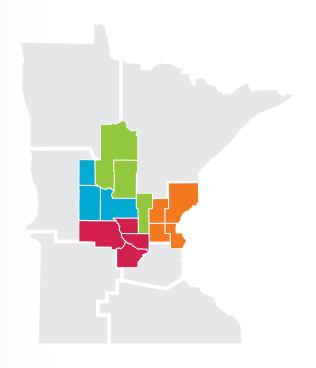
Annual Report

For the period Jan. 1, 2013 - Dec. 31, 2013

Our Mission

Powering possible

to help CENTRAL MINNESOTA people build and sustain THRIVING COMMUNITIES.



Who We Are

Created in 1986 by local leaders and The McKnight Foundation, we are one of six Minnesota Initiative Foundations. Through leadership programs, grants and business investments powered by local generosity, we work to strengthen the communities, families and economy of Central Minnesota.

How We Serve

The Initiative Foundation is proud to serve the 14 counties of Central Minnesota that include 160 hometowns and two tribal nations, each with its own unique character and local assets. Through generous donations and hard-working hometown initiative we . . .

- Provide loans to businesses that create quality jobs.
- Award grants to nonprofits, governments and schools.
- Build public-private partnerships that lead to action.
- Help generous people give back to their communities.
- Publish information on local trends and solutions.



Our Results



27 Years of Impact

1986-2013

Awarded

704

scholarships

\$43.4 million through 904 loans and owned businesses



\$623,172 Secured 11.956 living-wage iobs

Provided training

and assistance to 6,415 COMMUNITY **LEADERS**

Made **4,249** grants totaling \$26 **MILLION**

Assisted with the establishment and management of

75 new **Turn Key** Funds during

Experienced asset growth of 88%

during the past decade



Returned \$4.52

to the region through grants and lending investments

for every \$1 given

The Initiative Foundation is an equal opportunity lender, provider and employer

Our People

Dear Friends,

We're delighted with the Foundation's accomplishments during the past year. With your help, through your commitment and giving spirit, we've seen the Foundation's endowment grow to \$44.4 million and total assets reach \$60.8 million

That's real money that gets reinvested in Central Minnesota. For every \$1 that comes in, an average of \$4.52 goes out to the 14 Central Minnesota counties that we call home. Along the way in 2013 we've freshened our brand, launched a dynamic new website with real-time access to hosted charitable funds, and we've fortified our business information systems to better serve you.

We've also welcomed three new members to our 15-member board of trustees: John J. Babcock of St. Cloud, Rick Bauerly of Sauk Rapids and Steve Shurts of Cambridge.

The work we do is for you. It's why we dedicate ourselves every day to effectively balance the Foundation's investments. We want to help power our economy and create quality living-wage jobs. We want to provide resources and expertise to bring out the best in our communities. And we want to give leaders the tools they need to drive change.

Because our goal is simple: We want to make Central Minnesota a destination of choice to live, work and play.

Thank you, as always, for your past and future support.



Linda Fich DesJardins **Board Chair**



Kathy Gaalswyk, President

Board of Trustees



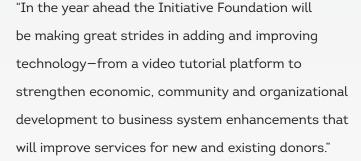
Linda Eich DesJardins, Eich Motor Company



Larry Korf, Vice-Chair DeZURIK



John E. Babcock The Bank of Elk River



- Larry Korf, 2014 Board Chair



John J. Babcock Rotochopper



Mayuli Bales Casa Guadalupe & Catholic Charities



Rick Bauerly Granite City Equity



Charles Black Lance Central Lakes College



Reggie Clow Clow Stamping



Pat Gorham Gorham Companies



Lee Hanson Gray Plant Mooty



Dan Meyer Atomic Learning



Earl Potter St. Cloud State University



Steve Shurts East Central Energy



Traci Tapani Wyoming Machine



Wayne Wolden City of Wadena

Foundation Staff

Kathy Gaalswyk

President

Kristi Ackley

Program Assistant for Organizational Development

Kendra Botzek

Turn Key Specialist

Dan Bullert

Business Finance Manager

Lynn Bushinger

Chief Financial Officer & Treasurer

Chris Fastner

Senior Program Manager for Organizational Development

Tammy Fillippi

Early Childhood Associate

Dan Frank

Senior Program Manager for Community & Economic Development

Andrea Goedderz

Organizational Development Specialist

Sharon Gottwalt

Business Finance Assistant

Don Hickman

Vice President for Community & Economic Development

Linda Holliday

Vice President for Organizational Development

Jolene Howard

Information Systems Coordinator & Program Assistant

Lois Kallsen

Office & Facilities Coordinator

Michelle Kiley

Community and Economic Development Specialist

Terri Konczak

Early Childhood Dental Network Specialist

Kris Kowalzek

Accounting Associate

MaryAnn Lindell

Executive Assistant

Amanda Magnan

Organizational Development Assistant

Bob McClintick

Marketing and Communications Manager

Katie Riitters

External Relations Assistant

Julie Schueller

Finance Assistant

Alyson Twardowski

Communications and Donor Services Assistant

Sandy Voigt

Development Officer

Amanda Whittemore

VISTA Program Associate

2013 Financial Summary

Sources of Funds: \$13,913,302

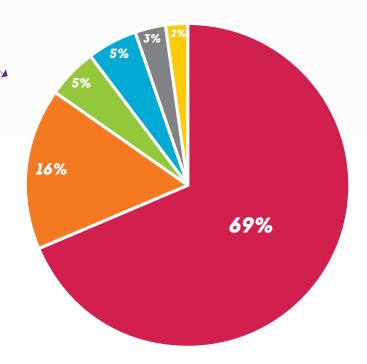
Investment Income	\$ 6,523,028		47%
Grants & Contributions	\$ 4,167,051		30%
Business Financing Revenue & Repayments	\$ 3,075,358		22%
Other Operating Revenue	\$ 147,865	-	1%

Uses of Funds: \$8,145,345

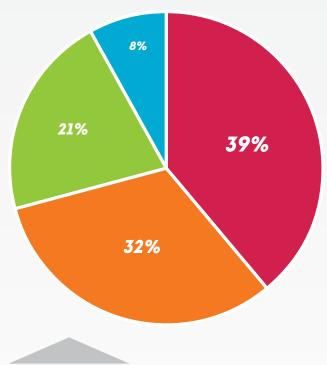
Grants, Scholarships & Training	Programs	\$ 3,569,890	44%
Business Investments		\$ 2,796,731	34%
Foundation Operations		\$ 1,141,136	14%
Fund Development		\$ 411,555	5%
Special Projects & Other		\$ 226,033	3%

Training Programs Expen	ses Incurred*
Volunteers in Service to America	\$ 338,332
Thriving Communities & Early Childhood Initiatives	\$ 332,970
Thriving Organizations Partnership	\$ 277,428
TOTAL	\$ 948,730

^{*}Excludes grants & scholarships



A complete audit report prepared by CliftonLarsonAllen, LLP is available upon request.



Business Financing Sectors Investment Total \$2,139,302

Manufacturing/Construction	39%	1	\$ 827,002
Healthcare/Service	32%	1	\$ 690,500
Technology	21%		\$ 450,000
Retail/Wholesale	8 %		\$ 171,800

Grants & Scholarships Categories Investment Total \$ 2,610,596

Community & Donor Funds	69%	1	\$ 1,803,668
Innovation Fund	16%		\$ 419,433
• Early Childhood /Thriving Communities	5 %		\$ 128,486
 Organizational Effectiveness 	5 %		\$ 130,000
 Economic Opportunity 	3 %		\$ 90,323
 Scholarships 	2 %		\$ 49,250

TOTAL **ENDOWMENT VALUE** \$44.4 million

TOTAL ASSETS \$60.8 million

Our Friends

Giving to and through the Initiative Foundation in 2012-2013

Honor Roll

Crimson \$50,000+

Blandin Foundation Corporation for National & Community Service Morgan Family Foundation Otto Bremer Foundation The McKnight Foundation **USDA** Rural Development

Partner \$30,000+

Bremer Banks Connexus Energy County of Cass Stearns Electric Association West Central Telephone Association

Principal \$20,000+

County of Crow Wing County of Pine County of Stearns County of Wright **GNP** Company Minnesota Power, an Allete Company

Executive \$15,000+

County of Morrison County of Sherburne Schlagel, Inc.

Leader \$10,000+

City of Little Falls City of Saint Cloud County of Benton County of Isanti County of Todd East Central Energy Eich Motor Company Kathy & Neal Gaalswyk Larson Boats, LLC U.S. Bancorp Foundation

Director \$7,500+

Arvia Cambridge Medical Center on behalf of Allina Health System City of Baxter Clow Stamping Company

Associate \$5,000+

AgStar Fund for Rural America / AgStar Financial Services Brainerd Lakes Area Community Foundation Chisago County HRA-EDA City of Elk River City of Monticello City of Saint Michael City of Sartell CliftonLarsonAllen LLP. Saint Consolidated Telecommunications

Company Earl & Christine Potter Falls Fabricating

Farmer's & Merchants State Bank First National Bank of Milaca Lakeland Mold Company, Inc. Marco, Inc.

Matt & Jeanne Kilian MINPACK, Inc.

NOR-SON, Inc. Peoples National Bank of Mora Pequot Tool & MFG., Inc.

Pine Country Bank, Little Falls Rita & Everett Sobania

Stern Manufacturing The Hyduke Foundation of the

Saint Paul Foundation on behalf of the Peoples Bank of

Commerce

Entrepreneur \$2,500+

Atomic Learning, Inc. BankVista

Bruce & Mary Fogle City of Big Lake City of Brainerd City of Milaca City of Pierz City of Rockford City of Saint Joseph City of Sandstone CliftonLarsonAllen LLP. Brainerd County of Mille Lacs County of Wadena Daniel & Sue Meyer Dave Gruenes DeZURIK, Inc. Gene & Bernie Waldorf Jo & Larry Korf Lee & Jan Hanson LINDAR Corporation

Investor \$1,000+

Bank of the West

City of Albany

City of Becker

City of Braham

City of Breezy Point

City of Cambridge

City of Cold Spring

City of East Gull Lake

City of Lake Shore

City of Long Prairie

City of Maple Lake

City of Melrose

City of Menahga

City of Mora

City of Crosslake

City of Foley

City of Clarissa

City of Albertville

City of Annandale

Citizens State Bank of Waverly

Midwest Security & Fire Randall State Bank

City of Randall City of Sauk Centre City of Sauk Rapids City of Staples City of Swanville City of Verndale City of Waite Park

Crow Wina Power Dan & Annette Frank

Dan Bullert

Diamond Tool & Engineering, Inc. Don Hickman & Sandra Kaplan

Donlar Construction Happy Dancing Turtle

Jan Tenold

John E & Nancy Babcock Landmark Community Bank

Larry Lundblad Linda Holliday & Harry

Brodmarkle McDowall Company The late Fran & Mil Voelker Minnesota Economic **Development Foundation** Pat & Carmel Gorham Rotochopper, Inc Sandy Voigt

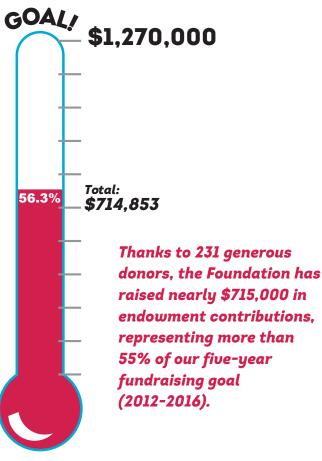
Shelly Funeral Chapels Inc

Under \$1,000

Alison Edgerton Alpine Cabinetry, LLC Anita & Brad Hollenhorst Barb & Duane Anderson Brian Pederson & Julie Schueller Catherine E. Jackson Central McGowan, Inc. Chervl A. Kev Chris Fastner & Kathy Hakes-Fastner Christopher & Beth Thorson Chuck & Lois Head

Continued on next page

Chuck & Sharon Gottwalt



Our Friends

Continued from previous page

City of Avon City of Backus City of Belgrade City of Bertha City of Bowlus City of Burtrum City of Cass Lake City of Center City City of Chickamaw Beach City of Clearwater City of Cokato City of Eagle Bend City of Eden Valley City of Emily City of Fifty Lakes City of Freeport City of Garrison City of Genola City of Grasston

City of Grey Eagle City of Hackensack City of Hanover City of Harding City of Henriette City of Hewitt City of Hinckley City of Holdingford City of Howard Lake City of Isanti City of Isle City of Jenkins City of Longville City of Montrose City of Motley City of Nimrod City of Onamia City of Otsego City of Pequot Lakes City of Pillager City of Remer City of Rice City of Rock Creek City of Rockville City of Royalton City of Saint Martin City of Saint Rosa City of Sebeka City of South Haven City of Taylors Falls City of Upsala City of Wahkon City of Walker City of Waverly Core Value Consulting, LLC Dianne C Tuff

Dick & Mimi Bitzan

Don & Deanna Engen

Elizabeth F Larsen Eric Rittmann Gray Plant Mooty James & Wendy Shear James D Muchow Jason Bernick Jeff Fromm Jolene Howard Katie & Tom Riitters Katrina L. Pierson Kenneth & Kristine Kowalzek Kristin Ackley Lee Goderstad Len & Lois Kallsen Lynda Woulfe Lynn & Darren Bushinger Martin & Susan Paradeis MaryAnn & Peter Lindell

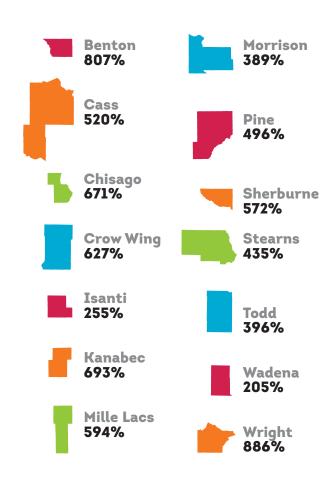
Douglas Larsen & Cathy Hartle

Mike & Connie Wood Municipal Development Group Pamela Mahling Ray & Gwynne Gildow Robert & Marilyn Obermiller Robert & Marsha Bunger Robert McLean Sara E Dahlguist Southwest Initiative Foundation Steve & Katy Botz Tamara Feige Filippi The Moran Family Fund of the Central MN Community Foundation The Whitney Foundation Tricia & John Holig Walter & Adele Munsterman Wayne & Lori Wolden William & Diane Scarince

Return on Investment

For every \$1 that comes in, an average of \$4.52 goes out. From Inception to 12/31/2013

				Per \$1
	Donations	Investments	ROI	ROI
Benton	434,000	3,502,000	807%	\$8.07
Cass	777,000	4,038,000	520%	\$5.20
Chisago	380,000	2,552,000	671%	\$6.72
Crow Wing	1,529,000	9,586,000	627%	\$6.27
Isanti	1,173,000	2,991,000	255%	\$2.55
Kanabec	147,000	1,021,000	693%	\$6.95
Mille Lacs	639,000	3,799,000	594%	\$5.95
Morrison	1,658,000	6,447,000	389%	\$3.89
Pine	620,000	3,079,000	496%	\$4.97
Sherburne	789,000	4,515,000	572%	\$5.72
Stearns	1,926,000	8,380,000	435%	\$4.35
Todd	846,000	3,353,000	396%	\$3.96
Wadena	2,624,000	5,390,000	205%	\$2.05
Wright	575,000	5,100,000	886%	\$8.87
TOTAL	14,119,000	63,755,000	452%	\$4.52



Our Partners

Loans & Equity Investments

In 2013, the Foundation invested \$2.1 million in 20 locally owned businesses. Through those loans, 390 high-quality jobs were secured.

Becker Screenprint, LLC-Becker Biomatrix, Inc.—Princeton

Bollin Properties, LLC dba Cowgirl Tuff Company—Cokato Cavanmor, LLP dba Netgain Technology, Inc.—St. Cloud

Chad P. Nelson Law office, LLC - Lindstrom Collins Brothers Towing of St. Cloud, Inc.—Sartell Economic Development Authority of Little Falls—Little Falls Franconia Restaurant Enterprises, Inc.—Taylor Falls

Gateway Manufacturing, LLC dba Salo Manufacturing—Menahga

Gloria DeBenedet LLC-St. Cloud

Hashiro Childcare Center, Inc-St. Cloud K & G Property Partners, LLC-St. Cloud

KRL Holdings, LLC dba National Precision Machining and Engineering—Sebeka

Minnesota Heritage House, Inc.—Little Falls Neal's Motorsports, LLC-Long Prairie

Plug Technologies—Hanover Roden Iron, Inc.-Milaca

Sneak Attack's Games, LLC-St. Cloud

Spychala Real Estate, LLC dba Albany Family Dentistry, P.A.—Albany

Tusen Tack—Braham

Turn Key Funds

The Foundation currently hosts 75 Turn Key component funds, which are local endowments (permanent investment accounts with annual returns) through which donors create legacies of charitable support for current and future generations.

Community Funds

Delano Community Foundation (DCF) Greater Pine Area Endowment (GPAE) Isle Area Community Foundation (IACF) Morrison County Area Foundation (MCAF) Rum River Community Foundation (RRCF)

Staples-Motley Area Community Foundation (SMACF)

Three Rivers Community Foundation (TRCF)

Scholarship Funds

Alternative Sources of Energy Fund

Archie & Isabelle Powell Family Memorial Scholarship Fund (TRCF)

Betty Ford Menzel Scholarship Fund Beverly M. Pantzke Scholarship Fund

Bob & Pauline Johnson Memorial Scholarship Fund

Bob Wright Memorial IFPA Scholarship Fund

Holdingford Scholarship Fund Little Falls Scholarship Fund

Madden's Pine Beach Scholarship Fund

Pillager Scholarship Fund

Shawn Grittner Memorial Scholarship Fund

Staples Knights of Columbus-Lloyd & Marion Giddings

Scholarship Fund (SMACF)

William & Ethel Nelson-Zimmerman Memorial Scholarship Fund

ZES Scholarship Fund (TRCF)

Donor-Advised Funds

Anderson Brothers Family Fund

Bob & Marsha Bunger Endowment Fund

Edeburn Family Fund Gaalswyk Family Fund Granite Equity Partners Fund Hanowski Family Fund (MCAF) Jane & Patrick Mitchell Foundation John & Bonnie Schlagel Endowment Josh Richardson Youth Arts Fund (TRCF) Julius & Tracy Kurpius Fund (SMACF) Loren & Kathy Morey Family Fund (SMACF) Mark Wood Foundation (MCAF)

Quiet Oaks Hospice House Fund **Nonprofit Endowment Funds**

Mel & Jeanette Beaudry Fund (TRCF)

Big Birch Lake Endowment Fund

Conservancy Fund of Big Fish Lake Association Fund Conservancy Fund of Roosevelt and Lawrence Area Lakes

Association

Creating Entrepreneurial Opportunities (CEO) Fund

Cuyuna Lakes Education Foundation

Fish Trap Lake Endowment Fund

Friends of Sherburne National Wildlife Refuge Fund

Gull Chain Preservation Endowment Fund Horizon Health Partnership in Life Fund

Lake Region Conservation Club Fund (MCAF)

Land and Waters Preservation Trust

Leech Lake Area Watershed Foundation Longville Area Community Foundation Endowment

Minnesota Pioneer Park Endowment Fund

Paws & Claws Animal Shelter

Sacred Heart-Knights of Columbus Fund (SMACF)

Wright County Historical Society Fund

Field of Interest Funds

Delano Emergency Family Fund

Family Farm Fund

Manufacturing Fund of Central MN

Committee Advised Funds

Crow Wing Environment Protection Advised Fund

Nicholas P. Koenig H.E.R.O. Foundation

Pillager Education Foundation

Sauk Rapids-Rice Education Foundation Thrive Fund

Special Projects

Oakland Cemetery Fund

Sartell Wheel Park Fund

Sartell DOGPAC Fund

Trees for Wadena Fund

Veteran's Art Project Fund

Wadena Regional Wellness Center Fund

Business Loan Funds

Menahga Loan Fund

Princeton Economic Development Loan Fund St. Cloud State University Microlending Fund

Todd-Wadena Economic Development Loan Fund

Wadena Tornado Relief Loan Fund

Our Partners

Grant Awards

In 2013, the Foundation awarded nearly \$850,000 to 133 organizations in support of their critical services and social enterprise activities in our region.

AccountAbility MN, St. Paul

Adult Day Services Inc, Bemidji

Allina Associated Foundation, Cambridge

Amherst Wilder Foundation, St. Paul

Annandale Area Community Team

Arc Midstate, St. Cloud

Arc United Inc, St. Cloud

Baldwin Township, Princeton

BestPrep, Brooklyn Park

Big Brothers Big Sisters of

Central MN. St. Cloud

Boys & Girls Club of the Leech Lake Area, Cass Lake

Boys & Girls Clubs of Central MN, St. Cloud

Brainerd Baxter Youth Center

Brainerd Lakes Area Chamber

of Commerce Education Association

Brainerd Lakes Area Economic Development Corp,

Brainerd School District

Cass County Economic

Development Corporation, Backus

Catholic Charities of the Diocese

of St. Cloud

Center for Nonprofit Excellence &

Social Innovation (CNESI), St. Cloud

Central Lakes College Foundation, Brainerd

Central MN Habitat for Humanity, St. Cloud

Central MN Sustainability Project

Child Care Choices Inc, St. Cloud

Children's Law Center of Minnesota, St. Paul

City of Avon

City of Big Lake

City of Braham

City of Brainerd

City of Chisago

City of Clearwater

City of Foley

City of Holdingford

City of Howard Lake

City of Jenkins

City of Little Falls

City of Long Prairie

City of Longville

City of Milaca

City of North Branch

City of Pillager

City of Remer

City of Rockford

City of Rush City

City of Sartell

City of Staples

City of Taylors Falls Economic Development Commission

City of Waverly

Community Aid of Elk River (CAER)

Community Grassroots Solutions, St. Cloud

Council on Foundations, Baltimore, MD

Crow Wing County, Brainerd

Cuyuna Range Youth Center, Crosby

Dreams United/Sueños Unidos, Long Prairie

Eagle's Healing Nest, Sauk Centre

Elk River School District

Faith In Action for Cass County, Hackensack

Faith in Action Greater

Sherburne County, Becker

FamilyWise Services, Minneapolis

First American Financial Services on

behalf of WCEDA, Sebeka

Friendship Ventures, Annandale

Goodwill/Easter Seals MN, St. Paul

Great River Family Promise, Elk River

Greater MN Partnership, St. Paul

Greater St. Cloud Development Corporation,

Greater Twin Cities United Way, Minneapolis

Hands Across the World, St. Cloud

Happy Dancing Turtle, Pine River

Horizon Health Inc. Pierz

HOWA Family Center, Walker

Industries Incorporated, Mora

Isanti County, Cambridge

Junior Achievement of the

Upper Midwest, Maplewood

Kanabec County, Mora

Kinship Partners Inc, Brainerd

Lakes Area Interfaith Caregivers, Baxter

Lakes Area Restorative Justice Project, Brainerd

Leech Lake Tribal College, Cass Lake

Lutheran Social Service, St. Paul

Melrose Lake Improvement Association

Metropolitan Economic Development

Association (MEDA), Minneapolis

Mille Lacs County, Milaca

Mille Lacs Health System, Onamia

Minneosta Folklore Theater Inc, Walker

MN Assistance Council for Veterans, St. Paul

MN Council of Nonprofits, St. Paul

MN Council on Foundations, Minneapolis

Northern Pines Mental Health Center, Brainerd

Northern Cass Developmental

Achievement Center, Inc., Walker

Northern Technology Initiative

dba GPS 45:93. Mora

Northland Arboretum, Brainerd

Northland Area Family Service Center, Remer

Northland Community & Technical

College Foundation, Thief River Falls

Northwest MN Foundation, Bemidii

Onanegozie Resource Conservation and Development Council, Inc., Cambridge

Our Saviour's Lutheran Church, Sebeka

Pierz School District

Pine City School District

Pine River-Backus Family Center

Pine River-Backus School District

Pine Technical College, Pine City

Pregnancy Resource Center of Cambridge,

Prevent Child Abuse MN, St. Paul

Princeton Area Visionary Committee

Regents of the University

of Minnesota, Minneapolis Region Five Development Commission, Staples

Rise Inc, Spring Lake Park

Rivers of Hope, Monticello

RiverWorks Community Development

Organization, Rockford

Royalton School District

Saint Cloud Neighborhood Coalition

Saint Cloud State University

Saint Cloud State University Foundation,

Salem Lutheran Church, Deerwood

Second Harvest North Central

Food Bank Inc., Grand Rapids

Seven County Senior Federation, Mora

Southwest Initiative Foundation, Hutchinson

St. Cloud Technical and Community College,

Staples Motley School District

Stearns Benton Employment &

Training Council, St. Cloud

Stearns County Parks, Waite Park

Stearns County Soil & Water

Conservation District (SWCD), Waite Park

Todd County, Long Prairie

Tri-County Action Program Inc, Waite Park

Tusen Tack, Braham

United Cerebral Palsy of Central MN, St. Cloud

United Way of Central MN, St. Cloud

United Way of Crow Wing &

Southern Cass Counties, Brainerd

University of Minnesota, Minneapolis

University of St. Thomas, St. Paul

West Central Economic Development Alliance, Sebeka

Wright County Economic

Development Partnership, Rockford