	7%
Hudson	7%

*Excluding Hudson

2006 GRANTS BY TYPE OF EXPENDITURE

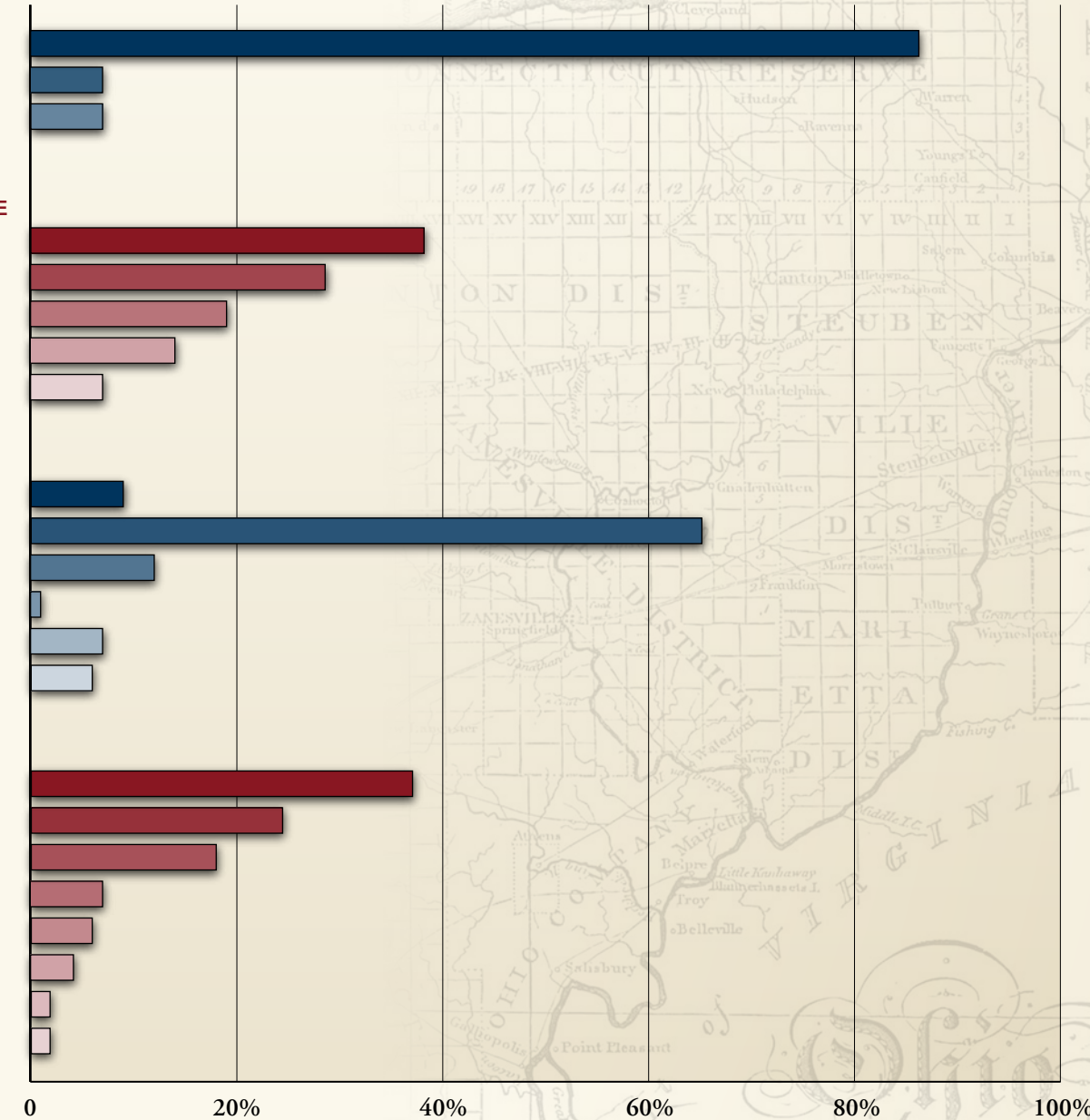
Program	38%
Capital	29%
Endowment	19%
Operating	14%
Non-Mission	7%

2006 GRANTS BY CATEGORY

Youth Entrepreneurship	9%
Collegiate Entrepreneurship	65%
Adult Entrepreneurship	12%
Health and Mental Health	1%
Hudson Community	7%
Other	6%

2006 GRANTS BY COUNTY

Cuyahoga	37%
Ashland	24%
Summit	18%
Out of State	7%
Portage	6%
Wayne	4%
Knox	2%
Other	2%



Financial Notes: The Foundation is incorporated in Ohio as a private foundation as defined under the 1969 Tax Reform Act and is subject to a 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. The accounts of the Foundation are maintained principally on the basis of cash receipts and disbursements. Investments are stated at market values.

TRUSTEES , OFFICERS AND STAFF

OFFICERS AND TRUSTEES

President

John V. Frank

Executive Vice President and Treasurer

Deborah D. Hoover

Vice President and Secretary

J. Martin Erbaugh

Vice President and Secretary

Richard N. Seaman

Keith A. Brown

Richard A. Chenoweth

Stanley C. Gault

Mark D. Robeson

Assistant Treasurer

Robert P. Drew

Assistant Secretary

Marie-Ellen Erb

STAFF

Director of Grants & Program Officer

Alison J. Burner

Program Officer

Charlene Nevada

Director of Communications & Program Associate

Marie-Ellen Erb

Business Manager

Paula J. McCulloch

Administrative Assistant

Eileen M. Borsz

Administrative Assistant

Diane V. Rafferty



Keith A. Brown



Richard A. Chenoweth



J. Martin Erbaugh



John V. Frank



Stanley C. Gault



Deborah D. Hoover



Mark D. Robeson



Richard N. Seaman

► Paula McCulloch, Diane Rafferty, Eileen Borsz, Alison Burner, Marie Erb and Charlene Nevada



KEITH A. BROWN

graduated from Purdue University with a Bachelor of Science in Industrial Management. He spent one year with National City Bank before joining Donn Corporation, a manufacturer of commercial interior building materials. In 1987, he founded Chimera Corporation as a holding company to facilitate in the acquisition of low to medium technology businesses, as well as to develop real estate. He is a director of USG Corporation and Myers Industries, Inc. and joined the board of trustees of Nova Southeastern University in 2007. He has also served as a trustee of Lake Ridge Academy. He was elected a trustee in 1995.

STANLEY C. GAULT

graduated from The College of Wooster (B.A.) and had three very distinguished business careers: senior vice president of General Electric Co.; chairman and CEO of Rubbermaid, Inc.; and chairman and CEO of the Goodyear Tire & Rubber Co. He was chairman of the board of Avon Products, Inc. and is currently a director of Avon. He was a director of Wal-Mart Stores, Inc., The Timken Company, International Paper Co., and PPG Industries. He is chairman emeritus of the board of trustees of The College of Wooster. He currently serves on the board of directors of Morgan Freeport Corporation. He was elected a trustee in 1994.

RICHARD A. CHENOWETH

graduated from Harvard University (A.B.) and Case Western Reserve University School of Law (LLB). He retired from Buckingham, Doolittle & Burroughs, L.L.P. after a distinguished career of 47 years practicing law. He has served on numerous nonprofit boards as a trustee and president. He has served as a director of FirstMerit Corp. and Roadway Express, Inc. and as a trustee of Middlesex School and Western Reserve Academy. He is a former executive director and current member of the Distribution Committee of The GAR Foundation. He was elected a trustee in 1978.

DEBORAH D. HOOVER

graduated magna cum laude from Williams College (B.A.), the University of Chicago (M.A.) and George Washington University National Law Center (J.D.). She served as a regional director of development for the Vision Australia Foundation and helped to found one of Australia's first community foundations. Currently, she is a member of the Private & Family Foundations Committee of Ohio Grantmakers Forum; a trustee of the Akron Civil War Memorial Society and Old Trail School Foundation, and secretary/treasurer of Morgan Freeport Corporation. Since 1999, she has worked with the Foundation and on January 1, 2007 was elected president.

J. MARTIN ERBAUGH

graduated from Denison University (B.A.) and Case Western Reserve University School of Law (J.D.). He served as director of legal affairs at Kent State University, was a general manager of the Davey Tree Expert Co., and founded Erbaugh Corp. (dba Lawnmark) in 1979. He is now president of J.M. Erbaugh Co. which has been engaged in numerous start-ups and investments. He is chairman of the board of directors of Lesco, Inc., chairman of Morgan Bank N.A., and a director of the Rock and Roll Hall of Fame and Museum. He was elected a trustee in 1990.

MARK D. ROBESON

graduated from Wittenberg University (B.A.) and Pepperdine University (M.B.A.). He has held various management positions with financial institutions and brokerage firms in San Francisco and Los Angeles and was the national accounts Director for NewRiver, Inc. He is currently director of correspondent banking development for Wells Fargo Bank, N.A. He joined the board in 2001 and is a grandson of Burton D. Morgan.

JOHN V. FRANK

graduated from the University of Miami (B.B.A.); spent 20 years in estate, trust, foundation and investment administration; and was vice president and trust officer of FirstMerit Bank. He served as president of the board of trustees of the Akron Art Museum and was active on other nonprofit boards. He also was a member of Akron City Council for 20 years. He currently serves as a trustee of the Norman Rockwell Museum and Summa Hospital Foundation. He currently serves as president of the board of directors of Morgan Freeport Corporation and The Rectory School. He has been a trustee of The Burton D. Morgan Foundation since 1976 and retired as president on December 31, 2006.

RICHARD N. SEAMAN

graduated magna cum laude from Bowling Green State University (M.B.A.). He joined Seaman Corporation as plant manager and is now president and CEO. He has chaired several industry organizations and throughout his career has been involved in community service. He is chairman of the Business Advisory Council for Wooster City Schools. He currently serves on the board of trustees of The College of Wooster and the Dana-Farber Cancer Institute in Boston and on the board of directors of FirstMerit Corp. He was elected a trustee in 2000.

The
Burton D. Morgan
Foundation

Committed to the Free Enterprise System®

22 Aurora Street, Hudson, Ohio 44236

Phone: 330-655-1660 Fax: 330-655-1673 email: admin@bdmorganfdn.org

www.bdmorganfdn.org