Johnson Scholarship Foundation

Building for a Better Future

ANNUAL REPORT 2017

Our Mission

Our Foundation exists to serve disadvantaged people by assisting them to obtain education and employment.

The Foundation's THEORY OF CHANGE

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Cover Photos: Selected photos are from various programs across the United States and Canada funded by the Johnson Scholarship Foundation.

Foundation History

Theodore R. and Vivian M. Johnson

Theodore Roosevelt Johnson began his employment with a fledgling parcel delivery business on the west coast in the early 1920s. The company became known as United Parcel Service and Mr. Johnson, after acquiring his MBA by going to college at night, became its Vice President in charge of Human Resources. As a senior employee Mr. Johnson was given the opportunity to buy stock in the company, which he did whenever he could. By the early 1950s Mr. Johnson and his wife, Vivian Macleod Johnson, were able to retire. They settled in Palm Beach County, Florida and kept their stock in UPS.

During retirement Mr. and Mrs. Johnson gave generously of their time and money to educational causes. By the late 1980s the value of their UPS stock had grown exponentially and the idea of the Johnson Scholarship Foundation began to germinate. Mr. Johnson often said that he and Mrs. Johnson had been "lucky" with money and he wanted to help those who had been less fortunate.

Education had played an important part in Mr. Johnson's career advancement and it was natural for him to use education as a vehicle to help others. Just as education had helped him, it would empower other young people to get good jobs or start companies or to otherwise follow their dreams. Education would be the means for disadvantaged people to participate more fully in the benefits of a free and democratic society.

The Foundation was formally created by Mr. Johnson in 1991 and its assets were consolidated in 1993 with a trust established by Mrs. Johnson, who had predeceased her husband. The Foundation was to provide financial support to individuals who were qualified to attend college but lacked the financial means to do so. Within this broad context of scholarship support, the Johnsons also sought to benefit particular groups and institutions. Among the groups were economically disadvantaged, physically disabled, blind, deaf and hearing-impaired students, Indigenous Peoples, and children of UPS employees in Florida.

The Foundation has made grants in support of its mission to assist disadvantaged people to obtain education and employment. The best of these grants have helped people and organizations to grow and reach new heights. Individuals have been empowered to obtain education and productive employment and organizations that serve these individuals have been strengthened and changed.

A Message from the President

R. Malcolm Macleod

The theme for this year's Report is Building for a Better Future and we feature three grants where the Foundation has partnered with a school, college or university to build an endowment. We are sometimes asked why we invest grant money in endowments. If an organization can afford an endowment, then why does it need a grant? Wouldn't the Foundation do better to address more urgent and immediate needs? These questions are premised on a view of our partners and of the future that differs from ours.

The Foundation's mission – to assist disadvantaged people to obtain education and employment – is a long-term proposition. The organizations that deliver this education must have both a vision of the future and the ability to achieve it. The Foundation supports that vision in the only way that it can: by making grants to help its partners prepare for the future.

The three Foundation partners featured in this year's Report are wonderful examples of people and organizations building for a better future.

Landmark East School is in Wolfville, Nova Scotia, Canada, and serves students with learning disabilities. It is one of our smallest grantees, with an enrollment of 70. With the Foundation's help it has built an endowment, which presently stands at $1.3 million. More important, the process of creating its endowment has helped Landmark East to develop a fundraising capacity that raises $300,000 annually for need-based student aid.

Oglala Lakota College is in Kyle, South Dakota, on the Pine Ridge Indian Reservation and serves 1,500 college students annually. With the help of the Foundation's matching grants Oglala Lakota College has built an endowment that provides $144,000 annually for its students to pursue business and entrepreneurship education. Oglala Lakota College manages this fund as part of its general endowment and the income, together with other money raised by the College, will assist Indigenous students for many future generations.

Eastern Florida, Lake-Sumter, and Seminole State Colleges, University of Central Florida and Valencia College are partners in DirectConnect to UCF, which guarantees admission to UCF upon obtaining an associate's degree from a state college partner. In 2012 the Foundation entered into matching grant endowment agreements with these DirectConnect partners to build endowments at each of these institutions to assist students with financial need to attend college and then go to UCF to complete their studies.

We hope that you enjoy the stories of our featured partners and their students. They are using Foundation grants to build for a better future.

Grants Strategy

What We Fund

We fund scholarship, educational and employment-related programs which serve people who demonstrate financial need. All of the Foundation's programs are meant to help people who, through no fault of their own, do not enjoy the advantages of the affluent. Because the Foundation's resources are limited, its programs need a sharp focus in order to make a difference.

The Foundation's programming is particularly focused on Indigenous Peoples, people with disabilities, and people who are socially and economically disadvantaged. We favor situations where we can identify a desired result, serve as a catalyst to help bring about that result and then move on to another opportunity. All of these programs address financial need and are designed to help people to obtain meaningful employment.

Who We Fund

The Foundation makes grants only to institutions and organizations. It does not make grants to individuals. Individuals seeking financial aid should apply to one of the Foundation's partner institutions.

How and When to Apply for a Grant

The Foundation accepts and considers proposals from any qualified organization. If you think that your organization qualifies, please visit the Foundation's website at www.jsf.bz and familiarize yourself with the Foundation's mission, strategy and grant making history. Organizations contemplating proposing a grant should consider how it would align with the Foundation's mission and strategy, what impact it would have and how its impact would be evaluated. If you think that your organization aligns with the Foundation's mission, then submit an online Letter of Inquiry (LOI), which will be reviewed and answered. There is no deadline. The Foundation's Grant Program Committee meets in March, September and December of each year. If the LOI is accepted, your organization will be invited to submit a grant proposal. The proposal should contain a plan for the continuation of the activity after the grant has concluded or an explanation of why the activity will no longer be necessary. Proposals should also include detailed information about the prospective grantee, its history, mission, strategies, key people and financial circumstances. Please note that throughout the grant application process, the Foundation will make itself available for questions and open discussion.

2016 Grants

Programs Serving People with Disabilities

Florida School for the Deaf & the Blind	500,000
Gallaudet University	500,000
State University System of Florida	475,000
Landmark College	100,000
Perkins	75,000
Olmsted Center	50,000
Eye to Eye	36,250
Florida Atlantic University Foundation	25,800
University of Central Florida Foundation	22,500
Florida International University Foundation	19,300
Florida Gulf Coast University	19,200
University of Florida Foundation	14,900
Florida State University Foundation	14,800
University of South Florida Foundation	14,000
University of North Florida Foundation	9,200
Friends of Beau	7,500
Wheelchairs for Nigeria	7,500
Florida Agricultural and Mechanical University	6,500
New College Foundation	3,800
Florida Polytechnic University	3,200
University of West Florida	2,307
Association on Higher Education & Disability	1,500
Total Disability	**$1,908,257**

Programs Serving the Disadvantaged

Palm Beach Atlantic University	1,205,000
Scholarship Management Services - children of UPS employees	1,100,000
"College For Kids, Inc. dba Take Stock in Children"	297,500
Pathways to Education Canada	240,000
University of Florida Foundation	200,000
University of Central Florida Foundation	200,000
Scholarship Management Services - Johnson Scholars in Palm Beach County schools	197,813
Providence St. Mel School	100,000
Dalhousie Foundation	82,572
The School District of Palm Beach County	78,000
Valencia State College Foundation	50,000
Seminole State College Foundation	20,000
"Eastern Florida State College Foundation (fka Brevard Community College Foundation)"	20,000
Santa Fe College	19,000
Stetson University	15,000
Massachusetts College of Art & Design	15,000
Florida Baptist Children's Home	15,000
Cumberland Health Care Foundation	15,000
Christie Foundation	15,000
Lake-Sumter State College Foundation	10,000
Community Foundation for PB & Martin Counties	10,000
Thunder Bay Community Foundation	7,500
Northwestern Ontario Women's Centre	7,500
Mount St Vincent University	7,500
Mary's Center	7,500
Food & Friends	7,500
The King's Academy	2,500
CFED (Corporation for Enterprise Development)	250
Paden City Foundation	250
East Stroudsburg University Foundation	250
Flagler College	200
East Stroudsburg Area School District	100
Total Disadvantaged	**$3,945,935**

Programs Serving Indigenous Peoples

Gonzaga University	215,000
Northern Arizona University Foundation	189,410
CAPE, Ltd.	93,410
American Indian College Fund	91,636
Dalhousie Foundation	82,572
Oklahoma State University Foundation	80,000
Scottsdale Community College	68,500
Northwest Indian College	64,261
Heritage University	50,000
Little Big Horn College	48,500
Blackfeet Community College	46,462
Northeastern State University	45,000
Aaniiih Nakoda College	36,000
Institute of American Indian Art	29,750
First Peoples Fund	12,250
National Indian Child Welfare Association	1,150
American Indian Science & Engineering Society	2,000
First Nations Development Institute	1,000
Harvard University	1,000
National Congress of American Indians	500
University of New Mexico (Foundation)	-313
Total Indigenous Peoples	**$1,158,088**

Professional Associations

Florida Philanthropic Network	8,000
Grantmakers for Education	1,750
Exponent Philanthrophy	500
Total Professional Associations	**$10,250**

TOTAL GRANTS FOR 2016 $7,022,530

A Message from the Treasurer

Robert A. Krause

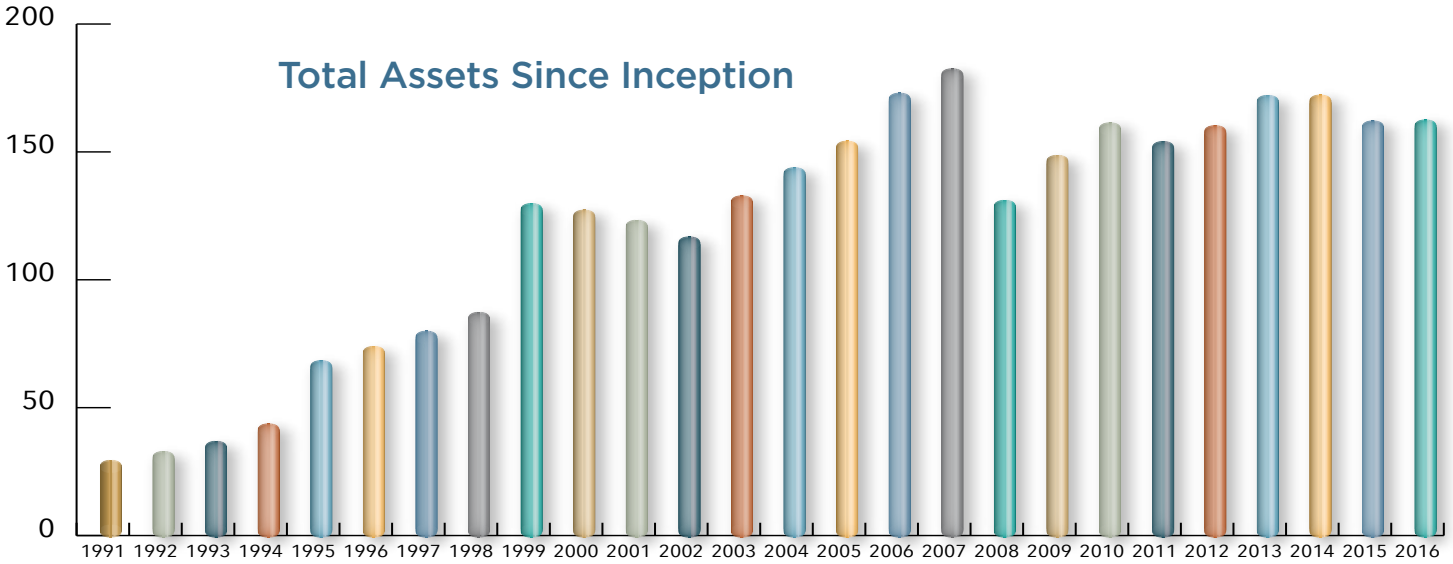
A Chinese proverb speaks of the faithfulness of a people who plant trees for the beneficial shade of generations to come. Financial management in a perpetual foundation has many parallels to growing trees. Both require initiative, attentiveness, risk, stewardship and persistence. We can't hide money in a vault in hopes that one day it will be sufficient to meet the opportunities for social change our Founders, Ted and Vivian Johnson, envisioned.

The investment perspective of JSF has been a recurring topic of the Investment Finance Committee this year. Investment risk that offers meaningful gains inherently holds seasons of volatility in portfolio returns. While volatility can be unsettling, structuring portfolio returns to avoid volatility can be costly for future generations in the form of muted long-term performance. The JSF Board of Directors unanimously revised our investment priorities recently to reflect this reality.

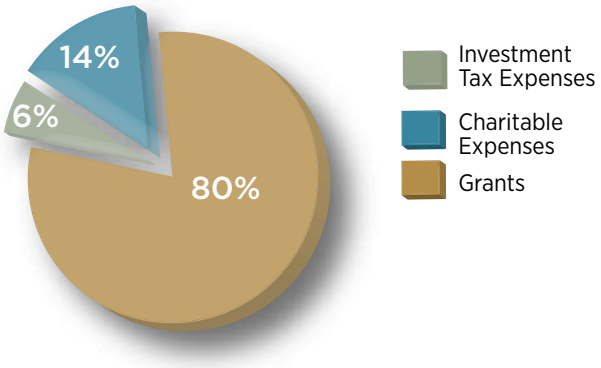
Managing volatility requires both an attention to detail in the present and steadfast perspective of generational goals. We sow seeds and tend to saplings for the hope of sprawling oaks to shade generations to come. Some years are better growing years than others. In 2016 we grew a little. The graphs that follow show the long-term growth and hope for shade for generations to come.

As of December 31, 2016, JSF assets were valued at $158.5 million. In addition, the Foundation is the residual beneficiary of a charitable remainder unitrust, valued at $50 million as of December 31, 2016. On August 17, 2017, independent auditors issued the 26th consecutive "Unqualified Opinion" of the audited financial statements of the Johnson Scholarship Foundation for the year ended December 31, 2016.

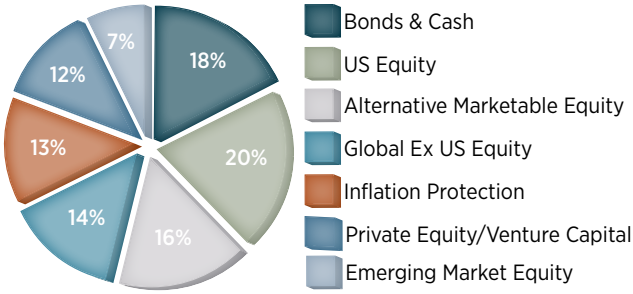
Financial Information



2016 Expenditures



Asset Allocation as of December 31, 2016



Investment Returns (net of fees) as of December 31, 2016

Annualized Trailing Return (%)

	1 Year	3 Year	5 Year	10 Year	Since Inception
JSF Total Assets	5.92	3.45	6.62	4.75	9.74
Policy Benchmark	6.12	2.88	5.53	4.12	7.41
MSCI ACWI	7.86	3.13	9.36	3.56	6.02
S&P 500 Index	11.96	8.87	14.66	6.95	8.27
Barclays Aggregate Bond Index	2.65	3.03	2.23	4.34	5.44
BofA 91-Day T Bills	0.33	0.14	0.12	0.80	2.34
CPI - All Urban Consumers	2.07	1.18	1.36	1.81	2.13

Landmark East School

Tammy Barkhouse and her husband, Laurie, knew they had to take action when their sons, Austin and Isaac, started to lose their excitement about school and began struggling to keep up. Both boys had been diagnosed with learning differences and ADHD.

After researching several schools near their home in Canning, Nova Scotia, they enrolled their sons at Landmark East School in Wolfville.

"The safe, positive and loving environment at Landmark East provided an ideal atmosphere for my children to learn," Tammy said. "The teachers understand the challenges they face and provide students with the tools and skills to overcome them. My boys are once again excited to go to school. They have regained their love for learning and have made great strides with their education."

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– Tammy Barkhouse

As the only boarding school in Canada for students with learning differences, Landmark East has been changing lives since 1979. Over the past four decades, the school has helped over 1,000 students gain the tools they need to be successful after graduation.

Since 2000, the Johnson Scholarship Foundation has helped the school establish an endowment that has reached $1.3 million and provides bursary support for students. With JSF and other partners, the school raises $300,000 annually to help students with financial need. This year the school serves 70 students in grade 3 through 12 with 30 of them receiving bursaries.

Landmark East recently launched its Building on Success campaign to add a new learning complex to the campus. The expected result is that Landmark East will be able to help even more families.

In addition to the Barkhouse family, Cathie and Glenn Davidson of Ontario also expressed gratitude to Landmark East. The Davidsons chose to send their daughter, Julia, to the school in September 2015.

They said that since arriving at Landmark East, Julia's grades are strong, she has an amazing group of friends and she ran track for the first time ever. She also participated in volunteer projects in the community, helped with school fundraising events and performed a major role in the school's final drama production last year.

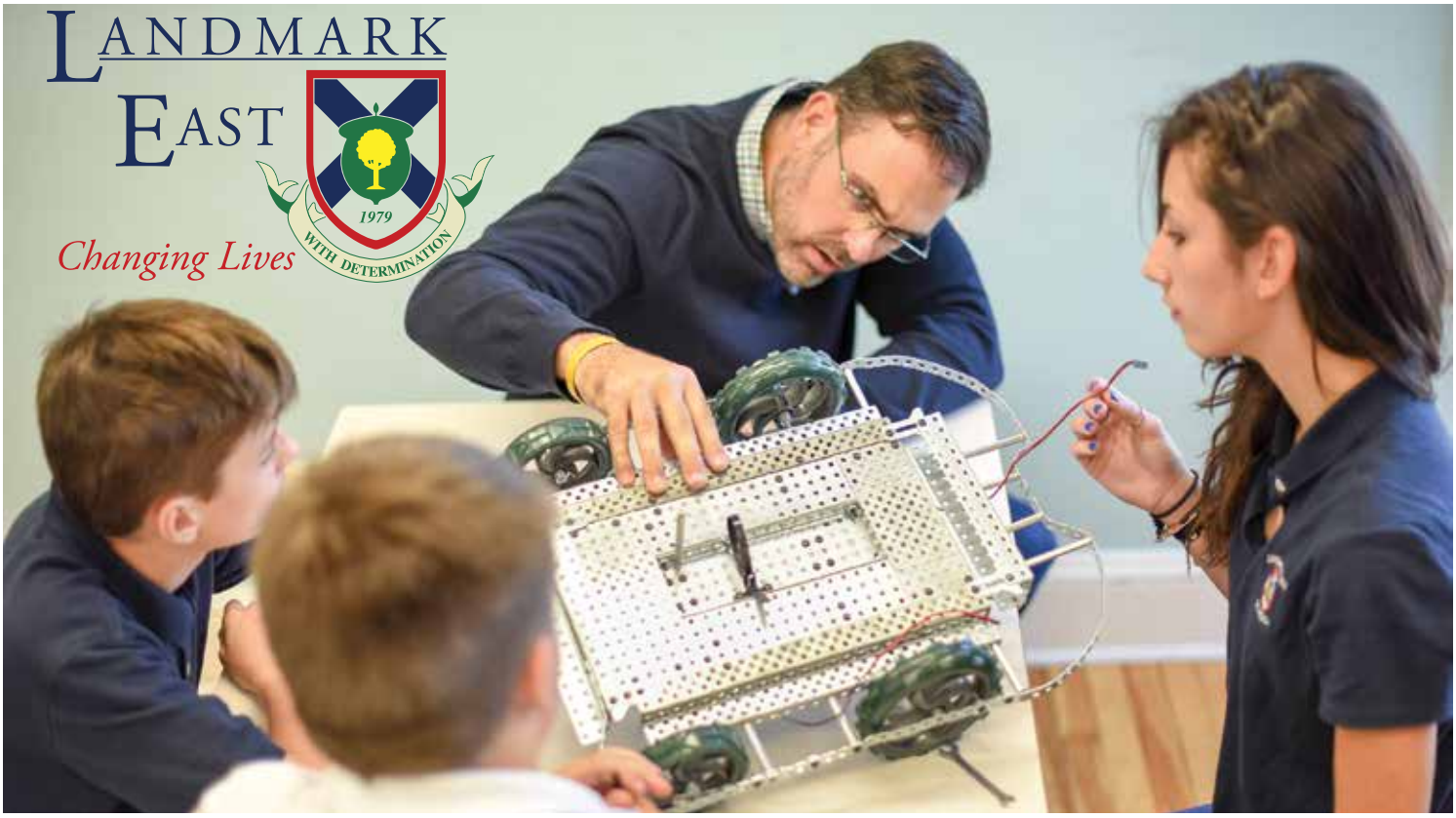
She enjoys her many new activities and is always busy, they said. "We couldn't be happier with how Landmark East School has helped our daughter."

LANDMARK EAST

1979

WITH DETERMINATION

Changing Lives



DirectConnect

More than once, University of Central Florida student Kiana Boodram has had to make the best of tough situations. She experienced a major life change before high school when her family moved in 2010 from Canada to Orlando, Florida.

In addition to adjusting to her new surroundings, she also spent many hours in hospitals while her mother underwent treatment for a serious illness.

"It really made an impact, and I really wanted to help people," said Kiana, who decided to become a doctor.

After graduation she enrolled at Valencia College to be near her family. Her goal was to transfer to UCF for its biomedical sciences program. In 2016, Kiana was able to enroll seamlessly at UCF through the university's DirectConnect program.

She has begun looking ahead to medical school. "If it weren't for DirectConnect, I wouldn't be at UCF," she said.

UCF

UNIVERSITY OF
CENTRAL FLORIDA

Launched in 2006, DirectConnect to UCF is a nationally recognized program that guarantees admission to UCF for students who complete a degree with one of several participating state colleges. It also provides advisors who help the students through the transition process and guide them on the best path to their chosen career. Since inception, more than 34,000 DirectConnect students have earned bachelor's degrees from UCF.

The Johnson Scholarship Foundation was instrumental in developing a scholarship endowment in support of the DirectConnect program. JSF provided a $1.5 million challenge grant in 2012 for the endowment, which was designed to help students transition to UCF from four state colleges — Eastern Florida State College, Lake-Sumter State College, Seminole State College and Valencia College. UCF and the four colleges made contributions to the endowment to meet the match.

In addition to helping students attend UCF, the Foundation has partnered directly with the state colleges to provide need-based scholarships and to create endowments for their own students who declare an interest to participate in DirectConnect. Five years later, the endowments for all schools exceed $3.6 million.

The beneficiaries have been students like Kiana, as well as Adrian Hernandez of St. Cloud, Florida. Adrian is a Johnson Scholar who started his college career at Valencia. He is now at UCF and, like Kiana, plans to become a medical doctor.

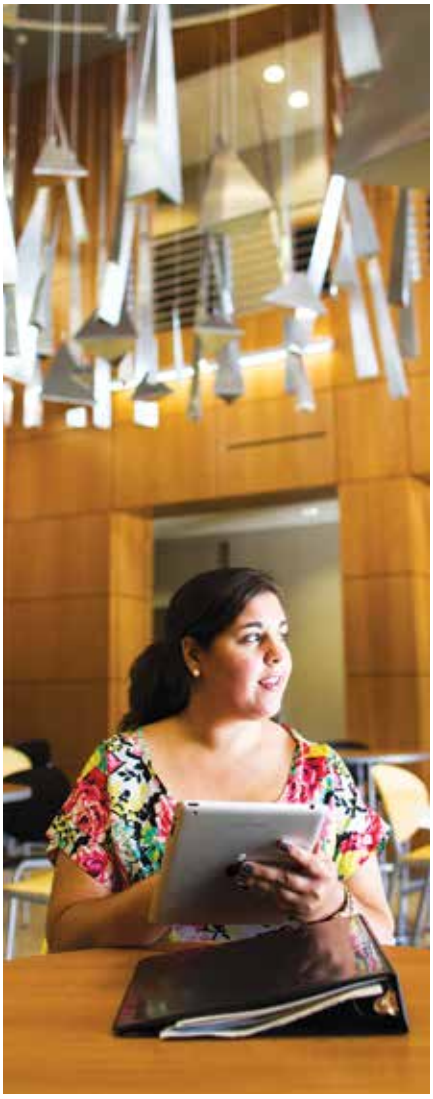
He said that the DirectConnect to UCF program played a large role in his successful transition to a four-year university. "It was really convenient for me," he said.

"I chose UCF to continue my education because I saw it as a school filled with opportunities and a place that could mold me into a better version of myself."

Kiana Boodram

"The thought of me sharing my medical knowledge to others in need was a major reason why I wanted to go to medical school."

Adrian Hernandez



Eastern Florida State College

VALENCIA COLLEGE

Lake Sumter State College

SEMINOLE STATE COLLEGE OF FLORIDA

Oglala Lakota College

Oglala Lakota College is chartered by the Oglala Sioux Tribe and serves students on the Pine Ridge Indian Reservation, on the Cheyenne River Indian Reservation and in Rapid City, South Dakota, where there is a sizable Native American population. The two reservations were ranked as the first and third poorest areas in America by a U.S. Census report in 2015.

Despite the poverty, OLC serves over 1,500 college students a year. OLC also serves 400 General Equivalency Diploma students and operates the Head Start program which serves 500 children a year from birth through age 5. OLC is not only a college; it is the base of development for the Oglala nation. Business and entrepreneurship programs are a key part of this development. The tribe, local nonprofits and businesses need accountants, program directors and managers. OLC offers a B.S. in business with specializations in accounting, management, tribal management and entrepreneurship and a master's degree in Lakota leadership and management.

From 1996 to 2008 the Johnson Scholarship Foundation provided scholarships to students. OLC President Tom Shortbull and JSF agreed to establish the Johnson Scholarship Foundation Endowment with a grant of $800,000, which OLC would have to match with $1,200,000. The endowment was set up in 2009 and now has over $2,269,000 in principal. OLC uses the earnings of $144,000 annually to provide scholarships to business students and to support a business and entrepreneurship faculty member.

Students must maintain a GPA of over 2.5 and develop a mini business plan. Business plans have included an accounting firm, bowling alley and arts and crafts store. Student Heather Brings Plenty wrote a plan for a business called the Takoja (Grandchild) Day Care. Another recipient, Kenneth Keith, maintains a 3.82 average and plans a restaurant to serve healthy meals.

President Shortbull, who was inducted into the South Dakota Hall of Fame in 2017 for his work with state government and the College, stated, "On behalf of our college community I would like to thank the Johnson Scholarship Foundation for partnering with us to support students who are the foundation for future business and economic development for the Lakota people."

"I would like to thank the Johnson Scholarship Foundation for partnering with us to support students who are the foundation for future business and economic development for the Lakota people."

President Shortbull

Board of Directors

R. Malcolm Macleod, Q.C.
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Lorneville, Nova Scotia, Canada

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Grant Program Committee,
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Nominating Committee

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David L. Blaikie, LLM
Tantallon, Nova Scotia, Canada

Audit Committee,
Grant Program Committee,
Nominating Committee

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Lady Hereford
Program Specialist
hereford@jsf.bz

Affiliations

Disability Funders Network
Exponent Philanthropy
Florida Philanthropic Network
Foundation Financial Officers Group
Grantmakers For Education
National Center for Family Philanthropy
National Scholarship Providers Association

Consultants

Sanford Howard
Audit Committee Member
West Palm Beach, Florida

Sue Liss
BSE Design & Communications
Jupiter, Florida

Mark Evans and Natalie Herter
Cambridge Associates
Boston, Massachusetts

Richard B. Williams
Indigenous Peoples Programming Consultant
Broomfield, Colorado

Robert Lorence
Indigenous Peoples Programming Consultant
Umatilla, Oregon

Maridel Moulton
Organizational Development
Moraga, California

Shelley Robertson
Robertson Consulting Group, Inc.
Sarasota, Florida

John R. Templeton and Jason G. Bullard
Templeton & Company
West Palm Beach, Florida

Core Values

Mandate

Our Foundation was created from the fruits of the free enterprise system, operating in a free and democratic society. We believe that the free market system is the best in the world, but we recognize that some people fail to benefit fully from the system through no fault of their own. It is these people that the Foundation seeks to assist. Particularly, our mandate is to serve the disabled and those people who are disadvantaged because of their social or economic circumstances.

Education

We have chosen education because we believe that it is the best means to empower people to become more independent and to participate more fully in the benefits of our society.

Strategy

Our responsibility is to execute the Foundation's core education programs effectively and to develop new ones. We realize that our resources are limited and, in order to be most effective, we must concentrate our efforts. We must also constantly re-evaluate and improve our programming, and change or replace non-core programs when we find alternatives offering a better combination of value and effectiveness.

Programs

To maximize the impact of our new programs, we feel an obligation to do more than provide scholarship aid to needy individuals. We also seek to identify niche areas which may have been overlooked or under funded by other educational foundations. We seek ways to amplify the impact of our programs through cooperation with other organizations.

Partnership

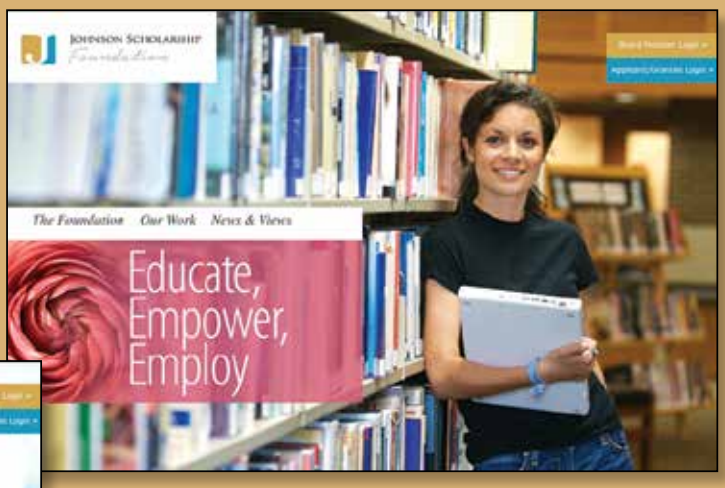
We realize that our programs are, at best, a catalyst. The people we seek to assist and the organizations that serve them do the real work of change and are usually the best source of ideas for new program initiatives. We look to them to help us understand how to make our work more effective and, whenever we can usefully do so, we engage them as partners.

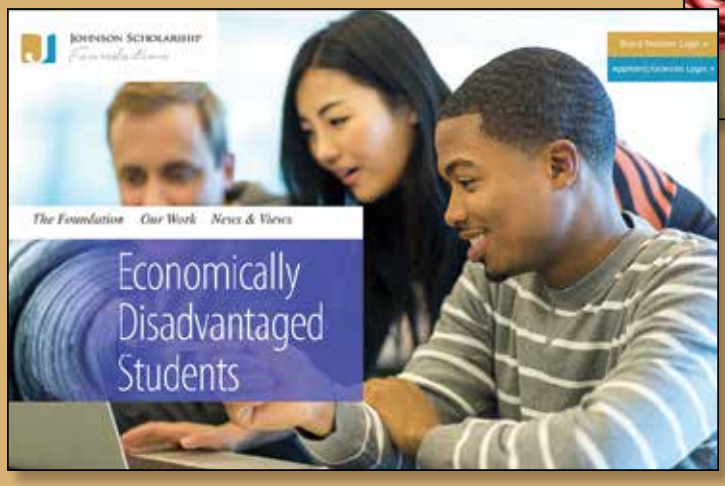
Risk Taking

Just as the free market system fosters progress through innovation, the Foundation hopes to employ innovative programs to achieve its goals. Cognizant of the fact that innovation always carries with it the risk of failure, we will proceed only after careful evaluation and will monitor our programs closely as they progress.

Stewardship

The Foundation is intended to be a perpetual body and it is our responsibility to improve it with each succeeding generation. We attempt to do this by creative programming, vigilant oversight of existing programs, and careful nurturing of our organization and its financial assets. The Foundation seeks to grow its assets over the long term by achieving at least an annual rate of return of 5% plus the annual inflation rate.





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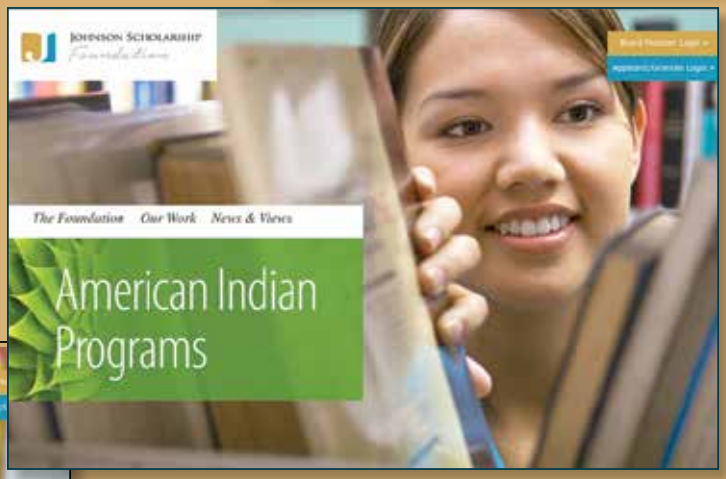

Visit our website:

www.jsf.bz

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