

ODYSSEY

The Burton D. Morgan Foundation
2014 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)

Odyssey is a powerful metaphor for a personality trait common to many entrepreneurs. They often seem imbued with the innate need to restlessly explore ideas—to mentally travel to unknown places where they might create new realities that others couldn’t dare dream. Many seem driven to combine seemingly unconnected concepts to see what might result from the collision at these random intersections.

But odysseys are equally powerful in a more literal sense—the driving impulse to explore foreign lands. Our founder Burt Morgan experienced both of these forms of wanderlust during his long and productive life.

Among his most enjoyable odysseys in a long life of travel was serving with a small, distinguished group of Ohio-based corporate CEOs tapped by then Ohio Governor Rhodes as globe-trotting business ambassadors. Dubbed the Ohio Commodores by the governor, they traveled the world—with diplomatic immunity, Burt pointed out—to recruit companies to relocate to Ohio. Among the group’s proudest accomplishments was landing the celebrated Honda plant in Marysville, Ohio, which revolutionized the American automotive industry.

Today, however, Burt Morgan is remembered even more for his unquenchable enthusiasm, his bottomless can-do spirit, and his lifelong penchant for encouraging others to dream seemingly impossible dreams. Something in his mental wiring, his family upbringing or both drove him to explore new ideas with the same infectious brio with which he traveled the globe.

It’s that same restless dynamism that inspires all of us in our work today, driven by his founding belief that entrepreneurs don’t merely experience history, but actively shape it. And that by fostering a tightly knit community of these special visionaries, we help create prosperous and vibrant communities, driven by entrepreneurship and innovation.

The beginning of any journey is always about summoning the courage to take that first step. Burt taught us all that those first steps and larger-than-life journeys are eminently worth the risk.

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“You have brains in your head. You have feet in your shoes. You can steer yourself any direction you choose. You’re on your own. And you know what you know. And YOU are the one who’ll decide where to go...”

— Dr. Seuss, *Oh, The Places You’ll Go!*

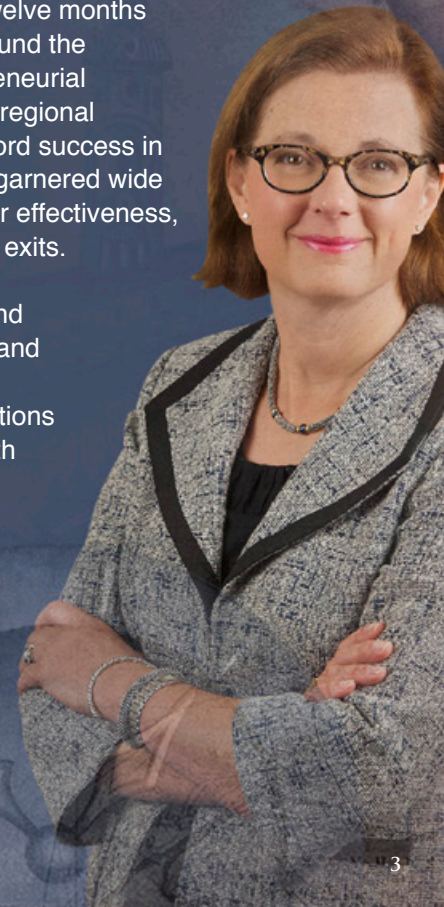
DEAR FOUNDATION FRIENDS & COLLEAGUES,

In this verse, Dr. Seuss captures the true essence of the entrepreneurial journey, the overarching theme of our 2014 annual report. Our concept this year reflects Burt Morgan’s boundless sense of adventure, a drive that took him to all corners of the globe spreading the spirit of entrepreneurship. We enjoyed our own mind-expanding journey in 2014 exploring new frontiers in entrepreneurship and entrepreneurship education. The wild ride of the past twelve months has taken us across the nation and at least virtually around the globe as we connected with entrepreneurs and entrepreneurial ecosystems in places distant from Northeast Ohio. Our regional ecosystem performed with gusto as students found record success in national venture competitions, our collegiate programs garnered wide recognition, the NEO ecosystem restructured for greater effectiveness, and JumpStart-mentored ventures experienced healthy exits.

We enthusiastically welcomed Angela Kwallek Evans and Emily Bean to the Foundation as new program officers and express tremendous gratitude to former staff members Leslie Nelson and Alison Burner for their major contributions to the vitality of our grant portfolios. We look forward with great anticipation to 2015 and all the places we will go!

From the Road,

Deborah D. Hoover
President & CEO



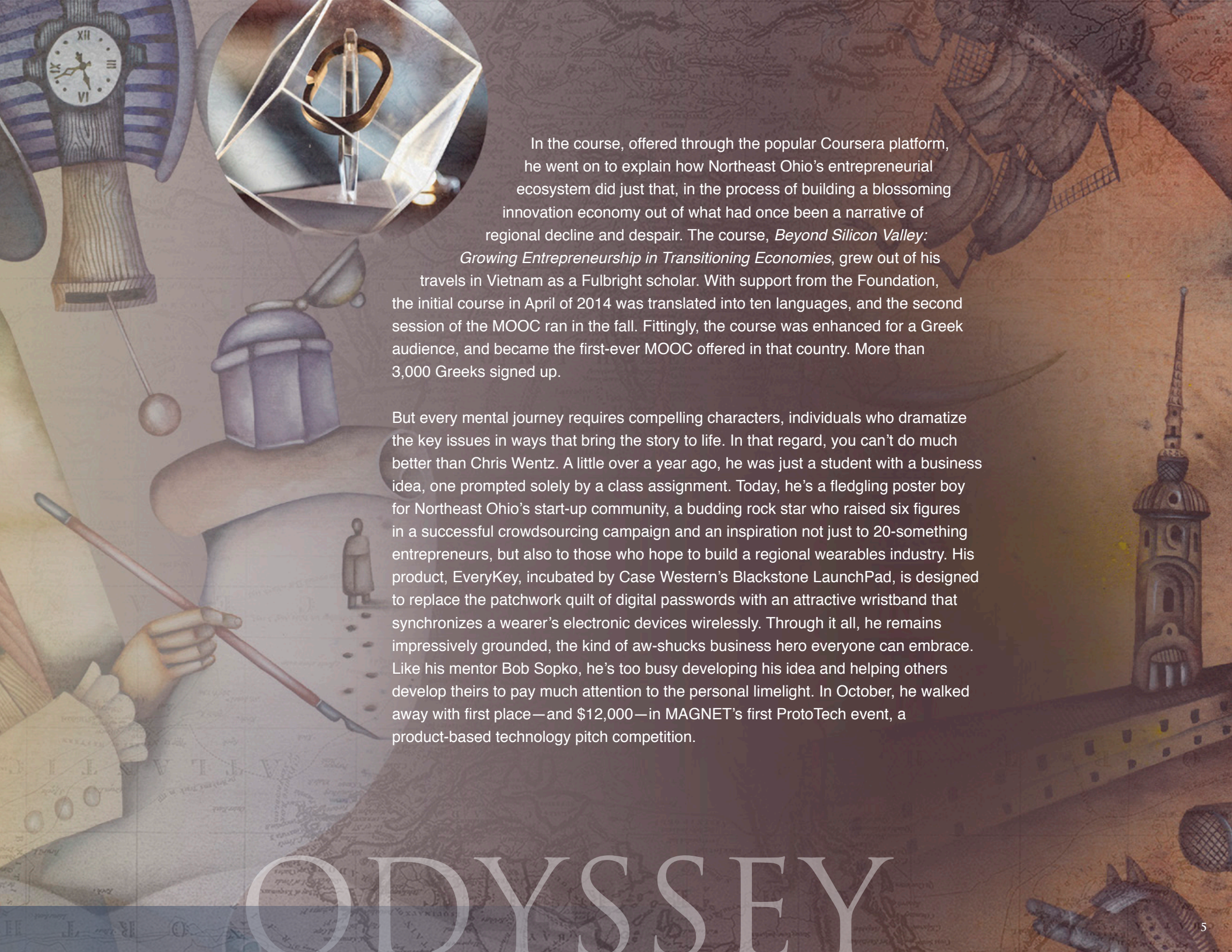
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VOYAGES OF THE HEART & MIND

When Homer wrote his classic epic poem *Odyssey* nearly 3,000 years ago, he summoned characters from his mind to tell a story about a Greek hero slowly returning home after a crushing military defeat. And yet the fruits of his imagination have become a building block of the Western world's literary canon, powerfully reverberating through the centuries in ways that perhaps no actual ancient journey ever could. As the shimmering global ideal of innovation ecosystems, California's Silicon Valley exercises its own gravitational pull on many, as they dream of constructing similar economic development engines in their regions. How else to explain the 23,000 participants from 183 countries who signed up for Case Western Reserve University professor Michael Goldberg's free six-week massive open online course, or MOOC, on the topic? "There's not a clear playbook to do this," Goldberg likes to say, but one thing is certain: it can only happen by taking the long view.



In the course, offered through the popular Coursera platform, he went on to explain how Northeast Ohio's entrepreneurial ecosystem did just that, in the process of building a blossoming innovation economy out of what had once been a narrative of regional decline and despair. The course, *Beyond Silicon Valley: Growing Entrepreneurship in Transitioning Economies*, grew out of his travels in Vietnam as a Fulbright scholar. With support from the Foundation, the initial course in April of 2014 was translated into ten languages, and the second session of the MOOC ran in the fall. Fittingly, the course was enhanced for a Greek audience, and became the first-ever MOOC offered in that country. More than 3,000 Greeks signed up.

But every mental journey requires compelling characters, individuals who dramatize the key issues in ways that bring the story to life. In that regard, you can't do much better than Chris Wentz. A little over a year ago, he was just a student with a business idea, one prompted solely by a class assignment. Today, he's a fledgling poster boy for Northeast Ohio's start-up community, a budding rock star who raised six figures in a successful crowdsourcing campaign and an inspiration not just to 20-something entrepreneurs, but also to those who hope to build a regional wearables industry. His product, EveryKey, incubated by Case Western's Blackstone LaunchPad, is designed to replace the patchwork quilt of digital passwords with an attractive wristband that synchronizes a wearer's electronic devices wirelessly. Through it all, he remains impressively grounded, the kind of aw-shucks business hero everyone can embrace. Like his mentor Bob Sopko, he's too busy developing his idea and helping others develop theirs to pay much attention to the personal limelight. In October, he walked away with first place—and \$12,000—in MAGNET's first ProtoTech event, a product-based technology pitch competition.

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BLAZING PATHWAYS

Every exotic journey benefits from having a guide, someone to help blaze a path through the unknown. As it considered its place in the new century, Oberlin College wanted to figure out how it could best guide its students to professional success after graduation. The college had long been a gateway to graduate education in many fields, but the leadership wanted to help students forge a more direct path to their careers. “We saw entrepreneurship as a powerful tool to link the things that our students are studying with its impact and resonance in the world,” says Andrea Kalyn, dean of the Conservatory of Music. “We wanted to help them find a way to put this Oberlin education into action, and help students imagine what they’re going to do with this great education,



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and to practice that—figure it out, experiment, make mistakes and recreate, that whole entrepreneurial process—while they’re students.” Kalyn had some personal background in this. “Musicians are told from birth, ‘there is no job for you. You’ll have to create your own.’” Since 2007, with support from the Foundation, Oberlin has been building a multidisciplinary Creativity & Leadership program. It now has an entrepreneur-in-residence and a director of entrepreneurship. The newest component is LaunchU, an annual start-up accelerator, boot camp, and pitch competition. After six years, she sees all the pieces coming together in a campus-wide mindset. “It’s kind of a magical thing.”

Economically vibrant regions tend to have a start-up culture, an environment conducive to such activity, fortified by a network of like-minded players that help young companies grow and prosper. As the Akron Global Business Accelerator’s Anthony Margida considered how his area might begin building such an environment, his team studied such successful models as Y Combinator, a software accelerator in Silicon Valley. “In less than ten years, they’ve created billions of dollars in wealth,” he says. Drilling a bit further, they noticed that those taking advantage of this support largely tended to be between the ages of 20 and 35. “We saw it as an opportunity to meet an unmet need,” he says. But planners wanted to first understand the need, from the grassroots level. They convened a cohort of a half dozen people from that demographic

group, and asked what they would like to see. The result is Bit Factory, an accelerator funded by the Foundation that will house eight to ten fledgling companies in 5,000 square feet of newly renovated space. Candidates for admission can come from the software, hardware, gaming, or mobile application sectors. Companies will be put through a six-month process, working with experienced “entrepre-mentors” and other seasoned coaches and advisors. Says Margida: “This represents an opportunity to support a whole new generation of entrepreneurs!”





WHERE THE IMAGINATION SOARS

Experts in creativity and human networks have long known that interesting things tend to happen at the intersection of intellectual disciplines and different life experiences. In other words, by structuring greater possibilities for imaginative people and ideas to collide, we create more vibrant possibilities, including stronger economies. That's been a guiding philosophy for Northeast Ohio's Ingenuity Fest, which recently celebrated its tenth anniversary. Over the years, organizers have noticed that the subject of entrepreneurship kept coming up among participants. "We were focused on unlikely conversations—maybe taking someone from the art world and someone from the corporate world," says the festival's executive director, Paula Grooms. And whenever that topic did surface, she says, "people were really engaged. What we learned is the lines are blurring between tech, science, engineering,



and manufacturing. All these areas are converging.” So with the support of the Foundation, the festival this year launched its first annual Engines of Ingenuity Summit, where those who like to let their imaginations soar mixed and mingled. In his keynote address, Dr. Jeff Duerk, dean of the Case Western Reserve University School of Engineering, expanded on the notion of structuring more creative ferment. “We can’t just be good at science and math. To be a good engineer, you also need an appreciation of aesthetics, design, and art.”

True imagination never rests. Instead, it requires constant reimagination; Bill Nemeth has put that idea into action since he recently became director of JumpStart’s Burton D. Morgan Mentoring Program. He took the reins of an already successful program, and has begun reimagining how it could work even better. An entrepreneur himself, he sold the software company he built, Mirifex Systems, and had already been serving as a mentor in the program. Now Nemeth is bringing that same practice of constant re-examination to the mentoring program. Since coming aboard, he has increased the size of the program, which now engages with about 60 companies, by leveraging the talents of nearly as many mentors. He has also introduced a lean start-up philosophy to the program’s operation, along with an assessment continuum approach that “allows us to look across the companies at the seven critical success factors.” He’s even supplemented the stable of mentors with those who bring functional expertise in key areas—including big data, supply chain management, healthcare process, IT consulting, and product design. He says he’ll judge his own progress the way the program’s experienced mentors judge their own. “Their sole measuring stick is that the time they donate correlates to progress for the companies they’re working with. They want to know that they’re having an impact.”

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ADVENTURES IN LEARNING

A young boy named Quinn hugs the floor at Barberton Elementary, intently studying his fan-driven car, which he's fashioned from spare parts. He did something right, since it goes both fast and straight. Welcome to Camp Invention, a program that introduces kids to creativity and innovation during week-long summer sessions. "There are a lot of great programs for middle school," says Hannah Paulin, of the National Inventors Hall of Fame, the program's creator. "But if you don't catch kids by the fourth grade, especially girls, it's tough." Camp Invention has been doing this since long before STEM was cool or anyone heard about fab labs or the maker movement. It all began in 1990 with a single school in Akron. Today, 83,000 kids annually take part in more than 1,300 camps

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in 49 states, with the Foundation funding camps in Northeast Ohio.

“A key part of this program is to let kids know that they don’t have to spend a lot of money to be creative and inventive,” says Paulin. The curriculum encourages kids to use all five senses, and was built around input from actual inventors. Kids bring broken appliances from home and reengineer them into something new. They also keep inventor’s logs and file real patent applications. At week’s end, they display their inventions at a public showcase, where parents are welcome. One of the high points of the week is watching video interviews with real inventors. The kids’ eyes dance a little as a young inventor in the video asks, “If you were to invent something that could change somebody’s life, what would it be?”

Creativity is also in the air at University Circle. As it prepares to celebrate its 150th anniversary, the Western Reserve Historical Society is taking a fresh look at how it lives out its mission—telling a region’s story. Northeast Ohio’s entrepreneurial past is a big part of that narrative. WRHS leaders partnered with the Cleveland schools, offering to deliver classes about entrepreneurial history to every fourth, fifth, and sixth grader in the district. As it began creating a curriculum, with support from the Foundation, WRHS surveyed counterparts across the country, looking for useful models. Finding none, it decided to build its own. The institution is well resourced for the job, housing more than 300 collections related to corporate and industrial history. It also boasts the Crawford Auto-Aviation collection, which uniquely brings manufacturing history alive for kids. “We try to instill in students a recognition that, ‘hey, you can do this too,’” says CEO Kelly Falcone-Hall. Meanwhile, the Society intends to become more entrepreneurial itself. “Our goal is to be self-sustaining.” Rather than just selling hot dogs in its café as it always had, the Society recently offered a wider assortment of cuisines in connection with historic reenactments of Civil War battles at Hale Farm and Village, earning more than \$15,000. It’s also considering licensing the school curriculum to other historical societies. “The Burton D. Morgan Foundation just reinvigorated our thinking about the future.”





OPTIMIZING DETOURS SURMOUNTING IMPEDIMENTS

Entrepreneurship is a little like gymnastics and belly dancing—it rewards extreme flexibility. One thing that seems to distinguish successful entrepreneurs from others is their ability to constantly learn and adapt. They don't remain stubbornly wedded to their initial ideas, but instead respond to stimuli from the market and elsewhere and adjust their idea to that input. The Blackstone LaunchPad crew at Case Western Reserve University learned that lesson again at their Startup Weekend, over the Labor Day holiday. At the start of festivities on Friday, the buzz in the Thwing Center lobby was palpable, with nearly 100 aspiring student entrepreneurs gathered. By Saturday, however, things looked different. "Yesterday at about noon I was getting pretty worried," Blackstone LaunchPad director Bob Sopko admitted on Sunday, at the judging and awards presentation. In the process of honing their idea into a presentation, some had quit. "But that's just part of the journey," he said. More worrisome, though, was that among the teams that remained, few of the concepts seemed especially crisp. And yet, in just over a day, with tips from coaches and mentors, the students triumphed by pivoting and refocusing their ideas.



A number of impressive, polished plans resulted—everything from web comic publishing platforms and virtual note-sharing ecosystems to high-temperature sensors that leveraged years of funded university research. Emerging as the winner was a stylish female-led group that developed a sophisticated idea, which they called Trendenza, for personalized shopping recommendations, after surveying department store shoppers during the weekend. The young team had turned a challenge into a crowning initial stage of success.

Sam Roberts, a Boston native, also knows something about strategic pivoting. After earning his degree in engineering, he initially worked on next-generation systems at a Northeast Ohio company, Paragon Robotics, as a Venture for America fellow. VFA offers gifted recent college graduates a chance to explore an avenue—entrepreneurial organizations—they might not otherwise consider. The companies, in turn, benefit from the kind of talent they might not ordinarily be able to recruit on their own. In the last two years, with support from the Foundation, more than a dozen VFA fellows have populated the region’s most promising start-ups.

According to Sam: “What I really liked about VFA is they put me in a small company, where I was exposed to everything—programming, development, and even R&D testing. I was a little out of my comfort zone, but I liked that.” Fortified by that experience, he recently made the difficult decision to leave that company and start his own, which was accepted in the Bizdom accelerator. He and a partner decided to give it their full attention. “And we did a pivot, transitioning to building a whole virtual career-services platform.” VFA’s mission is supporting entrepreneurial start-ups and retaining young talent in a region, and so they proudly supported him in continuing his VFA fellowship.

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ENVISIONING THE JOURNEY

Throughout the centuries, the boldest explorers—those whose names are etched in history—tended to have a mental vision of what they were aiming for long before they took any tangible steps toward that dream. You could say their vision animated their action. Entrepreneurship is like that as well. Before you can do it, you need to envision it. The Entrepreneur Institute’s Young Entrepreneur Market takes that concept seriously, by helping young would-be entrepreneurs envision the process and then coaching them on the most efficient trajectory. Reka Barabas, who heads YEM, marvels at how one of her students has methodically developed a customer base for his venture, Hola Granola.



The University School seventh grader gave out granola as gifts, including to his teachers, and got enthusiastic responses. “So when I had to think about a product for my entrepreneur club, I thought, ‘why not do something I have experience with and have gotten input on?’” After attending several farmers markets, he now has about 100 customers, “and about 24 really loyal customers who email me and ask, ‘when’s the next sale?’” He makes his product at his nearby church, because it has an industrial kitchen, and donates 10 percent of the proceeds to charity. To accommodate customers with nut allergies, he’s now experimenting with a recipe for granola made from pumpkin seeds. “I’d like to grow this, but I also want to tie it into my other interests, like coding.” He credits his grandfather, an entrepreneur himself, as a crucial guide on his youthful voyage of discovery. “He’s really big on perseverance. He believes that’s more important than wisdom, smarts, or creativity.”

Global Entrepreneurship Week, which takes place each November, is a way of reminding entrepreneurs, aspiring and otherwise, that they’re part of an international community, a global network of bold dreamers who are also doers. As the Foundation’s Angela Kwallek Evans puts it: “We have to create environments that are conducive to tinkering, inspiration, and creation. When people feel like innovators, they can bring new ideas to life, devise new pathways for themselves, and help their communities.” The Foundation sponsored a series of events to emphasize that theme. As many as 70 people showed up at the Hudson Library & Historical Society for the second annual entrepreneurs’ pitch competition. Designed with a format similar to the wildly popular television show *Shark Tank*, judges included such luminaries as Youngstown Business Incubator’s Jim Cossler and former JumpStart president John Dearborn. Beegit, a content software start-up, emerged with the top honors from a field of six finalists. Fittingly enough, the start-up had to first overcome a significant hurdle before claiming the \$3,000 cash prize. CEO Mike Cottrill usually handles such presentations, but on the morning of the event, he and his wife were welcoming their first child into the family. So co-founder J.D. Eaton filled in for him, and by that evening, Beegit had claimed the \$3,000 first-place cash prize, making it a banner day for the Cottrill family.

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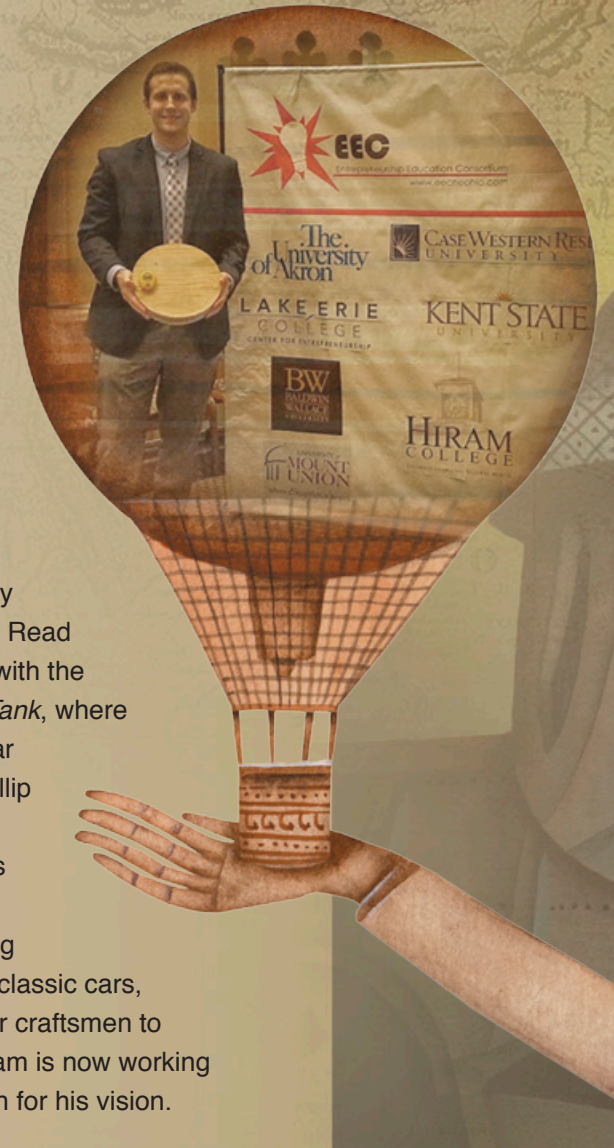
CURIOSITY AS YOUR GUIDE

In the era before there were truly useful maps of the great beyond, hardened explorers departed their shores more with a sense of adventure and purpose than any real confidence about what they might find. Lacking an authoritative atlas to what lay ahead, they instead let boldness and a sense of curiosity be their guide. Teachers and mentors who participate in two regional programs, Immersion Week and ideaLabs, are trying to instill that same sense of unbridled adventure and exploration in the undergraduates who take part.

They proceed from a shared conviction that helping young people explore entrepreneurship is hardly a job solely for business schools, but should be the interdisciplinary work of the entire academy. Says Hiram College's Kay Molkentin, who oversaw this year's Immersion Week, held at The University of Akron: "We really focus on teaching students the process—creativity, innovation, coming up with the idea, analyzing the opportunity, the market, and figuring out how to get to launch."

While successful start-ups are nice—and there have been some notable companies to grow from this event, including Fresh Fork Market—that’s not really the main goal. “We’re not about the next Google or the next iPad or the next Facebook. Our number one thing is learning about the process and giving students a chance to have a hands-on experience. It’s really about thinking with an entrepreneurial mindset—to think innovatively, creatively, recognizing opportunity, and being able to take action.”

Originally designed as a feeder program for Immersion Week, ideaLabs is a competition held each spring for students from each of the 11 schools that comprise the Entrepreneurship Education Consortium, a key grant program of the Foundation. But unlike, say, pitch competitions, “ideaLabs is all about an early concept for a business, and an early concept is really a feasibility analysis,” says Read Wakefield of Ashland University, which hosted the 2013 competition. In keeping with the event’s educational thrust, “the judges will give feedback, but it’s not like *Shark Tank*, where they eat you alive. Instead, it’s constructive.” The concepts that emerged this year were intriguing, perhaps none more so than one hatched by Ashland student Phillip Metcalf. He remanufactures classic cars built before World War II, combining technology with expert craftsmanship. “I grew up in the industry—my family owns an auto restoration shop,” he explains. “I was brainstorming about a business plan for my entrepreneurship class, and one day when I was walking around a big auto parts flea market with my dad, it hit me.” He’d launch a company to restore classic cars, using a blend of old and new—modern computer-aided design and Amish master craftsmen to make intricate wood models that are later used to guide metal machining. His team is now working on restoring its eighth car. He says attending ideaLabs was a major breakthrough for his vision.



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RECOGNIZING CROSSROADS

Any long sojourn will at some point bring the traveler to a crossroads, the place where she must decide which direction to go, which path to take. The past isn't necessarily a useful guide. One's own educated instincts may be the only escort available. Lemonade Day, a signature program of the Foundation, reached such an intersection in Northeast Ohio, and decided to learn from the program's national model, but further experiment with a model of growth that seemed better suited to this region. "Our growth and delivery model is different than other regions—about three dozen in the U.S.—that offer Lemonade Day, because we've chosen to partner with organizations such as the Girl Scouts, Junior Achievement, and certain schools that do the teaching themselves," says Jessie Jones, Lemonade Day's regional director for Northeast Ohio.

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The full experience, which includes kid-friendly lessons about how to establish a business, is critically important. “Our model enhances accountability. We know they went through every step of the process.” With committed sponsors, “it becomes more embedded in the community, with schools and other sponsors taking part each year, which builds buzz.” Northeast Ohio was in a position to craft its own tailored delivery model because of its robust infrastructure of support for entrepreneurship education, much of which is supported by the Foundation. And Lemonade Day keeps growing. The newest partner is the Cuyahoga County Library system, which will be offering its 39 branches the opportunity to take part in Lemonade Day. The Solon branch piloted the program last year, and the response was immediate; the 25 available slots were filled within 24 hours!

When you come to an intersection in the road, it’s important to recognize it. That’s the case with Kent State’s Fashion School and its internationally renowned Liquid Crystal Institute. A few years ago, the Foundation invested in helping the Fashion School and the Institute collaborate to explore promising commercial opportunities at the intersection of fashion and technology. Now, that conversation is being renewed in a bigger way, with the world’s premier fashion hackathon, planned for January 2015. The event will be far bigger than the one Kent State hosted the previous year, drawing participants from across the United States. The event’s audacious ongoing goal is worthy of any legendary explorer: the creation of a new regional industry cluster centering on wearables. With the introduction of such innovations as Google Glass, Fitbit, and others, few sectors of the economy are hotter at present. “Wearables can extend to software, healthcare applications, and so much more,” explains Kate Harmon, associate director of Blackstone LaunchPad at Kent State University. The university is inviting flexible electronics manufacturers aboard the voyage and trying to form a wearables consortium. Says Kate: “We see this as a regional event. We’re trying to fully engage the region in seeing the talent and all the opportunities at this intersection.”



YOUTH ENTREPRENEURSHIP

Boys and Girls Clubs of Cleveland Urban garden entrepreneurship program	\$102,213
Consortium for Entrepreneurship Education National entrepreneurship conference	\$10,000
Emmanuel Christian Academy Summer entrepreneurship camp	\$23,800
Entrepreneurial Engagement Ohio Economics and entrepreneurship program	\$25,000
Gilmour Academy Entrepreneurship programming	\$4,000
Girl Scouts of North East Ohio Girl Scout Cookie Rally	\$10,000
Great Trail Council Boy Scouts of America Entrepreneurship merit badge program	\$7,000
Invent Now Camp Invention programs	\$114,400
Junior Achievement of East Central Ohio Entrepreneurship programming	\$40,000
Junior Achievement of Greater Cleveland Entrepreneurship programming and Economic Education Listening Tour	\$50,000
Junior Achievement of Mahoning Valley Entrepreneurship programming	\$50,000
Junior Achievement of Mahoning Valley Entrepreneurship programming challenge grant	\$5,000
Junior Achievement of North Central Ohio Entrepreneurship programming	\$85,000
Learning About Business Summer entrepreneurship program	\$10,000
The Lippman School Curriculum development for entrepreneurship project	\$5,000
Painesville City School Summer business education programming	\$2,695
Prepared 4 Life Lemonade Day Northeast Ohio	\$10,000
Shaker Heights Development Corporation Business plan competition for high school students	\$9,950
The University of Akron Foundation BEST Medicine Engineering Fair	\$5,000
University School Lemonade Day Northeast Ohio	\$70,000
University School Entrepreneurship Institute programs and endowment	\$306,500
Walsh Jesuit High School Entrepreneurship "Explorer Lab"	\$6,050
Western Reserve Historical Society Entrepreneurship education for students in CMSD	\$125,857
Youth Opportunities Unlimited E CITY entrepreneurship program	\$30,000
Total for Youth Entrepreneurship Grants	\$1,107,465

COLLEGIATE ENTREPRENEURSHIP

Ashland University Entrepreneurship programming	\$21,700
Blackstone LaunchPad Initiative Programs at Baldwin Wallace University, Case Western Reserve University, Kent State University, and Lorain County Community College (2 years)	\$1,069,750
Case Western Reserve University IP Venture Clinic for student entrepreneurs (3 years)	\$679,400
The College of Wooster Entrepreneurship program	\$100,000

Entrepreneurship Education Consortium Entrepreneurship Immersion Week and ideaLabs competition	\$95,000
Hiram College The Center for Integrated Entrepreneurship support	\$35,000
John Carroll University Entrepreneurship programs (2 years)	\$51,450
LaunchTown Business idea competition	\$10,000
National Association for Community College Entrepreneurship Conference support	\$9,882
Northeast Ohio Council on Higher Education Entrepreneurial internship program	\$50,000
Northeast Ohio Medical University Foundation Entrepreneurship seminar	\$6,774
Northeast Ohio Student Venture Fund Student-run investment fund for startup ventures	\$125,000
Oberlin College Endowment for entrepreneurship programs	\$500,000
Purdue University Entrepreneurship programs (2 years)	\$200,000
Summer on the Cuyahoga Internship programming	\$12,400
The Entrepreneurs EDGE EDGE Fellows summer intern program	\$50,000
The University of Akron Research Foundation Innovation Practice Center (2 years)	\$200,000
University of Massachusetts-Lowell Entrepreneurship symposium	\$5,000
Total for Collegiate Entrepreneurship Grants	\$3,221,356

ADULT ENTREPRENEURSHIP

Akron Area Arts Alliance Artist as Entrepreneur Institute in Summit County	\$10,000
Akron Community Foundation Growth & Opportunity Initiative	\$5,000
Akron Development Corporation Incubator for startups	\$150,000
Akron SCORE Administrative and marketing support	\$30,000
Akron Urban League Partnership for the Minority Business Accelerator (PMBA) Class VI	\$20,000
Bad Girl Ventures Expenses to attend entrepreneurship symposium	\$1,036
Bad Girl Ventures Operating support (Cleveland) and marketing (Summit County)	\$25,000
BioEnterprise Business development, internship program, exploration of earned income opportunities	\$275,000
BioEnterprise Business development and entrepreneurial assistance program	\$50,000
Canton Regional SCORE Workshops for small businesses	\$5,000
Cleveland Festival of Art and Technology Ingenuity Spark Plug Festival	\$5,000
Economic and Community Development Institute Microlending in Summit County	\$100,000
Forward Cities National Learning Collaborative National collaborative between cities of innovation	\$10,000
Fund for Our Economic Future Gazelle Initiative - Phase II	\$150,000
Hudson Library & Historical Society Entrepreneurship programming and equipment (2 years)	\$56,000
Hudson Library & Historical Society Global Entrepreneurship Week activities	\$10,000
ideastream Nightly Business Report sponsorship and Campaign for Community	\$50,000
ideastream Prize money for SEA Change competition	\$10,000
Kent State University Small Business Development Center programming	\$5,000
Manufacturing Advocacy & Growth Network ProtoTech pitch competition	\$5,000
Venture for America Venture for America Fellowship program in Northeast Ohio	\$150,000
Western Reserve Public Media START UP television program	\$10,000
Total for Adult Entrepreneurship Grants	\$1,132,036
HUDSON AND COMMUNITY	
Akron Art Museum Town Hall Series	\$15,800
Akron Zoological Park Veterinary equipment and supplies	\$20,000
Akron-Canton Regional Foodbank Operating support	\$5,000
American Red Cross of Summit & Portage Counties Local disaster relief	\$10,000
Boys and Girls Clubs of the Western Reserve Computer equipment for Eller Teen Club	\$5,200
City of Hudson Production of "Good Day in Hudson" on Hudson Cable TV	\$1,200
Cuyahoga Valley Youth Ballet Equipment for costume archiving, inventorying and repairs	\$3,000
Downtown Akron Partnership Akron Art Prize	\$10,000
First Congregational Church of Hudson Operating support	\$10,000
Friends of 91.3 Radio broadcast booth in Akron Children's Hospital for use by pediatric patients	\$10,000
The Foundation Center Examination of grantmaking, scholarships and development of learning opportunities	\$7,500
Grants Managers Network Operating support	\$1,000
Habitat for Humanity Summit County Support for the Hudson Coalition	\$10,000
Hudson Bandstand Hudson Summer Music Festival	\$2,500
Hudson City Schools Hudson Community Tennis Center	\$25,000
Hudson City Schools Hudson school programs (3 grants)	\$17,500
Hudson Community First Career Panel and Intern for a Day program	\$10,000
Hudson Community Foundation July 2014 fireworks display	\$5,000
Hudson Community Foundation Summer 2014 outdoor movie series	\$5,000
Hudson Community Service Association Assistance for Hudson residents in need and 2014 holiday lights	\$9,000

HUDSON AND COMMUNITY

Hudson Job Search	
Operating support	\$10,000
Hudson Rotary Foundation	
Hudson High School Scholarship Fund	\$2,000
Hudson United Methodist Church	
Appalachian Service Project Mission	\$5,000
Keep Akron Beautiful	
Customized van for the Flowerscape crew	\$25,000
Leadership Akron	
Burton D. Morgan Entrepreneurial Scholars program	\$10,000
Music from the Western Reserve	
Operating support	\$10,000
Open M	
Commercial stove	\$5,500
Philanthropy Ohio	
Operating support (2 grants)	\$17,286
Seton Catholic School	
Youth philanthropy program with Laurel Lake Retirement Community	\$2,500
Summit County Historical Society	
Stone fence repair at the John Brown House	\$10,000
Taste of Hudson	
Taste of Hudson event	\$9,500
Western Reserve Academy	
Portrait of Burton D. Morgan	\$5,200
Western Reserve Academy	
Burton D. Morgan Leadership Program (2 years)	\$110,000
Other Community Grants	\$10,950

Total for Hudson and Community Grants **\$415,636**

SUBTOTAL FOR ENTREPRENEURSHIP-RELATED

GRANTS (Youth, Collegiate, and Adult)

\$5,460,857

SUBTOTAL FOR HUDSON AND COMMUNITY GRANTS

\$415,636

SUBTOTAL FOR DISCRETIONARY GRANTS

\$785,600

GRAND TOTAL

\$6,662,093

Note: Listed grants reflect grants awarded, but not necessarily paid, in 2014. Multi-year unconditional grants awarded in a previous year are not included, even if partial payment was made in 2014. All conditional and challenge grants that were satisfied in 2014 are included, regardless of the year approved. Amounts might vary from Financial Summary due to grant modifications. Grants paid in 2014 totaled \$5,778,643.

FINANCIAL SUMMARY

Statement of Position

Year Ending December 31, 2014

Assets

Cash or Equivalents	\$144,600
Other Current Assets	124,400
	<u>269,000</u>

Program Related Investment 30,000

Investments at Market

Cash or Equivalents	13,960,000
Equities	69,926,200
Exchange Traded Funds	38,562,500
Mutual Funds	5,489,600
Alternative Investments	26,963,500
Private Equities	342,200
Real Estate	2,924,900
Equipment and Furnishings	112,700

Total Assets **\$158,580,600**

Liabilities and Net Assets

Liabilities

Current Liabilities	\$1,974,900
Long Term Liabilities	725,000
	<u>2,699,900</u>

Net Assets

Unrestricted Net Assets	155,880,700
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Total Liabilities and Net Assets **\$158,580,600**

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.

Statement of Activities

Year Ending December 31, 2014

Income

Contributions	\$50,000
Dividends, Interest and Other Income	2,962,500

Total income **\$3,012,500**

Expenses

Program

Grants Awarded	\$6,662,100
Direct Charitable Activities	3,900
Program Support	834,900

Investment

Investment Management Fees	310,600
Investment Consultant Fees	88,900
Bank Custodial Fees	52,900
Excise Tax	230,000

Other

Management and General Communications	380,900
Events	38,500
Insurance Premiums	37,300
Consulting	23,200
Professional Services	30,700
Miscellaneous Expenses	27,200
Depreciation	13,300
	<u>144,300</u>

Total Expenses **8,878,700**

Expenses in Excess of Revenue	5,866,200
Realized Gains on Investments	10,003,800
Unrealized Gains on Investments	526,800

Change in Net Assets **\$4,664,400**



ODYSSEY

Beyond Silicon Valley MOOC | April and October

The Foundation embarked on two six-week virtual adventures with Case Western Reserve University and its MOOC, *Beyond Silicon Valley: Growing Entrepreneurship in Transitioning Economies*, produced by Michael Goldberg. Through the MOOC, the Foundation interacted with over 20,000 entrepreneurial thinkers living in close to 200 countries including Spain, Brazil, Morocco, Haiti, & Vietnam.



New York City, Demo Day | October

We accompanied our Ohio-based Blackstone LaunchPad campuses to Demo Day in New York to cheer for student ventures and compare lessons learned with other Blackstone schools from across the nation.



Palm Springs CA, EY Entrepreneur Awards Celebration | November

We celebrated with hundreds of other EY 2014 Entrepreneur of the Year Award recipients from North America. The Foundation was recognized as Northeast Ohio's Entrepreneur of the Year in the Education and Nonprofit category & we express deep gratitude to Ernst & Young for this recognition of the Foundation's work supporting start-ups in our region.



Global Entrepreneurship Week | November

The Foundation, Hudson Library & Historical Society, Destination Hudson, Hudson Chamber & City of Hudson launched a collaborative celebration of Global Entrepreneurship Week featuring a Pitch Night, national speaker, and teen programs, connecting our Hudson Ohio community with entrepreneurial communities around the world.



New Orleans, LA, Forward Cities | December

The Foundation joined the Forward Cities Learning Collaborative in New Orleans at a convening of leaders & change-makers from Cleveland, Detroit, Durham & New Orleans to explore the essential elements of place-based entrepreneurship & innovation.



THE FOUNDATION'S 2014 TRAVEL ODYSSEY

THE JOURNEYS OF OUR TRUSTEES



Keith A. Brown graduated from Purdue University with a B.S. in Industrial Management. He joined Donn Corporation, a manufacturer of commercial interior building materials. In 1987, he founded Chimera Corporation as a holding company to facilitate acquisition of low- to medium-technology businesses. He served on the Board of USG Corporation and Myers Industries. Keith is a current member of the Board of Trustees of Nova Southeastern University in Florida. (*1995)



J. Martin Erbaugh earned degrees from Denison University and Case Western Reserve University School of Law. He served as Director of Legal Affairs at Kent State University and a General Manager of Davey Tree Expert Company. He was Founder and CEO of Erbaugh Corp. (dba Lawnmark) and today is President of the JM Erbaugh Co., a private investment firm focusing on real estate development. Marty currently serves on the Board of Lorain National Bank and is a Trustee of Denison University. (*1990)



Patrick T. Finley graduated from The University of Akron with a B.S. in finance. He is managing partner of OMNI Property Companies, a commercial real estate development firm. Currently, he is Chairman of the Board of North Coast Community Homes. Pat previously served on the Cuyahoga County Library Foundation Board and volunteered in classrooms for Junior Achievement. In 2014, Pat and his father climbed Mt. Kilimanjaro, raising funds for North Coast Community Homes. (*2012)



Stanley C. Gault graduated from The College of Wooster and has had three distinguished business careers: Senior Vice President of General Electric Company; Chairman and CEO of Rubbermaid Incorporated; and Chairman and CEO of The Goodyear Tire & Rubber Company. He was a Director and Chairman of the Board of Avon Products, Inc., and a Director of The New York Stock Exchange. He also served as Chairman of the National Association of Manufacturers. Stan is Chairman Emeritus of the Board of Trustees of The College of Wooster. (*1994)



J. Michael Hochschwender holds an M.B.A. from Wharton School of Business at the University of Pennsylvania and a B.A. degree from Tulane University. Currently, he is President and CEO of The Smithers Group. He also served five years with the U.S. Navy SEAL Teams, deployed to Southeast Asia and the Middle East. Mike is currently serving on the Boards of FirstMerit Bank N.A., Ohio Foundation of Independent Colleges, and The University of Akron Foundation. (*2012)



Mark D. Robeson received his B.A. from Wittenberg University and his M.B.A. from Pepperdine University. With more than 22 years in financial markets and a focus on capital markets and investment management, he has held positions with the industry's leading firms including Merrill Lynch, Citicorp, Barclays Global Investors (Blackrock), and Wells Fargo Bank. Today he is a Sales Director at Wells Capital Management in San Francisco. Mark is a grandson of Burton D. Morgan. (*2001)



Richard N. Seaman graduated from Bowling Green State University, with a B.S. and an M.B.A. He began his career at Seaman Corporation in 1968, currently serving as Chairman and CEO. Under his leadership, this industrial fabric business has grown more than fifteen fold. Richard serves as a Commissioner of the Ohio Third Frontier, the state's investment initiative in innovation and entrepreneurship. He also serves on the Board of Trustees of The College of Wooster and the Dana-Farber Cancer Institute in Boston. (*2000)

2014 STAFF

Deborah D. Hoover
President & CEO

Denise M. Griggs
Vice President & CFO

Leslie G. Nelson*
Senior Program Officer

Alison J. Burner*
Program Officer

Victoria U. Broer
Program Officer

Angela Kwallek Evans
Program Officer

Emily M. Bean
Program Officer

Gina M. Dotson
Grants Manager & Social Media Coordinator

Sharon K. Lingo
Office Manager

Diane V. Rafferty
Executive Assistant



(*Denotes year Trustee joined the Board)

(*Through spring 2014)



The
Burton D. Morgan
Foundation

Committed to the Free Enterprise System®

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