



Strengthening Northeast Ohio's Economic Competitiveness

The Fund for Our Economic Future is a multi-year collaboration of organized philanthropy in Northeast Ohio formed to encourage and advance a common and highly focused regional economic development agenda that can lead to long-term economic transformation in ways that recognize the importance of core cities, including diversity and quality of life. This will be accomplished by convening key stakeholders, tracking overall regional progress and backing key initiatives.

Dear Friends of the Fund,



2008 is a year of transition for both the Fund for Our Economic Future and for regionalism in Northeast Ohio. We are confident that the outcome of both transitions will be a stronger, more globally competitive region.

In March 2008, our collaboration underwent its first transition in board leadership since philanthropy united in 2004 to help strengthen our region's economic competitiveness through grantmaking, research and civic engagement. We are proud to jointly share with you our perspective of the Fund's success over the last year and our outlook on the work ahead.

The Fund's grantmaking stoked the fires of economic competitiveness in the region and helped produce such encouraging outcomes in 2007 as:

■ **\$46 million in new annual payroll and more than 1,500 new jobs**

■ **\$318 million in growth capital raised by the region's most promising companies, more than twice the capital raised in 2006**

■ **\$124 million in state investment through the Third Frontier Program**

Northeast Ohio is building exciting new industries, growing new enterprises and attracting new companies that promise a stronger economic future. These successes and many others came despite persistent pressures that challenge the region's economy. Ultimately, the Fund's success will be determined by our ability to help unite the region to ease those pressures and accelerate economic growth. In 2007, we made significant progress by building awareness and support for **Advance Northeast Ohio**, the region's economic action plan.

Advance Northeast Ohio

is a set of regional initiatives that is both improving the region's economic competitiveness and building greater loyalty to the region. Increasing support for regional approaches to our challenges is vital, particularly as the Fund's research and civic engagement efforts in the areas of government, education and inclusion transition from the evaluation and development phase to implementation.

In the months ahead, the Fund will work with its partners to build support for regional initiatives to:

■ **Connect growing employers to the talent, capital and innovation they need to succeed**

■ **Provide all residents, especially those who have been traditionally disadvantaged, access to the educational and economic opportunities that assure lifelong employability**

■ **Improve the efficiency and effectiveness of government**

Thanks to your ongoing support and participation, we are confident that the Fund will continue to demonstrate to the region that when we collaborate and share we can build a stronger economy and a brighter future for Northeast Ohio.

Warm wishes,

A handwritten signature in black ink that reads "Rob Briggs".

Rob Briggs
Chair (2004-March 2008)

A handwritten signature in black ink that reads "David Abbott".

David Abbott
Chair



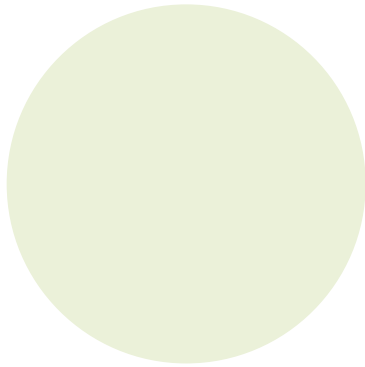
The Fund for Our Economic Future unites philanthropy in Northeast Ohio to strengthen the region's economic competitiveness through **GRANTMAKING, RESEARCH and CIVIC ENGAGEMENT.**

Grantmaking Research Civic Engagement

The Fund for Our Economic Future's grantmaking is targeted in four action areas:

- **Business Growth & Attraction**
- **Talent Development**
- **Growth through Racial & Economic Inclusion**
- **Government Collaboration & Efficiency**

The majority of grants are awarded to regional economic development organizations. The Fund also awards grants to accelerate the development of regional approaches to Northeast Ohio's economic development priorities.



Business Growth & Attraction

TOTAL FUND SUPPORT:
\$5.3 million

MISSION: Form, recruit, accelerate and grow health care and bioscience companies.

UPDATE: In the past 12 months, 36 BioEnterprise companies received investments totaling \$271 million, far exceeding any previous totals and placing Northeast Ohio first among all Midwest regions. The increased flow of quality deals has convinced four national VC firms to open offices in Cleveland and the region's increased vibrancy and national visibility has helped attract five non-Ohio companies to the area. Lastly, the overall bioscience business infrastructure from Cleveland's core to the center of Akron continues to grow across the region.

www.bioenterprise.com

TOTAL FUND SUPPORT:
\$6.75 million

MISSION: Accelerate growth of early-stage businesses and ideas into venture-ready companies.

UPDATE: JumpStart portfolio companies raised more than \$14 million in follow-on capital since July 2007 – \$33 million since inception – validating their commercialization potential and progress. JumpStart's first Cleveland Angel Fair in November hosted 160 attendees and 12 companies presented their business plans to investors from Northeast Ohio and neighboring states. The 2007 Venture Capital Report for the Cleveland Plus region, a joint effort of JumpStart, BioEnterprise and NorTech, revealed that Northeast Ohio companies raised \$318 million in capital – twice the amount raised in 2006.

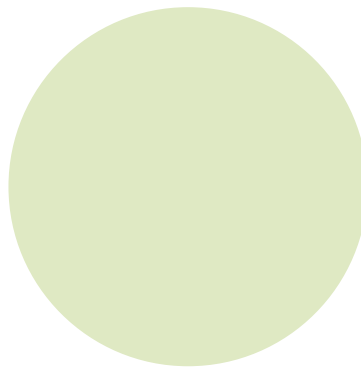
www.jumpstartinc.org

TOTAL FUND SUPPORT:
\$1.7 million

MISSION: Support, educate and champion manufacturing in Northern Ohio.

UPDATE: MAGNET partnered with NorTech to launch the Innovation Accelerator, with 125 companies attending the opening event. Additionally, MAGNET's first Competitiveness Challenge, which evaluated projects from 13 companies generating \$28 million in economic impact, named as its winners: McNeil Industries, Astro Manufacturing & Design and MTD Products, Inc. *The Plain Dealer* published a special section highlighting the participants.

www.magnetnetwork.org



TOTAL FUND SUPPORT:
\$5.9 million

MISSION: Lead, link and leverage the region's technology and innovation assets to build a globally competitive regional economy.

UPDATE: NorTech partnered with MAGNET to launch the Innovation Accelerator to stimulate innovation in small and medium-size manufacturers in Northeast Ohio, with the goal of generating \$5 million in economic impact. NorTech also launched TechLift to provide business advice to growing technology companies in targeted industries. Since mid 2007, TechLift's five signature entrepreneurs-in-residence have provided 200 regional technology entrepreneurs with 2,700 hours of support and services, with expectations to provide 7,000 hours of support in 2008.

www.nortech.org

TOTAL FUND SUPPORT:
\$5.6 million

MISSION: Increase high quality lead flow for companies interested in locating or expanding in Northeast Ohio by marketing the region and providing site selection services.

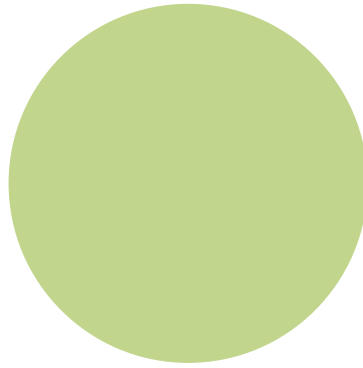
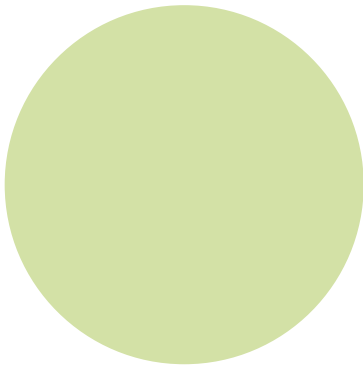
UPDATE: Outperforming its metrics by more than 200 percent in the past year, Team NEO attracted 95 new qualified business investment opportunities and worked on projects that attracted \$46 million in new annual payroll, accounting for more than \$90 million in economic impact region-wide annually. It also launched the Cleveland Plus marketing campaign with regional partners, and developed personal relationships with more than half of targeted site selection consultants.

www.teamneo.org

I Talent Development

TOTAL FUND SUPPORT:
\$120,000

The Fund joined with three foundations to invite a diverse group of leaders from throughout the region to re-imagine the education of Northeast Ohio's youth (focusing initially on 15- to 25-year-olds) to prepare them to succeed in the 21st century. The leaders met in February to begin the process of identifying potential initiatives for the region to pursue. The group's aspiration is to create a movement to change the region's culture as it relates to education. The leadership group is scheduled to reconvene in May 2008 to continue its work.



**Minority Business
ACCELERATOR 2.5+**

NEO | SO

**I Growth through
Racial & Economic
Inclusion**

TOTAL FUND SUPPORT:
\$1 million

MISSION: Increase the capacity of existing minority-owned enterprises so that they can significantly boost sales and employment.

UPDATE: The Accelerator, officially launched in January 2008, is currently accepting applications from minority companies. Since the launch, it has received high levels of traffic on its Web site and 10 inquiries from minority businesses, of which two signed up and three have high potential to move forward. The Accelerator aims to sign on 10 minority businesses this year.

www.mbaccelerator2-5.com

**I Government
Collaboration &
Efficiency**

TOTAL FUND SUPPORT:
\$1.3+ million

MISSION: Aggregate the buying power of public sector entities (including municipalities, school districts, counties, special districts, colleges and universities) across the region to achieve best-in-class pricing and improved service levels for products, services and back office functions.

UPDATE: Since January 2007, NEO | SO has nearly doubled to 68 members, who are saving anywhere from 10-30 percent on products and services by utilizing its contracts. NEO | SO is now partnering with several associations including Ohio Foundation of Independent Colleges, whose membership will soon benefit. Along with the association partnerships, NEO | SO also secured a partnership to allow members/ associations access to nearly 30 additional contracts by the spring of 2008.

www.neoso.org



REGIONAL ECONOMIC REVENUE STUDY



COST OF FRAGMENTED GOVERNMENT STUDY

TOTAL FUND SUPPORT:
\$90,000

In partnership with the Northeast Ohio Mayors and City Managers Association, the Fund is supporting an exploration of how the region could implement tax revenue sharing and common land use policies to spur economic development. A task force of government officials from each of the region's 16 counties is examining alternative forms of tax sharing and regional planning. Recommendations are expected in the first half of 2008.

www.revenuestudy.org

TOTAL FUND SUPPORT:
\$100,000

Northeast Ohio is home to more than 500 different (and sometimes competing) governmental entities. The Fund, along with the Youngstown-Warren Regional Chamber, The George Gund Foundation, Greater Cleveland Partnership, Canton Regional Chamber of Commerce and the Samuel H. and Maria Miller Foundation, awarded a grant to the Center for Governmental Research, Inc. of Rochester, N.Y., to help answer the question: What is the economic cost to residents of fragmented government? A final report is scheduled for the second quarter of 2008.



NORTHEAST OHIO ECONOMIC DASHBOARD INDICATORS



SKILLED WORKFORCE AND R&D



BUSINESS DYNAMICS

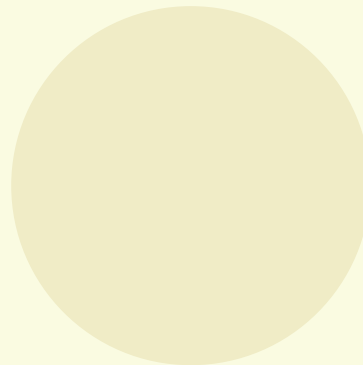


RACIAL INCLUSION & INCOME EQUALITY



TECHNOLOGY COMMERCIALIZATION

Grantmaking Research Civic Engagement



The Fund relies heavily on economic research to guide its efforts to strengthen the region's economic competitiveness. In 2007, the Fund issued the second edition of The Dashboard of Economic Indicators for the Northeast Ohio Economy.

The 2007 Dashboard measured the economic performance of 136 metropolitan statistical areas (MSAs) in the United States and identified nine common growth factors in the metropolitan areas. The Fund is focusing its efforts on improving the region's performance in four of those factors:

I Skilled Workforce and R&D

Measures the quality of a region's labor force and advanced research activities

I Technology Commercialization

Primarily focuses on patents and venture capital in a region

I Racial Inclusion & Income Equality

Measures poverty and racial segregation

I Business Dynamics

Measures the ratio of business openings to closings in a region

The Fund identified four important lessons from the Dashboard:

1. There is no single solution to turning around a \$170 billion economy.
2. The region's past dictates much of its present economic performance, but it doesn't preordain Northeast Ohio's future.
3. Regional economic development efforts need to stay focused on the factors tied to growth, in particular the essential role talent and entrepreneurship play in a knowledge-based economy.

4. Regional goals need to be incorporated into **Advance Northeast Ohio** to boost the region's aspirations and its economic performance.

To help the region's economic development professionals use the Dashboard to guide their efforts, the Fund hosted a regional colloquium in November 2007. More than 200 government and private sector officials participated in the session.

Mark Barbash, chief economic development officer for the Ohio Department of Development, presented the state's economic development strategy at the colloquium.

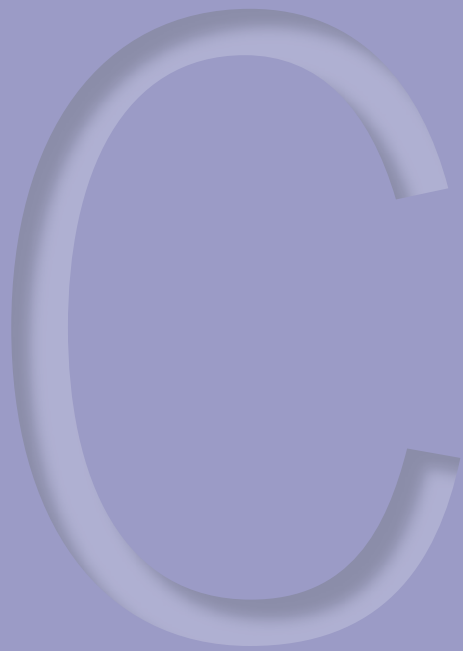
Other Research Projects

The Fund joined with several other organizations, including the Cleveland Foundation and Cuyahoga County, to support research into the feasibility of installing wind turbines in Lake Erie. The Wind Turbine Feasibility Study

will draw attention to Cleveland as an attractive manufacturing site for wind turbine components for the growing U.S. market, creating new jobs in Northeast Ohio. The study is expected to be completed in 2009.

The Fund sponsored the 2007 Venture Capital Report for the Cleveland Plus region. The report found that investments in Northeast Ohio companies totaled \$318 million in 2007 – twice the dollars invested in 2006.

Research under way in 2008 includes an examination of the effect union activity plays in the economic competitiveness of Northeast Ohio and a public opinion survey of the region's attitudes regarding the state of the economy and the region's future.



Grantmaking Research **Civic Engagement**

I Transforming Talent Development

Building awareness and support for the economic action plan, **Advance Northeast Ohio**, is essential to the Fund's mission of strengthening the region's economic competitiveness.

In addition to promoting the overall plan, the Fund helps bring together constituencies from throughout Northeast Ohio to develop regional approaches to specific initiatives of the action plan.

At the direction of Gov. Ted Strickland, Ohio is transitioning its workforce development efforts from a social services orientation to one focused on economic development. The Fund for Our Economic Future embraced that change in philosophy in 2007 and began working with state, regional and local officials to develop a more regional approach to talent development in Northeast Ohio.

Throughout the winter of 2007-08, the Fund helped bring together representatives from the state Department of Development, the region's community colleges and universities, county-based Workforce Investment Boards and many others to evaluate how best Northeast Ohio can



| advancenortheastohio.org

use its talent development resources to meet the needs of growing employers and provide lifelong employability to the region's residents.

Talent development will continue to receive a significant amount of the Fund's attention throughout 2008 as we work to improve the economic competitiveness of Northeast Ohio.

The Fund operates the Web site advancenortheastohio.org to promote hundreds of examples of local and regional efforts under way that address the plan's four action areas:

- | **Business Growth & Attraction**
- | **Talent Development**
- | **Growth through Racial & Economic Inclusion**
- | **Government Collaboration & Efficiency**

The Fund also issues a monthly newsletter to more than 8,000 regional leaders and residents.

| **Regional Day 2007**

On Oct. 30, 2007, Fund Chairman Rob Briggs provided a six-month update on the progress of **Advance Northeast Ohio** to more than 400 regional leaders who participated in the fifth annual Regional Day sponsored by the Northeast Ohio Regional Leadership Taskforce. Members of more than a dozen regional leadership programs heard Rob describe how the region has moved from a "Quiet Crisis" to a "Noisy Renaissance." The "Noisy Renaissance" is distinguished by high-growth companies, increased venture investments and emerging global industries.

Participants in Regional Day also helped shape the region's economic development goals.

| **Director of Regional Partnerships**

In October 2007, the Fund hired Laura Steinbrink to serve as director of regional partnerships. Laura engages the region's public and private sector leaders to accelerate the development and implementation of the regional initiatives that make up the action plan.

Phase 2 Fund Participants

Phase 2: March 2007 - March 2010

Funder	Funders Committee Representative
Abington Foundation	Allen Ford
Akron Community Foundation	Jody Bacon
AmTrust Charitable Foundation	David Goldberg/Michael Goldberg
Ashland County Partnership for Our Economic Future	Evan Scurti
Ashtabula County Partnership	Stuart Cordell
Benesch, Friedlander, Coplan & Aronoff LLP - in honor of Kirtland Capital Partners	
Brentwood Foundation	
Brian A. Bass Charitable Fund	
Burton D. Morgan Foundation	Deborah Hoover
Case Western Reserve University	John Wheeler
Catholic Diocese of Cleveland Foundation	Patrick Grace
The Cleveland Foundation	Ronald Richard/Robert Eckardt
Cleveland Clinic Foundation	Oliver Henkel, Jr./Gayle Agahi
Cleveland Indians	Paul J. Dolan
Cleveland State University	Michael Schwartz/Jack Boyle
Community Foundation of Lorain County	Brian Frederick
Community Foundation of Mahoning Valley	
Cuyahoga Community College	Craig Follins
Board of County Commissioners, Cuyahoga County	Paul Oyaski/Greg Zucca
David and Inez Myers Foundation	Mort Epstein
Deaconess Community Foundation	Deborah Vesey
Elizabeth and Ellery Sedgwick Fund of the Cleveland Foundation	
Elizabeth Ring Mather and William Gwinn Mather Fund	Lucy I. Weller/James Ireland III
Eva L. and Joseph M. Bruening Foundation	Susan Althans
Foundation Advisory Council Group	Kim Pesses/Peter Meisel
FirstEnergy	Mary Beth Carroll
Forest City Enterprises Charitable Foundation	Albert Ratner/KC Yasmer
Frances G. and Lewis Allen Davies Endowment Fund of the Cleveland Foundation	
Frances Shoolroy Charitable Fund, a component of the Wayne County Community Foundation	Adam Briggs
Fred A. Lennon Charitable Trust	Chris Hitchcock
Frederick W. and Janet P. Dorn Foundation	
GAR Foundation	Rob Briggs
Generation Foundation	
The George Gund Foundation	David Abbott
George W. Codrington Charitable Foundation	William R. Seelbach
Greater Cleveland Partnership	Joseph Roman/Shana Marbury
Gwendolyn McDay	
Gross Builders	
Harry K. and Emma R. Fox Charitable Foundation	Harold Friedman/Stephen Strayer

Note: Members of the Steering Committee are in bold.

Funder**Funders Committee Representative**

Huntington Bank

J.M. Smucker Company

Jane and Jon Outcalt Foundation

John G. and Karen R. Nestor Fund of the Cleveland Foundation

John Huntington Fund for Education

John P. Murphy Foundation

John S. and James L. Knight Foundation

Katherine and Lee Chilcote Foundation

Kelvin and Eleanor Smith Foundation**Kent H. Smith Charitable Trust**

Kent State University Foundation

Kirtland Capital Partners

Kulas Foundation

Lake-Geauga Fund of the Cleveland Foundation

Lloyd L. and Louise K. Smith Memorial Foundation

Lorain County Community College Foundation

Lubrizol Corporation - in honor of Gwendolyn McDay

Mandorel Fund of the Cleveland Foundation

Marcia and Harold Levine Philanthropic Fund of the Jewish
Community Federation of Cleveland

Martha Holden Jennings Foundation

Meisel Family Foundation of the Jewish Community Federation of Cleveland

Michael J. Horvitz

Mount Sinai Health Care Foundation

The Nathan and Fannye Shafran Foundation of the
Jewish Community Federation of Cleveland

Nord Family Foundation

Payne Fund

Reinberger Foundation

Richland County Coalition for Our Economic Future

RPM International, Inc.**Saint Luke's Foundation**

Sally and Richard Hollington, Jr.

Samuel H. and Maria Miller Foundation

Senkfor Family Foundation

The Sherwick Fund of the Cleveland Foundation

Sisters of Charity Foundation of Canton

Sisters of Charity Foundation of Cleveland

Stark Community Foundation

Stocker Foundation

Summa Hospitals Foundation

Richard Hull/Brian Matthews

Paul Smucker Wagstaff

Ken Outcalt

John and Karen Nestor

Peter W. Adams/Ann Pinkerton Ranney

Allan Zambie/Richard Clark

Vivian Neal

Lee Chilcote

William LaPlace/Ellen Mavec**Phillip A. Ranney**

Lestor Lefton/Patricia Book

Raphael Omerza

Roy Church

George Milbourn

Kim Pesses/Peter Meisel

Tom Adler/Mitchell Balk

John Mullaney

Oliver Gratry

Karen Hooser

Robert Cohen/Robert Stimpert

Randell McShepard**Denise Zeman**

Janet Burney/Sally Hollington

John Sherwin, Jr.

Victoria S. Conley

Susanna Krey

James Bower/Cynthia Lazor

Patricia O'Brien

August A. Napoli

Phase 2 Fund Participants *(Continued)*

Funder	Funders Committee Representative
Susan and John Turben Foundation	John Turben
Third Federal Foundation	Kurt Karakul
Thomas and Joann Adler Family Foundation of the Jewish Community Federation of Cleveland	
University Hospitals	Heidi Gartland/Edgar Jackson
University of Akron Research Foundation	Luis Proenza
Vincent K. and Edith H. Smith Memorial Trust	
Wayne Growth Partnership	Lud Huck/Rod Crider
Weatherstop Foundation	
Westfield Insurance Foundation	Jani Davis
Whitehead Family Fund of the Cleveland Foundation	
William J. & Dorothy K. O'Neill Foundation	William O'Neill/Leah Gary
The Wuliger Foundation, Inc.	

Note: Members of the Steering Committee are in bold.

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The George Gund Foundation

First Vice Chair

Randell McShepard
RPM International, Inc.

Vice Chair

Christine Mayer
GAR Foundation

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Brian Frederick
Community Foundation of Lorain County

Treasurer

William LaPlace
Kelvin and Eleanor Smith Foundation

President

Bradley Whitehead

Vice President

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Foundation Advisory Council Group

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Foundation Advisory Council Group

Talent Development

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Entrepreneurship & Innovation

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Frances Shoolroy Charitable Fund

Deborah Hoover
Burton D. Morgan Foundation

Racial & Economic Inclusion

Vivian Neal
John S. and James L. Knight Foundation

Denise Zeman
Saint Luke's Foundation

Government Collaboration & Efficiency

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Director of Regional Partnerships

Laura Steinbrink

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ECONOMIC FUTURE

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