

Dear Friends,



25 years ago, the Initiative Foundation was created to counteract an economic crisis by helping people to help themselves and diversifying the regional economy. Today, we find ourselves fighting a similar foe as Central Minnesota's only regional entity that focuses on economic growth and opportunity.

The past year has been defined by a relentless commitment by our board, staff and volunteers to help communities recover and succeed again. At the core of our work is the belief that a quality job is the most essential element of a stable family and a thriving community.

Through our 2010 Key Stakeholder Survey and regional focus groups, more than 1,200 leaders indicated that economic and workforce development should be the Initiative Foundation's top priority. That's why our new five-year strategic plan calls for creating economic motion through a complete Quality of Life approach.

This includes providing targeted business financing, deepening public-private partnerships, preparing the current and future workforce, strengthening nonprofit safety nets, and enhancing environmental and recreational amenities that support families and business growth. None of these are effective solutions alone, but they are powerful together.

Thank you for your past and future support as we seek new partners, new ideas, and new action for Central Minnesota.

All the Best,

Lee Hanson
Board of Trustees Chair

Kathy Gaalswyk
President



2010 Annual Report

(FOR THE PERIOD 1/1/10 - 12/31/10)

Mission

Unlock the power of central Minnesota people to build and sustain thriving communities.

Service Area

We are proud to serve the 14 counties and 160 cities of Central Minnesota.

Key Tools:

- Provide loans to businesses that create quality jobs
- Award grants to nonprofits, local 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



A Look Back

CENTRAL MINNESOTA IMPACT (1986-2010)

Invested **\$38 million** through **858** loans and investments in locally owned businesses

Created or secured **10,571 living-wage jobs**

Leveraged **\$243 million** in private business financing investments

Made **3,407 grants** totaling **\$21.1 million**

Awarded **628 scholarships** totaling **\$489,120**

Partnered with **1,900 leaders** from **92 communities** to plan and achieve a brighter future

Partnered with **1,587 leaders** to improve the water quality of **224 lakes and rivers**

Partnered with **1,242 leaders** from **26 communities** to prepare young children for lifetime success

Partnered with **1,143 leaders** from **174 nonprofits** to manage more effective organizations

A Look Forward

Five-year Strategic Priorities

- 1 **Resilient Businesses**
 - Invest in economic drivers like technology and manufacturing
 - Secure 1,500 quality jobs that pay at least \$35,000 per year
- 2 **Thriving Communities**
 - Build a world-class workforce, starting with early childhood and youth
 - Enhance quality of life, natural resources & recreational amenities
- 3 **Effective Organizations**
 - Strengthen nonprofit ability to reduce employment barriers
 - Improve fiscal health of nonprofits that provide critical safety nets
- 4 **Local Philanthropy**
 - Create community, agency and donor funds that benefit local projects
 - Raise \$14.6 million in endowment and external funding



2010 Financial Summary

Sources of Funds: \$9,603,911

Investment Income	\$ 3,901,363	41%
Grants & Contributions	\$ 3,340,624	35%
Business Financing Revenue & Repayments	\$ 2,182,911	23%
Other Operating Revenue	\$ 179,013	1%

Uses of Funds: \$7,052,785

Business Investments	\$ 3,364,019	48%
Grants, Scholarships & Training Programs	\$ 2,418,586	 34%
Foundation Operations	\$ 1,200,191	17%
Special Projects & Other	\$ 69,989	1%

TRAINING PROGRAMS EXPENSES INCURRED*

Volunteers in Service to America	\$ 376,661
Healthy Organizations Partnership	\$ 226,732
Healthy Communities Partnership	\$ 209,342
Early Childhood & Youth Engagement	\$ 138,937
Healthy Lakes & Rivers Partnership	\$ 110,037
New Initiatives/Other	\$ 10,303

TOTAL \$1,072,012

Total Endowment Value: \$32.8 million
Total Assets: \$48.6 million

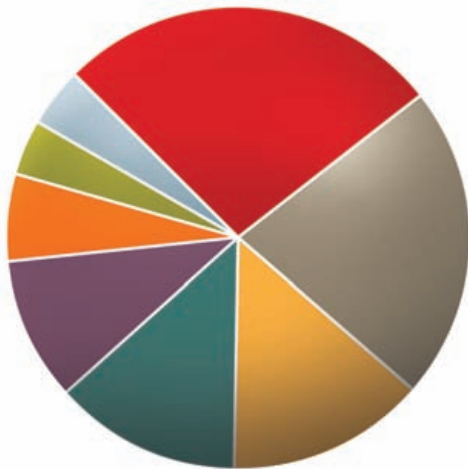
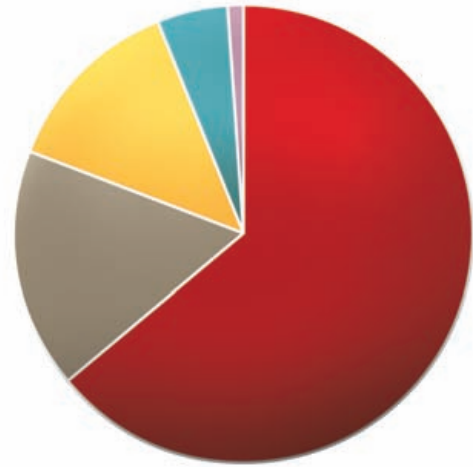
*A complete audit report prepared by LarsonAllen, LLP is available upon request.
 * Excludes grants.*

BUSINESS FINANCING

Local Ownership, Quality Jobs

Investment Total \$1,746,412

● Manufacturing	64%	\$1,108,912
● Technology	17%	\$300,000
● Service	13%	\$227,500
● Environment/Agriculture	5%	\$90,000
● Retail	1%	\$20,000
TOTAL		\$1,746,412



GRANTS & SCHOLARSHIPS

Unlocking the Power of People

Investment Total \$1,346,574

● Organizational Effectiveness	27%	\$363,250
● Community & Donor Funds	22%	\$295,076
● Innovation Fund	14%	\$189,317
● Children, Youth & Families	13%	\$175,000
● Hometown Improvement	10%	\$142,786
● Natural Resources Preservation	6%	\$81,395
● Economic Opportunity	4%	\$52,300
● Scholarships	4%	\$47,450
TOTAL		\$1,346,574

Foundation BOARD & STAFF

CHAIR

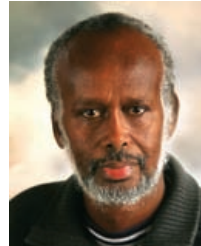


Lee Hanson
Gray Plant Mooty

VICE-CHAIR



Linda Eich DesJardins
Eich Motor Company



Ismail Ali
St. Cloud Schools



Barbara Anderson
Essentia Health



John E. Babcock
The Bank of
Elk River

Board of Trustees



Mayuli Bales
Casa Guadalupe &
Catholic Charities



Chris Close
Close-Converse
Properties



Pat Gorham
Gorham Companies



Arnie Johnson
Johnson Enterprises



Larry Potf
DeZURIK



Earl Potter
St. Cloud State
University



Mary Sam
Mille Lacs Band of
Ojibwe



Gene Waldorf
Retired, 3M
Former Minnesota
Legislator

Initiative Foundation Staff

Kathy Gaalswyk
PRESIDENT

Mary Bauer
Development Officer

Dan Bullert
Business Finance Officer

Deb Campbell
Children & Families Associate

Sara Dahlquist
Children Youth & Families Specialist

Chris Fastner
VISTA Program Manager

Dan Frank
Program Manager for
Community Development

Sharon Gottwalt
Business Finance Assistant

Cathy Hartle
Senior Program Manager for
Organizational Effectiveness

Don Hickman
Senior Program Manager

Tricia Holig
Program Assistant for
Grants & Training

Anita Hollenhorst
Grants & Communications Specialist

Lynn Houle-Bushinger
Vice President for
Finance & Operations

Jolene Howard
Program Assistant for
Grants & Training

Lois Kallsen
Office & Facilities Coordinator

Matt Kilian
Vice President for
External Relations

Kris Kowalzek
Finance Assistant

MaryAnn Lindell
Executive Assistant

Randy Olson
Vice President for
Economic Opportunity

Katie Riitters
External Relations Assistant

Julie Schueller
Finance Assistant

Sandy Voigt
Business Development Specialist

Initiative
FOUNDATION

405 First Street SE
Little Falls, MN 56345
877-632-9255
www.ifound.org

Giving to *and* THROUGH

THE FOUNDATION

In 2010, more than 1,000 donors advanced the critical work of the Initiative Foundation. The Foundation also hosts 60 Turn Key Funds, local endowments (permanent investment accounts with annual returns) through which donors create legacies of charitable support for current and future generations.

Turn Key Funds

Donor-Advised Funds

Anderson Brothers Family Fund
 Bob & Marsha Bunger Endowment Fund
 Bruce & Diane Gohman Fund
 Granite Equity Partners Fund
 Hanowski Family Fund
 John & Bonnie Schlagel Endowment
 Julius & Tracy Kurpius Fund
 Lake Region Conservation Club Fund
 Loren & Kathy Morey Family Fund
 Mark Wood Foundation
 Mel & Jeanette Beaudry Fund
 Paws & Claws Animal Shelter

Scholarship Funds

Alternative Sources of Energy Fund
 Archie & Isabelle Powell Family Memorial Scholarship Fund
 Betty Ford Menzel Scholarship Fund
 Beverly M. Pantzke Scholarship Fund
 Bob & Pauline Johnson Memorial Scholarship Fund
 Bob Wright Memorial IFPA Scholarship Fund
 Little Falls Scholarship Fund
 Shawn Grittner Memorial Scholarship Fund
 Staples Knights of Columbus-Lloyd & Marion Giddings Scholarship Fund
 Staples-Motley Dollars for Scholars Fund
 William & Ethel Nelson-Zimmerman Memorial Scholarship Fund
 Zimmerman Lions PTO Fund

Community Funds

Greater Pine Area Endowment
 Isle Area Community Foundation
 Morrison County Area Foundation
 Rum River Community Foundation
 Staples Community Foundation
 Three Rivers Community Foundation

Agency Funds

Big Fish Lake Association Fund
 Crosby Ironton Public Schools Foundation Fund
 Friends of the Elk River Library Fund
 Friends of Sherburne National Wildlife Refuge Fund
 Horizon Health Partnership in Life Fund
 Minnesota Pioneer Park Endowment Fund
 Quiet Oaks Hospice House Endowment Fund
 Roosevelt and Lawrence Area Lakes Association Fund
 Sacred Heart-Knights of Columbus Fund
 Wright County Historical Society Fund

Field of Interest Funds

Children, Youth & Families Fund
 Crow Wing Environment Protection Advised Fund
 Family Farm Fund
 Josh Richardson Youth Arts Fund
 Leech Lake Area Watershed Foundation
 Planning & Preservation Fund
 Thrive Fund

Loan Funds

Menahga Loan Fund
 Princeton Economic Development Loan Fund
 St. Cloud State University Microlending Program Fund
 Todd-Wadena Economic Development Loan Fund
 Wadena Tornado Relief Loan Fund

Special Project Funds

Musser Partnership Fund
 Staples Motley Early Childhood Project Fund
 Trees for Wadena Fund
 Veterans Art Project Fund
 Wadena Tornado Relief Fund



405 First Street SE
 Little Falls, MN 56345
 877-632-9255
 www.ifound.org

	Donations* to Initiative Foundation	Initiative Foundation Investments** in Local Communities	ROI
Benton	\$297,000	\$3,231,000	988%
Cass	\$502,000	\$3,468,000	591%
Chisago	\$333,000	\$2,461,000	638%
Crow Wing	\$1,076,000	\$8,219,000	664%
Isanti	\$1,062,000	\$2,588,000	144%
Kanabec	\$112,000	\$922,000	727%
Mille Lacs	\$520,000	\$3,070,000	490%
Morrison	\$1,083,000	\$4,836,000	347%
Pine	\$525,000	\$2,414,000	360%
Sherburne	\$658,000	\$3,613,000	449%
Stearns	\$993,000	\$11,453,000	1,054%
Todd	\$705,000	\$2,972,000	321%
Wadena	\$295,000	\$3,003,000	919%
Wright	\$483,000	\$4,369,000	805%
TOTAL	\$8,643,000	\$56,618,000	555%

*Rounded numbers include individual, business, government and utility donations, 1986-2009.
 **Rounded numbers include nonprofit grants, business financing investments and scholarships, 1986-2009.

Return on Your Investment

**Initiative Foundation
Balance Sheet**

ASSETS	2010	2009
Cash and Cash Equivalents	\$ 1,103,418	\$ 1,204,816
Restricted Cash	1,112,565	760,746
Investments	36,136,481	32,093,418
Investments in Unlisted Securities	990,000	890,000
Loans Receivable, Net of Allowances for Loan Losses of \$1,376,198 and \$1,609,499	6,189,861	6,610,869
Interest Receivable	47,672	51,932
Pledges Receivable, Net of Allowances for Doubtful Accounts of \$4,000 and \$5,000	275,277	381,627
Grants Receivable	661,098	288,347
Other Receivables	48,998	47,282
Prepaid Expenses	60,375	52,156
Property and Equipment, Net	2,012,426	1,984,055
Other Assets	6,600	6,600
Total Assets	<u>\$ 48,644,771</u>	<u>\$ 44,371,848</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	\$ 81,243	\$ 52,863
Accrued Interest Payable	3,671	3,522
Accrued Expense	67,436	68,824
Annuities Payable	74,100	69,002
Deferred Revenue	1,534,909	586,459
Refundable Advance - Affiliated Funds	37,667	56,351
Loan Guarantee Liability	72,726	96,166
Unpaid Grant Obligations	488,902	295,040
Rural Economic and Community Development Loan Payable	1,551,030	1,487,565
Capital Lease Payable	25,136	-
Notes Payable	2,175,000	2,150,000
Total Liabilities	<u>6,111,820</u>	<u>4,865,792</u>

NET ASSETS

Board Designated for Endowment	14,990,620	11,883,964
Other Unrestricted	8,042,284	8,668,110
Total Unrestricted	<u>23,032,904</u>	<u>20,552,074</u>
Temporarily Restricted	2,479,820	2,201,349
Permanently Restricted	<u>17,020,227</u>	<u>16,752,633</u>
Total Net Assets	<u>42,532,951</u>	<u>39,506,056</u>
Total Liabilities and Net Assets	<u>\$ 48,644,771</u>	<u>\$ 44,371,848</u>